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YORK REGIONAL BIOTECHNOLOGY CLUSTER INNOVATION PLAN PROGRESS REPORT

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report, November 28, 2003, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. This report be received for information.
2. Staff report back to Regional Council on the proposed non-profit incorporation and governance structure.
3. The Regional Innovation Profile and the final York Regional Biotechnology Cluster Innovation Plan be presented to Regional Council.

2. PURPOSE

The purpose of this report is to update Regional Council on the progress of the Biotechnology Cluster Innovation Plan project.

3. BACKGROUND

In April 2003, approval was given for the Region to participate as a member of the York Regional Consortium for the purpose of developing a Regional Biotechnology Cluster Innovation Plan (BCIP). The objective of the Innovation Plan is to support the R&D and commercialization activities within the biotechnology and related convergent industries in the Region. Staff was requested to report back on the development of the Innovation Plan when funding approval is received.

4. ANALYSIS AND OPTIONS

4.1 Funding Approval

In April 2003, an Expression of Interest was submitted to the Provincial Government for funding to undertake the development of a York Regional Biotechnology Cluster Innovation Plan. The funding proposal was submitted by the York Regional Consortium under the chairmanship of Dr. Stan Shapson, Vice President of Research and Innovation at York University.

Subsequent meetings were held with Provincial representatives to clarify and refine details contained in the Expression of Interest. In August, funding approval was confirmed and the contract with the Province was signed by Dr. Shapson on behalf of the Consortium. The York Regional Consortium is one of 11 clusters across Ontario to

receive Provincial funding but was first group in the province to sign a contract to proceed with the development of the Innovation Plan.

The contract provides the York Regional Biotechnology Cluster Consortium (YRBCC) with a \$200,000 grant from the Province to conduct a SWOT Analysis and develop a business plan to qualify for further funding from Ontario's Biotechnology Cluster Innovation Plan Project.

The Consortium has leveraged the Provincial grant to obtain additional contributions totalling \$375,000 from the partners through cash and in-kind support.

4.2 The York Regional Biotechnology Cluster Consortium

The founding partners of the YRBCC include York Region, the Town of Markham, the National Research Council and York University. Other partners were identified and invited to join the Consortium in order to create a broader regionally based group that will complement downtown Toronto's Medical and Related Sciences (MaRS) project and provide linkages to other players such as Hamilton and London as part of an internationally recognized biotechnology cluster corridor.

The "hub" of the YRBCC is defined by the geographic boundaries of York Region, with linkages to other public and private organizations internal and external to the Region established through the network of partners. The YRBCC currently comprises of 37 partners, with representations from government, education and academic institutions, hospitals, not-for-profit and industry associations, research organizations, and the private sector. The private sector partners include thriving SME's (small and medium sized enterprises) and large international firms. All the partners play a value-added role and work collaboratively to support the Consortium. Continuing efforts are being made to seek new partnership from interested organizations, and to ensure that an inclusive Consortium is established.

A list of the Consortium membership is included as Attachment 1.

4.3 Project Plan and Timeline

The BCIP Project Plan is comprised of the following components:

- Development of a Regional Innovation Profile within the context of the broader regional innovation system.
- Development of a Cluster Strategy to capitalize on the Regional biotechnology potential.
- Development of a Cluster Implementation Plan and business cases for initiatives to support the cluster strategy.
- Development of an Infrastructure Business Plan to establish requirements for a physical biotechnology infrastructure.

The Project Plan includes a large number of tasks to be completed within a relatively short period. The work program proposed by the consultant is very aggressive, and the team members are working under a very tight timeframe in order to meet the

requirements of the Provincial Government. The deadline for delivery of the Biotechnology Cluster Innovation Plan to the Ministry of Economic Development and Trade is April 30, 2004.

4.4 Progress To-date

4.4.1 Consultant Selection

In August immediately following the signing of the contract with the Province, a Request for Proposal (RFP) was issued through York University's e-tendering process to select a consultant to undertake the project. The RFP have been reviewed with Provincial staff to ensure that the terms of reference are consistent with their requirements. After an extensive evaluation process, the four founding partners unanimously selected Strategic Health Innovations (SHI) from several excellent proposals as the consultant group to work with the Consortium on developing the Innovation Plan. Strategic Health Innovations is Canada's largest biotechnology consultancy with headquarters in Toronto. The company specializes in the areas of strategy consulting, company creation and capital sourcing for the innovative life sciences sector. SHI has completed over 200 major projects for more than 100 clients in both the public and private sectors from around the world.

4.4.2 YRBCC Organization

A Steering Committee comprised of representatives from the public and private sectors was established to oversee the project. Chaired by Dr. Shapson, the Committee is responsible for strategic direction and authorization of the YRBCC activities. The Steering Committee membership is listed on Attachment 2.

At the same time, a YRBCC organization structure comprising of a YRBCC Secretariat, a YRBCC Working Group, and a BCIP Project Group was set up to provide support and advice to the Steering Committee and the consultant. The YRBCC organization structure is presented in Attachment 3, and membership of each group is attached as Attachment 4.

4.4.3 Non-Profit Organization and Governance Structure

The Provincial Guidelines for developing the Biotechnology Cluster Innovation Plan specify that a management plan with an organization structure to oversee the implementation must accompany the proposal. Discussions have taken place on plans to incorporate the Consortium as a non-profit organization for the next phase of the project. Solicitors for the Region have advised that this may be problematic for several of the municipalities which have participated in the work to date with the Consortium as the Municipal Act strictly limits the participation of municipalities in third-party corporations. York University has undertaken to consult the Province on behalf of the Consortium regarding the governance issue, and seek clarification and legislative amendments if necessary. Staff will be reporting back to Council on this matter in the future.

4.4.4 Project Activities

Since the project's inception, the Project Group has been meeting on a regular basis and working closely with the consultant to provide information, advice and feedback on their

activities. The Working Group has convened in November to review the work of the consultant and make recommendations to the Steering Committee. The Working Group will also embark on other activities needed to build the capacity of the Consortium. The Steering Committee has met about four times since September to review the progress of the consultants and to provide directions for the development of the Cluster Strategy.

As part of the consultation process, three Stakeholder Workshops were held in October with representative from Industry, Municipalities, and Research/Academia. At the Workshops, the consultants presented their preliminary key findings and SWOT analysis, and discussions were held on "top of mind" concerns and identification of key Regional priorities for the development of the BCIP.

An all Partners Meeting was held in November to update Consortium members on the progress of the project, and to share the vision for the future.

4.5 Next Steps

The consultant and members of the Consortium will be working towards timely delivery of the four components of the BCIP, i.e. The Regional Innovation Profile, the Cluster Strategy, the Implementation Plan, and the Infrastructure Business Plan. The Regional Innovation Profile is currently under development, with a target completion date of mid-January, 2004. A Cluster Strategy will emerge from an evaluation of the Region's capabilities to support a biotechnology cluster based on science and innovation capacity, physical infrastructure, human resources and financial capital. The final BCIP with a Cluster Implementation Plan and an Infrastructure Business Plan will be completed in April for delivery to the Province by April 30, 2004.

According to the Provincial initiative announced in 2002, Innovation Plans developed would be reviewed as basis for funding commitments for Infrastructure Funding under Phase 2. A total of \$28 million would be made available by the Province to eligible consortia to leverage support for regional cluster development infrastructure projects and initiatives.

Staff will report back to Regional Council when the Regional Innovation Profile and the final Innovation Plan are completed and released.

4.6 Biotechnology Cluster Initiative in York Region

A preliminary survey of biotechnology sector-related companies has shown that over 120 companies located in the Region are involved in medical device, biopharma and assistive technologies. Additionally, an equivalent number of companies in the information and communications technology, digital media, software, and special manufacturing would also be involved in this biotechnology cluster. The Regional Innovation Profile and Analysis being developed as part of the BCIP will offer a better understanding of this sector and its strengths and opportunities. The knowledge derived will be used to support the development of the Economic Strategy to expand the innovation dimension.

Studies show that the future economic prosperity of the region is driven by knowledge and innovation, and that economic success will be dependent on how the region is able to generate prosperity, reduce disparity, and sustain growth. A cluster strategy offers the best tools for analyzing and influencing the region's economy to meet these expectations. Two additional benefits of applying a cluster-based strategy with this sector are:

- Identifying other clusters that could be supported through this type of strategic approach.
- Gaining an overall understanding of how clustering works and the most suitable approach to support other sectors to expand employment opportunities in the future.

4.7 Regional and Local Municipal Involvement

Staff is represented on the Steering Committee, the Working Group and the Project Group, and acts as main contact for liaison with local municipalities. In addition to providing cash and in-kind contribution, the Region also plays a key role in assisting the consultant with data collection to facilitate the development of the Innovation Profile.

At the municipal level, the Town of Markham is represented on the YRBCC Steering Committee as one of the founding members. All the other local municipalities are involved in this initiative as members of the Consortium, supporting the Region and the consultants in the development of the Regional Innovation Profile and the Cluster Analysis.

This initiative fits in with the Regional Economic Development perspective of taking a more strategic role while allowing the local municipalities to undertake the more tactical functions of business attraction and retention.

4.8 Relationship to *Vision 2026*

The York Regional Biotechnology Cluster Consortium has as its central aim to encourage and support innovation and promote new technology and employment growth. These are central to the objectives of achieving the Vibrant Economy Goal as stated in *Vision 2026*.

5. FINANCIAL IMPLICATIONS

In addition to in-kind support, the Region has committed cash support for the amount of \$20,000 towards the development of the BCIP. Funds are available in the 2003 Economic Development Budget for this purpose.

6. LOCAL MUNICIPAL IMPACT

Innovation will drive economic growth and prosperity, and economic growth for the Region as a whole will benefit all the local municipalities.

7. CONCLUSION

With a diverse and growing population, an outstanding quality of life, an attractive business climate, and strategically located land, the Region is well positioned to support an environment for innovation.

It is recommended that this progress report be received, and that staff report back to Regional Council on completion of the Biotechnology Cluster Innovation Plan.

The Senior Management Group has reviewed this report.

(A copy of the attachments referred to in the foregoing is included with this report and is also on file in the Office of the Regional Clerk.)