



**Government's Economic and Fiscal Update
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On November 23rd, the Finance Minister delivered the Government's Economic and Fiscal Update. The document can be found at <http://www.fin.gc.ca/ec2006/plan/pltoce.html> The document focused heavily on science and technology with the intent of "**Creating the Best-Educated, Most-Skilled and Most Flexible Workforce in the World**

- Talented, creative people are a critical contributor to a successful national economy over the long term.
- Canada has a long and proud history of excellence and achievement in higher education, and Canadians have the skills needed to create high-quality, value-added products and services.
- Given the importance of learning, creativity, innovation and skills in today's global economy, we must strive for nothing less than first place in the knowledge-based economy.
- Creating the best-educated, most-skilled and most flexible workforce in the world means that Canadians, businesses, federal and provincial governments, and educational organizations must all commit to achieving a **Knowledge Advantage**, and take action to achieve and deliver excellence."

It should be noted that these updates are typically very broad-brush policy documents and require careful reading to appreciate their impact. Over the next few months, this framework will be translated into the next Federal Budget which will provide the actual detail on spending intentions.

The following are points taken from the update:

- Keep the rate of growth of program spending, on average, below the rate of growth of the economy.
- Restore fiscal balance by limiting federal spending power, ensuring stable, predictable and principle base fiscal arrangements with provinces and territories and strengthening the economic union, including post secondary education.

- Creating new opportunities and choices for people is about keeping our best and brightest in Canada.
- Enhance worker's skills through post-secondary education and training so that Canadians are equipped to succeed.
- Canada's New Government will help prepare young Canadians for success and maintain Canada's G7 leadership in public sector R&D investment by:
 - Investing in research equipment and facilities in universities and colleges to compete with the best in the world.
 - Increasing graduate scholarship support, including for the sciences and engineering.
 - Exposing more students to private sector research challenges through internships and targeted collaborative research.
- Canada's New Government will further support improvements in the quality of education for Canadians and ensure that Canada remains the OECD leader in the proportion of the population with a university or college education by:
 - Strengthening the quality and competitiveness of the post-secondary education system by providing stable and predictable funding to provinces and territories.
 - Working with provinces and territories to develop shared objectives and targets, clarify roles and responsibilities and enhance public accountability.
 - Modernizing Canada's system of student financial assistance to make it more effective.
 - Encouraging the best foreign students to attend Canadian colleges and universities by marketing the excellence of Canada's post-secondary education system.
- The Minister of Industry, in collaboration with the Minister of Finance, will develop and release a new science and technology strategy.
- While maintaining its G7 leadership in public sector R&D investment, Canada's New Government will increase the impact from its investments in science and research by:
 - Ensuring that excellence is the primary criterion for government research support.
 - Focusing on results and improved accountability by establishing clear objectives and improved results measurement for the granting councils and other research entities.

- Considering transferring the management of some non-regulatory federal laboratories to universities in order to lever university and private sector strengths, create better learning opportunities for students and foster research excellence.
- Canada's New Government will support research excellence and help to better align Canada's post-secondary research capacity with the needs of businesses by:
 - Targeting new investments in R&D, including those through the granting councils, to areas where Canada has the potential to be a world leader, such as energy, environmental technologies and health sciences.
 - Introducing competitive funding, potentially via the Canada Foundation for Innovation, that levers investment by the private sector and other levels of government in large-scale, national scientific projects and commercialization partnerships.
 - Strengthening the links between universities, colleges and the private sector through mechanisms such as business-led Networks of Centres of Excellence to enhance the commercialization of Canadian ideas and knowledge.

We are meeting with a number of Federal agencies on November 29 & 30, 2006 and hope to be able to provide further detail as these discussions proceed.