Nicolas Marceau – Minister of Finance & Economy, Quebec, Canada



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Minister Marceau addresses the changes in policy in Quebec relating to the pharmaceutical and life sciences sectors, and the incentives in place to make the state an attractive place for the future of the pharmaceutical industry.

According to the Economic and Financial Profile of Quebec 2012, Quebec allocated 2.61 percent of its GDP to research and development (R&D), more than any other province and higher than the average of the OECD, G8 and EU. How do you plan to use that investment in Quebec?

The ministry is committed to the development of R&D in Quebec. The province has a strong academic network, with four big universities that emphasize life sciences research. The ministry is trying to properly adapt to the new model of the business industry, which focuses on externalizing research. The government has consistently invested in Quebec's universities, but is now focusing on investing in public-private research partnerships, as seen with the creation of institutes like CQDM (Quebec Consortium for the Discovery of Medicines) and Neomed. The ministry is rebuilding the bridge that used to exist between the major players of the industry and academia. In November, the ministry also announced a proposal in the current budget for a $125 million public-

private partnership fund, *Fonds de partenariat pour un Québec innovant et en santé*. This idea has been very well received, and the ministry has received countless proposals for this fund. The ministry is essentially dedicated to research in Quebec, contributing what it thinks is the best way to allow research to lead to commercialized products.

Many big pharmaceutical companies have shut down their R&D facilities within Quebec. What can the ministry do to attract multinationals back here?

The ministry's research efforts represent what it thinks is the way to activate research in Quebec. I think that the world in which companies run large laboratories is behind us. We have to be realistic, which means ensuring that research takes place in Quebec but within the new framework that those companies like. I want this research to continue, and would like to raise the 2.61 percent investment figure to three percent in the near future. There are more than 10,000 researchers in Quebec in total, which is an incredible labor force. The province has the prerequisites for that research to take place, but not within the old parameters of research companies.

The abolishment of the BAP-15 policy to protect 50 brand name drugs in the market cut costs, but created big losses for pharmaceutical companies abruptly. In what ways can the Ministry communicate to ensure that all parties' interests are met?

Indeed, this was bad news for those companies, but I am not sure if there was a better way to communicate this news. Communication is key, but communicating bad news is always more difficult. That being said, I think that the BAP-15 used to be a good policy but over time became less useful. The phenomenon of externalizing research started a number of years ago, and I think Quebec has been slow to adapt to this new model. The BAP-15 should have been phased out over a number of years, but for political reasons, the ministry's predecessors were not willing to do that. When I arrived, it was clear that this policy no longer made sense. It was time to switch to something better. This change was abrupt, but it was the right thing to do. I am still open to new ways, models and suggestions from the sector, and I am very open-minded. I have had discussions with every pharmaceutical company in Quebec several times, and if there are ways to help that make sense I will do it. However, I will not continue old policies that no longer work effectively.

You recently expressed dissatisfaction at the federal government's budgetary decision to slash $70 million a year to the Québec government for the Labor Market Agreement to create a new program that will make access to training measures for job seekers more complicated. What are the long-term implications of this decision in terms of how it will affect the establishment and growth of innovative companies in Quebec?

Quebec already has a job creating program that involves businesses, unions, teaching organizations, and universities in collaboration. This has worked for a number of years, and I think that overall it has worked very well. It was funded partly by transfers from the federal government to Quebec and two other provinces. Those transfers were dedicated to training, but the federal government took no part in the activity. The federal government has decided to replace this system of transfers with its own program, which will replicate what was already working well and adapted to Quebec's realities. I think that this is bureaucratic, crazy and unnecessary. Moreover, there are very large risks of establishing a program that will be the same coast-to-coast, which will not be adapted to the various provincial realities.

Pharmaceutical companies are asking the government for access to risk capital and ensuring that existing capital programs and incentives are broadly applicable to support life sciences. Pressures include blockbuster drugs coming off patent, low R&D productivity, changes in healthcare reform, and the advent of personalized medicine. How can the ministry provide or support access to capital that companies need?

Quebec already has a large amount of risk capital, more than anywhere else in Canada. The province has created a model that is being replicated as well by the federal government, which I think, unlike the training program, can be complementary. Quebec has a lot of venture capital, and in particular a fund of funds called Teralys Capital. Similar funds have been created that are dedicated to the life sciences sector that are privately run but that the ministry is funding with public money, such as AmorChem. So there is money available. I also want to create a subsidiary of Investissement Quebec that will specialize in venture capital. Essentially, Quebec has an advanced model for venture capital that works well, and I will ensure it continues. The ministry is also making sure that there is money dedicated to personalized medicine. A few years ago the government created a system called *Projet Mobilisateur*, which executes a number of mobilizing projects in various sectors of the economy, including aeronautics, IT, and life sciences. I am trying to provide these projects with resources so that new products can be developed. In terms of the ability of venture capital, the Quebec model is working well.

If we were to return to Canada in five years, what is your vision for the ministry by that time?

Quebec will be investing three percent of its GDP in R&D. The key for us is to ensure that R&D takes place in Quebec, which is already the case. To maintain it, these partnership programs will lead the way. In five years, I want to see those programs running successfully, with new molecules being discovered and commercialized. I would also like the big pharmaceutical companies to maintain their presence in Quebec. For me, the research is the most important part.

Quebec has a highly skilled labor force, more so than almost anywhere in the world. The province has low costs for those who are attracted, partly because the cost of living is lower than elsewhere in North America. We have government programs to support the industry that are very generous and well adapted to the new business model.

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