



March 1, 2013

The Honourable James Flaherty, P.C., M.P.
Minister of Finance
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Dear Minister Flaherty,

On behalf of Research Canada: An Alliance for Health Discovery, we applaud the Government of Canada's priority of paying down the federal deficit and making prudent investments in research and development that create jobs, grow our economy and improve the quality of life of Canadians.

Research Canada is a multi-stakeholder alliance of private, academic and voluntary sector organizations dedicated to advancing health research and translating research into innovative products and services that deliver social and economic benefits to all Canadians.

Economic Action Plan 2012 provided material support to academic-private sector partnerships and strategic targeted investments that in aggregate amounted to \$0.6B. Federal Budget 2013 is an opportunity to capitalize on Economic Action Plan 2012.

It is the strength of Canada's discovery research enterprise that has and will continue to attract the private sector. Research Canada underscores the need for the Government of Canada to support the entire cycle of R&D in Budget 2013, from discovery, through to product development and commercialization, to the market place and into health-care settings. Especially critical in times of fiscal constraint, Canada needs to be ever vigilant that investments are made in a balanced fashion across the continuum of these activities. If we jeopardize the discovery engine, the innovation system is at risk.

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Therefore, as the Government of Canada prepares Budget 2013, we would like you to consider the following recommendations:

- The Canadian Institutes of Health Research (CIHR) receive an increase to its baseline budget in support of its operating grants' program which funds discovery research and its Strategy for Patient-Oriented Research (SPOR)
- The Natural Sciences and Engineering Council (NSERC) and the Social Sciences and Humanities Research Council (SSHRC) receive an increase to their baseline budgets in support of discovery research funded through their respective operating grants' programs
- In planning for the future, the Canada Foundation for Innovation (CFI) receive a commitment for an additional increase to its budget in support of cutting-edge research equipment and research facilities
- Genome Canada receive a multi-year commitment of additional funds that enables it to leverage these investments in support of large-scale genomics and proteomics research projects

Research Canada supports the government's efforts to create direct support measures and to pursue increased performance and effectiveness within the SR&ED program for Small and Medium Sized Enterprises (SMEs) in an effort to promote the growth of these firms. We encourage the government to work with BIOTECANADA and other representatives of the business enterprise sector to find constructive ways to improve the SR&ED program and balance it with direct support to SMEs as we endeavour to enhance our nation's global competitive advantage.

At the root of ensuring repatriation of private sector involvement in Canada, our national IP regime must be harmonized and made competitive with those of our international competitors. The result will be a more stable, predictable business environment and we will attract global pharmaceutical investment into Canada resulting in high-skill, high-value jobs and growth of a strong knowledge-based industrial sector. Research Canada encourages the government to work with Canada's Research-Based Pharmaceutical Companies (Rx&D) to this end.

Research Canada also encourages the Government of Canada to invest in policies and processes that will enable the innovative medical device industry, represented by

MEDEC, to thrive in Canada and thereby stimulate the knowledge economy while supporting the sustainability of health care through innovation.

Research Canada is committed to delivering value to Canadians. And this goal can only be achieved in partnership with the continuum of stakeholders involved in building a functional innovation system. The Government of Canada plays a central and leadership role in both priming the pump and ensuring a smooth execution of innovation through both its ongoing material investment, but also through creating an enabling policy platform. We view the recommendations we are proposing as important advancements in building an innovation system that will deliver increased international competitiveness.

Sincerely,



Ms. Maureen Adamson
Chair



Dr. Michael Julius
Science Advisor



Ms. Deborah Gordon-El-Bihbety
President and CEO

cc: The Right Honourable Stephen Harper, Prime Minister
The Honourable Leona Aglukkaq, Minister of Health
The Honourable Christian Paradis, Minister of Industry