

Submission to the
House of Commons Standing Committee on
Industry, Science and Technology

Canadian Response to the
COVID-19 Pandemic

June 2020



POLYTECHNICSCANADA

The impacts of COVID-19 on Canada's people, businesses and economy have been extraordinary. While emergency aid measures have propped up personal finances and enabled business survival, the focus going forward must be on creating the economic conditions to rebuild and grow.

As lawmakers turn their attention to post-pandemic recovery, Canada's polytechnics offer a ready-made solution to companies, non-profit organizations and other enterprises looking to re-tool, ramp-up and re-enter the marketplace. Polytechnic applied research helps partners solve problems and devise strategies, in so doing supporting growth, creating jobs and enabling economic resiliency.

Applied research refers to an exceptionally broad range of supports delivered in response to industry demand. Polytechnic institutions across Canada mobilize state-of-the-art facilities, equipment and expertise to deliver solutions for partners across industrial and social sectors, often with the help of student talent. As a result, institutions have a flexible and agile applied research infrastructure that adapts to the unique requirements of a partner and their project. In most cases, intellectual property is retained by the business partner, creating an environment that amplifies the incentive for creative engagement and supports ongoing collaboration.

Whereas over the past weeks the government has been focused on providing life rafts, applied research is about fixing the ship. Economic recovery stands to be faster, stronger and more sustainable if it can draw on the business innovation expertise resident at Canada's polytechnics. As companies, non-profit organizations and other enterprises consider their post-pandemic needs, polytechnic R&D activity is ideally suited to help them adjust to new physical distancing requirements, adopt new technology, establish online platforms, streamline operations and boost productivity.

Our recommendations focus on pragmatic industry recovery through the provision of applied research and business development services at Canada's polytechnic institutions. Solutions speak to the government's ability to scale applied research capacity to support the immediate and longer-term requirements of employers in the wake of COVID-19. We recommend:

1. Targeted investments in polytechnic/college applied research capacity to scale up the critical support these institutions offer to SME partners
2. Expanded funding to existing grant categories and broader eligibility criteria to ensure enterprises that need support can access it
3. The temporary suspension of employer cash contributions on applied research activity

Recommendations:

1. Make targeted investments in polytechnic/college applied research capacity to scale up the critical support these institutions offer to SME partners

As we move toward re-opening the Canadian economy, employers across all industrial and social sectors stand to benefit from the applied research and business development services offered at polytechnics and colleges across the country. However, at a time when institutions are under incredible financial strain, we must ensure the applied research enterprise is sufficiently supported to respond to the demand.

While institutions have the know-how needed to move quickly to engage and respond to industry partners, project funding alone – delivered via grants – is insufficient. An institution's ability to respond to demand at speed requires an investment in the receptor capacity of applied research offices, which must undertake faculty/student engagement, project development, administration and reporting. These elements are foundational to an institution's ability to support a breadth of firms with diverse challenges in an ever-shifting marketplace.

Most institutions currently fund the infrastructure associated with the applied research office, including salaries for those meeting with prospective partners, writing proposals, identifying student and faculty expertise, completing reports, monitoring diversity and inclusion, and sharing project impacts more widely. At a time when institutions are facing budgetary shortfalls, support is fundamental to ensuring these offices are open for business.

In an environment where industry-driven applied research is mission-critical, institutions need additional receptor capacity to respond efficiently and at the speed business partners require. Dedicated support would not only stand to maintain the applied research enterprise at polytechnics and colleges but position them as more proactive enablers of innovation activity. Polytechnics Canada members suggest they could increase their capacity to serve applied research partners by 30-50 per cent with better support. Without it, applied research capacity will be insufficient to meet the demand of Canada's recovering economy.

Investment: \$80 million over two years for the entirety of the college sector

2. Expand funding to existing grant categories and broaden eligibility criteria to ensure enterprises that need support can access it

Current programmatic restrictions and requirements under the College and Community Innovation Program mean that Canada's most vulnerable businesses, non-profit entities and entrepreneurs face barriers to accessing federal support. For example, health and

social innovation projects – some of the most urgent in the current circumstances – remain largely ineligible for support through the current suite of polytechnic and college applied research grants. There are also limits on the number of times a partner can access support, even when projects address very different needs. As small- and mid-sized enterprises struggle to regain their footing, these barriers must be removed.

We are also recommending that funding for innovation-enabling grants be boosted to ensure a greater number of companies that need support during the economic recovery can access it. For example, Engage Grants, delivered through the College and Community Innovation Program, are a quick and easy way for businesses and organizations to benefit from connections to polytechnic and college applied research capacity. At \$25,000 each, grants can be approved and impacts delivered quickly. Funding in all grant categories should be reassessed to ensure it is adequate in light of post-pandemic innovation requirements.

Investment: \$70 million over two years

3. Temporarily suspend employer cash contributions on applied research activity

Businesses will be cash-strapped in the immediate future and will require support to re-tool and refocus to survive in the current environment. The average size and maturity of a typical applied research partner means they are disproportionately likely to be experiencing financial constraints in the next two years. Polytechnics Canada members report that 30-40 per cent of their applied research partners are going to suffer financial losses that would have otherwise been invested in R&D activities, with the brunt of the impact felt by Fall 2020.

To ensure those who most need applied research support are able to benefit from it, the federal government should temporarily waive all industry cash investments associated with research projects, focusing instead on in-kind contributions. In lieu of industry cash contributions, the federal government should make necessary additional investments to grant amounts to ensure activities are not jeopardized or undercut by funding shortfalls.

Investment: \$24 million over two years

About Us

At Polytechnics Canada, we are proud promoters of the polytechnic education model, which offers advanced programming across the knowledge spectrum in direct response to industry needs. Practical, hands-on learning opportunities prepare students for workplace challenges, ensuring graduates are job-ready and armed with the skills employers need across sectors. Our members have the facilities and networks needed to provide meaningful solutions to industry problems and accelerate knowledge transfer. Our mission is policy advocacy for federal action in areas that reflect the critical role members play in enhancing Canada's productivity and innovation.

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