



## Where R&D Dollars Should Go

In our last newsletter we noted that the **Federal Government** has appointed an **Expert Panel** to determine the effectiveness of R&D spending. It was suggested that those with a vested interest in the use of R&D funds **should voice their opinions to the panel**. The following are suggestions that we would like to see implemented:



1. **Leave SR&ED tax credits alone.** The SR&ED program is one of the best programs in the world for reimbursing firms that have taken on risk associated with research and development. The only change that the panel should consider is to **make the credits for non Canadian Controlled Private Corporations (CCPCs) refundable**. Currently, non CCPCs can only apply SR&ED credits to profitable years. **This change would encourage foreign investment in Canada**, particularly in R&D.
2. **Implement a national program like Ontario's OBRITC.** The **Ontario Business Research Institute Tax Credit (OBRITC)** piggybacks on the SR&ED program and allows Ontario firms to get an additional 20% credit for work performed at Ontario research institutions (mostly universities). **The Federal government should negotiate with the provinces to make this credit applicable for all taxpayers in Canada** dealing with any research institution in Canada.
3. **Stabilize IRAP's funding.** IRAP did a great job of delivering stimulus funds to SMEs. It appears that multi-year projects carrying over from the stimulus years may have affected the Fiscal Year 2011-12 contributions. **IRAP should receive some top up this year** to ensure that contributions for new applications are at least at pre-stimulus levels.
4. **Return IRAP's focus to small companies and small projects.** In recent years **IRAP has shifted to providing more funds to larger projects** in what can be best described as a 'swinging for the fences' strategy. The bunts and singles of the past have been scaled back. We believe that IRAP was at its best when it supported **smaller firms with smaller projects**. In particular, **IRAP's support of business planning and market evaluation has been invaluable**.
5. **Support training for Innovation.** The **Yves Landry Foundation** had funds available in Ontario for

manufacturers who provided training to support innovation. YLF did a magnificent job and **their delivery should be a model for a national program** that supports training in all sectors.

6. **Continue NSERC support.** The **Engage** program was a welcome addition to NSERC's portfolio. It is hoped that Engage will be a **bridge for smaller firms to collaborate on R&D with universities.**

7. **Evaluate SSHRC's new Partnership Development Grants.** SSHRC's research should have some private sector/commercial applications. These grants are new and **should be evaluated over the next 2-3 years.** There should be **substantial private sector benefits.**

The above will be our recommendations and **we encourage all stakeholders to make their submissions.** Strike while the iron is hot.

Disagree with us? Did we miss something? Let us know on [M-TEAMS' blog](#).

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