

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

University of Toronto

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?

Canada occupies an enviable position internationally. As the first G7 nation to recoup all jobs lost during the recession, it has been a leader of the economic recovery. However, the global outlook remains troubling. Though Canada is better positioned than many of our international peers, another downturn would still be very damaging to our economy and quality of life. As the threat of another recession lingers, the focus on enhancing economic growth remains key. The University of Toronto believes the best way for the federal government to build upon the inherent resilience of the Canadian economy is to invest in innovation. Investments in innovation are investments in the future, improving an economy's growth prospects, its labour mix, and the competitiveness of its industries. Even as traditionally strong economies falter, millions in China and India are acquiring advanced education as their governments consciously adopt policies to build their innovation ecosystems. Universities are creating the most skilled members of Canada's workforce and the innovations that will give our future industries their competitive edge. The government has recognized universities as key partners in its Science & Technology (S&T) Strategy. The Strategy seeks to foster a highly skilled and flexible workforce, to facilitate important scientific discoveries that generate socio-economic benefits, and to build Canada's capacity to commercialize applications that generate wealth and support a better quality of life. The government made a number of important S&T investments in its last budget, including a renewed commitment to the Canada Foundation for Innovation and new investments in Genome Canada and CANARIE, Canada's ultra-high speed research network. Future investment will accelerate the benefits. For Budget 2013, the University of Toronto offers recommendations in the following areas to promote economic recovery and growth through innovation: Summary of Recommendations: ---Job creation: Support student mobility through scholarships and industry-targeted internships and programs to attract global talent. ---Productivity: Maintain funding for discovery research while strengthening the business innovation system through industrial fellowships and reforms in the spirit of the Jenkins Panel Report. ---Other challenges: Invest in large-scale capital infrastructure at Canadian universities that aligns with the S&T Strategy.

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 government's S&T Strategy will support the creation of high quality jobs. Its focus on new, highly skilled S&T workers will diversify the mix of Canadian talent, allowing the country to adapt to the shifting labour demands of the knowledge economy. New technologies and scientific applications developed through more intensive research and development activities will give our industries new opportunities to expand their business through increased internal and international trade. We support the government's efforts to create stronger links between its S&T strategy and its international agenda.

Canada is a trading nation. Our economy depends on the flow of goods and services. Increasingly, it also depends on the flow of people. Innovation and mobility of talent are essential to our future prosperity. Great shifts are happening outside our borders as developing markets prosper and traditional leaders struggle to spur economic growth. Canada's stability makes it a very desirable partner and destination. As education grows in importance as a major export to developing markets, there are many opportunities for our country. The University of Toronto is very encouraged by the current efforts to develop an International Education Strategy and would like to highlight specific initiatives that the Panel has considered. Recommendations: ---Support student mobility: Provide funding for programs to finance scholarships and industry-targeted internships for Canadian students to find placements abroad. This early international experience will help develop graduates with a stronger understanding of foreign markets, which over the longer term will allow these individuals to operate better in global business environments and help foster expanded trade opportunities for Canada. ---Attract talent and international partners: Invest in excellence scholarships at the undergraduate and graduate levels to attract talent and leverage international student funding. This will lead to advantageous immigration outcomes and help Canada build bridges with tomorrow's global business leaders.

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?

Immigration policy must remain at the centre of Canada's strategy to tackle demographic change. Our low birth rate and aging population will create significant economic and social challenges, placing increased burdens on government spending and labour difficulties for industries that are unable to secure adequate numbers of skilled workers to fill positions. Aspects of the International Education Strategy could help support the government's objectives of addressing demographic challenges and skill shortages. The right incentives in the form of scholarships will help entice the most talented global youth to choose Canada in the first place. Simplified bureaucratic procedures such as expedited student visa processing will reduce delays that create uncertainty for applicants. Recent changes to the Federal Skilled Workers Program, which will now accept up to 1,000 international PhD students per year as permanent residents, will help recent graduates stay and become a permanent part of the Canadian fabric.

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?

Canada's S&T Strategy directly addresses Canada's persistent productivity gap. A steady focus on innovation will allow Canada to develop a deeper national capacity for the creation of knowledge and its translation into products and processes that improve the performance of Canadian industry. Universities play a central role in the innovation ecosystem by creating new talent and new knowledge. We therefore urge the government to maintain Canada's leadership in basic research by maintaining funding to the Granting Councils for core programs, as well as support for the institutional costs of research. Students are the primary vehicle for transferring knowledge from universities to the private sector. Industrial fellowship programs, currently offered through NSERC, allow young researchers to gain important experience and allow businesses to benefit from techniques used in state-of-the-art university labs. We encourage the government to expand these programs as a means of further translating knowledge and improving productivity. The University of Toronto supports the government's ongoing response to the Jenkins Panel Report. As the government continues to reform

programs in light of the Panel's recommendations, we suggest successful international models be considered. For example, a key feature of successful business innovation systems is their ability to effectively leverage new industry investments rather than overly relying on business in-kind support, which can lead to shallow commitments to R&D on the part of companies. Moreover, successful programs that involve universities strike a proper balance between usefulness to industry and a rigorous process of peer-review so that faculty and students are able to advance knowledge for the national good. Recommendations: ---Research investments: Maintain investment in basic research and the indirect costs program as the government rationalizes funding for industry-led R&D and clarifies the roles of agencies. ---Industrial fellowships: Expand fellowship opportunities to boost the exchange of knowledge and know-how between students and industry and to encourage entrepreneurship. ---Business R&D: Look to international best practices when considering reforms based on the Jenkins Panel Report. In particular, we view the most effective business innovation systems as those that leverage industry funding and respect the role of peer review for research involving universities.

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 federal government has played an important leadership role in fostering economic growth and prosperity by supporting innovation infrastructure in Canada's post-secondary institutions. Through the short-term Knowledge Infrastructure Program (KIP), delivered as part of the Economic Action Plan, universities demonstrated they are excellent partners in managing major public infrastructure projects. Across Canada, 520 KIP projects were completed. The \$2 billion provided by the federal government leveraged a further \$3 billion in funds from the provinces and other sources. The federal government has also invested in university infrastructure through the Canada Foundation for Innovation (CFI), which supports scientific equipment and laboratories. The CFI has helped universities attract and retain thousands of world-class researchers, transforming Canadian institutions into international leaders in several fields. The recent \$500 million commitment made in Budget 2012 to support the next phase of CFI investments in 2014-15 will allow institutions to build on this momentum. The challenge that remains for research-intensive universities is an ongoing need to expand and modernize major science and technology buildings. The CFI program supports equipment and lab construction costs. However, CFI funding differs substantially from KIP in that it serves the needs of specific teams of researchers and their collaborators. Universities have significant institutional needs that transcend the programs of individual scientists and research teams, and which encompass many ineligible costs to the CFI program. Recommendation: ---Innovation Infrastructure: Continued investment by the federal government in large-scale capital projects that align with the current and future S&T Strategy would complement existing support provided by CFI.