



# SMEs and Innovation – Canada's Budget 2017

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# Challenges for Canada

Canada has a very strong record for start-ups, but lags in having SMEs grow and achieve scale.

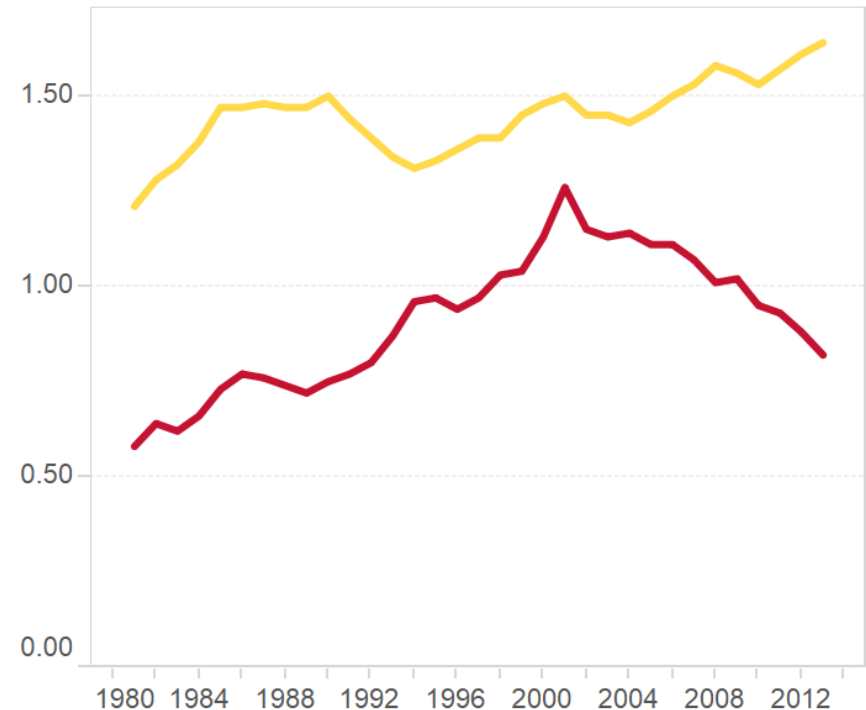
Many important skills in short-supply, harming SME growth.

# Challenges for Canada

Canada's BERD lags behind many countries.

Business Enterprise R&D  
(spending as a percentage of GDP)

Region  
Multiple values



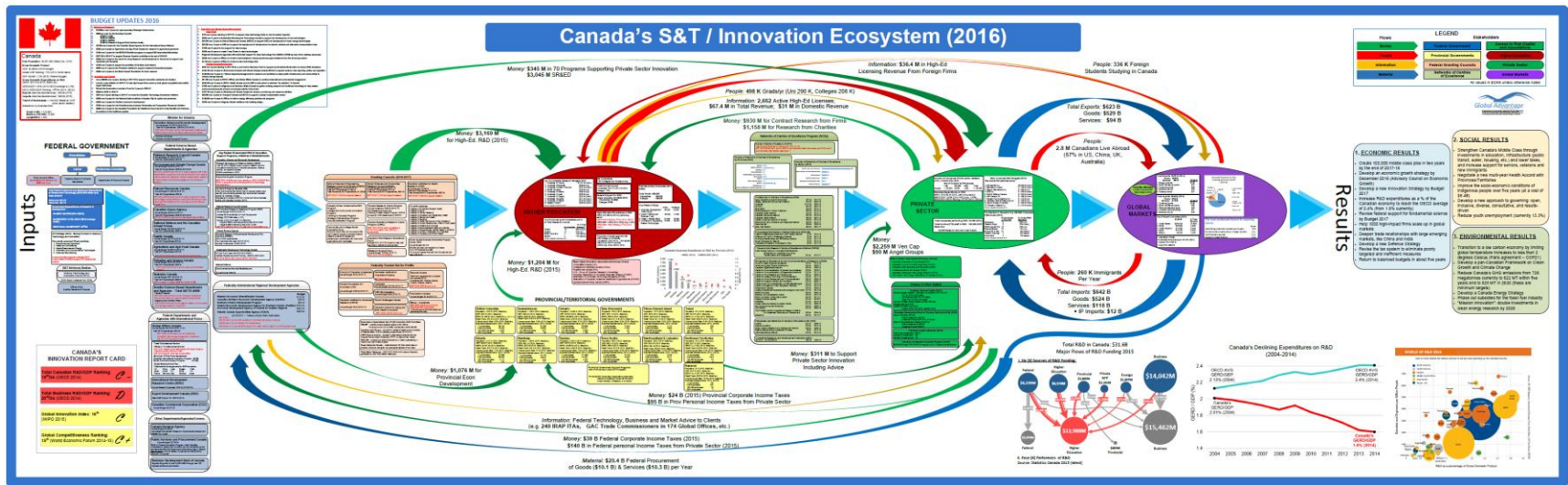
Region

■ Canada

■ OECD average

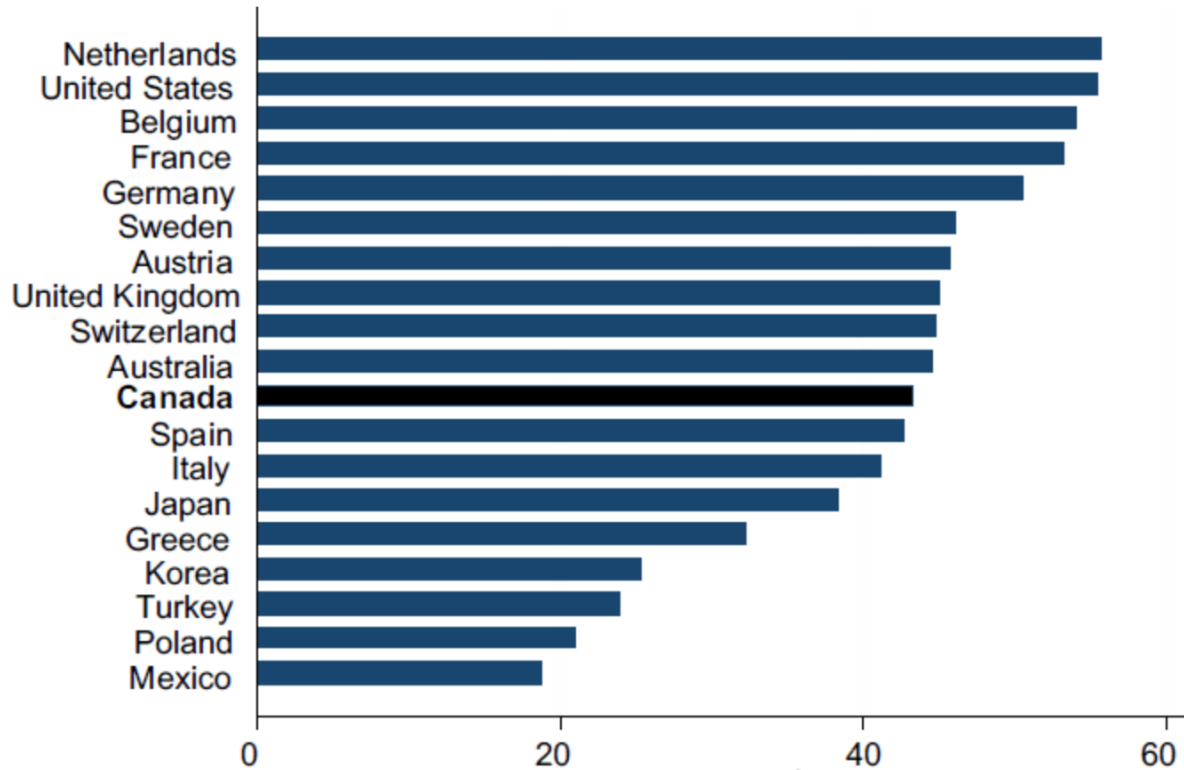
# Challenges for Canada

Dozens of innovation programs, but system can be difficult to navigate.



# Challenges for Canada

Figure 1: Canada's GDP per Hour Worked – a Basic Measure of Productivity - is Mid-Table for Major OECD Countries



Note: Reported for all OECD countries with 2008 GDP of 30 billion dollars or greater. Purchasing power parities benchmarked at 1 for US dollars.

Source: the *OECD STAN productivity statistics*

# Challenges for Canada

Inclusion: Many groups (women, indigenous, new Canadians) underrepresented in entrepreneurship and innovative industries.

Innovation a “dirty” word to many Canadians (blue collar)

# Solutions: Skills. Global Skills Strategy

Ambitious two week standard for processing visas and work permits for global talent

Temporary Foreign Worker Program and the International Mobility Program

New Global Talent Stream

# Solutions: Skills for Canadians

Expanding the level of support for job training under the Labour Market Transfer Agreements, including expanding eligibility for programs and services under the Labour Market Development Agreements



# Solutions: Simplification

Innovation Canada: a new platform to **coordinate and simplify support to Canada's innovators**

Horizontal review of all federal innovation and clean technology programs across all departments

**In time, serve as a one-stop shop for Canada's innovators and entrepreneurs**

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## Solutions: Consolidation

### **Strategic Innovation Fund:**

consolidate and simplify  
business innovation  
programming (SADI, AIF, TDP,  
ASIP) (\$1.26B/5yrs)

# Solutions: BERD and Productivity

**Innovation Superclusters Initiative:**  
competitive process to support a small number of business-led innovation superclusters that have the greatest potential to accelerate growth. (Consortium model)

Solutions: BERD and Productivity

## **Innovation Superclusters Initiative:**

~50 consortiums applied for funding.

Up to 5 winners will be announced shortly.

# Path Forward

Many new programs and initiatives – challenge will be in design and implementation, while not losing focus on ‘inclusive’ innovation.

Government of Canada’s focus on deliverology. What does success look like?  
Can we measure what we need to measure?

Canada 

# Creation of Innovation Canada – Simplifying Process for SMEs

Innovation Canada: a new platform to **coordinate and simplify support to Canada's innovators**

6 Economic Strategy tables to identify innovation opportunities in: advanced manufacturing, agri-food, clean technology, digital industries, health/bio-sciences and clean resources.

Horizontal review of all federal innovation and clean technology programs across all departments

**In time, serve as a one-stop shop for Canada's innovators and entrepreneurs**

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# Four Key Themes in Budget 2017

**Skills:** Equipping Canadians with the tools, skills and experience they need to succeed in the workforce, now and into the future; and attracting more top talent from around the world.

**Research, Technology, Commercialization:** To encourage greater business investment in research and help bridge the commercialization gap

**Program Simplification:** To simplify the Government of Canada program suite to be client-centric and ensure that programs offer the best support to Canadian innovators

**Investment and Scale-up:** To develop better tools to help Canada attract investment and support the growth of a diverse range of Canadian companies



# SMEs – Access to Capital

**Innovative Solutions Canada:** launch a new procurement program, **modelled on the US SBIR**, for early-stage research and development, late-stage prototypes from Canadian innovators and entrepreneurs (\$50M/5yrs operating).

**Venture Capital Catalyst Initiative:** provide \$400M on a cash basis through BDC over 3 years for **late-stage venture capital**, targeting injecting \$1.5B into Canada's innovation capital market.

# SMEs – Access to Capital

**Canadian Business Growth Fund:** bring together Canada's leading banks and other key financial institutions, to invest over \$500M, with scope to increase up to \$1B over 10 years, to **support Canada's promising small and medium-sized firms**, provided to promising companies, along with guidance, mentorship and access to the investors' networks (private sector).

**Futurpreneur:** equip young entrepreneurs with the skills, financing and mentoring to start and grow successful business (\$14M/2yrs).

# SMEs – Competitive Funding

Impact Canada Fund: introduce a new mission or “challenge” based approach to help accelerate efforts to solve Canada’s big challenges – 2 streams:

Clean technology (\$75M/2yrs) to help rural and remote communities reduce their reliance on diesel as a power source

Smart cities (\$300M/11 yrs)