

# Delivering on Canada's Ambitions

Submission to the House of  
Commons Standing Committee  
on Finance



May 2026

## Recommendations

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1. Invest \$100M/year to support Applied AI Research Grants
2. Implement a \$10M/year research security framework for polytechnics and colleges
3. Mobilize post-secondary capacity to meet national defence needs
4. Establish a *Train Canada Strong Pass* for rapid skills development
5. Eliminate apprentice waitlists by scaling capacity at Canada's largest trainers

## Introduction

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Canada is entering a period that will be defined by its ability to deliver on national priorities. Significant federal investments in housing, infrastructure, artificial intelligence (AI) and defence set an ambitious course for the country's future. The challenge will be to activate capacity in every corner of Canada to ensure investments translate into tangible outcomes.

Across sectors, constraints are emerging. Firms are often slow to adopt new technologies, workforce shortages are impacting major projects and promising innovations stop short of commercial outcomes. These challenges point to a growing gap between ambition and execution.

Polytechnics have the capacity to fill those gaps. Operating at the intersection of business, workforce development and applied innovation, polytechnics build their programs, labs and research centres to respond to the current and emerging needs of industry and community partners. The following recommendations are intended to ensure they have the tools to help Canadian companies, sectors, workers and individuals meet the country's ambition.

### 1. Invest \$100M/year to support Applied AI Research Grants

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Canada has expressed a desire to move from research on AI to its broad diffusion in the economy. That is an adoption and skills ambition that reaches beyond computer science labs into hospitals and factories, onto construction sites and farms. Yet, Main Street businesses and organizations face persistent barriers to AI adoption, including the cost of testing new technologies, integrating AI into existing operations and training personnel.

Polytechnics are ready to deliver on a vision of AI for all. Their applied research model and deep industry partnerships position them as innovation intermediaries that can help organizations test, adapt and deploy technologies in real-world settings to address pragmatic challenges. Rather than developing a solution in search of a problem, applied research is demand-driven and industry-aligned.

Investing in polytechnic applied research stands to propel AI adoption among businesses of all sizes but it also helps to build a strong AI talent pipeline. Students gain hands-on experience as they solve problems alongside partners, building competency, confidence and an employer network. It is not uncommon for industry partners to hire the graduates they met during project collaborations.

We recommend an investment of \$100M per year for Applied AI Research Grants that support partner-led AI implementation projects. These grants will enable pilot projects to test and validate AI solutions, and support multi-year initiatives to integrate AI into a partner's core operations.

## **2. Implement a \$10M/year research security framework for polytechnics and colleges**

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Canada's approach to research security does not adequately reflect the scale or nature of applied research conducted in the polytechnic sector. Despite recent federal commitments to strengthen economic and research sovereignty, previous investments in research security did not extend to polytechnics.

In 2024–25 alone, the 13 members of Polytechnics Canada delivered 3,711 partner-driven applied research projects, supporting 2,621 firms and community organizations. These activities leveraged \$1.54 in partner funding for every dollar of federal investment, while generating an estimated return of between \$8.09 and \$18.49.<sup>1</sup> This reflects both the scale and economic impact of applied research activity across the sector.

With rising research costs and evolving compliance requirements, institutions face growing administrative burdens related to data management, student engagement and research security. Given the highly collaborative, industry-embedded nature of applied research – and new requirements around defence-relevant project activity – polytechnics must be supported to conduct risk assessments, perform due diligence and safeguard research findings.

To address these challenges, we recommend an investment of \$10M annually to establish a research security framework that strengthens both institutional capacity and project-level safeguards in polytechnic applied research. Funding should be allocated through a tiered model that reflects institutional research activity, including projects undertaken with industry support and other non-federal sources of funding. This would provide a more accurate representation of applied research intensity than models based on Tri-Council funding alone.

We envision funding that supports specialized personnel, including research security officers and risk and compliance experts, as well as investments in secure infrastructure such as data protection systems, monitoring tools and facility-level safeguards.

## **3. Mobilize post-secondary capacity to meet national defence needs**

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The Defence Industrial Strategy made an historic investment in national defence and outlined a strong desire to activate a sovereign defence ecosystem. This will require coordinated contributions from industry, government, polytechnics and universities, with funding models that support the engagement of all players. Existing funding models fail to provide an inclusive, flexible model to support mission-driven, outcomes-focused activities such as prototyping, testing, validation and adoption in addition to foundational research.

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<sup>1</sup> Polytechnics Canada. (2024). [The Economic Impact of Applied Research at Canada's Polytechnics](#).

The Bureau of Research, Engineering and Advanced Leadership in Innovation and Science (BOREALIS) is positioned to mobilize capacity throughout the innovation lifecycle. We encourage a challenge-driven funding mechanism for which the entirety of the research ecosystem is eligible. It is time to end eligibility inequalities between polytechnics and universities, both of which offer capability that is different but equal.

Polytechnics are ideally positioned, for example, to engage small- and medium-sized businesses facing persistent barriers to entering the defence market. Despite having defence-relevant products and services, these businesses face unclear entry points, insufficient R&D capability and administrative hurdles like security clearances, compliance requirements and procurement processes.

To address these barriers, we suggest [NRC IRAP's Defence Industry Assist](#) include a structured defence-readiness and onboarding pathway delivered in partnership with the post-secondary sector, supported through a \$20M call for proposals. This pathway should give firms clearer entry points and usable progression pathways. We foresee a program that draws on the logic of [NRC IRAP's AI Assist](#) model, combining advisor-led support with practical SME-facing guidance. Firms that demonstrate technical promise and a credible defence use case should be advanced to a stream focused on concept refinement, prototyping, testing and validation.

Canada's ability to deliver on defence priorities is also constrained by workforce capacity. Shortages in technical, digital and advanced manufacturing roles limit both Canadian Armed Forces (CAF) and the broader defence industrial base. While investments in equipment and modernization are accelerating, workforce development has not kept pace.

The required training capacity already exists in the public post-secondary system. Polytechnics operate specialized labs, deliver industry-aligned programs and are serving CAF workforce development. Institutions support serving members as they develop technical skills aligned with military occupations and help those transitioning to the civilian workforce translate their military experience to new roles.

However, this capacity is fragmented, regionally uneven and insufficiently connected to defence priorities. International counterparts offer a model that can be replicated in Canada. The United Kingdom and Australia are investing in coordinated, national networks of defence-focused training centres, scaling workforce capacity by building on existing institutions rather than creating new structures.

We recommend the federal government invest \$105M over five years to establish six Defence Skills Centres of Excellence anchored in public post-secondary institutions across the country. This

network would build on existing infrastructure and expertise to support the full defence talent continuum — from recruitment and technical training to reskilling, transition and reintegration in the civilian workforce. Funding would expand training capacity and modernize specialized infrastructure, as well as support curricula development aligned with CAF requirements.

#### **4. Establish a Train Canada Strong Pass for rapid skills development**

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Canada's labour market needs are evolving rapidly as technological change, productivity challenges and major investments in housing, infrastructure and clean energy reshape skill requirements across sectors. Workers increasingly need access to short-cycle, workforce-relevant training. Polytechnics are well-positioned to support upskilling, with 20,000 programs on offer.

While the Canada Training Credit was intended to support lifelong learning, take up has been limited by delivery through the tax system. Canadians must pay upfront and wait for reimbursement, reducing capacity to respond to emerging skills needs. A more visible, user-friendly mechanism is required.

We recommend the creation of a *Train Canada Strong Pass* to provide eligible Canadians aged 25 to 64 with \$250 annually, accumulating to a lifetime maximum of \$5,000, consistent with the structure of the Canada Training Credit. Building on the government's commitment to launch a new training and upskilling benefit worth up to \$15,000 for mid-career workers in priority sectors, enhanced entitlements could be made available for manufacturing, healthcare and construction occupations.

We envision a digital wallet integrated into the Canada Job Bank's Training Finder, enabling individuals to view their balance, browse training opportunities and apply their credit at checkout for upskilling courses offered by recognized training providers. This point-of-use model would reduce upfront costs borne by Canadians, increase visibility and enable rapid access to high-quality, workforce-relevant training.

This approach reflects international best practices such as SkillsFuture Credit in Singapore, which provides mid-career workers with a visible, flexible training entitlement that can be applied directly to approved courses. Adapting a similar digital, user-centered model in Canada would modernize federal training support and strengthen opportunities for rapid workforce adjustment.

#### **5. Eliminate apprentice waitlists by scaling capacity at Canada's largest trainers**

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Canada's skilled trades shortage is expected to intensify over the coming decade, driven both by retirements and rising demand linked to housing, infrastructure, industrial development and national defence. The 2026 Spring Economic Update responded to this challenge with significant new

investments in Red Seal apprenticeships, including measures aimed at increasing starts. However, for investments to be effective, consideration must be given to training capacity at Canada's largest training institutions.

Apprenticeship completion remains a persistent challenge in Canada, with fewer than one-third of apprentices reaching certification within 1.5 times the expected program duration.<sup>2</sup> While it is important to encourage more young people to pursue careers in the trades, it is equally critical that those who enter have a viable path to certification.

Canada's polytechnics are the primary providers of the in-class technical training required for apprentice advancement, delivering training to 70 per cent of apprentices actively progressing in their trade. Technical training is a trigger for wage increases, greater competency, apprentice progression and trades completion. However, demand outpaces capacity and there are delays accessing technical training across the country.

These impediments stall career progression and discourage apprenticeship continuation. Small employers are unable to hire new apprentices if their current ones aren't advancing. New grants intended to support apprentices during in-class training are useless if they are unable to access training seats. Expanding training capacity and reducing waitlists must, therefore, be a national priority.

To address these constraints, we recommend targeted investments to expand apprenticeship training capacity at Canada's polytechnics. Publicly supported institutions should be fully eligible for federal support to build or renovate training facilities. Equipment purchase streams should cover at least 70 per cent of costs, recognizing that institutions must equip their facilities from limited operational revenue. Together, these measures would improve the ability of Canada's largest training providers to expand high-cost trades training facilities.

We also recommend the federal government work urgently to ensure the financial viability of trades training. For years, institutions have backfilled trades delivery with revenue derived from other programs. With institutions shuttering campuses and discontinuing programs in the aftermath of changes to international student policy, trades training no longer has a viable financial backstop.

We urge the federal government to take action to reduce wait times for training by expanding capacity. Failure to do so ensures historic investments in apprenticeship will fall well short of their intended impact.

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<sup>2</sup> Statistics Canada. (2025). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710019301>

## About

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Polytechnics Canada is the voice of leading research-intensive, publicly supported polytechnics and institutes of technology. Polytechnics provide solutions for a more innovative, productive and globally competitive country. Members play a critical role in addressing some of the country's greatest challenges, providing meaningful solutions to industry problems and accelerating knowledge transfer.



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