

Submission for Pre-Budget Consultations in Advance of the 2024 Federal Budget

By: Life Sciences Ontario

February 9th, 2024

Honourable Chrystia Freeland
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5

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Dear Hon. Chrystia Freeland,

On behalf of Life Sciences Ontario (LSO), thank you for the opportunity to provide our input ahead of the 2024 Budget.

About LSO

Life Sciences Ontario (LSO) is a not-for-profit, fully member-funded organization dedicated to championing Ontario's dynamic life sciences sector. We collaborate with government, academia, industry, and other life sciences organizations to promote commercial success in the sector. Through advocacy and education, LSO seeks an aligned and inclusive voice on policy issues to support the commercial success and growth of Ontario's life sciences companies.

Key Facts:

- Ontario's life sciences sector contributes \$58.1 billion to Ontario's GDP and \$8.8 billion in government revenue contributions.
- Accounting for direct, indirect, and induced contributions, the life sciences sector supports an estimated total employment of 191,000 jobs for Ontarians.
- Ontario accounts for 51% of life sciences R&D in Canada and is home to 51% of all R&D life sciences personnel.

For your consideration, please see below the following recommendations:

Recommendation 1: Clarify the role of the new Canadian Drug Agency (CDA).

Recognizing the government's commitment of [\\$89.5 million over five years](#) to establish the Canadian Drug Agency, we suggest the following considerations to realize the full potential of this investment for Canadian patients:

- Define the CDA's mandate by clearly delineating how the CDA will interact with other actors in the drug reimbursement process and minimize duplicative efforts.
- Engage industry, patient groups, and other stakeholders on the implementation of the CDA, while improving predictability and transparency.
- Improve timely and equitable access for new and innovative medicines, especially for drugs that treat rare diseases, and align with the [National Strategy for Drugs for Rare Diseases](#) which provides \$20 million over 3 years to CADTH to improve access to drugs for rare diseases.

Currently, Canadians wait an [average 2 years](#) to access new medicines after approval from Health Canada. This is part of a broader trend that shows a [steady decline in the number of new medicines launched in Canada since 2016](#), whereas new medicines launched globally have been increasing on average. This has negative implications not only for health outcomes and health system sustainability, but also on Canada's economic growth. The above recommendations are critical for improving time to access for Canadians and ensuring that Canada does not fall behind as an attractive destination for multinational companies to launch new medicines and treatments.

Recommendation 2: Encourage the investment of public pension funds into Canadian innovation.

The percentage of Canadian pension funds invested into Canadian public companies has [significantly decreased](#) since the 1990s. Instead, pension funds are increasingly being invested outside of Canada, negatively impacting economic growth and employment opportunities. To support Canadian entrepreneurs to scale and commercialize their products here in Canada, pension funds are an important source of funding. Canadian innovation, especially in the life sciences sector, is critical to support the long-term growth and sustainability of Canada's economy and productivity.

In this context, LSO is encouraged by the government's announcement in the [2023 Fall Economic Statement](#) to create an environment that encourages domestic investment of public pension funds. ***We support the development of this environment and encourage the government to consult with stakeholders in Canada's pension plan industry to fully develop a plan that encourages increased investment of public pension funds into Canadian companies.***

Recommendation 3: Include an exemption for medical devices regulated by Health Canada in the Act to Amend the Copyright Act.

LSO is concerned by developments in [Bill C-244 – An Act to amend the Copyright Act \(diagnosis, maintenance, and repair\)](#). Amendments to this bill would allow unregulated third-party servicers to service or repair medical devices. [Unregulated third-party servicers](#) are not required to register with Health Canada, report adverse effects, or follow Health Canada regulations with regards to medical devices. This puts Canadian patient safety and health at risk. The FDA has [reported](#) 4,301 adverse events, including 40 deaths and 294 serious injuries, as a result of servicing of medical devices by unregulated third-party servicers. ***To protect Canadians' safety and health, we strongly recommend that medical devices approved by Health Canada are provided a specific exemption in the Act to Amend the Copyright Act.***

Recommendation 4: Adopt a patent box regime to incentivize the commercialization of intellectual property (IP) in Canada.

Canada is home to world-class research and academic institutions and a highly educated workforce. Yet Canadian researchers and companies face significant barriers to commercializing their IP in Canada. In fact, [insulin](#)—one of Canada’s breakthrough discoveries—was not commercialized here in Canada, but in the U.S. This is an occurrence that is all too common in Canada. Canada’s economy needs more investments in knowledge-based assets for sustainable growth and an IP regime that will allow Canadian innovators to scale and grow their businesses here. In this context, LSO welcomes the [recent announcement](#) by the government of two consultations regarding the Scientific Research & Experimental Development Program and the suitability of adopting a patent box regime. ***We recommend that the government develop a patent box regime that incentivizes the commercialization of IP in Canada.*** In doing so, we also recommend the following measures be considered:

- Specific measures that improve education and knowledge on IP practices for innovators.
- Create a framework to standardize IP policies for IP emerging from publicly funded research in universities, which should clearly delineate how rights and benefits will be shared between owner and any third-party buyer.

Thank you for considering our submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Field".

Jason Field
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