

September 22, 2005

Mr. Jascha Jabes
Special Advisor to
The Honourable David L. Emerson
Minister of Industry - Government of Canada
235 Queen Street
Ottawa ON K1A 0H5

Re: Minister Emerson's Expert Panel on Commercialization

Dear Mr. Jabes:

I am writing on behalf of the Research and Development Committee of the Association of Canadian Public Polytechnic Institutes (ACPPI) to contribute a perspective on national commercialization, productivity and innovation policy that reflects the collective views of Canada's 8 polytechnic institutes. We respectfully request that you please forward our correspondence to the members of the Expert Panel on Commercialization as soon as possible.

It is clear that innovation investment should bring competitive commercial goods and services and productivity enhancing production methods to the marketplace. But Canada's performance, near the bottom of the G-7 with competitiveness ranked 11th in the world, suggests that the current federal investment in innovation is not yielding the needed productivity and commercialization benefits.

The polytechnics have concluded that the federal research and development funding policy, agencies and programs tend to focus on the basic, primary and curiosity-based research and some first level applications. Generally, there seems to be little focus on the patent, product and process end of the innovation continuum. While the funding of basic research has significant and important value, it is necessary to address commercialization and productivity weaknesses through targeted research and development programs that support pragmatic results.

With respect to improvements in commercialization policy, the polytechnics concur with the views of the Canadian Manufacturers and Exporters Association who argue that *"Public support for innovation must be driven more by market opportunities for commercial application and less by research agendas or the goal of pushing technology into the marketplace. Research and development activities on the part of universities, colleges and research centres must respond more effectively to the needs of manufacturers. Research centres must base their activities in areas of the country where they are closest to their industrial customers. And, stronger linkages are needed among*

manufacturers, universities, colleges and research centres” (Canadian Manufacturers and Exporters, 2005, p.8).

The eight Canadian public polytechnic institutes are located in Canadian centers of economic growth/activity: the Golden Horseshoe, the Lower Fraser Valley, the Calgary/Edmonton Corridor and the Cambridge/Waterloo/Guelph high-tech area. The institutes themselves have long standing collaborations with industry built on applied programming, business-led advisory committees, work placements and applied research. The polytechnics’ solid track record developing a highly skilled workforce through apprenticeship, diploma, baccalaureate and corporate training programs is the foundation for a growing capacity for applied research and technology development. The polytechnics are complementary to the universities in that they focus on “industry problem solving” rather than curiosity based research. This positioning is consistent with the polytechnics’ strong history of responsiveness to market needs and industry-identified challenges. During the past 2 years this network of polytechnics has been given an impetus to work more closely together. The Presidents are committed to cooperate, take risks and offer leadership to advance the economic development performance of the sectors. For all of these reasons, the polytechnics are extremely well placed to partner with SMEs and larger companies to solve industry commercialization and production challenges.

In our attached paper, *Bridging the Productivity Gap*, we argue that the government’s R&D funding policy should add a Commercialization Development Fund to encourage market driven commercialization research between Canadian SMEs, larger companies and higher education institutes.

Our paper also claims that current federal research funding approval criteria often work against commercialization proposals submitted by the polytechnics and their industry partners (typically, SMEs). Those with academic publishing records, NSERC eligibility, total grants received and PhD credentials are not necessarily the best researchers to solve practical industry problems, develop prototypes, improve production processes or refine technological components. This observation is reflected in the development arm of Lee Valley Tools where machining backgrounds are considered critical.

Finally, we believe that the polytechnics have the potential to assume a major role in enhancing Canada’s commercialization and productivity, particularly in cooperation with SMEs and larger companies. As such, they justify a major federal investment in infrastructure. The attached paper argues for federal infrastructure funding programs that enhance emerging development teams and capital facilities in significant and commercially promising development areas.

We note, with appreciation, the recent shifts in some research and development program criteria and policies. But these shifts are relatively small given the urgent need for change and the scale of the productivity challenge.

The approach we suggest in the attached paper builds on the strength of each sector of the economy and ensures Canada's competitiveness. Together, industry, the polytechnic institutes, other research organizations and government can work to achieve the national goal of enhancing innovation and productivity by bringing new products and services to market, in a strategic and cost-effective manner.

I would appreciate the opportunity to discuss our thinking and activities with you in more detail at your convenience. I can be reached at 416 491-5050 Ext. 2080, or by e-mail at katharine.janzen@senecac.on.ca

Sincerely,

Katharine Janzen, Ed.D.
Chair, Research and Development Committee
Association of Canadian Public Polytechnic Institutes