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cils are, in fact, eligible. The universities report directly to the councils. The councils, in turn, report to Treasury Board.

Within the rules, we have defined the private sector broadly to include individuals, businesses, private nonprofit and charitable organizations, private foundations and trusts and certain crown corporations, both federal and provincial.

In addition to that, and in recognition of the strong support that charitable organizations make to university-based health research, the government provides funds to the Medical Research Council to match eligible contributions from such organizations that exceed \$65 million per year.

I now turn to the impact of the matching policy. Apart from the \$65 million estimate for nonprofit medical research funding, we did not have firm baseline data at the time the policy was introduced. We did, however, have various estimates both from the councils themselves and from Statistics Canada that indicated that industry was contributing somewhere between \$48 million and \$60 million, or about four per cent of the expenditure in the higher education sector in the 1985-86 year. That, by the way, compared at that time to about 5 per cent contributed by industry in the United States to university research.

The private nonprofit sector, on the other hand, was contributing about 10 per cent of the total funding of research conducted in universities or about \$160 million in the 1985-86 year.

More recently, we have, I think, for the first time much more solid data reported by the universities to each of the granting councils on the actual contributions from the private sector for the year 1986-87.

In summary, the total eligible contributions for natural sciences and engineering research reported by the universities to NSERC for the 1986-87 year amounted to \$68.1 million. I should note, Mr. Chairman, that a higher amount was reported by the universities to NSERC but the amount judged eligible was \$68.1 million. Some of those areas not judged eligible would be things of a routine testing nature done for industry and a number of activities that fall outside the scope of that granting council.

Senator Hicks: Roughly, what would be the amount that would not be accepted as eligible?

Mr. Cobb: I would have to ask Dr. May. He says it is ten per cent.

Senator Hicks: Therefore, the \$68.1 million is roughly 90 per cent of the amount submitted for approval, is that correct?

Mr. Cobb: Yes.

In addition, based on that experience, it exceeds the \$25.4 million target for the first year of the matching policy. Quite an excess amount was contributed by the private sector in the first year.

In the case of the Medical Research Council, we do not yet have the final numbers. What the council has told us is that their ceiling of \$13.1 million for last year has been exceeded

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and that amount is over and above the \$65 million baseline that was established. They anticipate no difficulty in meeting or exceeding their targets through the remaining three years of the policy.

I suppose one of the most surprising and most debated issues, when the policy was introduced, was the extent to which the private sector would, in fact, support social sciences and humanities research. The data reported to us by the Social Sciences and Humanities Research Council indicate that in the 1986-87 fiscal year, the total contribution by the private sector to those sciences amounted to \$25 million.

The ceiling established in the federal matching policy for last year was \$6 million. Just to give you some indication of the scope of it, the ceiling established in the policy for the final year is \$18.5 million. It is a very pleasant surprise to all of us in the system, and clearly that council will also achieve its financial targets.

Senator Hicks: It does mean that, in effect, the federal treasury is not coming anywhere near to matching the sums received in relation to the SSHRC from the private sector.

Mr. Cobb: That is true, senator.

Senator Stewart (Antigonish-Guysborough): In other words, what sociologists call negative reinforcement to contributions in the future?

Mr. Cobb: Not being a sociologist, senator—

Senator Stewart (Antigonish-Guysborough): I think you can guess what the term means.

Mr. Cobb: Yes. The councils themselves will undoubtedly provide you with much greater detail on the performance of their programming and the implementation activity they have undertaken; but to us, at the policy level, it was clear that the policy has been successful in its first year of operation, and in particular has been highly successful in respect of the financial targets that the federal government established at the time it introduced the policy.

There are, however, as committee members will undoubtedly recognize, a number of more fundamental issues and considerations that we have not been able to address to date. Our view is that those can only be addressed by a competent formal evaluation of the policy, given adequate experience with the policy, and the programs associated with it. We plan to conduct that evaluation in the 1989-90 fiscal year.

Some of the questions that we intend to address in that evaluation are the extent to which the policy strengthens the linkage between university research priorities and market forces; the extent and nature of private sector participation; the effects on the council's allocation of funds among the various programs; the effect on the level of overall support for university research; the effect on the mix of university research—that is, by discipline, by basic versus supply of research, size and location of universities, et cetera; the effect on the level of private sector R&D funding; and the effect on the overall level of R&D in Canada.