

# hamilton

## chamber of commerce

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### **Canadian Chamber of Commerce Policy: “Prioritizing Regional Cluster Development”**

Economic Development based on targeted funding towards knowledge clusters within cities and regions is an important policy tool for Canada’s economic future. The Government of Canada should increase its investment in regional innovation centres and post-secondary institutions to create ecosystems around areas of regional strength, as well as continue to provide funding for targeted infrastructure programs and venture capital grants to help accelerate such cluster development.

Clusters by definition are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. They emerge from regions that have achieved critical mass in a particular area of expertise and are often anchored by strong research universities, industrial laboratories and/or entrepreneurial companies with human capital to match. Within these organizations, overlapping interests and shared benefits must be realized. This is generally accomplished through focused efforts among stakeholders, and an integration agent is often required to foster and develop collaborative opportunities between these organizations.

In many cases across the world, the integration agent tends to be a government agency that through a combination of funding and policy levers enables other regional stakeholders to collaborate. Existing knowledge clusters in Canada are also generally centered around higher education institutions or not for profit business incubators funded through the provincial or federal government. Informational technology and digital media clusters in Waterloo and Toronto are prominent global examples.

In Canada the best practice for fostering this model is the Centres of Excellence for Commercialization and Research (CECR) program which matches clusters of research expertise with the business community to share the knowledge and resources that bring innovative products and processes to market faster. The program invests \$30 million per year in Canadian innovation, through a portfolio of 21 active centres across the country. Since 2008, CECRs have helped launch more than 100 new companies and have leveraged \$420 million in partner contributions. The public-private nature of CECR also aims to productive working partnerships between university and college research departments, research hospitals and the business community. Through a combination of public and private funding these centre’s offer services like the organization and delivery of conferences, events, workshops, and programs, a higher profile, access to venture capital, provision of communication solutions; and referral of advisors, clients, partners, and projects. The CECR is a subsection of the National Centres of Excellence which operates a suite of programs on behalf of the three federal granting agencies – the Natural Sciences and Engineering Research Council (NSERC), the Canadian Institutes of

Health Research (CIHR), and the Social Sciences and Humanities Research Council (SSHRC), in partnership with Industry Canada and Health Canada.

These regional institutions have been successful in translating Canada's research and innovation capital into economic productivity and job growth through the incubation of small and medium enterprises, technology transfer, supply chain integration, increasing business productivity.

However, there is still room to strengthen cluster growth a series of policy strategies.

### **Recommendations:**

That the Federal Government:

1. As part of Canada's ongoing Science and Technology Strategy, prioritize the development of innovation clusters based on regional strengths and redesign federal funding vehicles (e.g., Canada First Research Excellence Fund) to drive this collaborative behaviour across post-secondary institutions and the private sector to create robust ecosystems that focus on both research and commercialization.
2. Continue to critically re-evaluate and reallocate the annual Science and Technology budget to focus additional resources towards funding tools that foster regional collaboration like the Centres of Excellence for Commercialization and Research program<sup>1</sup>. Continue to fund programs that support critically needed research and innovation infrastructure, such as the Canada Foundation for Innovation program.
3. Continue to expand the scope of the Build in Canada Program<sup>2</sup> into a comprehensive permanent program.

**Submitted By the Hamilton Chamber Of Commerce**

**Approved:** 26<sup>th</sup> September 2014

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<sup>1</sup> [http://www.nce-rce.gc.ca/NetworksCentres-CentresReseaux/CECR-CECR\\_eng.asp](http://www.nce-rce.gc.ca/NetworksCentres-CentresReseaux/CECR-CECR_eng.asp)

<sup>2</sup> <https://buyandsell.gc.ca/initiatives-and-programs/build-in-canada-innovation-program-bcip/overview-of-bcip>