

The Honourable Leona Aglukkaq, P.C., M.P.  
Minister of Health  
Brooke Claxton Building  
Tunney's Pasture  
Ottawa, Ontario K1A 0K9

The Honourable Christian Paradis, P.C., M.P.  
Minister of Industry  
C.D. Howe Building  
235 Queen Street  
Ottawa, ON K1A 0H5

June 13, 2013

Re: Under-reporting of R&D Investments by Canada's Innovative Pharmaceutical Industry

Dear Ministers:

We are writing to you on behalf of Life Sciences Ontario (LSO), the voice of life sciences in Ontario, and BiopolisQuébec, the alliance of the leading life sciences regions in Québec, to provide our shared perspective on the recently released *Summary of 2012 R&D Spending and Investments by Rx&D Members* authored by KPMG.

The Québec-Ontario Life Sciences Corridor is an economic powerhouse. According to a study by PwC entitled "*Combining Strengths, Maximizing Impact – The Québec-Ontario Life Sciences Corridor*," the provinces of Québec and Ontario represent ~62% of Canada's total population and contribute ~57% to Canada's total GDP. More specifically, the Québec-Ontario Life Sciences Corridor represents more than 1,100 companies and generates more than \$17 billion in revenues annually.

The sector includes drug manufacturers, smaller firms developing biopharmaceutical products, universities, colleges, hospitals, research centres, contract research and manufacturing firms, agricultural organizations and clean tech entities. It also includes lawyers, accountants, engineering firms, IT firms and other consultants. The life sciences industry is one of the largest contributors to corporate R&D expenditures in Canada and provides thousands of jobs for our highly educated workforce. Further, a recent study by SECOR (KPMG) showed that every dollar invested in scientific services generates nearly 5 times that in GDP; more than 10 times the return on investments in mining/petrol.

So it is extremely concerning to learn that the Government of Canada's reporting of one of this industry's largest contributors to R&D investments continues to fall short, potentially by as much as 34% for 2012. The KPMG report concluded that there are additional amounts being invested in Canada by Association [Rx&D] members above and beyond the amounts currently being reported to the Patented Medicines Prices Review Board (PMPRB) and; that Non-Association members involving pharmaceutical companies that conduct R&D in Canada have not been measured in the Survey, which may represent additional R&D investments in Canada. The report also suggests that allowing more time for companies to respond to PMPRB, as well as aligning the reporting deadline to the SR&ED deadline, could improve response rate and accuracy. We urge the Government of Canada to make the necessary regulatory changes to more accurately reflect and report life science R&D investments made by the innovative pharmaceutical industry in Canada.

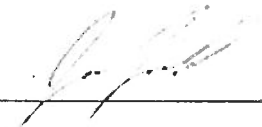
As you are aware, Rx&D member companies fund Canadian researchers and clinicians working to develop new medicines and vaccines that will improve care for Canadian patients. These global companies also invest desperately needed venture capital to support the commercialization of Canadian life sciences innovations. They create jobs for our highly educated work-force and invest in the professional development of our home grown talent.

Patients, health professionals, government, industry, and academia all share the goal of attracting more R&D funding to Canada – more clinical trials, more science, more jobs – but to do so, we must address obstacles including inaccuracies in the current methodology used to track and report this activity. This continued practice hurts Canada's reputation within the global pharmaceutical industry and makes attracting international investments harder than it needs to be.

Ministers, on behalf of the life sciences industries of Ontario and Quebec, we encourage you to fully support our collective goal of attracting more life sciences R&D to Canada and as a first step, to address this matter promptly.

We look forward to hearing from you. Please note that a version of this letter will be posted as a public document on our website.

Sincerely,

  
**Jason Field**  
Executive Director, Life Sciences Ontario

June 13, 2013  
Date





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Date

**Nathalie Ouimet**  
Interim CEO, Montréal InVivo

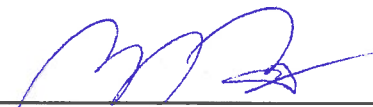




June 14<sup>th</sup> 2013  
Date

**Carl Viel**  
President & CEO, Québec International





14 juin 2013  
Date

**Pierre Bélanger**  
Director General, Sherbrooke Innopole



CC. Russell Williams, President, Rx&D, Canada's Research-Based Pharmaceutical Companies