

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Pfizer Canada

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The federal government should continue to diversify and build Canada's knowledge-based economy. Federal measures to support sustained recovery and growth need to be multi-faceted and should include:

- Fiscal policy:** We applaud the measures contained in Budget 2012 related to direct investments as well as the government's support for public, private and academia partnerships. However, the cumulative impact of changes to SR&ED has affected our business and should be revisited. The non-refundable tax credit should be aligned with most of the provinces by making it refundable. Improvements to SR&ED will increase Canada's ability to attract R&D contracts from multinational companies.
- Public health policy:** The federal government plays a key role in public health coordination and funding, particularly regarding vaccines. Every dollar spent on vaccinations saves several times as much in health-care dollars. The federal government should create a permanent immunization trust fund for new vaccines as the government's signature public health initiative.
- Innovation policy:** The life sciences industry relies on stable and competitive intellectual property policies. In recent years, Canada has fallen behind other developed countries. It needs to catch up in order to attract and retain high-value knowledge-based jobs. Canada should implement a right of appeal for innovative companies, provide competitive levels of data protection and offer patent term restoration.
- Regulatory policy:** The government should continue to streamline and harmonize with leading international jurisdictions while ensuring a proper level of safety and oversight. The Canada-United States Regulatory Cooperation Council and Food and Drugs Act modernization initiatives should be supported with the appropriate resources. Pfizer supports improving the efficiency of Health Canada's regulatory review processes for drugs and biologics and improving the vaccine evaluation and recommendation process. In addition, the government should continue to play an active role in public-private partnerships (PPPs). A good example of a new PPP that leverages the strengths of industry, universities and government is the Alberta Pfizer Collaboration Fund, which was supported by Western Economic Diversification Canada, the Alberta government and Pfizer. The program will invest in commercially promising health and medical research to bring new health products to markets more quickly.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

In crafting job creation initiatives in Budget 2013, the federal government should consider which types of jobs have the greatest impact on the Canadian economy. The innovative life sciences sector is one of the most productive, highest-paying and most knowledge-based industries. The creation of one job in the biopharmaceutical sector generates many other jobs throughout the economy. For example, Pfizer Canada's 2,700 employees in Canada are directly and indirectly responsible for an additional 9,000

Canadian jobs. (Source: Pfizer's 2012 economic impact analysis by Carl Sonnen of Informetrica) As a trading nation – over a third of our GDP relies on exports – Canada needs to secure access to global markets in order to drive job creation here at home. Pfizer Canada strongly supports the government's ambitious international trade agenda, particularly the Comprehensive Economic and Trade Agreement with Europe and the Trans-Pacific Partnership. Creating a globally competitive intellectual property (IP) regime is under discussion as part of these trade negotiations, and three IP initiatives in particular should be adopted by Canada: a right of appeal for innovative pharmaceutical companies, a longer period of data protection, and patent term restoration. Improved IP for pharmaceuticals will bring Canada's competitiveness at par with our key trading partners, help boost the Canadian economy and help create high-value biopharmaceutical jobs.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

With more Canadians set to retire, income tax revenues will decrease and it will become increasingly difficult for governments to fund major social programs, especially health care. At the same time, the growing contingent of elderly Canadians is expected to increase health-care system spending and lead to lower productivity for working Canadians, who need to care for aging family members. The federal government can address this issue in part by supporting programs that help older Canadians transition into a healthy and active retirement, and by ensuring that working families remain healthy and productive. In this context, Pfizer Canada recommends two federal measures. First, the government should move forward with health product regulatory modernization, which will ensure that Canadians have better access to cost-saving and effective medicines and vaccines. Second, the federal government should create a permanent immunization trust fund for new vaccines as the government's signature public health initiative. New vaccines for infants, children and even older adults will save lives, improve productivity and reduce health-care system costs.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Canada's productivity continues to lag in comparison to our major trading partners. Improving productivity will require reduced production costs and increased output. Our sector is one of the most productive in the world, with one of the highest multiplier effects. This means that the creation of one job in the biopharmaceutical sector generates many other jobs throughout the economy. For example, Pfizer Canada's 2,700 employees in Canada are directly and indirectly responsible for an additional 9,000 Canadian jobs. Budget 2013 should support a number of fiscal, policy and program measures to boost investments in this key sector, including the following:

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property policies. In recent years, Canada has fallen behind other developed countries. It needs to catch up in order to attract and retain high value knowledge-based jobs. Canada should implement a right of appeal for innovative companies, provide competitive levels of data protection and offer patent term restoration. - Regulatory policy: The government should continue to streamline and harmonize with leading international jurisdictions, while ensuring a proper level of safety and oversight. The Canada-United States Regulatory Cooperation Council and Food and Drugs Act modernization initiatives should be supported with the appropriate resources. Pfizer supports improving the efficiency of Health Canada's regulatory review processes for drugs and biologics and improving the vaccine evaluation and recommendation process.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?