



May 29, 2012

The Honourable Gary Goodyear  
Minister of State, Science and Technology  
House of Commons  
Ottawa, Ontario  
K1A 0A6

**RE: OSPE Response - Review of Federal Support to Research and Development - The Jenkins Report**

Dear Minister:

As the voice of Ontario's engineers, the Ontario Society of Professional Engineers (OSPE) keeps abreast of issues affecting the engineering profession. Support for research and innovation is an important topic for us and we were honoured to have you give the keynote address on March 22, 2012 at OSPE's Seizing Innovation Opportunities in Ontario policy series event. In this regard, on behalf of OSPE's Research and Innovation Task Force, we thought you would appreciate our review of the *Federal Support to Research and Development - The Jenkins Report*.

We were pleased to participate in consultations in February 2011 that resulted in *The Jenkins Report*. In light of the recent 2012 Federal Budget and your government's commitment to encourage and promote Canadian commercialization of innovations, the attached review is timely.

In our advocacy role, OSPE is always available for consultations on issues surrounding the engineering profession. If the ministry seeks additional consultation or if you have any questions about our review, please contact Ms. Edwina McGroddy, Director, Policy, Government and Stakeholder Relations at [emcgroddy@ospe.on.ca](mailto:emcgroddy@ospe.on.ca) or 416.223.9961 ext. 236.

We look forward to our continued communications and thank you for your ongoing support of OSPE and the engineering profession.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nadine Miller', is written over a light blue horizontal line.

Nadine Miller, P. Eng., M. Eng.  
President and Chair, OSPE

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## OSPE Summary: Innovation Canada - A Call for Action Review of Federal Support to Research and Development – The Jenkins Report

### Background

On February 28, 2011 OSPE submitted its response to a call for consultation from the Independent Review Panel on Federal Research and Innovation. The responses were in answer to questions posed by the panel towards opinions about the effectiveness and results of R&D federal funding sources. Consultations with OSPE and other stakeholders and the review panel led to a comprehensive report, *Innovation Canada - A Call for Action, Review of Federal Support to Research and Development – Expert Panel Report* ([http://rd-review.ca/eic/site/033.nsf/eng/h\\_00287.html](http://rd-review.ca/eic/site/033.nsf/eng/h_00287.html)). This OSPE response is a review of key issues raised in the report based in relations to the questions and answers from the consultation process. The review is organized by stating the specific issue raised by the panel (underlined), OSPE's input in preparation of the report, and pertinent statements and the six formal recommendations taken directly from the Jenkins Report.

### OSPE Review

Effectiveness of federal initiatives - OSPE expressed support for funding programs but concern that one program, the Scientific Research and Experimental Development (SR&ED) tax credit, was difficult to secure.

*The Jenkins Report* - The federal government considers the SR&ED tax credit as the flagship of federal support for innovation and recommends to:

- Simplify the SR&ED program by basing the tax credit for SMEs on labour-related costs. Redeploy funds from the tax credit to a more complete set of direct support initiatives to help SMEs grow into larger, competitive firms
- OSPE is supportive of the change suggested in the recommendation and is pleased the 2012 federal budget reiterated its intent to implement the changes

Direct support for business R&D - OSPE encouraged subsidized capital productivity enhancements and more funding for start-up businesses.

*The Jenkins Report* - The report recognizes that "without an active presence in Canada of adequate sources of capital, some of the commercial benefits of innovations originating in this country could be exploited by firms in other countries with greater risk investment capacity and/or propensity" and recommends to:

- Help high-growth innovative firms access the risk capital they need through the establishment of new funds where gaps exist.

- OSPE supports this recommendation and the intent made in the 2012 federal budget to fund innovations

Support for funding other business activities related to the commercialization of R&D - OSPE supported this concept without additional comments.

*The Jenkins Report* - The report recognizes that commercialization "is a multi-faceted and multi-stage phenomenon that, depending on the product, often involves design, engineering, production planning and the related research and development (R&D)". As such, it recommends to:

- Create an Industrial Research and Innovation Council (IRIC), with a clear business innovation mandate (including delivery of business-facing innovation programs, development of a business innovation talent strategy, and other duties over time), and enhance the impact of programs through consolidation and improved whole-of-government evaluation
- OSPE is concerned this adds a layer of bureaucracy which may delay implementation

Creating a demand for business innovation and government being a "first customer" for R&D investments - OSPE took a neutral stance to this topic and did not provide a comment.

*The Jenkins Report* - The government views procuring goods, services and technologies from Canadian suppliers as a "first customer" fosters the development of innovative and globally competitive Canadian companies while also stimulating innovation and greater productivity in the delivery of public sector goods and services. Therefore, the report recommends to:

- Make business innovation one of the core objectives of procurement, with the supporting initiatives to achieve this objective
- OSPE suggests that this could be incorporated into the mandate of the IRIC if it is created

Ensuring postsecondary education systems have capacity, approaches, and policies for effective partnerships with business - OSPE encouraged there to be better visibility to the availability of institutions to help resolve technical issues and conduct R&D for corporations.

*The Jenkins Report* - The report recognizes that Canada "needs a fundamentally new approach to building public-private research collaborations in areas of strategic importance and opportunity for the economy" and recommends to:

- Transform the institutes of the National Research Council (NRC) into a constellation of large-scale, sectoral collaborative R&D centres involving business, the university sector and the provinces, while transferring NRC public policy-related research activity to the appropriate federal agencies



- OSPE supports this recommendation as long as outcomes are measurable and result in opportunity for the economy

Aligning programs between federal and provincial governments - OSPE suggested that ideally all programs should be administered by a single government entity (either provincial or federal).

*The Jenkins Report* - The Government of Canada intends to assume a leadership role by establishing business innovation as a whole-of-government priority and consequently restructuring the governance of its business innovation agenda, while developing a shared and cooperative approach with provincial and business leaders. It therefore recommends to:

- Establish a clear federal voice for innovation, and engage in a dialogue with the provinces to improve coordination and impact
- OSPE considers consultation and collaboration will be the key to success of this initiative