

Accelerating Prosperity:
The Life Sciences Sector in Ontario

February 2019

Accelerating Prosperity: The Growth Potential of Ontario Life Sciences

This analysis evaluates the economic contribution of the life sciences sector in Ontario, but more importantly shows its considerable growth potential.

To access the report in its entirety please visit www.lifesciencesontario.ca

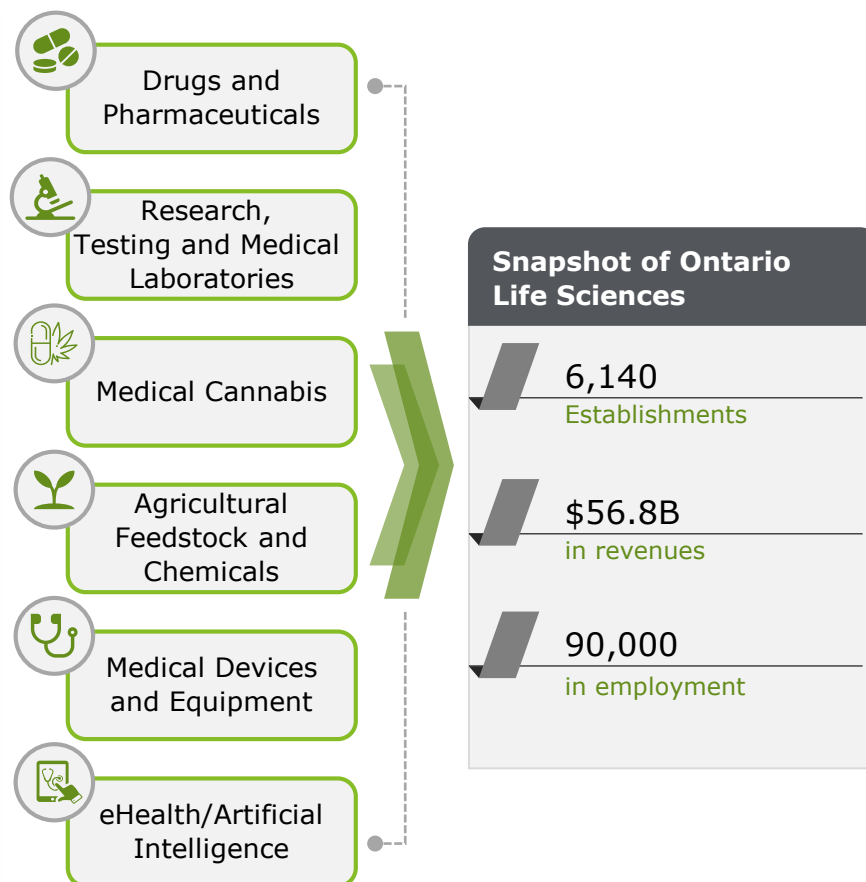
The provincial economy is being transformed by structural forces of aging demographics, globalization and technical change. Moreover, labour force growth is slowing due to baby boomers exiting the labour market while productivity growth has been lackluster.

To address this looming problem, Ontario has to shift the source of growth toward high-value services sectors that can create high-paying, good-quality jobs. Life sciences could be part of this progression.

While Ontario life sciences is already a significant sector, it could be an even more powerful economic cluster. Future sector growth requires focused efforts by industry, government and academia to address a number of challenges, including:

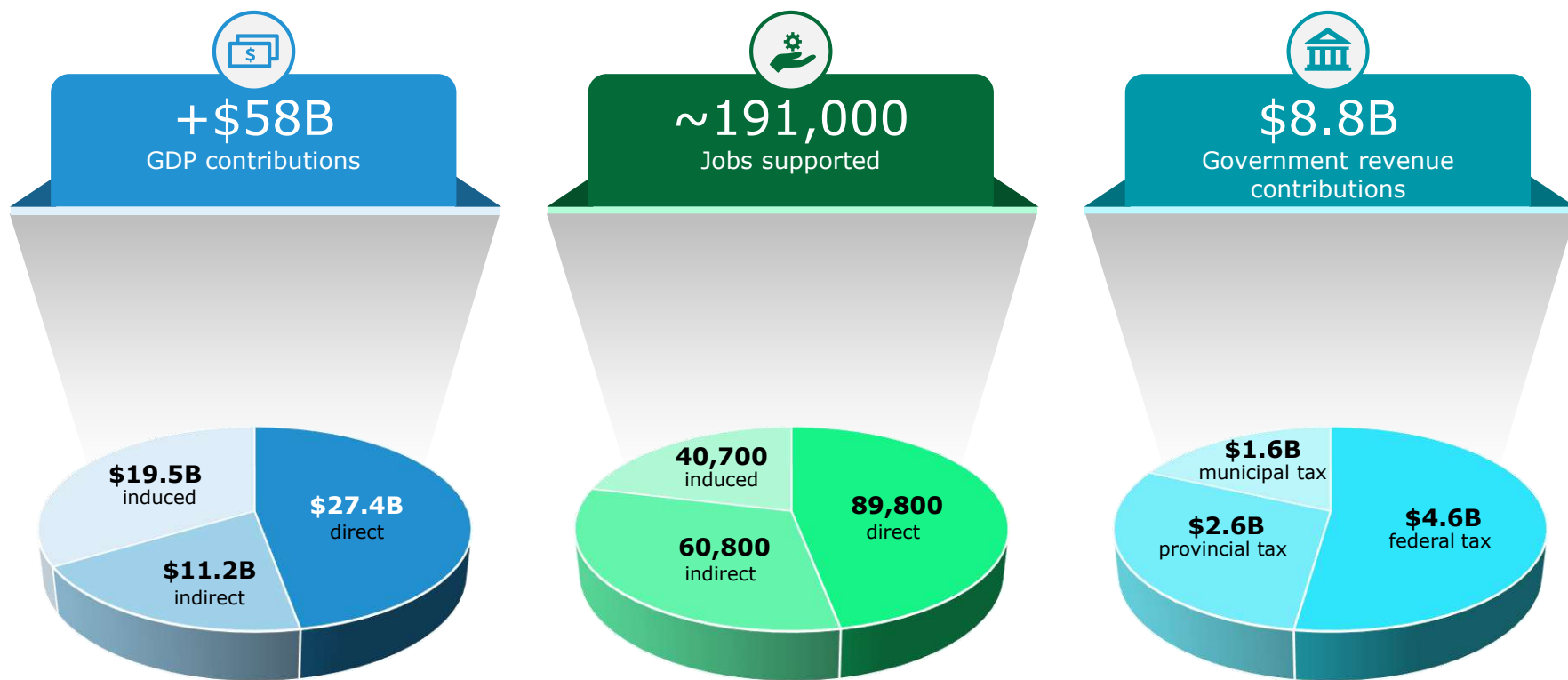
- Greater access to private and public capital;
- Addressing the talent gap at the executive and higher management levels, and at the same time underutilized science graduates that could be employed in the sector; and
- Enabling more small and medium sized firms to commercialize their innovations and scale up.

Ontario has the potential to build a greater, more vibrant life sciences cluster. To do so, government can support and be a catalyst for accelerated growth. Capital is needed, but it is not just about money. It is about public sector support to create an environment that helps life sciences firms overcome the hurdles to growth. If successful, a stronger life sciences sector could be a significant contributor to the prosperous Ontario of the future.



What is the Contribution of the Life Sciences Sector to the Ontario Economy?

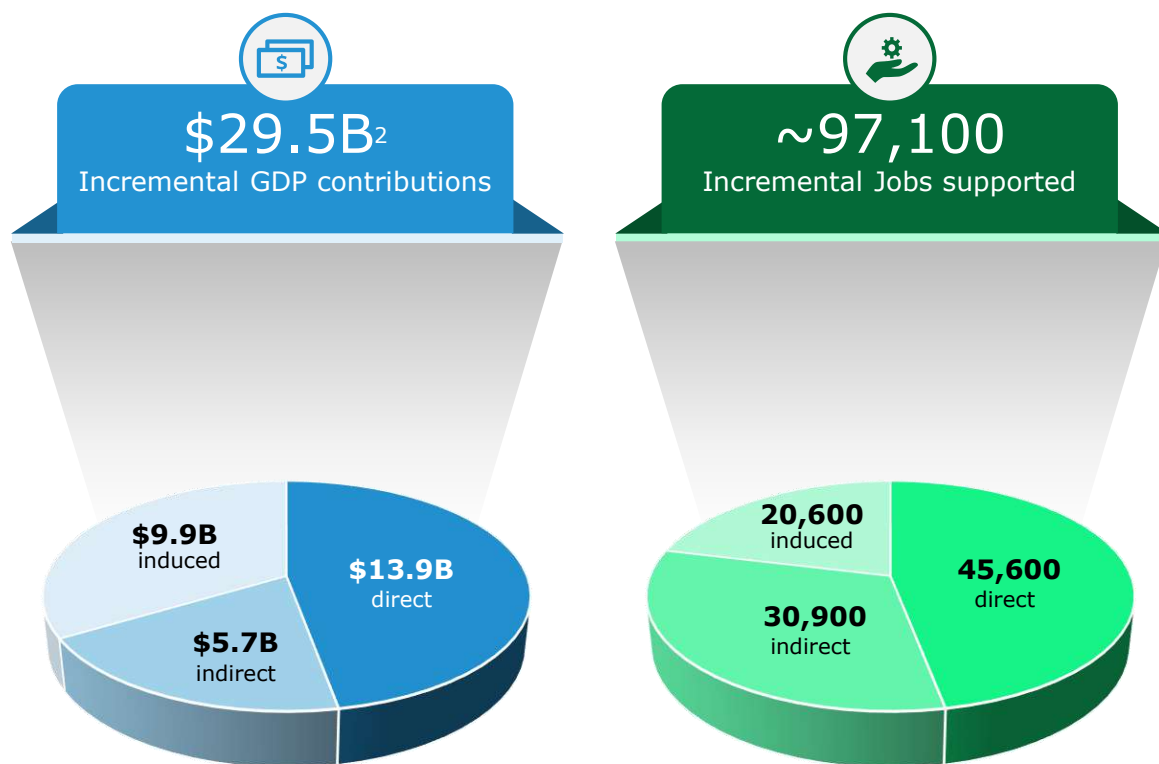
Ontario's life sciences sector makes a notable contribution to the provincial economy.¹ Through capital investments and operations the life sciences sector directly contributes value added (GDP), employment, and tax revenue to the economy. The sector also supports "indirect" impacts by placing demand on local firms, which in turn leads to further economic activity and positive contributions to the economy. Furthermore, the labour income earned directly through the life sciences sector, or from its "indirect" economic activity, supports "induced" economic impacts, which refer to when people or firms spend their earnings.



1. This figures provided is of February 5th, 2019 and represent employment in 2017 and GDP and government revenue in 2016. Input data was sourced from Statistics Canada.

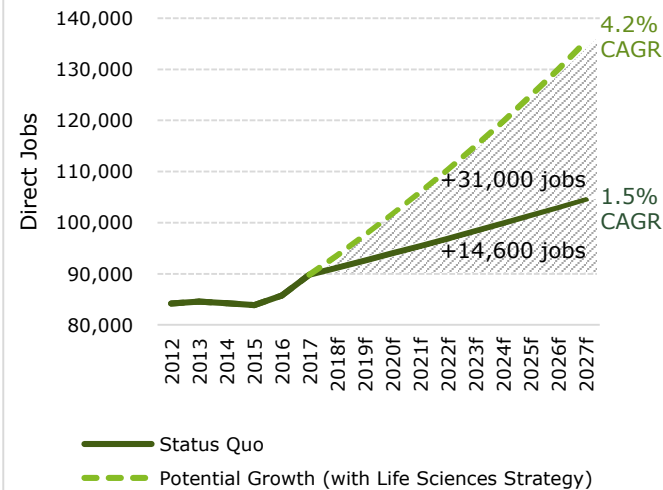
What is the Economic Potential of the Life Sciences Sector in Ontario?

If Ontario's life sciences sector, enabled by a coordinated sector strategy, follows a similar growth trajectory to those demonstrated in other advanced life sciences jurisdictions the potential exists for significant economic benefits to accrue to Ontario. If one were to consider Massachusetts and its ten-year, \$1 Billion Life Sciences Initiative as a comparison – Ontario may realize the following incremental economic contributions over a ten-year period.¹



Potential outcomes that could be realized with a coordinated life sciences strategy

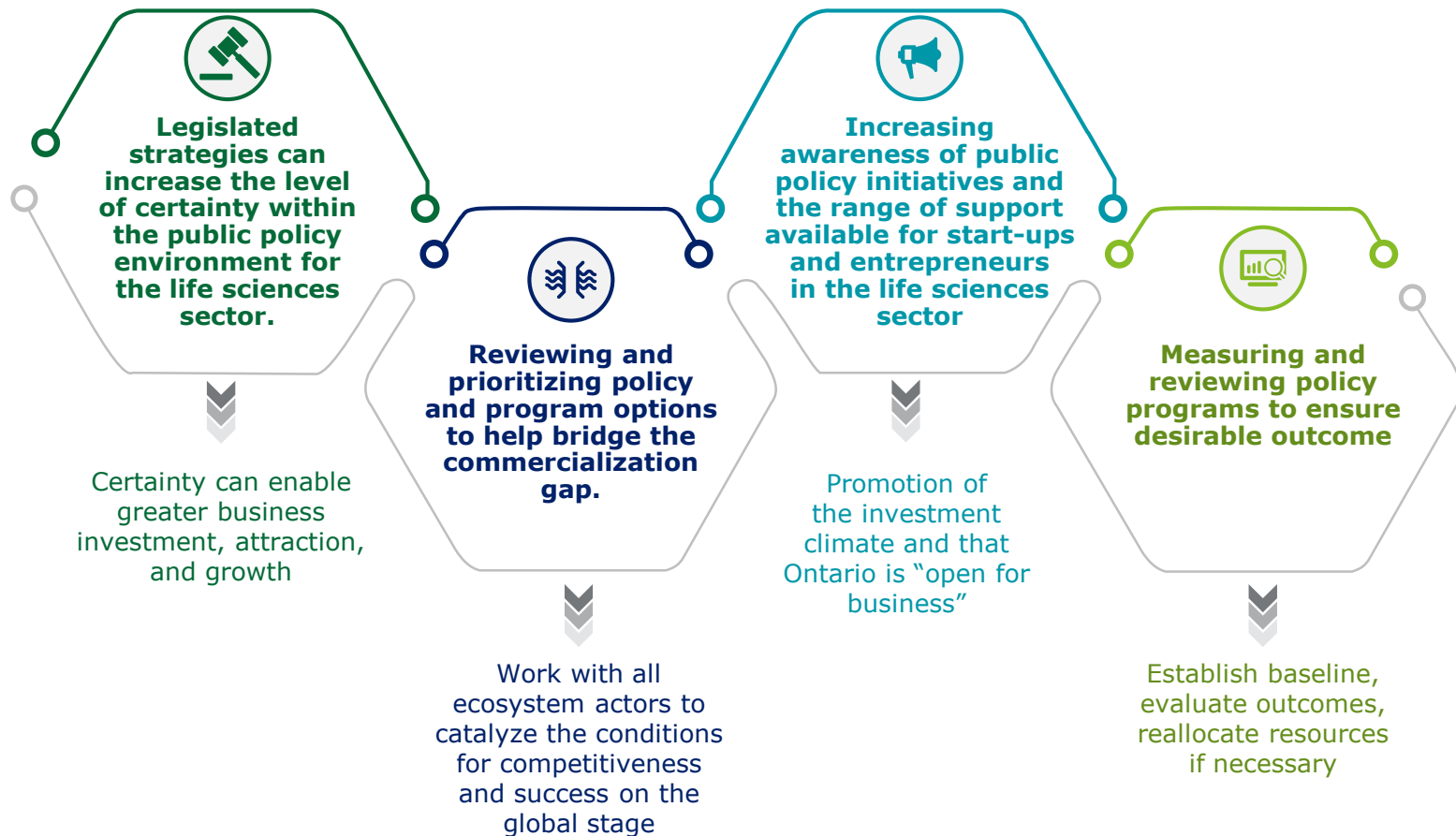
The graph below projects potential employment outcomes using Ontario's historical ten-year life sciences job growth rate (status quo) against a potential similar ten-year employment growth rates experienced in Massachusetts following the LSI.



1. Ontario's life sciences current economic contributions, as described in the previous slide, is used as the base case in our analysis.
 2. This is considered a conservative estimate given that potential productivity gains are not estimated in this approach.

What can Ontario learn from other leading Life Sciences jurisdictions?

Addressing challenges related to capital, talent and commercialization extend beyond the level of government funding granted to the sector. Ontario's life sciences sector, and its stakeholders across the private sector, public sector, and academia, could consider the following examples of key learnings from other leading jurisdictions when defining a coordinated and collaborative sector strategy.





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