

H. The *Federal Income Tax Act*

Canadian tax incentives for research and development are among the most generous in the world but there remain problems with many provisions of the *Income Tax Act*. For example, witnesses cited income tax provisions that hinder the formation of private research consortia, that discourage investments in research buildings, and that make it difficult for newly established technology companies to recruit experienced management personnel. There are also serious concerns about the definition of research and development activities under the Act. The Committee views tax incentives as an important means of support for industrial science and technology in Canada.

11. **The Committee believes that the current provisions in the *Income Tax Act* create unnecessary difficulties for scientific research by industry. The Committee therefore recommends a review of those sections of the Act that affect science and technology activities in industry; in particular a re-examination of the definitions of qualified research and development activities is needed.**

FEDERAL EDUCATION INITIATIVES

A. National Council on Education

More scientists, engineers and technicians must be trained in Canada to meet the needs of a knowledge-based economy. Without these trained professionals, Canada will be unable to create or even assess the new technologies required to produce high-value products of the future. The shortage of scientists is in part the result of problems in Canada's education system in general and, more particularly, in science education. The Committee recognizes that education policy is a provincial responsibility in Canada but it sees a need to establish a national perspective on educational issues. A central forum for studying educational problems could provide such a perspective.

12. **The Committee recommends the formation of an autonomous National Council on Education to perform research and provide policy advice on educational issues. The Council should be funded by all levels of government and should work closely with industry and labour organizations.**

B. Government Support for Science Education

Witnesses impressed upon Committee members the need to instill a greater awareness of science in young students. Many of the choices determining future career directions