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really saying is that at some time there will have to be another program that has to address that particular objective.

Dr. May: That is why I hesitated about the first of the three objectives. The second and three objectives clearly are directed toward increasing university-industry interaction. I am saying that the program is working beautifully to that end. But what it is not doing, or only to a limited amount, is achieving the first objective, which is to increase the overall level of activity.

Senator Kelly: So your disappointment really springs from the fact that that particular objective was not included among the objectives in this program. The program itself, to the extent that it goes, is satisfactory and working well, in your opinion.

Dr. May: Yes. I simply think that the program attempts to achieve too much, and that, as you suggested, something more is needed to address the broader objectives.

Senator Marsden: I have a series of questions arising from your brief. You describe the announcement of this policy as something of a surprise and a disappointment. Was it a disappointment because it forced you to deviate from long-range objectives

Dr. May: No—a disappointment because the five-year plan that was put forward did not get a direct response. No one said anything was good, bad or indifferent about that plan.

Senator Marsden: You then go on to say that nonetheless you have made it a success—and possibly you are using the word “success” in the same sense as Mr. Cobb did, in connection with the number of dollars. But, in terms of what you see in the long term for the development of science in Canada, how can you know whether it is a success or not, because clearly this is having a steering effect on what universities are doing and producing. Is that consistent with NSERC’s review of what is happening?

Dr. May: I think the steering effect is relatively minor. We support some 6,700 professors to do research in Canadian universities. We do not expect that any more than 10 per cent of them will take advantage of our university industry program—which means that the other 90 per cent have to have some other means of their research being supported. So it is not the steering effect that worries me; it is the level of absolute commitment to the great majority of researchers in Canadian universities.

Senator Marsden: On page 2 you talk about the regional breakdown. It is quite obvious that it is largely all happening in Ontario and Quebec. Does NSERC then become a redistribution agency?

Dr. May: No, I do not think so. This question has come up right from the beginning of the policy, in terms of our university partners. People ask us, “Because we expect that most of this matching funding money will be utilized in central Canada, will NSERC then adjust its other programming to take account of the regional disparities that this program would create?” The answer is no, we would not. We are not a regional distribution agency. We cannot be one. We award

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research grants on a competitive basis through a peer review system. Any program that stimulates the university industry interaction, or that rewards university industry activity, is bound to be a program that puts most of that money where the industries are. That goes without saying.

Senator Marsden: Then what is the intention going to be between what you are able to do through matching grants in Ontario and Quebec and the centres of excellence proposals that others are coming up with? Will there not be a conflict there?

Dr. May: I am not sure that there should be. It depends on the criteria that will be developed for a centre of excellence program. Those criteria are not known yet. If there is to be a “national centres of excellence” program, my guess is that it will be primarily a program based on competitive bids, building upon capacities which exist.

Senator Marsden: So then again it will be carried on in Ontario and Quebec for the most part?

Dr. May: If half the capacity in the country exists already in Ontario then, all things being equal, one might expect that half of the new funding will go to Ontario. I am not intending that to be a prediction, but, unless there is some very different approach the money tends to go where the successes have already been achieved.

By the way, if I may say so, senator, there are some fine institutions and some excellent research going on all over the country, in every province.

Senator Marsden: Yes, I know that to be the case. That is why the figures are so distressing. They may not be distressing for individual researchers.

Dr. May: you talk about bonuses. Can they be used for overheads by the universities?

Dr. May: No. We are adhering to a very strict guideline issued by our own council that our funds are to be expended for the direct costs and not for the indirect costs.

Senator Marsden: Dr. May, I do not wish to put words in Senator Kelly’s mouth, but isn’t that exactly the problem you are getting at in the last part of your statement? As you know, without overhead, the university base just begins to disintegrate. Would you contemplate changing your policy about these bonuses or are you, in fact, suggesting at the end of that paragraph that you intend to take them away in any event?

Dr. May: I think our council will rethink those bonuses, because this is the only money that we spend that is not peer reviewed. It is a formula approach, and it is a great deal of money. I think I can say without hesitation that if our budget were doubled, we would be interested in funding overhead. but, if it is not and if the issue of overhead is raised, then it is an entirely different situation. People say to me that if we start paying overhead the provinces will stop paying overhead; so we have not achieved anything except to replace a provincial expenditure with a federal one. This is the crux of the debate; it is all tied up with EPF and those larger issues.