



THE ASSOCIATION OF FACULTIES
OF MEDICINE OF CANADA

L'ASSOCIATION DES FACULTÉS
DE MÉDECINE DU CANADA

2014 Pre-Budget Consultations

**Submission to the House of Commons
Standing Committee on Finance**

August 6, 2014

Executive Summary

With 12,000 Canadian health researchers and over 35,000 research trainees, our faculties of medicine are the hub of health research and innovation in Canada. Our researchers train the next generation of Canadian health professionals and thus ensure that Canada maintains a strong health research enterprise that not only improves the health of all Canadians, but directly contributes to innovation and new technology initiatives, contributing to the overall growth of the Canadian economy.

The AFMC recommendations for the 2015 Budget are focused on a long-term sustained support for health research in the following themes:

- **Balancing the Federal Budget to Ensure Fiscal Sustainability and Economic Growth**
 - *The federal government commit to increased sustained support of health research within our faculties by enhancing the funding of indirect costs to ensure that Tri-council and Canadian Foundation for Innovation (CFI) funds can be used to their full potential and thus maximize efficiency in the development of the resulting research and innovation.*

- **Increasing the Competitiveness of Canadian Businesses through Research, Development, Innovation and Commercialization**
 - *The federal government commit to long-term sustained support for health research infrastructure through the Canadian Foundation for Innovation to increase Canada's capacity to compete internationally in health research, development, innovation and commercialization.*

 - *The federal government consider aligning CFI and Canadian Institutes of Health Research (CIHR) funding priorities and processes, or provide a funding envelop for research infrastructure within the CIHR budget to facilitate and enhance effectiveness and efficiency of health research, development, innovation and commercialization.*

- **Maximizing the number and types of jobs for Canadians**
 - *The federal government increase the overall budget for federal research granting agencies, particularly CIHR, with a rate of growth ahead of the economy. This will ensure that our top talent can be recruited and retained and the productivity in the academic community in Canada and will protect the competitiveness of our Canadian scientists, their science, and the Canadian biomedical industry.*

These recommendations will enhance effective and efficient use of funds while maximizing the research, innovation and commercialization with a direct impact on the health of Canadians.

Introduction

The Association of Faculties of Medicine of Canada (AFMC) is the academic partnership of our country's 17 faculties of medicine and is the voice of academic medicine in Canada. Through our collective leadership and expertise, we are committed to working with all parliamentarians to improve the health of Canadians by striving for excellence in education, research and care for the health of all Canadians.

The AFMC commends the important investments to research and innovation found in the 2014 Budget and applauds the creation of the new Canada First Research Excellence Fund. Increased support for the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council, (SSHRC) and the Canadian Institutes of Health Research (CIHR) was also appreciated. The funding for indirect costs will help, yet these costs may continue to be a potential rate-limiting step for health research within faculties of medicine.

Balancing the Federal Budget to Ensure Fiscal Sustainability and Economic Growth

In August 2014, the AFMC released a groundbreaking report on the economic impact of Canada's faculties of medicine and their health science partners. This report confirms that investment in academic medicine stimulates our economy, creates jobs and generates tax revenues that benefit all Canadians.

The study highlights that faculties of medicine and their teaching hospitals account for \$66.1 billion in total economic impact. This represents 3.5% of GDP in Canada. Faculties of medicine and their teaching hospitals create more than 295,000 jobs throughout Canada. This figure includes Canadians who are directly employed by medical faculties and teaching hospitals, as well as those whose jobs depend on academic medicine. One in 60 jobs in the country is attributable to faculties of medicine and their health science partners, representing 1.7% of all employment in the country. Finally, faculties of medicine and their hospital affiliates generate more than \$13.9 billion in government tax revenue. This figure is in addition to the \$66.1 billion contribution to Canada's GDP.

AFMC recommends that:

- The federal government commit to increased sustained support of health research within our faculties by enhancing the funding of indirect costs to ensure that Tri-council and CFI funds can be used to their full potential and thus maximize efficiency in the development of the resulting research and innovation.

Increasing the Competitiveness of Canadian Businesses through Research, Development, Innovation and Commercialization

Federal government support of Canadian health research and innovation will assist in growing the Canadian economy and in creating the new discoveries that will increase the global impact of Canadian businesses. Ultimately, all Canadians will benefit from health research discoveries, innovation and their commercialization which will reduce the burden of disease and will lead to healthier Canadians.

The CFI is a critical source of funding for the state of the art infrastructure required for breakthroughs in health-related research. Operating grants from the CIHR are essential and, combined with adequate support for indirect costs, are the required elements to compete internationally in health research, development, innovation and commercialization. The alignment of these funding sources will create the optimal environment to increase competitiveness.

AFMC recommends that:

- The federal government commit to long-term sustained support for health research infrastructure through CFI to increase Canada's capacity to compete internationally in health research, development, innovation and commercialization.
- The federal government consider aligning CFI and CIHR funding priorities and processes, or provide a funding envelop for research infrastructure within the CIHR budget to facilitate and enhance effectiveness and efficiency of health research, development, innovation and commercialization.

Maximizing the number and types of jobs for Canadians

AFMC fully supports the federal government's efforts to build a knowledge-based economy. Health research is indeed one of the key sectors of the Canadian economy. Investment in university-based health research provides a foundation for generating innovation, new knowledge which translates into intellectual property, and more importantly, cost-effective therapies. Support for clinician and PhD scientists is critical for the success of the government's health research strategy.

The federal government, through many successful initiatives, has made substantial investments in training new researchers as well as recruiting and retaining bright and successful investigators to Canada. As a result of the increasing number of scientists, all recent competitions for biomedical research funding have undergone dramatic reductions in funding percent rates. For example, the most recent CIHR competition funded only 15% of submissions. The international strength of Canadian science and the Canadian innovations to the healthcare system that our scientists develop, depend on continuing funding to ensure the sustainability of their efforts. While we recognize that funding programs should remain competitive and support the best candidates, the current environment is putting our ability to recruit and retain the best and brightest scientists at risk. This also affects our research trainees, and thus has a direct effect on the future of our capacity to generate health research and innovation.

AFMC recommends that:

- The federal government increase the overall budget for federal research granting agencies, particularly CIHR, with a rate of growth ahead of the economy. This will ensure that our top talent can be recruited and retained and the productivity in the academic community in Canada and will protect the competitiveness of our Canadian scientists, their science, and the Canadian biomedical industry.

Conclusion

The AFMC and its 12,000 affiliated health researchers respectfully submit these recommendations in the hope that they will help shape the federal budget planning process. The recommendations will position Canada at the leading edge of health research and innovation, enhancing our international competitiveness. Furthermore, they underscore our role as a socially and fiscally responsible nation in promoting the health of all Canadians.

For any question or inquiry, please contact:

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