



**NOTES FOR A PRESENTATION TO THE SENATE STANDING COMMITTEE**  
**ON SOCIAL AFFAIRS,**  
**SCIENCE AND TECHNOLOGY**  
**(check against delivery)**

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Robert Best, Vice-President,  
National Affairs

Thank you for the opportunity to be here today, Mr. Chairman.

Canadians' standard of living depends increasingly on our competitiveness in the global knowledge economy. To maintain and enhance the standard of living Canadians currently enjoy, we must secure our position among the world leaders in research. In a brief to the Ministers of Industry and Finance submitted last February, AUCC called for a strategy that would ensure the conditions for excellence in university research, develop new research talent and promote enhanced collaboration and linkages among universities, government and the private sector. The federal Science and Technology Strategy, released last May, with its call for more partnerships and its commitment to maintaining Canada's G-7 leadership in public research and development performance, is generally very consistent with the themes and recommendations in AUCC's submission.

Mr. Chairman, universities account for more than one-third of the national research effort in Canada – a higher proportion than in all other G-7 countries. University research is more geographically dispersed than private sector and government research in Canada, and consequently plays a critical role in the economic and social development of all regions of the country. Universities educate the highly qualified researchers who are increasingly in demand across the economy; and the university sector is the only sector that performs research for all others sectors.

University research is a Canadian success story, but this was not always the case. Investments over the past decade by successive federal and provincial governments and by universities themselves have turned Canada from a country at risk of experiencing a major "brain drain" to one that is benefiting from a "brain gain". These have included investments in each of the four foundational elements of university research: the production of new ideas; the development, attraction and retention of highly qualified research talent; the acquisition and operation of cutting edge research infrastructure; and the provision of essential institutional support for the research effort.

While significant, Canada's gains in university research over the past ten years remain fragile. Our competitors in the G-7 and newly emerging competitors like Russia, China and India are investing heavily in research – including university research – to increase their competitiveness in the global race to attract high-paying jobs, research talent and investment.

Significantly, the federal Science and Technology Strategy reinforces the importance of all four foundational elements of university research. Balanced investments in all four elements are essential to maintain and increase our competitiveness in university research. As well, the Strategy places considerable emphasis on developing private sector research and commercialization capacity while maintaining Canada's leadership in public R & D performance, and on identifying research areas where Canada can be a world leader, while also acknowledging the need for broad strength in basic research.

Again, a balanced approach to implementing the public/private and targeted/non-targeted dimensions of the Strategy will be very important. So too, will be increasing research partnerships among the university, private, government and not-for-profit sectors.

Ultimately, the success of the Strategy will depend most fundamentally on people – on the development, attraction and retention of talented individuals with the research skills so in demand in the knowledge economy. Universities are committed to helping Canada build the best-educated, most-skilled and most flexible workforce in the world, as called for in the Strategy. As an immediate priority, Canada must recruit more domestic students into graduate programs and attract more top international graduate students to fuel Canada's pipeline of highly qualified personnel. Over the next decade, we expect the knowledge economy to create significantly more jobs for advanced degree holders, and retirements of advanced degree holders in the labour market will generate large scale replacement demand.

Finally, Mr. Chairman, a few words on the importance of the least visible and least understood of the four foundational elements of university research – support for the institutional or “indirect” costs of research. Investment in the direct costs of research, through the federal research granting agencies, is crucial and Canada will need to increase these investments significantly to maintain our G-7 leadership in public research investment over time – not least because these investments provide vital opportunities for students to develop research skills. At the same time, we must remember that there are real costs that universities must meet to create the conditions for research excellence. These include the costs of operating and maintaining research facilities; managing the research process, from preparation of proposals to accountability and reporting; complying with regulatory and safety requirements; and managing intellectual property and promoting knowledge transfer. The federal government currently pays a portion of these institutional support costs through the Indirect Costs Program. It is important that these costs be fully covered at internationally competitive levels for all Canadian universities in order to derive the full value of other federal investments in university research. Under the current program, the overall rate of reimbursement is in the range of 25 percent of direct costs – approximately half of the average rate negotiated in the U.S.

Canadians expect and deserve to see the benefits of these public investments. AUCC is committed to improving the visibility, accountability and transparency of federal investments in university research. In 2005, we released *Momentum*, our first periodic public report on the impacts of university research in Canada. We will be releasing a new edition of *Momentum* in October of this year, as one of our many ongoing efforts to communicate to decision makers and the general public the importance of university research and its contribution to Canada's economic and social well-being.

Thank you.