

Pre-budget consultations for the 2018 budget

Brief submitted to the House of Commons Standing Committee on Finance

« Un financement stable et prévisible en recherche et innovation: condition de réussite pour l'économie canadienne » [stable and predictable funding for research and innovation: the key to a successful Canadian economy]

Submitted by the Association pour le développement de la recherche et de l'innovation du Québec

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ADRIQ

For 39 years, the ADRIQ has led a vast business network that is both unique and influential. Its goal is to support and promote research and innovation in Quebec in order to increase the competitiveness of companies, both here and abroad.

To achieve the goal, we lead a support and consultation network that brings together some 50 specialists. This helps to improve the competitiveness of our companies. We organize networking activities and provide economic studies. We work with research centres, universities and college centres of expertise. We also educate youth about entrepreneurship and encourage them to become scientifically curious. Our association effectively reaches more than 4,000 decision-makers in the research and innovation ecosystem across Quebec.

In its recent brief entitled *Quatrième révolution : l'urgence de collaborer pour innover* [fourth revolution: the urgent need to collaborate to innovate] – September 2016, the ADRIQ proposed four pillars for an effective public research and innovation policy. The pillars are the commercialization of innovation, the culture of innovation, industry 4.0 and collaboration among research stakeholders and companies. It reiterated the role and importance of public and private research infrastructure in the innovation chain. The ADRIQ also mentioned that the infrastructure is being increasingly recognized. This means that sustainable funding and effective governance mechanisms should be implemented.

As a result, the ADRIQ recommended that **“the governments provide stable and predictable funding over time to universities, CCTTs and CEIs, in order to promote collaborations and the relaxation of reporting rules, which place an unnecessary burden on day-to-day management.”**
[Translation]

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While many issues must be addressed to improve the Canadian research and innovation ecosystem, this brief focuses on a specific aspect that was well documented in the Naylor Report (Canada’s Fundamental Science Review). The aspect is the financial support of research funding organizations.

The four organizations (CFI, NSERC, SSHRC and CIHR) contribute significantly to research development in Quebec by funding hundreds of research projects, thousands of researchers and over one thousand industry partners. Nonetheless, Canada has been cutting back on its research investments for a number of years. It must take steps to ensure that the country re-establishes itself as a leader in research funding. For example, in the past five years, CFI has invested \$340 million in universities, colleges and research hospitals in Quebec. Taking into account the province’s contribution, the amount totals \$680 million in new research infrastructure and

facilities in fields such as neuroscience, cancer, biomedical engineering, smart materials, and oceanography. All these fields promote technological development and commercialization. NSERC invested \$254 million in 2014-2015, and SSHRC invested \$103 million.

The Naylor Report also recently highlighted the need to increase funding for the following spending areas:

1. investigator-led research operating grants;
2. enhanced personnel supports for researchers and trainees;
3. targeted spending on start-up costs for small equipment infrastructure and operating costs for major scientific institutions;
4. enhancement of the environment for scientific investigation.

The ADRIQ supports and adheres to this approach to increasing investments in our research ecosystem. We are focusing on the importance of increasing and continuing the spending of the Canadian Foundation for Innovation and the three research funding agencies.

The role of CFI and NSERC in Quebec's research and innovation ecosystem

The Canadian Foundation for Innovation (CFI) is an independent organization created by the Government of Canada to fund research infrastructure. As such, it plays a key role in funding primary and basic research and in pre-commercialization technological development by allocating significant amounts to institutions such as universities, CCTTs and public research centres in Quebec. CFI's funding helps these public stakeholders fully participate in Quebec's innovation ecosystem by providing new basic and applied knowledge. The knowledge can then be used in manufacturing companies.

The Naylor Report also recognizes that "although CFI is effectively a permanent part of the funding environment, its relationship with the federal government does not reflect this reality." As a result, the committee believes that CFI must receive stable funding. Over the years, CFI has become one of the four pillars of federal support for postsecondary research.

NSERC is also heavily involved in hundreds of projects that have a significant impact on both an economic and social level in Quebec. NSERC supported over 2,600 professors in 2014-2015, and more than 1,600 industry partners were involved in NSERC projects. This shows its relevance and importance in the research and innovation ecosystem.

Recommendation

In this context, and in view of the foregoing, the ADRIQ supports the advisory panel's recommendation 6.8: **The Government of Canada should provide CFI with a stable annual budget scaled at minimum to its recent annual outlays.**

The ADRIQ also recommends the increase and stabilization of funding set aside for research and managed by the three Canadian research funding agencies.