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Senator Hicks: Thank you Professor Nowlan for a very interesting and succinct historical summary of the Matching Grants Program. You have answered a number of the questions that I had contemplated asking you, but I have some areas where I would like a little elaboration just the same.

When this program was announced it seemed very strange to me that we were trying to induce the private sector, including companies and foundations and even including university endowments, to give money to universities; and then the government would match, under certain conditions which you have explained, those amounts and give the money not to the universities but to the granting councils. The granting councils would then have more money to give to the universities largely unrelated to the machinery which had resulted in the granting councils getting more money from the matching grants and so on. You have dealt with that, and you have said that NSERC was going to return 10 per cent, 20 per cent and 30 per cent, and the Social Sciences and Humanities Research Council 20 per cent, and MRC zero per cent.

I did not see how there was a sufficient motivation for the private sector under this arrangement, and you have answered that by saying that the motivation has not developed. Do we know whether companies, for example, have increased the amounts of money that they have given to universities? I know they have increased them some, but have they increased them as a result of this program or only as they would have done in relation to the economy and the association that they would normally have with universities?

Professor Nowlan: I feel quite confident in saying that I have not experienced at the University of Toronto any single instance in which a company or a foundation or an outside supporter has increased support because of the generic elements of this program. The incentives at the current level are simply too slight to have that effect.

So that I am not misunderstood, let me acknowledge again that the use of the matching funds, in one case to develop SSHRC, in the other case to enhance cooperative matching programs or fellowships, has had an incentive effect. However, the matching side is much greater. It is in the order of 100 per cent.

Those programs which have been supported by the matching funds have had an effect. I would not go so far as to say the matching program has had no effect, because through those programs it clearly has been effective. Through the generic aspect of the program—that is the 10 per cent, the 20 per cent and the zero per cent—I know of no instance where those numbers have served to generate additional support that would not otherwise occur.

Senator Hicks: Indeed, quite a lot of money from certain sources that enables the granting councils to claim a matching grant is money that was being paid anyway. For example, the portions of university endowments that qualify.

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Professor Nowlan: That is correct. It is also correct in another sense, and that is by the time the details of the program were stabilized the whole of the first matching period had passed. Everything that was to be reported had occurred. That was at the end of the 1986-87 period.

I think it is worth pointing out that we have really only had the experience of reporting that first year. I may be forced to eat my words if it turns out that some person comes forward at the end of this year and says, "We would not have made this contribution or entered into that project without 10 per cent from NSERC or 20 per cent from SSHRC".

Senator Hicks: I do not expect that we can be that specific at this stage, as you have pointed out.

Would you elaborate on the effect now and the likely effect in the future on the limits of the amounts which the government will match in these grants? Thus far, the stipulated amounts by the government have been large enough to match all the payments to the universities.

Professor Nowlan: The amounts that the universities have reported and that have been declared eligible have greatly exceeded the cap on the first year matching amount and will almost certainly exceed the cap on the second year amount.

Senator Hicks: I did not state my question correctly. That was the point I made. What will happen in the future? Do you think that the limits set by government may not be attained because the private sector will not produce enough money to match them or to qualify for the total matching?

Professor Nowlan: If the program does continue as designed there is every possibility that, in the third and fourth years, universities will not find themselves able to report an eligible amount that is as much as the cap. In other words, the cap rises rapidly. The likelihood of our reporting rising amounts of eligible funds is very small. I suspect that next year's reported amount will be very similar to this year's, and may be less because there were a couple of unusual features about the first year.

I should make the point that the modest return to the universities is helpful to those that are reporting private sector support. One wonders whether the amounts that universities report would be as great as they now are if the incentives in all cases dropped to zero. In other words, this incentive fee in the eyes of some people is more like a finder's fee. It is not serving to create additional private sector university interaction, but it does give some encouragement to universities to beat the bushes to ensure they have found all eligible money. That is not a trivial amount.

My colleague with me, Carol Gillin, who is Director of the Office of Research Administration at the University of Toronto, has been responsible for submitting the details of our eligible matching amounts. Perhaps she alone knows just how complicated the task was of reaching for foundations, grants in