

## Standing Committee on Finance (FINA)

### Pre-budget consultations 2012

## University of Manitoba

### Responses

#### 1. Economic Recovery and Growth

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

The federal government needs to invest in research through the enhancement of core funding to research grant councils, including investments to fund the indirect costs of research, international research collaboration, study abroad support mechanisms for Canadian students, and increasing partnerships between academia and the private sector through funded internships and cooperative programs. This action would fall in line with the federal governments' own recognition of the value of innovation, as demonstrated in Budget 2012 and its four cornerstone strategies: the Science and Technology Strategy, the Review of the Federal Support for Research and Development, the International Education Strategy, and the Global Commerce Strategy. Furthermore, the federal government must do more to attract international faculty and students to Canada to capitalize on the economic benefits they provide. According to the recently released Economic Impact of International Education in Canada: An Update report, international students contributed over \$8 billion to the Canadian economy in 2010 alone. The federal government must also continue to build upon its Aboriginal education investments, and increase access to post-secondary education for Aboriginal Canadians. The University of Manitoba has a unique ACCESS program, making university education available to remote students, or those who have been socioeconomically disadvantaged – including Aboriginal Canadians. Mentoring and student support and service programs help Aboriginal Canadians receive a post-secondary education – a clear and worthwhile investment in the future labour force among the fastest growing population of this country. Economic recovery can only take place if average income levels in Canada rise, which is directly correlated with the attainment of higher education. According to Statistics Canada's Economic Downturn and Educational Attainment, 2008 to 2011 study, Canadians with post-secondary education remained employed during the recent economic downturn and suffered less unemployment than those without post-secondary education. University education has a crucial role to play in terms of economic recovery through the recruitment and retention of highly qualified personnel, engaging in ground-breaking discovery research, and through the provision of education so that Canada's workforce can be productive, innovative, adaptable and competitive in the modern global market.

#### 2. Job Creation

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

The federal government needs to continue its investment in infrastructure projects that provide dual benefits for universities and Canadians, as a whole. For instance, the Knowledge Infrastructure Program (KIP) permitted the University of Manitoba to fund seven capital projects with the provision of \$32 million in funding. This funding leveraged an additional \$52 million for a total of \$84 million dollars, creating 632,550 hours of work over two years. This infrastructure investment created jobs in the

construction sector and related trades, which filtered down to various suppliers of goods and services. Federal infrastructure funding can be used to build world class facilities on campus, attracting high quality personnel from across Canada and around the world, to contribute to ongoing and innovative research initiatives. The construction of such facilities would continuously attract more high quality personnel, adding a cumulative benefit to the university, the province, the country, and beyond. High quality facilities attract high quality personnel, which produce high quality ideas, products, and cutting edge technology, demonstrating the value of federal infrastructure investments. It is estimated that 70 percent of new jobs to be created in the next ten years will require post-secondary education. Canadian employers are still generating jobs for university graduates even in the current economic environment; so much so, that the net increase in employment for university graduates grew by 613,000 jobs between May 2008 and May 2012, translating into a 15 percent job increase Canada-wide. The key to remaining competitive in an international environment, and creating more jobs to satisfy demand and economic growth, is to invest in this type of infrastructure in the short-term, so that long-term dividends in the form of a highly educated workforce would translate directly into stronger competitive performance in domestic and international markets. As more and more jobs require greater technical skill and higher levels of education, universities are the ideal investment to ensure that the Canadian economy can remain competitive in a changing global environment. Therefore, universities must be eligible for participation in new and sustained federal infrastructure investments.

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

The reality of Canada's aging work force is a growing and pressing concern. Addressing the problem will involve increasing the levels of education and the development of dedicated professionals for the Canadian economy. International collaboration in research, attracting talented international students and researchers, promoting international student exchanges and partnerships with the private sector, and increasing access to education for the fastest growing segment of Canada's population – Aboriginal Canadians – is of primary importance to this address this issue. It is estimated that by 2026, the Aboriginal Canadian population will grow to 1.5 million persons. In Saskatchewan & Manitoba, 1 in 4 people in the labour force will be Aboriginal Canadians. According to Statistics Canada, if Aboriginal Canadians had equal labour market outcomes and educational attainment levels by 2026 as the general population has today, Canada's GDP would increase to \$401 billion. Furthermore, \$77 billion would be saved in the form of reduced government programs and services, and federal and provincial governments would benefit from a cumulative tax revenue increase of \$39 billion. The labour force contribution would be between 187,000 to 320,000 persons. The data is overwhelmingly convincing that investments by the federal government in Aboriginal education will produce great dividends in the near future. Attracting international students is of the utmost importance, and is in line with the recent Economic Impact of International Education in Canada: An Update report. According to the report, international students contribute 86,000 jobs to the Canadian economy and contributed \$8 billion to the Canadian economy in 2010 alone. With proper investment in recruitment and retention of international students, Canada's efforts at economic recovery and growth would be significantly bolstered. The federal government must pursue policies that ease the recruitment of international students and faculty in order to attract high quality personnel to ensure Canada can meet the challenges ahead. Moreover, the government must also enhance access to, and promote the value of education for Aboriginal Canadians, in order to meet the education demands of the contemporary Canadian economy.

#### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

In line with the Review of Federal Support to Research and Development Expert Panel Report, continued investment in basic research and improving partnerships between academia and the private sector is much needed. According to the Innovation Canada: A Call to Action report (also known as the Jenkins' Report), partnerships between government, academia, and the private sector ensure that ideas with merit receive preferential funding, and that research translates into commercialized goods and services that benefit the Canadian economy. Only through this type of innovation can Canadian small and medium enterprises (SMEs) remain internationally competitive. SMEs represent nearly 75 percent of Canada's private sector, and often lack the resources necessary to conduct competitive research or hire qualified graduates or interns that could add value to their enterprise. SMEs would benefit greatly from increased collaboration between industry and academia. The sharing of expertise would make up for much of the lack of resources, which is negatively impacting Canadian SMEs. Productivity in Canada has a direct correlation with an educated workforce. It is becoming increasingly important for individuals to hold university degrees in order to be competitive in the Canadian labour force. The federal government must heed the recommendations of the Jenkins' Report to ensure that an educated work force is developed throughout the country to guarantee high levels of productivity in Canada. This is the best avenue by which to compete internationally, attract the best international talent, and stoke the reputation of Canadian businesses around the world. The private sector recognizes the value of universities in this regard and has entered into collaborative partnerships with universities across the country. The University of Manitoba has entered into partnerships with various private sector firms on a host of innovative issues. The federal government needs to enhance its investment in post-secondary education by providing increased funding through research grant councils, and the funding of professional internship programs and international exchange and collaboration programs, so that it can be in-step with private industry, and drive up the productivity of Canada's economy.

#### **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

The University of Manitoba considers Aboriginal Canadians to be facing the most challenges in all relevant spheres, from poor educational attainment, poor employment levels, poor health, over-representation in the justice system, and higher mortality rates. Nearly 1 in 6 Aboriginal Canadians call Manitoba home, and they number over 150,000 across the province. As such, the societal ills that plague the Aboriginal community can be acutely felt in this province – but conversely, the University sees an opportunity to change the situation for the better. It is estimated that nation-wide, 400,000 Aboriginal Canadians will be of labour force age in the next two decades. This is a significant source of talent for the country, and due to sheer demographic factors, many of those Aboriginal Canadians will emerge from Manitoba. Aboriginal Canadians have identified education to be the most important priority for changing their socioeconomic situation, especially realizing the startling statistics that one-third of Aboriginal Canadians have not completed a high-school diploma, and only 8 percent have earned a university degree – roughly one-third the rate of the general population of Canada. The University of Manitoba is at the forefront of engaging with Aboriginal communities in Manitoba, providing distance education courses, information about courses of study, sources of financial aid, student support programs, and future career prospect counselling to Aboriginal students through the

University's ACCESS Program. The University has partnered with Aboriginal schools and communities to encourage Aboriginal students to consider post-secondary education upon graduating from high school. In order to alleviate this situation, the federal government needs to provide support to university programs that address the unique needs of Aboriginal Canadians, while improving the accessibility and quality of education delivered at primary and secondary schools that cater to large Aboriginal student populations. Such support will guarantee that the pursuit of post-secondary education will become a more plausible outcome for Aboriginal high school graduates. Greater federal investment in family, community, and financial supports for Aboriginal students is of the utmost priority.