

February 7, 2020

Hon. Bill Morneau, P.C., M.P.  
Minister of Finance  
90 Elgin Street  
Ottawa, ON K1A 0G5

Dear Minister Morneau:

As the collective voices of colleges, polytechnics, cégeps and institutes of technology across the country, we write to urge you to consider making a new investment in applied research. A relatively modest annual contribution of \$40 million will supercharge the innovation supports this sector offers to Canada's small- and mid-sized firms.

This investment stands to make a powerful impact well beyond growth for Canadian business interests. Applied research is also developing the next generation of innovation-enabled talent and is contributing pragmatic solutions to Canada's biggest challenges, including its global climate change ambitions.

As the federal government sets its sights on achieving net-zero by 2050, we believe the college sector has a ready-made solution, addressing such challenges as exposure to and adoption of new technology, forward-thinking business planning, and prototyping and testing new products and processes. College-based applied research is pragmatic, and the results can be implemented immediately.

Over the last decade, the capacity of polytechnics, colleges and cégeps has increased dramatically, in large part due to steady growth in federal support for business innovation partnership projects. The College and Community Innovation Program has grown from a \$15 million pilot in 2009 to a program investing \$85 million annually in 2019. This growth signals federal recognition of the distinct role these institutions play in Canada's innovation ecosystem.

Today, the sector collectively undertakes 7,300 industry collaborations, develops 4,400 products or prototypes and engages 29,000 students every year. Student involvement connects employers to the talent pipeline and allows learners to develop their professional network. Graduates with applied research experience enter the labour market with strong problem-solving skills and relevant experience. Yet, impact-wise, there is more this sector can deliver.

The reality is that industry innovation doesn't happen on grant competition timelines. Since applied research is completely tied to competition cycles, too many prospective

partners are delayed or turned away. Today, innovation activity is largely occurring as a byproduct of academic research activity rather than as a proactive, explicit effort geared first to the needs of partners in business, non-profits and the public sector. Our proposal suggests the federal government move to transform college applied research capacity into a proactive network of service providers able to support their business partners 365 days a year.

We are confident that, with predictable, dedicated funding, the college sector will be better positioned to ensure partners are capitalizing on innovation-ready physical spaces, applied research expertise and cutting-edge technologies. Given their leadership in zero-waste initiatives, carbon-neutral buildings and micro-grid technology, they are also ideally positioned to share and scale this type of expertise. We believe an investment of \$40 million per year will deliver tangible results, positioning institutions to serve more clients, enhance research expertise and create more experiential learning opportunities for students.

In just ten years, Canada's polytechnics, colleges and cégeps have become an important part of Canada's innovation ecosystem, particularly for SME partners. It is noteworthy that they've done so with access to only about three per cent of federal investments in research activity. As you consider your next federal budget, we strongly urge you to leverage the capacity of Canada's college sector when it comes to propelling innovation growth for the next decade and beyond.

Yours sincerely,

Lynn Lapostolle, directrice générale



Bernard Tremblay, président-directeur général



Colin Ewart, President



Sarah Watts-Rynard, CEO



Denise Amyot, President & CEO



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