

PART THREE

The Next Step

While our Committee decided not to question the objectives of this program at this time, it became very clear that the Matching Grants Program of the federal government needs very careful and serious examination because it appears to contain some serious flaws. These range from a program design that is unsuited to meeting the objectives established for it, to the achievement of program results that may never have been intended.

At this stage we would like to offer some suggestions for a redesign of the program that should be considered when this program is to be evaluated.

First, we suggest that there be a reconsideration of the premise for university-industry collaboration. If we need to increase the transfer of ideas from the universities to industry, the solution may not be more university research supported by industry. The problem may lie with industry's inability to adapt good ideas that are in the pre-competitive stage and move them to the competitive stage and the market. If this is true, then more university research is not the answer; it may require other industrial incentives. The now defunct Special Research Tax Credit program had a very reasonable objective but was flawed by program design.

For more pre-competitive research that is world class, the answer could lie in strengthening the Network Of Centres of Excellence program the government announced in May of this year. But because this program is still in the design stage, it is not possible to comment on its chances for success.

Alternatively, if the government feels that we need to maintain the current level of basic research that now takes place in our universities independent of university-industry collaboration, then the solution is to ensure that the base levels of the granting councils keep up with inflation.

The Report of the University Committee of the National Advisory Board on Science and Technology (NABST) to the Prime Minister also was critical of the attempt by government to try to solve the underfunding problem and the need for university-industry collaboration with one ill-defined program. The report states:

While conceptually interesting, the matching-grants policy will fail to provide any real increase over inflation before the fiscal year 1989-90. Far from solving the problem of funding university R&D, therefore, it simply compounds it. (p.126)

We note that the government has announced an additional \$200 million increase in the budgets of the three councils over the next five years. This appears to be very close to estimates for inflation over this period.