

The following questions may also be relevant regarding grant programs:

- Should the general thrust of grant programs be focussed less on the development of technology and more on its diffusion and marketing? If so, what new measures should be considered?
- Is Federal and Provincial government support adequate in certain strategic technologies such as microelectronics, biotechnology, advanced materials and computer integrated manufacturing? Should this be a major focus of federal support programs?
- Should the joint balance of support from both levels of government be reviewed in order to focus on the needs of start-up businesses?

iii) Government Procurement Policies

Government procurement is a very powerful tool for promoting industrial innovation. Federal government purchases amount to over \$6 billion per annum.

All levels of government can use their procurement policies to encourage private sector innovation. Even within the limitations imposed by international agreements such as GATT, a major role in supporting Canadian technology development can still be played by government contracts for actual products, R&D and related scientific activities. We must be conscious of hidden subsidies behind foreign bids to government tenders. Long-term government procurement planning to enable the development of Canadian prototypes to compete with foreign goods is essential. Government procurement policies might play an important role in the support of strategic technologies.

It has been suggested that government procurements could pay special attention to purchases offering a substantial import replacement and export potential. Industrial representatives have also proposed the establishment of a leasing program to promote the use of Canadian-made research and development apparatus and instrumentation.

Existing supportive procurement programs for Canadian technology include the Unsolicited Proposals Program and the Source Development Fund. At least two-thirds of the funds allocated through these programs have gone to small business. The combined funding level for these two programs is approximately \$20 million for 1984/85. Industry's initial response to these programs has been largely positive.

iv) The Patent Act

The Canadian Patent Act has a direct impact on the national industrial climate for innovation.

The Act is a tool for registering and diffusing research and product/process development. The present Act has not been amended since 1969. It is open to criticism for not keeping pace with technological advancement. The compulsory licensing of pharmaceuticals is now being re-examined. It has been suggested that the Act's definition of intellectual property may need to be broadened to include software and process systems.

There is a need to assist entrepreneurs in attaining the technological assessments necessary to secure venture capital. One possible mechanism of assistance might be the revitalization of Canadian Patent Development Limited (CPDL) as a clearing-house for innovative ideas. After initial start-up support, it could become a self-financing corporation.

Currently, intellectual property rights resulting from developmental contracts with the government reside with the Crown. Innovative companies are frequently reluctant to enter into developmental contracts on this basis. This policy results in a low rate of commercial exploitation for publicly financed R&D. Suggestions have been made that this policy be modified so that the rights to new technology developed under government contract reside with the performer.

v) Venture Capital

Small, innovative Canadian companies suffer from a lack of ready access to venture capital, even though significant amounts are available. Their international competitors have tapped the cash resources within their own nations