

LIFE SCIENCES ONTARIO

2026 ONTARIO PRE-BUDGET SUBMISSION



The Honourable Peter Bethlenfalvy
Minister of Finance
Frost Building North, 3rd Flr
95 Grosvenor Street, Toronto, ON M7A 1Z1

Dear Hon. Minister Bethlenfalvy,

On behalf of Life Sciences Ontario (LSO), thank you for the opportunity to provide input on the 2026 Ontario pre-budget.

Ontario's Commitment and the Strategic Importance of Life Sciences

Ontario has demonstrated a sustained commitment to the life sciences sector through the Provincial Life Sciences Strategy and targeted initiatives such as the Health Innovation Pathway (HIP) and the Funding Accelerated for Specific Treatments (FAST) program. These efforts reflect the province's recognition that the life sciences sector is both a key economic driver and a critical contributor to health system resilience and well-being.

Ontario is home to one of the largest life sciences clusters in North America, supporting approximately 200,000 direct and indirect jobs and contributing \$58 billion annually to provincial GDP. The sector delivers high-quality employment with wages significantly above the provincial average, while translating world-class research into real-world health outcomes for patients.¹

The COVID-19 pandemic demonstrated the strategic importance of a strong domestic life sciences ecosystem. Ontario's role in vaccine research, manufacturing, diagnostics, and data-driven public health responses showed that life sciences strengths is not only an economic asset, but also a matter of national preparedness and security. In an increasingly uncertain global environment, the ability to innovate, manufacture, and deliver health solutions domestically has become a defining element of resilient jurisdictions.

Why We Need to Act Urgently: A Shifting Global Landscape

Life science companies are operating in a global environment increasingly influenced by geopolitical uncertainty, evolving trade, pricing policies, and heightened competition for investment, talent and early product launches.

In the United States, the research and innovation environment is becoming less predictable. Funding pressures affecting major science agencies, reduced public health capacity, and policy

¹ Deloitte. (2019). *Accelerating prosperity: The life sciences sector in Ontario* (Final report, 28th 2019). Life Sciences Ontario. https://lifesciencesontario.ca/wp-content/uploads/2019/03/LSO-Economic-Study_Final-Report_28FEB2019.pdf

shifts affecting talent attraction are influencing where companies choose to invest, locate research and launch new products.

At the same time, global pricing and trade dynamics are evolving at an unprecedented speed, requiring decisive action. While the auto, steel, and aluminum sectors have captured public attention, the life sciences sector faces quieter but equally consequential pressures. The May 2025 U.S. Executive Order introducing a Most-Favored Nation (MFN) pricing policy has the potential to significantly influence global launch sequencing, pricing strategies, and supply decisions for drug development and innovation.² For markets such as Canada, these dynamics increase the risk of delayed access, reduced supply, and diminished attractiveness as an early launch jurisdiction.³

Together, these developments create both risk and opportunity. While many of these factors are beyond Ontario's direct control, this moment presents an opportunity to differentiate the province as a jurisdiction that champions science, values talent, and offers a stable and predictable environment for innovation.

What Ontario Can Control: Remaining Globally Competitive in Life Sciences

Ontario can reinforce its position as a leading life sciences jurisdiction by leveraging existing strengths, targeting gaps where focused action can drive impact and strengthening domestic capacity in strategic sectors.

As noted recently by the Prime Minister, the global economy is experiencing a “rupture, not a transition”, in which economic integration and supply chains are increasingly used as tools of leverage.⁴ This underscores the importance of building strength at home. For Ontario, the life sciences sector represents a critical sector where economic competitiveness, resilience, and long-term prosperity intersect.

Ontario can strengthen its life sciences sector by focusing on the following:

- **Global Competitiveness:** Maintaining a stable, predictable, and efficient environment for companies to invest, commercialize, and launch new products.

² Frappe, A., Kohler, M., & Shapiro, D. (2025, Oct 13). The most-favored national policy: Outlook and implication beyond U.S. Pharmaceutical Executive. <https://www.pharmexec.com/view/most-favored-nation-policy-outlook-implications-beyond>.

³ Ibid

⁴ CBC News. (2026, Jan 20). Read Mark Carney's full speech on middle powers navigating a rapidly changing world. <http://www.cbc.ca/news/politics/mark-carney-speech-davos-rules-based-order-9.7053350>

- **Innovation and Productivity:** Accelerating the translation of research into commercialization and adoption, through streamlined regulatory pathways, coordinated evaluation processes, and reduced system friction.
- **Resilience and Health Security:** Strengthening domestic innovation, manufacturing, and commercialization capacity to protect patient access, reduce reliance on volatile global supply chains, and enhance overall system resilience.
- **Economic Growth and Prosperity:** Ensuring that innovation leads to Ontario-based companies, high-quality jobs, and retained intellectual property, reinforcing the life sciences sector as a key contributor to GDP and employment.

The recommendations outlined below are intended to inform the development of the 2026 Ontario Budget. They focus on targeted, actionable measures that strengthen Ontario's competitiveness in life sciences while improving health system performance and long-term sustainability. Together, they aim to position Ontario as an attractive jurisdiction for life sciences investment and innovation, protect patient access, reduce long-term system risk and cost, while building on existing provincial initiatives and allowing for incremental implementation.

Recommendations to Strengthen Ontario's Competitiveness:

1. **Help Start-Ups turn Ontario Research into Ontario Jobs** by keeping talent, intellectual property (IP), and investment in the province. Ontario boasts one of the world's top life sciences ecosystems, with strong potential to attract, retain and grow successful companies. However, a critical shortage of early-stage capital, especially in the seed and pre-seed stages, poses a major barrier. This persistent funding gap, known as the "valley of death," undermines Ontario's ability to capitalize on its significant R&D infrastructure.⁵⁶

Proposed Solutions:

- a) Establish a dedicated life sciences fund, investing in \$2-10M in 10-12 seed to pre-seed projects annually. By targeting high-potential companies, this fund would de-risk innovation, help retain talent and IP, and attract private investment, fueling economic growth.^{7 8}

⁵ Shift Health. *Catalyzing Ontario's Life Sciences Economy: The Case for Improved Access to Risk Capital for Ontario SMEs*. Nov 2024. P. 7.

⁶ *Ibid.*, p.6-7.

⁷ *Ibid.*, p. 8-10.

⁸ *Ibid.*, p. 11.

- b) Implement fit-for-purpose funding mechanisms – including public startup funds, tax credits for angel investors, and private co-investment models – to unlock private capital and boost sector competitiveness.⁹
- c) Consider additional de-risking approaches such as engaging pension funds as investors, enhancing tax incentives and credits for companies and angel investors, supporting flow-through shares, matching private funds, and investing directly in public seed or start-up funds.¹⁰

2. Continuing to Accelerate Patient Access to Innovative Medicines - LSO applauds the government for its leadership in improving timely access to innovative medicines through its FAST program. FAST has delivered meaningful impact by enabling patients to access breakthrough cancer therapies up to a year earlier than through traditional review and funding pathways. By establishing a strong precedent for accelerated, evidence-based access in oncology, FAST demonstrates how innovative funding models can improve patient outcomes. Building on this success present an important opportunity to further advance equitable access across the healthcare system.

Proposed Solutions:

- a) Ontario should continue to collaborate with provinces and territories to shorten the pan-Canadian Pharmaceutical Alliance (pCPA) process and streamline the transition from pricing agreements to public funding decisions, while maintaining close alignment with pCPA throughout accelerated access initiatives.
- b) Ontario should build on the success of the FAST program by expanding its streamlined review and funding model beyond Project Orbis to additional therapeutic areas, including rare diseases, medical technologies, companion diagnostics, infusion innovations and digital health. Continue collaboration with the pCPA and other provinces, including inviting jurisdictions to observe the evaluation process and outcomes, would reinforce Ontario's leadership in accelerated access and support broader pan-Canadian alignment.

3. Enhance and Scale the Health Innovation Pathway - The Health Innovation Pathway (HIP) demonstrates Ontario's commitment to accelerating the evaluation, adoption, and scaling of high-impact health innovations across medical technologies, diagnostics, and digital health. Strong early uptake reflects both system demand and the value of a coordinated approach to innovation adoption. However, increasing submission volumes, limited capacity, and broader

⁹ Ibid., p. 8-10.

¹⁰ Ibid., p.15-17.

supply chain considerations highlight the need to strengthen and scale HIP to ensure timely patient access and system resilience.

Proposed Solutions:

- a) Enhance and scale HIP to ensure adequate funding and capacity enabling the program to manage increasing the demand and expand its reach to a broader range of technologies.
- b) Use HIP as a central coordination mechanism to better align regulatory, health technology assessment (HTA), procurement, and funding processes, reducing duplication and shortening the time from innovative validation to patient access. In doing so, Ontario should ensure that procurement approaches, including Buy Ontario, related policies, maintain flexibility for globally sources medical technologies and do not unintentionally limit patient access or system resilience.
- c) Strengthen cross-provincial collaboration through reciprocal or accelerated recognition of HTA outcomes and harmonized timelines, enabling faster funding decisions in Ontario following positive national or provincial assessments.

4. Chronic Disease Care Strategy - On April 19, 2023, Ontario passed Motion 45 to create a framework for chronic disease care, focusing on diabetes. While important foundational work is underway, the initiative remains under-resourced, and no dedicated funding was allocated in the 2025 Budget. In addition, required annual reporting and progress updates under Motion 45 have not yet been implemented.

Proposed Solutions:

- a) Expand diabetes screening in pharmacies, establish a dedicated diabetes management team within Ontario Health, and integrate mental health care for diabetes patients.¹¹
- b) Strengthen early detection, embrace technological innovations in care, and improve access to treatment.¹²
- c) Adapt or create data systems to track chronic disease, measure program impact, and transparently report progress in line with Ontario Health's priorities.¹³
- d) Commit an initial investment of \$5M to accelerate the development and implementation of this critical initiative. To maximize impact and ensure accountability, Ontario Health should be tasked with managing and administering the fund, providing oversight, equitable distribution of resources, and alignment with provincial health priorities.¹⁴

¹¹ Ibid., p.3.

¹² Ibid., p.6-7

¹³ Ibid., p.12-13.

¹⁴ Ibid., p. 14-15.

- 5. Provincial Rare Disease Framework** - On January 24th, 2025, the Government of Canada and the Province of Ontario signed the National Strategy for Drugs for Rare Diseases agreement, committing over \$535M over three years to improve access to rare disease drugs, diagnostics, and screening.¹⁵

Proposed Solutions:

- a) Establish clear provincial accountability regarding the allocation and use of funds tied to the bilateral agreement, including transparent reporting on beneficiaries and outcomes.
- b) Develop a comprehensive provincial rare disease framework that improves access to equitable care across the disease trajectory while positioning Ontario as a global leader in rare disease research and innovation.
- c) Leverage Ontario Health's existing strengths, including the provincial genetics program, integrated clinical pathways, and established coordination mechanisms, to support consistent management of rare disease treatments across the province.
- d) Strengthen coordination across the rare disease ecosystem to make Ontario a more attractive destination for investment and a preferred location for life science companies.¹⁶

- 6. Build a Modern, Connected Health Data Ecosystem** - Ontario must modernize its health data infrastructure to improve patient outcomes, attract investment, and enhance healthcare system performance. While Ontario has strong digital adoption and a mature policy framework, fragmentation across primary care, drug data, and diagnostic imaging, along with the absence of a clear, accountable provincial strategy, are major barriers to progress.¹⁷

Proposed Solutions:

- a) Publish a clear, publicly accessible provincial health data strategy with defined accountability, milestones, and alignment to federal frameworks, providing clarity for patients, providers and innovators.¹⁸

¹⁵ Government of Canada and Province of Ontario, *National Strategy for Drugs for Rare Diseases Agreement*, Jan 2025

¹⁶ *Ibid.*, p. 15-16.

¹⁷ Roche Canada & Santis Health, *Achieving a Connected Health Data System: The Current State in Canada (2025)*, p.19.

¹⁸ *Ibid.*, p. 32.

- b) Invest in interoperable data infrastructure and stewardship-based governance that safeguards privacy while ensuring data is actively used for care, system planning, research and innovation.¹⁹
- c) Support primary care and community providers with funding and simplified tools to integrate into provincial systems, reducing fragmentation and unlocking data that improves outcomes and drives clinical research.²⁰
- d) Stabilize long-term investment in health data infrastructure to attract early-phase clinical research, foreign direct investment, and position Ontario as a globally competitive, data-driven life sciences leader.²¹
- e) Accelerate the creation of a province-wide vaccine registry, as recently called for by the Chief Medical Officer of Health and Public Health Ontario. Establishing this registry would strengthen immunization tracking, enable faster public health responses and demonstrate Ontario's leadership in building a modern, connected health data system.²²

7. Mitigate the Impact of Most-Favored Nation Policy on Ontario's Access and Supply - Canada ranks last among G7 countries for medicine availability and time to patient access, with patients on public plans often waiting more than two years following regulatory approval. These delays place increasing pressure on Ontario's healthcare system and directly affect patients. Ontario has demonstrated leadership through the launch of the FAST program. However, Canada's declining attractiveness as an early launch market continue to pose risks. MFN pricing policy heightens scrutiny of launch sequencing, pricing strategies, and supply decisions for innovative medicines in markets such as Canada. These dynamics significantly increases the risk to timely access and supply for Ontarians and warrant sustained and coordinated attention across all levels of government.

Proposed Solutions:

- a) Strengthen Ontario's leadership in accelerating patient access by expanding provincial pathways that enable faster, more predictable funding decisions and earlier access to innovative medicines.
- b) Use Ontario's leadership role to actively engage federal partners and other provinces on potential implications of MFN policies, advocating for regulatory and pricing frameworks that protect timely access, supply security, and launch prioritization for Ontario patients.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid

²² Ontario Agency for Health Protection and Promotion (Public Health Ontario), Ontario Immunization Advisory Committee, *Position Statement: A Provincial Immunization Registry for Ontario* (Toronto: King's Printer for Ontario, 2024), v.

- c) Support a competitive innovation environment in Ontario by encouraging policies that attract life sciences investment and reinforce Ontario as a preferred jurisdiction for early product launches.
- d) Work collaboratively with federal and provincial partners to identify and mitigate risks to medicine supply, including those arising from global pricing and trade dynamics.

8. Leverage Preventative Healthcare Tools - A stronger focus on preventative healthcare can improve population health outcomes while reducing long-term pressures on Ontario's healthcare system.

Proposed Solutions:

- a) Expand and modernize provincial screening programs to encourage earlier participation and detection, improving health outcomes and reducing the need for more intensive and costly interventions later in care.
- b) Increase investment in public health to strengthen Ontario's immunization system, including more timely adoption of newly recommended, evidence-based vaccines and improved vaccination coverage across the life course. To support these efforts, Ontario should modernize vaccine infrastructure by implementing a provincial digital vaccine registry to better track uptake, support system planning, and improve patient access to preventative care.

Ontario's life sciences sector is a system-wide enabler that is driving economic growth, supporting high-quality employment, improving patient outcomes, and strengthening health and economic security. In a rapidly changing global environment, sustained competitiveness will require decisive, coordinated action. Life Sciences Ontario looks forward to continuing to work with the Government of Ontario to ensure the province remains a global leader in life sciences innovation, investment, and patient care.

Sincerely,



Jason Field, President and CEO
Life Sciences Ontario

About Life Sciences Ontario

LSO is a not-for-profit organization that represents and promotes Ontario's vibrant and diverse life sciences sector. Members of LSO include life sciences companies, entrepreneurs, members of academia, and service providers from many different areas of the life sciences ecosystem, including biopharmaceuticals, agriculture, agri-food, the bioeconomy, medical devices, animal health, environmental technologies, and more.