Welcome and opening remarks

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Crelinsten established a perspective on the current conference by outlining some of the issues that were raised in last year's conference, which had considered a federal budget that followed the release of the Expert Panel Report on Federal Support for R&D (better known as the Jenkins Report, for panel chair Tom Jenkins). Among the issues raised by that report and the RE$EARCH MONEY conference was that of culture, specifically how Canadian attitudes to risk and commerce affect our policies, education, and business environment.

"We were left with some critical questions," Crelinsten observed. "How can government help to shake our complacency, and inspire and nurture entrepreneurship, competition, and a desire to win in innovation? Is government support coddling non-performers, or is it allowing them to fail fast, leaving more resources to back winners? Are we backing winners or in fact backing losers?"

Another issue that was dealt with repeatedly at last year's conference was indirect and direct support for R&D, the former exemplified by the Scientific Research and Experimental Development (SR&ED) program and the latter exemplified by the National Research Council's Industrial Research Assistance Program (IRAP). "Together these two programs represent the yin and yang of government support for business innovation," said Crelinsten. "The discussion that took place last year acknowledged the value of the government's move to increase direct support, even at the expense of resources that had been dedicated to indirect support."

A related conference theme had been the balance between support for start-up enterprises and established firms on a growth track. The 2012 budget was largely aimed at helping start-ups, but conference participants endorsed the virtue of supporting established firms in order to build more large anchor companies based in Canada. As laudable as that goal might be, there was no agreement on just how the federal government could contribute to it.

Henderson sounded an optimistic note, indicating that the current federal budget did reflect a continuing shift in innovation policy toward commercialization and business-relevant research. "As a framing device, the budget offers ample opportunity to get a sense of where this government and Canada are going with research and innovation." He added that this latest budget indicates that the government has listened to the advice it has sought over the past few years, collecting recommendations that could be implemented. He cited two of the most obvious examples of such advice as the Jenkins report and the two-volume aerospace report, based on a review headed by former MP David Emerson. "New initiatives are springing from the insights that these expert panels have delivered in their respective areas."

In addition to renewing the budgets of granting agencies, and supporting the transformation of the National Research Council into a Research and Technology Organization (RTO), there was also an ongoing rebalancing of federal support for business R&D, which places greater emphasis on direct support through organizations such as IRAP, the Federal Economic Development Agency for Southern Ontario (FedDev), and Sustainable Development Technology Canada, a not-for-profit foundation dedicated to environmentally benign innovation. This rebalancing has come at the expense of indirect support mechanisms such as SR&ED, a change that Henderson acknowledged was already causing a backlash in several industry sectors.

Henderson noted that the budget promised a review of the indirect costs program for federally supported post-secondary research and the establishment of an aerospace research network, likely modeled after the successful Consortium for Research and Innovation in Aerospace in Quebec (CRIAQ).

He singled out an emphasis on skills training at Canada's colleges and polytechnical institutes as the most striking new feature of the budget. These measures enhance the College and Community Innovation Program and open NSERC's industrial undergraduate student research awards to colleges and polytechnics that offer degree-granting programs. "After advocating for a place at the innovation table, colleges are now being viewed

more as equal partners, with unique attributes that can only enhance Canada's efforts to boost productivity and create the kind of skilled personnel that Canada needs going forward."

With respect to this year's RE$EARCH MONEY conference, then, Henderson maintained that the participants should be dealing with the question of whether the budget is providing a better environment for private sector innovation to flourish, whether the new emphasis on innovation will contribute to greater productivity and global competitiveness, and whether Canada's research base is being eroded as knowledge industries are eclipsed by resource extraction.