

HEALTH SECTOR IS THE LYNCHPIN IN OUR POST-PANDEMIC RECOVERY

Industry Strategy Council's action plan to restart,
recover, and reimagine Canada's economy



Canada's health research institutes and healthcare organizations across the country are a \$3 billion annual driver of the economy. Research institutes and healthcare organizations are innovation hubs at the centre of the health and life sciences ecosystem and work with multiple researchers, universities, patients, companies, governments to keep Canadian populations healthy and productive. The health and biosciences sector employs 1 in 8 Canadians and represents 11% of Canada's annual GDP¹. The sector also creates new small- and medium-sized enterprises, produces the next generation of Highly Qualified Personnel, and contributes to building a knowledge-based economy that attracts global investments.

¹ <https://www.ic.gc.ca/eic/site/098.nsf/eng/00016.html>

WHAT HAS BEEN DONE SO FAR?

The COVID-19 pandemic brought unprecedented challenges to the health and biosciences sector as well as other major sectors of Canada's economy. Consequently, government convened the Industry Strategy Council in June 2020 to identify the scope and depth of COVID-19's impact on industry, inform government of specific sectoral pressures and challenges, and collect input on the impact of the pandemic. The council is comprised of the heads of the Economic Strategy Tables, six of which were launched in October 2017 (Health/Biosciences, Advanced Manufacturing, Agri-Food, Clean Technology, Digital Industries, Resources of the Future), and three additional sectors added subsequently: Tourism and Hospitality (added in budget 2019), Retail and the Transportation sectors (both established in May 2020 due to the impact of COVID-19). Together, these nine economic sectors comprise 50% of Canada's GDP.

The Council's report, [*Restart, Recover And Reimagine Prosperity For All Canadians: An Ambitious Growth Plan For Building A Digital, Sustainable And Innovative Economy*](#) reflects the input received from various business communities, academia, associations, and stakeholders from Indigenous communities, community organizations, and youth groups from across Canada. **It proposes a three-phase action plan to restart, recover, and reimagine Canada's economy and highlights the health and biosciences sector as a key sector for investment through all phases of the plan.**

This policy brief serves to inform our members on the action plan and recommendations put forth by the Industry Strategy Council and present implications for our members going forward.

THE INDUSTRY STRATEGY COUNCIL'S REPORT

The report underscores the importance of health and the biosciences sector that should be strengthened into an "economic engine", **as HealthCareCAN has advocated to government and stakeholders for many years.** The report also recognizes that the pandemic has shone a spotlight on biotechnology and urges the government to capitalize on the gains made, particularly in the areas of diagnostic testing, therapeutic treatments, and vaccine development.

Investments in Canadian biotech firms were significant, leading up to and continuing through the onset of the pandemic, with equity financing activity rising to \$1.6B in the first half of 2020. **The report stresses that key investments over the next 12 to 18 months in the areas of big data, artificial intelligence, gene and cell therapies, regenerative medicine, and 3D printing will drive success in the health and biosciences sector.**

Another overarching idea of the report is the need for cross-sectoral partnerships and investments between the health and bio-sciences sector and clean and digital technology to drive economic development along with positive public health outcomes.

The health sector is not identified as one of the hardest hit sectors in the report, however as made apparent from HealthCareCAN's consultations with our members, significant measures were required to stabilize and preserve jobs, particularly in research. HealthCareCAN and its members strongly advocated for and secured funding through the Canada Research Continuity Emergency Fund wage subsidy program, announced in May 2020, that provided up to \$450 million in support for research personnel affected by the COVID-19 pandemic at health research institutions and universities, saving thousands of jobs.

Since the start of the pandemic, the health and biosciences sector has faced immense challenges in demand and supply forces, exemplified by the demand for ventilators, personal protective equipment, and essential drugs. The report also called out the need to address factors such as the limitations of depending on the world's main suppliers – China and India –, for active pharmaceutical ingredients, sourcing and procurement bottlenecks, lack of regulatory agility, slow adoption of digital health platforms, and the shortage of large-scale biotech firms due to few incentives for commercialization and growth capital.

AN ACTION PLAN: BOOSTING THE HEALTH AND BIOSCIENCES SECTOR

The report lays out the following actions as essential to the growth of the health and bio-sciences sector:

- Fully engage with the private sector to expand opportunities to combat the pandemic (testing, contact tracing, and vaccine deployment) and promote private sector investment.
- Collaborate with provinces and territories to adopt value-based procurement across Canada's health systems (e.g. expanding the use of combined purchasing and incorporating incentives to move to value-based procurement in federal health transfers to provinces and territories).
- Build a world-leading digital infrastructure to support the digital health strategy and enable data-driven advances in health care (e.g., expand access to tele-health, particularly for rural and Indigenous communities, as well as the elderly, and pilot a fully interoperable digital platform regionally across provincial and territorial systems). HealthCareCAN's recent brief highlighted member feedback on priority areas and gaps in [digital health](#).
- Consider COVID-19 bridge financing (e.g., interest-free loans).
- Strengthen the development of clinical trial networks to stimulate research coordination and attract new funding.
- Recapitalize, expand, and modernize key government programs that support research and development (e.g., the Strategic Innovation Fund, Scientific Research and Experimental Development Program, the National Research Council's Industrial Research Assistance Program).
- Increase the agility of regulatory reviews (e.g., expand the lessons from fast-tracked vaccine approvals and interim orders on medications).
- Improve supply chain resiliency through strategic domestic procurement, which was recommended in previous reports.

IMPLICATIONS FOR HEALTHCARECAN MEMBERS

The Industry Strategy Council's report identifies and affirms many of the recommendations HealthCareCAN has previously voiced and continues to advocate, namely expansion of digital health and technology, cybersecurity, and strengthening clinical trial networks. The report addresses several of our member concerns, such as proper investment in research and development, the need for commercialization incentives and a more agile regulatory process. We strongly agree that innovation and commercialization in Canada's health and biosciences sector will only be strengthened when Canada's health research community is provided an equal opportunity to collaborate with the private sector.

HealthCareCAN communicated the importance of including our members, who contribute so much to Canada's health and biosciences sector, to both the Innovation, Science and Economic Development Canada (ISED), and the chair of the Industry Strategy Council, when the council was convened. We note with concern that the voices and issues specifically related to the research institutes based in healthcare organizations are lacking as neither HealthCareCAN nor our members were included among the consultations.

HealthCareCAN is hopeful that the attention the report puts on the health and biosciences sector as an economic driver will provide an opportunity to show the need for, and value of, including the health research community and our members in the Industry Strategy Council's restart, recover and reimagine action plan. To this end, HealthCareCAN has requested meetings with the new Minister of ISED, the Honorable François-Philippe Champagne and Deputy Minister, Simon Kennedy to call attention to the perspectives of our members and further discuss ideas for implementing the suggested actions in the report.

FOR FURTHER INFORMATION

HealthCareCAN remains attentive to our members. If your organization has any questions, concerns, or feedback in connection with these developments we encourage you to contact us.

Siri Chunduri
Policy and Research Analyst
schunduri@healthcarecan.ca

Colleen Galasso
Research and Policy Analyst
cgalasso@healthcarecan.ca

Jonathan Mitchell
Vice President – Research and Policy
jmitchell@healthcarecan.ca