

Investing in People and Ideas Today for a Better Tomorrow



**Universities
Canada.**

Pre-Budget Submission
By Universities Canada
October 6, 2022



Universities Canada urges the government to:

Recommendation 1:

Attract, develop and retain the best people and ideas by:

- Investing in graduate and post-graduate research funding to foster, attract and retain the best Canadian and international talent and tackling a generation of underinvestment in Canada's most promising young researchers.
- Better equipping graduates and workers with skills Canada needs by creating more opportunities for lifelong and work-integrated learning.
- Advancing Canada's position as a global talent destination by addressing slow processing times for study and work permits for students and faculty.

Recommendation 2:

Ensure prosperity through research and innovation by:

- Deepening ties between universities, international partners, civil society and the private sector to support international research collaboration, knowledge mobilization and commercialization.
- Building on inclusive excellence by creating and funding 1,000 new Canada Research Chairs and associated costs with a focus on improving gender and racial equity.
- Supporting Indigenous Peoples with new investments in Canada Graduate Scholarships for Indigenous students, and continuing work to strengthen Indigenous research capacity and remove barriers.

Recommendation 3:

Empower Canadian universities to meet global and local challenges by:

- Expanding eligibility and simplifying existing infrastructure support programs and ensuring that new programs, whether designed to address climate change, digital transition, or accessibility issues, can be accessed by universities, including funding for student housing.
- Improving student access to mental health services on campus by helping universities expand service offerings and hiring qualified personnel.



Introduction

Today's world is more interconnected, more competitive and more fragile than it has ever been. The COVID-19 pandemic, the war in Ukraine, disruptions to global supply chains, climate change and a historic labour market shortage have all highlighted this for our country in stark terms.

Canadian employers are struggling to fill job openings with highly skilled workers, while workers in vulnerable sectors worry about their livelihoods and will need access to up-skilling and re-skilling.

Canada is facing a talent crunch and cannot afford to fall behind in what is now more than ever a global competition. We face an environment in which we will have to become more innovative to compete globally for a prosperous and sustainable future for Canada.

The solution to these challenges is investing in people and ideas – Canada can succeed if our workforce is diverse and full of adaptable people working to discover, innovate and commercialize new ideas.

The upcoming federal budget therefore represents an important crossroads in a changing and competitive world. International peers and global competitors are investing in research and formulating new innovation policies, while recent Canadian investments are flatlining and sunseting. Canada cannot be complacent.

Universities can contribute to Canada's future prosperity by attracting and teaching learners throughout their lives, by conducting the research that powers economic growth through innovation, and by maintaining and building on a well-deserved global reputation for inclusive excellence.

Universities Canada welcomes the chance to share our recommendations with the House of Commons' Standing Committee on Finance on how universities can be empowered to be of continued service to Canada. We have an important opportunity as a country to make transformative investments in our own future, and universities are ready to deliver on Canada's needs.



Securing Canada's place as a global talent leader

We are facing a heated global competition for talent. Canadian job vacancies reached an all-time high this year, with over one million across the economy for the first time in our history.¹ This spring, vacancies also reached all-time highs in the United States,² the United Kingdom,³ and Australia.⁴

Research from the Conference Board of Canada estimated the value of unrealized demand for skills at \$25 billion in 2020 – a number that has only increased amid soaring demand. At the same time, the Royal Bank of Canada estimates that 15% of the labour force will face disruption over the next decade during the transition to a net-zero economy.

The countries best able to navigate the current worldwide talent crunch will emerge ready for continued prosperity and growth but to address the talent crunch, Canada needs to up the ante on its investment in people and ideas.

Though Canadians rank highly among peer countries for completion of some post-secondary education, only 10% of Canadians aged 25-34 have completed an advanced degree – a considerably lower proportion than our OECD peers, where the average is 15%.⁵

This is not surprising in light of declining levels of graduate and doctoral funding in Canada. Graduate-level research funding through the Canada Graduate Scholarships has not increased since 2002. This means that a generation of under-investment has seen the real value of federal research awards cut in half, while the graduate student population has doubled. Both a significant increase and an expansion to the value and number of awards is critical to attracting and retaining the next generation of Canadian researchers and top global talent.

Canada also needs to ensure that employers can connect to domestic and international talent with the right skills to succeed in the workplace.

Ensuring that Canadian workers get the skills they need must be a high priority for government and must encompass an all-of-the-above approach that emphasizes work-integrated and lifelong learning, focuses on equity, diversity and inclusion and embraces reconciliation.

¹ Statistics Canada, "The Daily: Payroll employment, earnings and hours, and job vacancies, March 2022," May 26 2022.

² US Bureau of Labour Statistics, "Job Openings and Labor Turnover Survey News Release," May 3, 2022.

³ Office for National Statistics, "Vacancies and Jobs in the UK: April 2022," April 12 2022.

⁴ Australian Bureau of Statistics, "Job Vacancies, Australia," March 31 2022.

⁵ OECD, Education at a glance 2019.



According to surveys from the Business Council of Canada and the Business + Higher Education Roundtable, Ontario alone will need nearly a quarter million STEM graduates to fill jobs in high-growth sectors. Beyond STEM, more employers than ever are looking for the critical thinking and problem-solving skills with which universities equip their graduates.

Policy support for, and investments in, work-integrated and lifelong learning will be essential to succeed in addressing the talent crisis. Canada's universities are well-placed to lead with unique advantages. Research excellence positions us to connect students with the cutting edge of new knowledge, and lifelong connections with students, alumni, and faculty enable universities to reach learners at any point in their careers.

Universities Canada also supports calls from National Indigenous Organizations for increased supports for First Nations, Inuit, and Métis students to access and succeed in post-secondary education. The 2022 National Indigenous Economic Strategy highlights that if Indigenous Peoples had the same education and training opportunities as non-Indigenous Peoples, increased productivity would create an additional \$8.5 billion in income earned annually by the Indigenous population.

Success in attracting and retaining top international talent is another crucial challenge for Canada. Our international reputation is being harmed each time a promising student with an offer of admission in hand from a Canadian university chooses to study elsewhere than Canada because of delays in visa processing. The loss to our universities and to our country is staggering, and it is compounded by the number of years those lost students would have studied in Canada.

It is imperative that the government act without delay to commit resources to bringing down study permit processing times. While our peer countries like the United Kingdom are making it easier for the most skilled students and recent graduates from across the world to live, study and work in their country, Canada is now a difficult country to enter to study. Canada cannot afford to close the door and fall behind.

Disruptions to the international student market during the pandemic has given Canada an opportunity to diversify our immigration and international student recruitment and retention efforts. Canada should build on existing investments in the International Education Strategy and scale up and accelerate existing initiatives to expand our global reach. This includes addressing work visa barriers which too often prevent international students from pursuing work-integrated learning.



Ensuring prosperity through investment in research and ideas

Key to attracting top talent is ensuring that research funding is globally competitive.

Investing in research—even where future commercialization is uncertain—provides opportunities for our people and ideas to flourish. The return on investment for government funding of fundamental research is a country that attracts, develops, and retains the most talented people who will go on to create and innovate to drive Canada's economy.

Canada has benefitted from previous investments in Canada's discovery research. We cannot merely continue to attempt to harvest the fruits of previous investments.

In 2021, an OECD report projected that Canada could fall behind other advanced economies during this decade, with real per capita GDP growth of only 0.7%. Canada's productivity growth is predicted to be the lowest among advanced economies over 2030-2060 as well.⁶

Peer countries are doubling down on funding research and development, including university research, as a primary driver of economic growth. For instance, Germany plans to grow research investment to 3.5% of GDP by 2025, the UK, as part of its pivot to education and innovation, to 2.4% of GDP, and Finland to 4% of GDP by 2030.

By contrast, in 2020 Canada spent only 1.7% of GDP on R&D and has no established target. Canada has an opportunity to refresh its vision for university research and provide increased and stable funding for our research ecosystem. University research remains one of our greatest tools for shaping Canada's future and equipping workers with the skills and knowledge they need to succeed in an innovative economy – investing in research is investing in people.

The all-party Standing Committee on Science and Research, in its first-ever report to Parliament, demonstrated that there is widespread recognition of the need to reinvest in science and research leadership. Investing in Canada's acclaimed research granting councils to support Canada's researchers will be essential to ensuring Canada remains an attractive home for top talent.

The federal government can also make important investments in growing the impact of universities. This can be done by deepening ties between universities, international partners, the private sector and civil society through support for international research collaboration, knowledge mobilization, and commercialization.

⁶ OECD, "The Long Game: Fiscal Outlooks to 2060 Underline Need for Structural Reform," 2021



The government made important commitments in its 2021 election platform to create 1000 new Canada Research Chairs, with a focus on gender and racial equity – but the creation of new Chairs must come with sufficient federal funding to maximize the value of their work and cover associated costs. Research investments must include Indigenous Peoples, and we support new investments in Canada Graduate Scholarships for Indigenous students as well as continuing work to strengthen Indigenous research capacity and remove barriers through funding accessibility to granting agency programs.

Empowering Canadian universities

Canada’s universities have worked to achieve global reputations for excellence that make us an attractive destination worldwide and make our degree offerings the best investment Canadians can make in themselves. At the same time, universities are working to address global challenges like climate change.

Universities are proud to contribute to Canada’s efforts to tackle climate change; through our research as well as demonstrating leadership on campus. Expanding eligibility criteria for existing climate-focused and other infrastructure programming and ensuring that new programs are accessible for universities could help Canada unlock more emissions reductions on campuses, keep our communities safer, more accessible and better connected.

Universities welcomed the 2021 platform commitment to funding expansion of campus mental health services to reduce wait times for students. Without timely intervention, we risk prolonging the mental health effects of the pandemic on students—our future leaders, decision-makers and community members.

Conclusion

Meeting the challenges of today and tomorrow has always been a part of the mission of universities. In a time of disruption and upheaval, Canada’s universities are ready to work for all Canadians and continue to be hubs for building diverse talent, securing future prosperity, and contributing to solving global and local challenges.