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Jeudi 4 septembre 2008

Standing Committee on Estimates

Ministry of Research and Innovation

Comité permanent des budgets des dépenses

Ministère de la Recherche et de l'Innovation

Chair: Tim Hudak
Clerk: Sylwia Przezdziecki

Président : Tim Hudak
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Thursday 4 September 2008

Jeudi 4 septembre 2008

The committee met at 0910 in room 151.

MINISTRY OF RESEARCH AND INNOVATION

The Chair (Mr. Tim Hudak): Good morning, folks. The Chair apologizes; I got caught in traffic this morning. Welcome to Minister Wilkinson and the team from the Ministry of Research and Innovation.

Is this an introductory comment, Mr. Rinaldi?

Mr. Lou Rinaldi: No, it's just a point of order, Chair: I know Mr. Bisson yesterday put us on notice that he was going to be a grandfather for the first time and that he may have to scoot off. I'd like to report that we have a new Liberal in the province of Ontario: my ninth grandchild, this morning at 7 o'clock. It's a boy.

Interjection.

Mr. Lou Rinaldi: The Liberals are alive and well.

The Chair (Mr. Tim Hudak): Congratulations to the family, Mr. Rinaldi, and our best wishes to Mr. Bisson, who I think has to head to Timmins to welcome his first grandchild into the world today.

We have a couple of options. If there's nobody from the third party, they could miss their time, if all the committee members agree, and they could stack their time next time the committee meets. I'll leave that up to committee members to decide. I think Mr. Bisson was looking for a substitute this morning.

Interjection.

The Chair (Mr. Tim Hudak): He was going to do his best. If nobody shows up at the time they have their time, the committee can then decide how to proceed.

We are here for the consideration of the estimates of the Ministry of Research and Innovation, for a total of seven hours. The ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so the ministry can respond accordingly and on a timely basis. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer. Any questions on procedure before we start?

We had agreed yesterday, at the request of some committee members, to conclude today's hearings at noon, and then the remaining time would be taken up when the Legislature comes back into session. We heard that the minister—and we appreciate him adapting to the change in the committee's schedule—is not able to join us for the Tuesday morning meeting, if the House resumes on the 22nd as planned, so we would—

Mr. Lou Rinaldi: The 23rd.

The Chair (Mr. Tim Hudak): —the 23rd for committee—so we would start with the afternoon committee session.

I now call vote 4301. We'll begin with a statement of not more than 30 minutes by the minister, followed by statements of up to 30 minutes by the official opposition and the third party, if able. Then the minister has 30 minutes for concluding remarks or a reply to the critics, and the remaining time will then be apportioned equally among all three parties.

Minister Wilkinson, welcome, sir. I would ask you to introduce those who are sitting with you at the front bench. Now, sir, the floor is yours.

Hon. John Wilkinson: Thank you, Mr. Chairman. I look forward to answering the questions of this committee in regard to the estimates of the Ministry of Research and Innovation. I am joined today by my deputy minister, George Ross; our assistant deputy minister, Rob Taylor; and our chief administrative officer, David Clifford. Behind me is our crack team from MRI.

Allow me to take the next half hour and share with you a vision about Ontario's future, the kind of future that I believe that we all want, the kind of future that we must seize together, where families don't just get by, they get ahead; where Ontario companies don't just survive, they thrive; an Ontario that is not just focused on holding on to what we have, but is always willing and able to grasp new possibilities.

Of course, this is nothing new. Ontario is blessed with fertile land and abundant resources and happens to be located next to the largest consumer market in the world. But turning that opportunity into prosperity has not always been easy nor inevitable. Fortunately, innovation and imagination are ingrained in our culture, along with a deep and abiding desire of generation after generation of Ontarians to leave to their children and their grandchildren a stronger economy and a better quality of life, to leave our children with a better future. So today I want to pose a question: What world, what sort of future, will we leave our children? We face this question at a time of profound global change.

Ontario has a strong legacy of leadership in science and technology, and I think it's fair to say that Ontario governments of all stripes have, over the past generation, understood the importance of building on our strong science and research capacity in this province. These ongoing investments mean that today Ontario continues to punch far above its weight when it comes to our capacity to push the boundaries of science, technology, innovation and ingenuity, to research, discover, invent and ultimately to sell our ideas to the world.

As we move into an age where knowledge, information and innovation are the basic building blocks for generating new business, for growing the economy and creating new jobs, this history of innovation and ingenuity is an incredible legacy for Ontario. But our science and technology prowess on its own will not automatically translate into a new, higher quality of life, new businesses and new jobs for Ontario families. We must do more.

We need to support our talented entrepreneurs. Innovative people and companies need access to capital and a supportive business environment. And we need to not only continue but increase exponentially our tradition of investing in science and technology and training to ensure that Ontario can continue to attract and retain the most important renewable resource for the new economy: talented people.

Investing in our talent, in people, is the key to creating a culture of innovation; a culture of innovation is the key to competing and winning in the 21st-century global economy. That's why the McGuinty government has made this a top priority. That's why investing in people and innovation is a critical component of our five-point economic plan to strengthen our economy.

It's also a part of our plan to make this province the best place in the world to start and grow an innovative business. That plan is known as Ontario's innovation agenda. Supported by $3 billion over eight years, Ontario's innovation agenda represents a landmark commitment to research and innovation that will ensure Ontario takes advantage of global change and turns the global challenges we face into an opportunity to reinvent ourselves, to reform the status quo, to lead the world in new, global industries that will generate new businesses, new jobs and a better quality of life for our children and our future.

Now, make no mistake: We are living in a time of tremendous global change. It's everywhere, it's fast, and it's only going to get faster. In just the time since our government took office, the Chinese economy has grown by some 50%, the TSX composite index has nearly doubled, Wal-Mart has opened 2,000 new stores, Facebook has gone from a dorm room project to a global phenomenon with over 100 million users, and YouTube was born and continues to plague politicians around the world.

Change doesn't just fascinate us, it affects us, and right now, it's challenging us. Since its low in the beginning of 2002, the Canadian dollar has risen over 50%, to a high last summer of $1.10. From January 2007, the price of a barrel of crude oil has nearly doubled, rising from around $55 to well over $100; at one point, I think, $147. And the economy of our largest trading partner, the United States, has slowed considerably, hurting demand for our exports.

These three changes alone are fundamentally changing Ontario's economy. We're fortunate that large parts of our economy have remained amazingly resilient, but that does not lessen the fact that these changes are hurting our manufacturing and resource sectors and the families that rely upon them for a living.

And it's not just Ontario. Now more than ever, humanity faces challenges. Climate change has raised challenging questions about the sustainability of our very way of life. We need new, cleaner, more sustainable ways to generate energy. An aging population is putting ever greater demands on our world-class, publicly funded health care system. Today, one half of all provincial spending is devoted to health care. Maintaining that quality and service presents a challenge for us all, and we must aim to do better than just maintaining what we have.

Take the fact that the Canadian Cancer Society estimates that 73,800 people in this country will die of cancer this year. Everyone in this room knows someone whose life has been impacted by this terrible disease. This is just one stark example of why we must aim beyond saving health care and instead find ways to improve it, not only by providing better care for people who are sick but also by turning the incurable into the curable and, even better than that, the preventable.

0920

In the face of these and other unprecedented global challenges, buffeted by the forces of globalization, the status quo is just not good enough. The Premier believes, as do I, that without a clear plan to seize these global opportunities, Ontario will fall behind. And whether Ontario simply weathers these changes or discovers opportunities within them depends on the choices that we make today. So we are faced with a choice. We can continue to do what we've done in the past and hope that we can hold on to the prosperity our parents and grandparents had built for us, or we can lead the way. We can fear the global challenges before us or we can, instead, embrace them as the next generation of opportunities for Ontario. We can fear the global change that we see or we can be the change that we want to see in the world.

So let me share with you the choice our government has made. We have chosen that this province will continue to be home for an extraordinary standard of living and fulfill the hopes and dreams that we have for our children and our grandchildren. Our government believes that the best way to do that is not to stand in the way of global change but to find a way to make change positive for Ontario. Rather than simply react to change, we believe we can be a catalyst to help drive change.

Given the shifts in the global economy, it's clear that we can no longer compete based on being in a low-cost jurisdiction, not if we want to continue to generate good-paying jobs and leave to future generations a higher quality of life. Our economic prosperity will depend on our ability to take great ideas and get to the global market first with new and innovative products. We will move forward by building on the strong foundation that we've inherited.

Ontario's history is full of smart people with big ideas who have changed the world. From discovering insulin and stem cells to inventing IMAX, to the science and technology that helped put a man on the moon and robots on Mars, and of course, from a couple of smart fellows in Waterloo who invented the BlackBerry, the device that has sparked a global wireless revolution, we have a tremendous legacy of innovation, a strong foundation on which to build our economic future. But today, in an age where innovation is a key ingredient for prosperity, Ontario must go far beyond simply being a place where innovation happens. We must become a place where innovation is inevitable.

Premier McGuinty has always recognized the incredible untapped potential that lies within Ontarians. Since the time our government first took office, he has made education and innovation a priority. Both are key pillars of our five-point economic plan, a road map to making Ontario more prosperous today and into the future. I believe that it's the right plan for the times we are in.

First, we're cutting business taxes, the capital tax that business told us to cut first. Second, we're making the largest investment ever in Ontario's infrastructure, some $60 billion over 10 years. I was pleased just last week that the Premier was at AMO and announced another $1.1 billion in infrastructure for our municipal partners. Third, rather than trying to foresee the future, we're giving Ontarians the skills they need to invent it. Today, as a result of our investments in education, we have 10,000 more kids per year graduating from high schools; 25,000 more students per year pursuing skilled trades; and 100,000 more students per year attending college or university. I believe that that is a competitive advantage to lead with. Something that many people do not know is that Ontario can now claim the highest percentage of people with a post-secondary education in the G7. Fourth, we're partnering with businesses in key sectors in order to secure high-paying jobs and ignite growth in the industries that will shape our future. We're saying to business we're not here to bail you out, but we are here to help you build us all up. So if you're investing to seize global market opportunities, to grow stronger, to create more jobs, to build a more competitive Ontario, we want to work with you.

That brings me to point number 5, the visionary part of our economic plan: Ontario's $3-billion innovation agenda, which ties everything together. It reflects our government's commitment to the economy, health care and the environment. It reflects what innovators and business leaders across the province told us we must do to create a culture of innovation that will permeate our province, to build Ontario's economic future on the strengths of our creative people, diverse cultures, highly skilled workforce, world-class education system and our internationally recognized research community. Here's what we believe: Government must act as a catalyst. Our government understands business and we have no intentions of interfering with the market. And we understand science. We know that basic and applied science must never be influenced by political science. We are committed to peer-reviewed research excellence. But instead of just assuming that somehow business and research will interact on their own, we believe that government must act as a catalyst. To do that, government must do a better job of extracting value from research excellence. Ontario is home to world-class talent and research, and we intend to maintain our $625-million commitment to basic and applied research in areas where we are or can be the best in the world. But now we have to go even further. We need to partner with innovative companies to make sure research excellence and great ideas are translated into thriving businesses and new jobs. That's why we're proposing a 10-year corporate tax exemption for new Ontario corporations that commercialize in Ontario patented intellectual property discovered at Canadian universities, colleges, academic hospitals and research institutes. This is a North American first. We are doing this to send a powerful signal to researchers and industry here and around the world that Ontario is the place to be.

We also believe that to be an effective partner for innovators across this province, government must work much faster. Instead of operating at the leisurely pace of the old economy, we need to operate at the speed of the new economy, at the speed of business. That's why when we recently introduced our $1.15-billion Next Generation of Jobs Fund, it came with the world's first 45-day service guarantee.

To translate innovation into prosperity, government must focus and coordinate its efforts on sectors where we have the research and business capabilities to not only compete but to dominate world markets. Here are our priorities:

—conquering disease through the life sciences, biotechnology, pharmaceutical research and advances in medical devices;

—advancing and expanding the digital universe through new media at the cutting edge of information and communications technology; and

—sustaining humanity through bio-based environmental and alternative energy technologies.

These areas are very likely to produce the next wave of global companies, and we are determined that the most successful of these companies will call Ontario home.

Finally, we need to work together to do a better job of telling Ontario's innovation story. We must all do a better job of celebrating and communicating this province's success stories to Ontarians and around the

world. If we can do that instead of combing the world for opportunities, opportunities will come knocking on our door.

Our government's commitment to innovation is already creating results: new solutions to pressing global challenges, new companies and new jobs. During my appearance before this committee, I will want to share with you just some of these inspiring results.

In previous centuries, there was a very simple economic formula: If you could find a local solution to a local problem, you would gain a local market and enjoy economic success. But in this new millennium, that formula fails to address the reality of globalization. The McGuinty government believes that the new formula for economic success in the global economy is simply that in the face of a global problem, if we can focus our global research excellence in coming up with even a slice of a global solution, Ontario will have global capital and the global market will beat a path to our door. This formula is not theoretical.

Let me share with you just one example of this new, powerful formula at work right here in Ontario. The world is desperately seeking a solution to the global problem of cancer. According to the World Health Organization, deaths from cancer are on the rise globally. Worldwide, they estimate nine million people will die in 2015, rising to 11.4 million people in 2030. The world is searching for a solution to this problem. Our province has a reputation for global research excellence in biomedical life sciences. We employ 10,000 scientists and researchers who conduct $850 million in research every year, and Ontario is now the third-largest biomedical research centre in all of North America. In 2005, our government created the Ontario Institute for Cancer Research, or OICR, led by the world-renowned scientist Dr. Tom Hudson. It has aligned our considerable strengths around prevention, detection, diagnosis and treatment. We know that if we want to be the best, we have to be prepared to make a proportionate investment. That's why Ontario is in the midst of a five-year, $347-million commitment to OICR. It's a significant investment, but we think it's a wise one, and it is attracting global capital. For example, the private sector is investing some $300 million to build phase 2 of MaRS, the home of OICR, just across the street from Queen's Park. As a result of our investments in the global quest against cancer, Ontario is now leading the world.

0930

Just a few months ago, the world awoke to the creation of the International Cancer Genome Consortium. The goal of this consortium is a coordinated, global effort to unlock the genome of the 50 most common cancer tumours that plague humanity. Our own Ontario Institute for Cancer Research has been chosen to be the global secretariat—in short, to be the world headquarters of this global effort, one of the largest scientific projects in history. This project will generate 25,000 times more data than the Human Genome Project. I'm particularly proud that when the consortium needed someone to coordinate all of this data, they turned to Ontario, the only sub-national jurisdiction that is a partner in this international effort. And, specifically, they turned to OICR.

In essence, we must create the largest health informatics database in history. We, Ontario, are in the forefront of discovering a global solution to cancer. Ontario, through the Ministry of Research and Innovation, has allocated an additional $10 million to OICR to meet this challenge and this opportunity. The global market will beat a path to Ontario's door, and we must be ready to commercialize this for the benefit of our province. This is just one powerful example of many that demonstrates how Ontario researchers are among the very best in the world and how they are applying their talents to tackle global challenges.

Very few issues are as global as the spread of infectious disease. Anyone who was in this city during the SARS crisis knows just how rapidly a disease can travel and how quickly it can alter the lives of all it touches. Earlier this year, I had the opportunity to tour the lab of one of the researchers we support next door at the University of Toronto. Dr. Warren Chan and his team are developing a portable tool using cutting edge nanotechnology that will quickly diagnose whether or not a person has an infectious disease, a critical step in containing outbreaks. It's just one small example of the kinds of amazing things that are happening at research labs right across this province. Smart people in this province are not only leading the world in their area of study, they are helping to improve the lives of families living in Ontario and around the world.

In an age where great ideas fuel the knowledge economy, our commitment to world-class research is also making Ontario a magnet for truly talented researchers. We've made significant commitments to leading researchers and to build world-class research institutions. I think of new institutes like the Perimeter Institute for Theoretical Physics, the Waterloo Institute for Quantum Computing and the Sudbury Neutrino Observatory lab.

The adage, "If you build it, they will come," is proving to be true. In fact, the director for the Institute for Quantum Computing, Dr. Raymond Laflamme, came from the famed Los Alamos National Laboratory in New Mexico. Similarly, Dr. Neil Turok, a world-leading physicist and Stephen Hawking's collaborator, left Cambridge University in England to become the new scientific director of the Perimeter Institute. Dr. Tony Pawson of Mount Sinai Hospital was recently awarded the Kyoto Prize, the first Canadian scientist to be honoured. He is now a leading candidate for a Nobel Prize. In the knowledge economy, talent of this calibre is a significant competitive advantage.

World-changing ideas become new companies and new jobs when they are transformed into marketable products when they are commercialized. That's why our efforts to support innovation are balanced between the generation of new ideas through research on the one hand and efforts to commercialize the results on the other. But

moving a promising innovation to market is not an easy task. Many elements must come together to make it happen.

Success means building connections between people with the right skills—technical, business and marketing—and they're all needed to create a winning product or service. It means creating business plans, building prototypes and demonstrations, developing the innovation into a saleable product. It means finding the support needed to grow an innovative company into a global powerhouse, and Ontario is partnering with innovators at every step in this process to ensure made-in-Ontario ideas become new Ontario companies and new Ontario jobs.

Ultimately, commercializing and innovation is a team sport, and that's why Ontario has built a commercialization network across the province to ensure that people with different skills can connect, help each other out and work together to move new innovations to market. Stretching from southwestern Ontario to Ottawa, from Toronto to the north, the network is tapping into local expertise across the province to help build globally competitive companies. We've committed $74.7 million to support this network, to create connections within Ontario, across Canada and around the world.

We are committed to supporting MaRS, which, along with being the home base for Ontario's commercialization network, is also implementing the business mentorship and entrepreneurship program, or BMEP, on behalf of Ontario. With the help of BMEP, high-potential companies can access the mentorship that they need to learn how to successfully take ideas to the marketplace. In fact, BMEP has eight entrepreneurs in residence acting as mentors in locations throughout Ontario, including Waterloo, Ottawa, Markham, Toronto, London and Mississauga. Working at the grassroots level, Ontario's commercialization network is building on local strengths and expertise to make this province globally competitive.

Developing a brilliant innovation is only half the battle. Getting it to market is critical if we want to compete and prosper. That's why ensuring great ideas within our focus areas make it to market is a critical part of Ontario's innovation agenda. I've already mentioned our 10-year corporate tax exemption for new Ontario corporations that commercialize innovations coming out of our Canadian research institutions. But that's just one component of our efforts to make sure innovative entrepreneurs have the help they need. Take, for example, our innovation demonstration fund, a $30-million fund that invests in the commercialization and initial demonstration of globally competitive innovations, particularly those in the clean technology area.

One of the projects we are supporting is a technology demonstration project by Menova Energy, an Ontario company doing really interesting things in solar energy. The project we're supporting will create Canada's largest solar rooftop energy system. The technology takes advantage of a pretty simple principle: If you focus the sun's rays, you get a lot of heat and energy. Of course, every mischievous kid with a magnifying glass has figured that out. Turning this principle into something useful took a lot of innovative thinking and hard work. What Menova has created is a solar concentrator—essentially, curved mirrors that literally follow the sun to capture and focus its power. That makes it possible to harness the sun to heat, cool and generate the electricity needed for large buildings, like the 220,000-square-foot Wal-Mart super centre that will be built in Markham.

But that's not all. The really interesting part of this project is the partnership with a company called Woodbine Tool and Die. Woodbine's traditional customers are in the automotive sector, and business has slowed of late. Enter Menova, who is partnering with Woodbine to manufacture the equipment needed for the demonstration.

We're also investing in 6N Silicon, a company producing the material needed to make solar panels more efficiently, and at a better price. We supported 6N through the innovation demonstration fund, and that success led to the recent $8-million investment, through our Next Generation of Jobs Fund, to create a new manufacturing plant in Vaughan. The company expects to create 84 new jobs at the plant and that many of these employees will be former auto workers who have transferred their skills from one sector to another, from auto tech to green tech.

These are both great examples of what have been dubbed green-collar jobs, aiming Ontario's manufacturing prowess at making innovative, clean technologies, the kind of products that will be in demand for decades to come right around the world. That's also a great example of how instead of resisting change, we can take advantage of it, even benefit.

Can Ontario become a leader in manufacturing green technologies? Can we take the knowledge we've built as a leading manufacturing centre and apply it to new and growing global markets? Can we build on the sparks we've seen with Menova, 6N and so many other companies and ignite a new era of advanced manufacturing in this province? I believe that we can, and I believe that we all want that to happen.

Mr. Chair, I have how many more minutes?

The Chair (Mr. Tim Hudak): Four minutes.

Hon. John Wilkinson: Thanks.

Another important element of commercialization is encouraging innovative companies to do more R&D here. That establishes high-value jobs in Ontario and, in the case of global companies, creates an instant path between innovation in this province and international markets. That's why our $1.15-billion Next Generation of Jobs Fund is so important. It's designed to work at the speed of business and encourage companies to innovate right here in Ontario.

Our first successful application to the fund was Sanofi Pasteur. We received the company's application, reviewed it, approved it and signed a term sheet in well under 45 days. And the result? A $100-million expan-

sion, 300 construction jobs, 900 existing R&D jobs secured—30 new ones—and a commitment for over half a billion dollars of R&D investment over the next five years. It's the kind of investment that's creating jobs today and will generate new innovations and new jobs into the future.

0940

Mr. Chair, I have other things that I'm sure we'll talk about, but in the essence of time—and I believe I have some extra time at the end of this process—

The Chair (Mr. Tim Hudak): You do.

Hon. John Wilkinson: —I do want to conclude that I think all around the table, we collectively, all three parties that have formed government over the last generation, have made tremendous investments in science and technology. We should all be proud of that. In the 21st century, the challenge is how to take that investment and turn it to our advantage in the new global economy. We believe that we have a formula for that. We do not want to be the first generation to leave to our children and grandchildren a lower quality of life than was left to us by our parents and grandparents. I believe that the innovation agenda is something that transcends politics. I believe that it is something that we all want for our children and grandchildren. Every day at the Ministry of Research and Innovation we work as hard as we can to try to introduce the future to the present just as quickly as possible.

I would be pleased to answer any questions that this committee has of the estimates of the Ministry of Research and Innovation.

The Chair (Mr. Tim Hudak): Outstanding, Minister. Thank you for the opening remarks. Just to remind members of procedure, then, we have 30 minutes for the official opposition. If a member of the third party comes in that time, then he or she would have 30 minutes; and then back to the minister for a wrap-up or responses for 30 minutes. Then we'll go into, I would expect, 20-minute segments, depending on what time we finish. We'll divide up the time evenly before noon. Why don't we proceed with Ms. Scott on behalf of the official opposition and then we'll make a judgment call with respect to the presence of the third party today. Ms. Scott, you have 30 minutes.

Ms. Laurie Scott: Thank you very much, Minister, for appearing before us today on the committee. You've given us quite a long briefing. We will have some pointed questions, I think, to that. You are correct that governments need to make investments in research and innovation and there has been some movement in previous governments. We're happy to see that under the previous PC government MaRS was developed and you've continued and expanded that agenda with MaRS.

I guess my one question to start with is, who developed the innovation agenda? I ask that in that I wanted to know who from industry, who from labour, who from academia—in general, who was consulted to develop the innovation agenda?

Hon. John Wilkinson: Thanks for that question. You'll recall that the Premier created the Ministry of Research and Innovation in 2005. Using the power that one has as a Premier to persuade others to come to a common cause, he was able to strike something called the Ontario Research and Innovation Council, a blue ribbon panel of both researchers and business leaders. I know that my staff is busy getting me the list of those who served on ORIC for me. They were tasked by the Premier to give him far-reaching advice as to how we can transform our R&D investments into an innovative economy.

So I would say, first, there was the tremendous leadership shown by ORIC, and I can tell you that the members who served on ORIC were Dr. Adam Chowaniec, who many of you know is the CEO of Tundra Semiconductor; Doug Barber, who was the founder of Gennum Corp.; Dominic D'Alessandro, who is the president and CEO of Manulife Financial; Mike Lazaridis, who is president and co-CEO and co-founder of Research in Motion; Dr. Tak Mak, the director of the Campbell Family Institute for Breast Cancer Research at Princess Margaret Hospital. Of course, in 1984, people will know, Dr. Mak isolated the gene that makes T-cell receptors and the T-cell receptor identifies normal cells as intruders and mistakenly begins attacking them. It's fundamental. That's the quality of the researchers around the table.

Dr. John Mann is a former director of engineering and regulatory affairs at DaimlerChrysler; Elspeth Murray was the vice-chair of the committee. She's the managing director of the Queen's Centre for Business Venturing. Dr. Gilles Patry, who just recently finished being the president and vice-chancellor of the University of Ottawa; Dr. Janet Rossant, a leading geneticist from Sick Kids; Dr. Molly Shoichet, who is a professor of chemical engineering and applied chemistry at the University of Toronto; Dr. Mamdouh Shoukri, who is now the president and vice-chancellor at York University, and when he started he was the vice-president of research at McMaster; Dr. Ilse Treurnicht, who, as many of you know, is the CEO of the MaRS Discovery District; and finally, also Tom Vair, who is the executive director of the Sault Ste. Marie Innovation Centre.

That was the blue ribbon panel of eminent Ontarians who advised the Premier.

The Chair (Mr. Tim Hudak): Minister, sorry to interrupt. Could you get one of your staff to give us a copy of that just for the sake of Hansard for the spelling of the names and such?

Hon. John Wilkinson: Yes, we'll provide that, and their biographies.

The Chair (Mr. Tim Hudak): Thank you.

Hon. John Wilkinson: I'll just finish up. There is a kind of three-pronged approach. The other thing, of course, is that we brought in Dr. Alastair Glass—we stole him away from Ireland—a leading expert on the global stage about how one converts R&D into innovation. You will recall that Ireland at one time was one of the poorest

nations in the EU; it transformed itself into one of the richest. Dr. Glass, who is a leading researcher in his own right at Bell-Northern labs in New Jersey, had gone to Ireland and was part of that transformation. Then, finally, as the Premier's parliamentary assistant, when I was in that role, he asked me to lead a cross-province consultation. I believe I met with over 400 individuals or groups over about six months. So I was tasked by the Premier to work with the ministry to create a strategy, which was launched this spring and is known as the Ontario innovation agenda.

Ms. Laurie Scott: The Ontario Research and Innovation Council—ORIC, I think you acronymed—is currently under review. Why is it currently under review?

Hon. John Wilkinson: No, that's not accurate. It's not under review; it has been disbanded. We had some very top people. They were tasked with providing very specific advice to the Premier when we got the strategy. ORIC does not meet any more. What is under review is something called the Ontario commercialization network. That is something that I launched a review of. We had many commercialization programs right across Ontario and I felt, as the minister, that it was important for us to review that. Actually, in this case, following the Premier's lead, I've put together what I consider to be a blue ribbon steering committee and then an expert panel of globally significant reviewers to look at our commercialization to ensure that we're bringing the right focus, that we're bringing the best practices, that there is no duplication, and that there are not areas of commercialization where we are lacking. But ORIC was the blue ribbon panel to help us get the strategy.

At the moment, as the minister, I'm actually reviewing one of the ways that we implement the strategy by making sure that what our commercialization network is doing is aligned with the strategy, the innovation agenda that was announced in the spring of this year.

Ms. Laurie Scott: All right. So they're disbanded and we now have a commercialization network that's—is that the correct terminology?

Hon. John Wilkinson: Yes, the Ontario commercialization network, which broadly covers a lot of the different groups around the province that help deliver the commercialization efforts of the province of Ontario. I think of places like MaRS, the Ontario Centres of Excellence. I have regional innovation networks, many of them centred around communities where there is a university. I have sectoral innovation networks that deal with specific areas of expertise. So we have a number of programs across—and you will recall, of course, that we created the ministry in 2005. So many different programs from across the government have ended up migrating to their new logical home, which is MRI.

My background as a certified financial planner, someone from business, makes me think that when you inherit something, different pieces, and you're trying to do a strategy, one of the things you have to do is make sure that everybody in the organization is aligned to that strategy. That's why we're doing that review. It's not an exercise to cut money; it's an exercise to make sure that all of the various groups are coordinated through the ministry to make sure that we're getting the best value possible for the taxpayers of Ontario.

Ms. Laurie Scott: Okay. So when the Ontario Research and Innovation Council existed, how often did it report to the minister? It was the Premier before and now it has become you. Did they produce reports, regularly scheduled meetings with members?

Hon. John Wilkinson: Oh, yes, they did.

Ms. Laurie Scott: Could they possibly be tabled? We're just trying to follow a path of what was recommended, what has evolved and what has taken place as the results have—

Hon. John Wilkinson: Well, as—

Ms. Laurie Scott: If that would be possible. I wondered if the council produced reports.

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Hon. John Wilkinson: As someone who read all those reports and as someone who participated in those meetings, I can assure you that the meetings happened. You can imagine that that is quite an impressive list of Ontarians who actually were able to rise to the call of their province to help us. Their reports and their advice—what they did is they actually broke themselves up into certain subcommittees. They provided two reports, which are publicly available, but to help this committee, we will endeavour to get you copies of those two reports. What you'll find in those reports is that they really are the seeds of the innovation agenda. Of course, my innovation agenda is on our website, but we can also provide you copies of the speeches that I've given on that. They're also readily available.

I can, if this would help you, Ms. Scott, talk about ORIC's main recommendations. I believe that they could be summarized as follows: one, we have to be a lot more focused; second, we need to enhance commerce competence.

I will tell you, for example, my observation of this field is that we have brilliant scientists in this province who are by and large business-illiterate and we have world-class business leaders who are by and large technologically illiterate. I don't expect my scientists who are making a breakthrough in green technology or cancer research or super-computers to stop and go get an MBA, and I don't expect the CEOs of this province to stop and go get their PhD in biochemistry. But I do think that it's important for us to have this kind of lingua franca, this bilingualism, this ability for people from science and people from business to talk a common language. So what we're trying to do, and the advice that they gave us is, "You've got to raise, on both sides, this level of ability to communicate."

MaRS is a wonderful example here in Ontario, and a world-class example, about how, if you put these people together, they will interact. This is the concept of government being a catalyst. We can't make it happen, but we can set the conditions for the reaction to happen within the vessel that we create. As well, there was a

great deal of need to look at skills formation, which has been inspired by the work that we're doing, both at the Ministry of Education and the Ministry of Training, Colleges and Universities. We believe that we need to expand, on the ground, our regional centres of innovation. We can't run this thing from Queen's Park; we need to have our people on the ground where the innovation is happening. We need to have better access to appropriate capital, and I know that I'll be speaking further in my half hour about venture capital. We need to have a communications strategy.

In Ireland, for example, when you go to the airport, all the top scientists, all the Nobel laureates from Ireland—they're at the airport. They celebrate that. When you get to Ireland, they say, "Here's who our heroes are, the people who are transforming our economy." Some of the advice that we've had is that we do need to celebrate that. Our top scientists, every week, are offered opportunities from other jurisdictions around the world, saying, "Come here." We need them to know that we appreciate them, that we value them, that they're making a tremendous contribution.

Finally, I would say that they also gave us two wonderful ideas: one, you can't monitor what you can't measure. I believe that as a business person, so you have to have appropriate metrics to measure success so that you can move forward. And we need to have—and this is something that we're dealing with with the federal government—a much more clear intellectual property regime here in Canada. I know that we're working very hard with other provinces to push forward that agenda about how we need to have intellectual property patent rights here in the province of Ontario and across Canada. That also is something that business needs to see.

Ms. Laurie Scott: You may have answered a few of these indirectly, but when the council reported back, did they say specifically what the barriers were that did exist to innovation in Ontario? You mentioned that you had to be more focused and that, but could you give us a little bit more concrete—I understand about the scientists and the businessmen collaborating, but could you give us a little bit more specifically what the barriers were to innovation in Ontario, what they actually said they are and that this is how we can help solve them?

Hon. John Wilkinson: There are two sets of advice. What they were able to show is that it's not the whole thing that's broken; as a matter of fact, the one thing that we probably didn't recognize is exactly how globally competitive we are when it comes to R&D—no doubt about it. I think one of the things that we learned from ORIC and having people from around the world take a look at this is the fact that we, collectively, were underestimating the strength of our research and development capacity here in Ontario.

What they did say is that you are getting innovation; you are getting great ideas turning into companies. That's happening, but it's not inevitable. What he's saying is that in a knowledge-based economy, especially in a place like Ontario which can be whipsawed by the forces of globalization, the route to success is to go from being a place where innovation happens to a place where innovation is inevitable, what they refer to as the culture of innovation.

The culture of innovation requires us to look at what those impediments are, and again, I would say, for example, that our world-first budget measure that said that we will have an Ontario corporate tax exemption for new companies that commercialize innovation, intellectual property from any Canadian research institution is a good example of how the advice of ORIC—in other words, you've got to be commerce-friendly—is being put into force.

They said that we need to have a much more vibrant venture capital market. Large institutions from around the world had pulled back from providing venture capital; that was affecting our ability to fund venture capital. It's not something that government can do. It's something that the markets do, so what was the appropriate way to do it?

We went around the world to try to find the best examples of vibrant venture capital markets. Actually, we were inspired by the work in Israel, where they have something called the Yozma fund. The Yozma fund is the way that the government can work collectively in partnership with large institutional pools of capital to create the venture capital required based on the principles of business, based on the principles of getting a good rate of return. That's why I'm so happy that in the Ontario venture capital fund we made a seed investment of some $90 million. Publicly, we now have $205 million in that fund because we've been joined in partnership by the Royal Bank, TD Bank, Manulife, OMERS and the Business Development Bank of Canada. That's a good example of how we can work in partnership to stimulate the venture capital market.

Since I became the minister, just some nine months ago, there's $205 million more in the Ontario venture capital fund that's available now to the market. Jim Balsillie from Research in Motion created the BlackBerry partners venture capital fund. What we're finding now is that the venture capital market is coming back to Ontario. If we want the market to come here, they need to know that we have cutting-edge research that wants to be commercialized in this jurisdiction.

That's two examples of the things that we're doing through the agenda to take the strategy and actually implement it and put it into force. That's why our ministry is focused on actually taking the strategic advice that we receive from our deputy minister, from ORIC and from the consultations that I did for the Premier and actually implementing that. That is the focus of our ministry now and its history. It's only in its third year, and we're past the planning and into the implementing. Now it's all about getting results.

Ms. Laurie Scott: Okay. There's so many points to hit. How much time do I have in this segment?

The Chair (Mr. Tim Hudak): Thirteen minutes.

Ms. Laurie Scott: Okay, maybe I'll just finish off the questions that I had about the research and innovation council, the reports they did. I appreciate that you're going to table those reports to us.

You did mention Alastair Glass. He's the deputy minister, a great track record—

Hon. John Wilkinson: Was.

Ms. Laurie Scott: Was the deputy minister; I'm sorry. He came over from Ireland. The question I have is that the number of employees at the Ministry of Research and Innovation earning over $100,000 has increased by 33% year over year, from nine to 12. In your budget of 2007-08, you have salary, wages and benefits that are over $10 million. It seems to be a budget that's growing immensely. Alastair Glass is no longer there, but his salary increased 36% year over year. I just wondered: Can you explain the large increase in salaries and wages that has occurred in the Ministry of Research and Innovation in that time period, because over $10 million is quite a staggering figure?

Hon. John Wilkinson: Well, Ms. Scott, I know that my current deputy minister—

Ms. Laurie Scott: No disrespect to any of the employees here.

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Hon. John Wilkinson: I appreciate that, because I can assure you that we have an extremely hard-working team, truly a team, at the Ministry of Research and Innovation. I know that my deputy minister would want to wade into this, but what I can say as the minister is that three years ago we didn't have this ministry. It is considered one of the five-point pillars of our government's economic strategy, and as a result, resources are coming to it. I would say, for example, that in the last budget the Minister of Finance allocated some one quarter of a billion dollars in additional monies for us for the Ontario research fund, which is our major ability to fund cutting-edge research in the province of Ontario, based on peer-reviewed excellence.

We're a ministry that was put together from other ministries and other programs that were put together. So obviously, over that period of time, you're going to have some growth, but that is just reallocation of government resources to a new ministry. I think it's a bit of a canard, as someone who's a certified financial planner, if your base on the $100,000 is constant, eventually, over time, you're going to have more and more people go over that threshold. I don't think that if we actually used a threshold that was current and constant dollars, that would be so egregious. But I agree, in support of that legislation, that people need to know what our public servants and what we as politicians are being paid; how else can they determine whether or not they're getting good value for the taxpayers' money?

I can tell you that Dr. Glass—the Ontario public service is a mix, and it's something that I know previous governments have used in regard to the senior leadership of the public service. We have those people who have had a career, from the beginning of their career, inside the Ontario public service, but then as well, we attract top-notch individuals from outside the public service to come and provide service to the province, many of them from Ontario but some of them from outside of Ontario and even outside of this country. Occasionally, we need to have a special set of skills.

One thing that Dr. Glass—and he is an eminent scientist in his own right. He is a person who has actually patented new technology. He was at the cutting edge, in Bell-Northern research labs in New Jersey, of the breakthrough in science that created photonics and our ability to connect the world through the Internet. He was at that and part of that work. Then, of course, he did this phenomenal work in Ireland. The transformation of the Irish economy—he was there. So he brought a unique set of skills to us. What he was able to do, and I thought this was fascinating—it would take somebody like the Premier to convince someone to do that, but what he was able to do was bring this global perspective. I mentioned global opportunities, global challenges, our Ontario innovation agenda seizing global opportunities: It was Dr. Glass who brought that global perspective that I don't think we had here in Ontario. He was able to go—not from somebody from within this province but coming from outside—to our top researchers and our top businesses and say, "What are you the best at?"

One of the things I say in my speeches when I'm talking to our stakeholders is, "Listen. If you either are or intend to be top three in the world, come and see me. If you don't, don't come and see me, because I'm just dealing with the best of the best—the best research, the best commercialization efforts, because that's what this ministry is all about." To get the future to come to the present, we have to focus our limited resources on the best. I would say, that's the legacy of Dr. Glass and his contribution.

Obviously, because it's a question about public servants, I'd turn this over to my deputy minister.

Mr. George Ross: Good morning. It's George Ross. I'm Deputy Minister of Research and Innovation. I hope you can appreciate that I can't talk specifically about individual salaries here. I can tell you: With respect to the salary disclosures of individuals over $100,000, there are 11 who were identified out of the Ministry of Research and Innovation. The increase in the salary and wage budget for the ministry is primarily due to some new programs that the ministry has taken on, specific to the Next Generation of Jobs Fund.

Ms. Laurie Scott: So, the accountability of the increase in salaries and staff is because you took on that new branch.

Mr. George Ross: Yes, some additional responsibilities.

Ms. Laurie Scott: Okay. Of note, and I mentioned Alastair Glass, and no disrespect, but in the list for 2008 it was $364,000 that he was making, plus change. I realize he's of a specialized character. I know you were involved with the research and innovation council and their reports. Was he involved in that? I know he wasn't

the chair, but did they report to him—again, getting back to their information, what he has experienced and the results that you're providing as a strategy.

Hon. John Wilkinson: The line of accountability was that ORIC was working at the behest of the Premier in his capacity as the Minister of Research and Innovation. What the ministry did, and what Dr. Glass did as the head of our ministry, was to actually support the work of ORIC. Because of his unique set of skills, he was an ex officio member of ORIC. I know now personally all the members of ORIC, and they commented to me how it was helpful to have someone with Alastair's unique viewpoint of the global economy and the global world of both research and innovation to be ex officio. But the advice that was tabled by ORIC was directly to the minister, who at the time was the Premier. It was his blue-ribbon panel to help give him strategic advice so that we could move forward, which has now become the Ontario innovation agenda.

So we had ORIC, we brought in some great people like Dr. Glass from outside, and then I was tasked, as the Premier's parliamentary assistant, to actually do the Ontario consultation. Like I said, it was 400 people. I've always said to people that probably the most challenging day I've had since I got elected was when I was doing that. On that day alone, I was in Toronto, I was in Thunder Bay, I was in Toronto and I was in Windsor—on the same day. I always tell people that perhaps next time I'll run in a smaller province, like Prince Edward Island. When the boss asks you to do cross-province consultation—this is an awfully big province. Of course, when you go to Thunder Bay, they remind you that the other half of the province is north of there.

There were three things that came together, and that was part of our ability to seek a mandate from the people. We were clear about what we wanted to do in this area, and that was part of the campaign platform of the government seeking re-election.

Ms. Laurie Scott: Okay. So the reports that will be tabled will be the combination of what you had just said that has taken place with the stakeholders, the recommendations, Dr. Glass's input. It should be in the reports that we've asked to be tabled.

Hon. John Wilkinson: My deputy knows what's available.

Mr. George Ross: The reports we can provide are the recommendations from the Ontario Research and Innovation Council.

Ms. Laurie Scott: At which Dr. Glass was an ex officio.

Mr. George Ross: The rest of the material has made its way into the Ontario innovation agenda, which is available on our website.

Ms. Laurie Scott: Okay. I know I just have a few minutes, Mr. Chair, but I don't think I'll start another topic and then switch back around, if that's all right.

The Chair (Mr. Tim Hudak): Yes; absolutely.

This is what I'm going to recommend, in discussion with committee members, so that members of the committee can prepare their next round of questions: In the absence of the third party, we now have the 30-minute response and summary by the minister, then we'll revert to 20-minute segments, beginning with the official opposition. So you'll be back on for 20 minutes, followed by the government members. We'll keep rotating, expecting that we won't have the third party here.

Under the standing orders, the 30-minute segment is described specifically, so that will be forfeited in the absence of the third party. They won't get that 30-minute segment. I would like support from the members of the committee to allow the third party to stack the remaining 20-minute segments when the committee resumes on September 23. Is everybody okay with that, in the spirit of collegiality? Terrific.

The clerk will keep track of the 20-minute segments that the third party misses and allow them to stack that time when we resume when the Legislature is back in session.

Minister, you have 30 minutes for your summation or response to the issues that have been brought up already.

Hon. John Wilkinson: Great. Thank you, Mr. Chair. I'll continue some of my remarks.

Leadership, as we all know, is about setting priorities, about determining a vision. It is, at its core, about figuring out where to go and how to get there. As a certified financial planner, that was the life that I led for over 20 years in my business career: helping people understand where they are, where they want to be and how to have a plan to get there.

The bigger the challenge, the more inspiring the vision, the more likely it is that people will want to contribute. Take one of the most exciting feats of the 20th century: landing a man on the moon. The distance from the earth to the moon is over 380,000 kilometres. Considering the enormous technical challenges that remained in 1962 when President John F. Kennedy boldly proclaimed that America would go to the moon, the distance between vision and realization must have seemed even further. Unbowed by the unknown, Kennedy was bold. He declared that "this generation does not intend to founder in the backwash of the coming age of space. We mean to be a part of it—we mean to lead it."

I think all of us will remember his inspirational quote; it's clipped all the time. But what I want to do is talk about the quote that we've all heard and then actually complete the quote of President Kennedy, something that we don't hear. You'll all remember that he made that commitment tangible by saying, "We choose to go to the moon. We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard...." But then he went on to say, "Because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win...."

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Those words set in motion an unprecedented effort that drew together the talent of over 400,000 people and 20,000 companies and universities, who, working together, achieved Kennedy's lofty goal in eight short years.

In Ontario, we too have ambitious goals. We aim to be the best place in the world, not just to live, work and raise a family, but also to innovate, to turn ideas into reality, to turn ideas into better health care, a cleaner environment and endless possibilities for Ontario families. We are determined to be the best place for those compelled to find better ways of doing things. We will be a magnet for those who think and dream big, who are working to find solutions to global challenges like cancer, clean energy and climate change.

But we know that some challenges are too big for one organization to tackle alone. And like the moon shot, so many of today's most exciting opportunities involve multiple disciplines and many teams working toward the same goal, the same vision. Take, for example, a collaboration between the Ontario College of Art and Design and Baycrest, a leading academic health sciences centre. They are working together to use art and technology to help people restore memory after suffering from brain damage. In both cases, the recipe for success is mixing people together, people and organizations with different skills, different knowledge and different perspectives. If Ontario is truly to go after global opportunities, if we want to think big, we must follow this recipe. We must find ways to bring together groups of different organizations, so that each can bring their own strengths and skills to the task of accomplishing something bigger, something bolder, something greater than the sum of its parts. As the Premier always says to us in our caucus and says to the people of Ontario, none of us is as strong as all of us, none of us is as smart as all of us. It's bringing people together and their different perspectives that allows us to go after these global challenges and turn them into opportunities for future generations.

That's why we created the strategic opportunities program, which is a component of the Next Generation of Jobs Fund: to support industry-led consortia in Ontario, made up of companies, researchers, universities and not-for-profit organizations that will pursue huge global opportunities emerging within high-growth innovative sectors such as cleantech, digital media, life sciences and health technologies. We believe that with government acting as a catalyst to bring together the best this province has to offer with the best in the world, Ontario will not only be able to compete globally, we'll be able to lead the world.

Supporting the establishment of new innovative companies in Ontario is important, but with our innovation agenda, we're thinking bigger. We want to encourage high-potential companies to grow into the kind of firms that lead their market segment globally. A critical part of supporting the growth of these companies is access to capital. For many innovative start-ups, the first investors are angel investors, who are willing to provide personal funds and mentorships at the most risky and critical stage of new innovative companies, just before they commercialize their innovations. When they have an idea, they may have a product, but they don't have any cash flow. That's why Ontario created the angel network program, which helps bring new angel investor groups into being and provides them with the knowledge, education and other resources needed to invest successfully in emerging Ontario companies. And where there's a vibrant angel investor community, you find a much greater penetration of innovation into a society and into a system.

I know the Canadian conference board was just in the Waterloo region. One of the hallmarks of what's happening in the K-W area is that they have a vibrant angel investor network where people have made money on their own innovations and are willing to invest at this very early stage in other bright ideas within their region.

Delivered in Ontario by the National Angel Organization, the angel network program has already supported the creation of six new regional angel investor groups, as well as the first angel investor group focused on the emerging clean-technology company sector. They expect that Ontario's $2.5-million commitment to the angel network program will attract over $25 million of investment in seed and early-stage Ontario companies over the next four years—$25 million of personal cheques from these individuals, who are referred to in the marketplace as "angels."

Of course, once companies grow beyond the angel investment stage, they rely on venture capital for the advice and money needed to grow their businesses from start-up to thriving enterprise. That's why a healthy Ontario venture capital sector is critical to our future and is a critical part of Ontario's innovation agenda, and it's why we created the Ontario venture capital fund, in partnership with financial institutions, including OMERS, RBC, Manulife, BDC and TD Bank.

The partnership component is very important. We could have started a program on our own to invest this $90 million that we committed directly into innovative companies, but that alone wouldn't strengthen the venture capital market in Ontario and it wouldn't make a long-term impact on the climate for innovation in this province. So instead, we worked to create a vehicle for bringing together large institutional investors with venture capital. We wanted to create something that would not only impact innovation in this province today but also create momentum for years to come. That partnership now, when we launched the fund officially in June of this year, stands at some $205 million, and I can advise that there is also active participation by others into a second round of funding into the Ontario venture capital fund. The partners—and we are just a limited partner; the province of Ontario is just a partner like all the other financial institutions—collectively chose unanimously what we feel to be a very effective fund manager that is being provided by TD Capital to manage

that fund. Again, we have the benefit of the discipline and the expertise of the private sector and of those large institutional partners that we're with to try to get the very best of the best.

We're very pleased with the partnership that has resulted. We have bold partners that are investing in innovation in this province, and we thank many of these institutions, these key institutions that are part of our economic fabric, for stepping up to the plate and being part of this new, exciting venture.

We have, as I said, a capable fund manager that is committed to strengthening the venture sector, and we have a market-driven fund designed to translate the growth of innovative companies into reliable returns for investors. Reliable returns are important. That will attract sustained investment in the venture capital market and will ensure that Ontario innovation can find the support it needs today and for years to come.

As Minister of Research and Innovation, I'm privileged to see the future every day, and what I've been seeing over the past year makes me very hopeful and very excited. I believe that we need to celebrate our success. That's the rationale behind the Premier's Catalyst and Discovery Awards. These annual awards recognize outstanding Ontario researchers and innovators—the people who are literally inventing the future. The award winners are amazing examples of the extraordinary talent that we are fortunate to have here in Ontario.

Now we need to tell our kids and the world. Our kids need to know that, thanks to the talent we already have in this province, due to the tremendous investments that governments of all stripes have made into this province and due to our commitment to innovation, the future is bright for careers in science and technology. We need their talents if we are to continue to build on our strengths and take on the world. That's why my ministry supports a number of programs to get kids excited about innovation. In fact, we recently announced a $5-million additional investment to support two organizations: Let's Talk Science and the Youth Science Foundation of Canada. These two organizations will work with our youth science outreach organizations, teachers, school boards, businesses and other ministries to help ensure Ontario students are prepared for the jobs of the future. And while we encourage our homegrown talent, we also need to attract bright people, innovative companies and new investment from around the world.

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That's why Ontario had a significant presence at BIO 2008, the world's largest life sciences conference and trade show. We've built a very popular presence at BIO—and I knew something about marketing before I got to this place—because what we did at that event is: Canada, as a country, has the largest footprint in the trade floor at BIO. Within the Canada footprint, we have all of our provinces, and of course Ontario has the largest footprint. In our part of that, we actually have a Tim Hortons. We have a partnership with the good people at Tim Hortons, and they have a two-storey Tim Hortons in the Ontario pavilion. We have people from around the world at BIO and they come to see us because of Tim Hortons. I think it has been a marketing coup.

In Boston last year, we gave out 11,000 free cups of coffee—Tim Hortons did. They came up to the plate to stand with our province as we marketed our key advantage around the world and allowed people to get together because, as I said, it's about bringing people together so that you can actually make a deal, you can actually talk about what you need in your country versus what we have available and vice versa.

I must admit also that we have ex-pat scientists and business leaders around the world. They would walk into BIO—and we just had the one in San Diego—smell the Tim Hortons and come right there. It smells like home.

Anyway, while we were enticing delegates with the fresh-brewed coffee and getting delegates from around the world to come and drop by, it was also our top-notch talent that actually created the buzz at BIO, sending a signal to the world that Ontario is the place to develop new products and bring them to market.

With our five-point economic plan and Ontario's commitment to research and innovation, our government and this province is prepared not just to get through this time of change and global challenges but to become stronger and build a better future. We recognize that other jurisdictions are also working very hard to become more innovative and more competitive. This is no time to take our research strength and our commercialization efforts for granted; this is the time to accelerate them.

I believe Ontario possesses a combination of advantages that truly sets us apart. In my business background, you have to have your unique value proposition: Why do an investment here instead of some place else? And we do have a unique value proposition.

First, we're big. The province of Ontario is 13 million strong. Our economy is twice the size of the next-largest provincial economy. Over a third of all new Canadian jobs since 2003 have been created right here in Ontario. Half of all new immigrants to Canada choose to live here—a wonderful diversity that gives Ontario a unique advantage with direct links to foreign markets all over the world. We're situated in a great location. If the provinces and states surrounding the Great Lakes were a country, we would be the second-largest economic unit on earth, second only to the US economy, and bigger than Japan, China and India. We have the lowest after-tax research cost of any of our neighbouring jurisdictions, plus our Next Generation of Jobs Fund. Our commitment to innovation is big as well, with $3 billion committed over eight years, in addition, as I said, to our $1.15-billion Next Generation of Jobs Fund.

Second, I believe that we're bold. We are looking to invest in innovative people and businesses that want to be the best in the world.

Third, we're focused on supporting investment, innovation and growth in sectors where Ontario is already strong, where we punch well above our weight, where we are already, or can be, a global leader.

Fourth, in a global marketplace, speed counts. Ontario aims to be first and fast. We are leading North America with one of the first private-public, market-driven venture capital funds, the first billion-plus-dollar fund focused on strategic opportunities driven by the commercialization of research, and the first to offer a 10-year corporate tax exemption for the commercialization of intellectual property. We are the first government we know of that has promised to make a decision within 45 days, guaranteed.

Finally, we are focused on investing in our most valuable renewable resource in the 21st century and our greatest global competitive advantage: our people. When we invest in innovation, what we are really investing in is our people and in our ability to consistently turn our best research and ideas into new products and services that will improve our lives and that we can sell to the world. Ontario is home to the most skilled and creative workforce in the G7 and we know that the power of innovation lies in the power of these people to successfully turn the incredible into the everyday.

Imagine what the next generation will bring. Imagine what our future can be. It reminds me of famous computer scientist Alan Kay, who said, "The best way to predict the future is to invent it."

Mr. Chairman, I have how many minutes?

The Chair (Mr. Tim Hudak): You still have 14 minutes.

Hon. John Wilkinson: That's great. What I wanted to share with the committee is what I get to see every day. I have the advantage, as the Minister of Research and Innovation, as I was saying, to actually see the future: And the future is bright. It is amazing what I get to see every day.

We have a company here in Ontario that actually figured out how to put on a glove and the glove tells you how to do CPR. I'd say to my friend Ms. Scott that we all have to learn how to do CPR, that we should all know how to do that. Most of us in that situation (1) would panic and (2) would not remember what we learned as children. So this innovation, which was developed here in Ontario by Atreo, has you put on a glove and the glove tells you how to do CPR, how to save a life. It actually gives you feedback to tell you whether or not you're compressing the chest either too quickly or not enough; it reminds you to check the airway; it tells you what is the appropriate amount of pressure; and it reminds you to get someone to call 911. That company is based in Burlington and it just answers a simple question: If someone suddenly collapsed in front of you, clutching their chest, would you know what to do? Would you calmly and competently perform CPR knowing it requires 100 compressions a minute to a depth of five centimetres? Would we know that?

With the goal of helping to save lives by helping people to perform CPR correctly, Atreo Medical Inc. has invented the CPRGlove, a portable medical device that gives any user a better chance of saving a life. Featured in Time magazine's 2007 best inventions of the year and in Popular Science magazine's 2007 top 10 inventions of the year, the CPRGlove was created in 2007 by three biomedical and electrical engineers from McMaster University: Corey Centen, Nilesh Patel and Sarah Smith.

Though they were trained in CPR in high school, the trio agreed that if put in such a situation, it was doubtful that they could competently perform CPR and save someone's life. So incorporating multiple censors in a wearable glove, they invented a device that collects sensory data and instructs the user on where to apply pressure, how fast and how hard to make compressions, and even where to place one's hands on the victim's body. It also reminds users to check the heart rate and contact 911. By making the CPRGlove a widely accessible resuscitation tool, Atreo hopes to improve the survival rates of the nearly 350,000 out-of-hospital cardiac arrests that occur annually within Canada and the United States.

On May 13, 2008, our ministry announced a grant of some $500,000 to Atreo Medical Inc. through the investment accelerator fund component of the market readiness program. The funding will help Atreo bring to market its award-winning CPRGlove.

That's a great example of our formula in action. There is a global demand for that invention. It started with just some bright people asking a question, realizing they didn't know how to solve the problem and using technology and their ability as top researchers to come up with a way to create a new technology to meet a global market. You can't tell me that there's not a global market for that device.

It isn't up to government to come up with that. It's up to government to act as a catalyst to nurture that investment, to nurture that talent, so we've made this tremendous investment that allows these three bright kids at McMaster to come up with a better mousetrap, to come up with something that saves lives. We need to go the next step. That's why we have our investment accelerator fund. As I said, it invests—and, in this case, with Atreo, $500,000 in seed money for high-potential start-ups that have, and they require this, a $100-million-plus global potential market and a high likelihood of private capital to follow on an investment. It ensures that ideas spawned in Ontario can turn into great Ontario companies.

But those three young scientists from McMaster, who are just at the beginning of their research career and their ability to be innovative, need to be supported. In my opinion, that's the role of the government. We can play a key role in providing the mentorship that they need. We can't interfere; we don't want to take away their focus on what they're doing, but we need to be able to support them. We need to act as a catalyst and provide the services they need.

For example, I was talking about BMEP, the business mentorship and entrepreneurship program. It addresses the need for a large cadre of entrepreneurs to lead the next generation of Ontario companies. All major companies started as a small company. It's a unique amalgam to have someone who's both an entrepreneur and people

who are innovative in their own right. You need both, and we need to be able to support that. It's a significant factor in launching and growing a successful, innovative company and it's their ability to manage that and to have those skills. We need to make sure that they have the skills or we need to help a team.

1030

I want to talk about an announcement. We have a program called the Early Researcher Awards. Hundreds of millions have gone to our top researchers. It's peer reviewed. Just this week I was at Bloorview hospital here in Toronto, the rehabilitation hospital for children. I met Dr. Tom Chau, who is one of the recipients. I think there were 22 in the GTA, 66 across this province; this, in our fourth round of Early Researcher Awards. The decisions are made not by politicians or political scientists but by scientists through peer review. Dr. Chau's group at Bloorview is trying to figure out how we can take children who are locked in bodies that they don't control and allow them to communicate. I met a young man who is 15 years old, the same age as my middle boy Liam. His name is Max and he was there with his mom Karen. Dr. Chau and his team see Max as one of the great challenges. Unfortunately, he was born with cerebral palsy. They know that Max is cognitive, they know that he is a bright kid, but he is trapped in a body and he can't communicate. All the traditional forms of communication are unavailable to Max: Bliss boards and the ability to control devices. Scientists tell me: "All we need for Max is to figure out how to have one thing that he can control on and off. That is the basis of all digital communication—one and zero, on and off; if we can just find that. So we're trying to unlock that for Max."

When we made the announcement, his mom got up, and she knows that her son is there, that he's trapped inside his body. She said, "As a mom, all I want Max to be able to tell me is what I know is in his heart. I just want him to be able to communicate to me that 'I don't like that TV show. I want to be outside. I love you, Mom.'" His mother said that. So I think that there is the ability for us to transform our society.

When you have somebody like Dr. Tom Chau and he can unlock the world for Max, think of all of the other people in our society who are trapped by disease and without the ability of being able to communicate with their loved ones. There are two things he'll be using with Max. He has some control over his eyebrows, so one of the ideas is to have this headband that he would wear and he would be able to have this interface by controlling his eyebrows. But they're not sure, because of his cerebral palsy, that he actually can do that. Another doctor there showed me how they're actually using an infrared camera on his face. They believe that he can control his emotional state and therefore change the heat signature of his face and that this camera will pick that up.

These are brilliant people. And you would say, "That's a lot of money just for Max," but you can't tell me, if our scientists here at Bloorview can figure out a way to unlock the world for Max so that he can communicate, that there aren't commercial applications. What we have to do and why we need to do a better job and the reason we have a Ministry of Research and Innovation is to make sure that when we invent it here it's commercialized here. Our ministry is not for putting money into Ontario so that there are new jobs in Indonesia or Germany. This ministry is all about making sure that when we have great ideas they're commercialized here and not in another jurisdiction.

Every day I get to see both applied research, like Dr. Chau's, but also basic research. As I was saying, at the Perimeter Institute, which in large part is due to the philanthropy of Mike and Ophelia Lazaridis—they had a vision of having a theoretical physics institute that would attract the best in the world and unlock the basic questions of the universe; a lofty goal. There is no direct application for that. That's not applied research, that's basic research. That's unlocking the fundamental questions. Look at the success—I'm proud as a government that we were able to invest $50 million after Mike and Ophelia invested $100 million. Mike and Ophelia just invested another $50 million. What a testament to science and the power of science from a world-renowned leader from right here in Ontario, who calls K-W his home.

I would say—many people would say—the brightest guy in the world is a guy named Stephen Hawking. There was Einstein in the last century and it's really Hawking nowadays as one of the greatest minds; someone who also is trapped in a body that's unresponsive, but he's learned how to communicate. The amazing thing is that his young collaborator is Dr. Neil Turok. The last theory put out by Stephen Hawking is actually the Hawking-Turok theory. Neil Turok is at Cambridge, the home of physics. Neil Turok is coming to Ontario. He's coming to Waterloo to be the new scientific director of the Perimeter Institute. Why? Because it is becoming the best in the world, and the best attract the best.

One thing that I've learned in talking with our top researchers is when it comes to peer review, the only person who can peer review someone who's on track for a Nobel Prize is someone else who's on track for a Nobel Prize. The best know the best.

So the power of the Ministry of Research and Innovation is we get to see the very best of who we have in this jurisdiction and we get their network of other people around the world who are best.

The reason we have a Ministry of Research and Innovation is that research and our ability, through this ministry, to see the future, to see where the potential is, which allows us to move and focus our efforts to those global challenges where we think Ontario has a competitive advantage through commercialization. If we can do that, we believe that that is one of the key routes to success in the 21st century, by identifying global challenges, looking to see where we have top researchers and how we can focus our efforts. We know our areas of focus and we're open to others, but it is very important for us to be focused.

In conclusion, I want to say to the committee members that I really look forward to answering the questions of the estimates committee because the estimates of this ministry give life to this vision that we have collectively, I think, about how we need to have a brighter future for our children and our grandchildren. I do not believe that we will be the first generation to leave our children and our grandchildren with a dimmer future. I think that our parents and our grandparents expect nothing less than the best of the best from us. We need to work collectively to take advantage of those investments that we have made over the years and turn them into economic prosperity.

The Chair (Mr. Tim Hudak): Thank you, Minister. We'll now go to our 20-minute rotations. In the absence of the third party, we'll rotate from the official opposition to the government. We'll have time for four 20-minute segments, and then we'll conclude just before noon. This will mean the NDP will only miss one segment and they would start the next day with 20 minutes and 20 minutes of stacking time, so it actually works out quite well.

Ms. Scott, you have the first 20 minutes, and then the government members. We'll rotate until just before noon. Ms. Scott, the floor is yours.

Ms. Laurie Scott: The Ontario innovation agenda ensures a culture of innovation, as you say, to support company creation, growth, investment in Ontario. Could you, as minister, tell the committee how Ontario's tax rate on new business investment compares to other Canadian provinces? We're competing?

Hon. John Wilkinson: Well, there are two things. We have the lowest after-tax research cost of any of our competitive jurisdictions. The business climate here is the same for all small businesses whether they're research intensive or not. The difference for research-intensive businesses is the fact that we have both the federal and provincial tax credits called SRED. I know that when the federal government improved the SRED, we applauded that, and then we moved, in our budget, to mirror that so that we would continue to use the SRED credits as a way of helping businesses constantly reinvest in research.

In regard to the question of the overall taxation of businesses in Ontario, I think that would be a question for the Minister of Finance.

Ms. Laurie Scott: It certainly affects your ministry if we're trying to attract new businesses to Ontario. Ontario has the highest marginal effective tax rate on business investment, not just in Canada but in the developed world, and it is a factor. You have an NDP government in Manitoba, a Conservative government in Alberta and a Liberal government in BC that have a lower effective tax rate on investment. Roger Martin from the Rotman school of business said, "In Ontario, we still have one of the highest marginal tax burdens on business investment in the world." Do you not consider that provincial tax structure an important element of the business climate? I heard what you said about the SRED, but I'm just saying there are factors here that—

Hon. John Wilkinson: The most important factor is talent. Business taxation is an important factor, but the most important factor is talent. We, as a government, believe that we have to invest in that talent. That is something that we're doing through the Ontario innovation agenda. It is important that those businesses cannot survive without talent. That's why we have such a tremendous focus. There are some who could say, "Well, why don't you just not do anything about that and use the money for tax cuts?" We could always decrease the price of a cup of Tim Hortons coffee every day, but we, as a government, believe that you actually have to invest in the future.

1040

So as someone who deals with those innovative companies every day, those companies that are starting up don't pay taxes. There is a long lead time where you burn through a lot of cash. Taxation is not an issue. The issue is talent; the issue is capital. I would say that the need to increase seed capital through the angel investments and the venture capital—those, for the companies that I deal with, are their most pressing concerns. It's something that we're focused on at the ministry, working with the Ministry of Finance: to ensure that that business climate is improved.

That part of the economy that I get to deal with every day, the issue that they have, is access to capital. They're not in a position yet where they make profit. But what we've done is quite remarkable, I think, because what we've said to those companies is, "After you get the great idea and you burn through a lot of capital, if you really get something that's working, if you have commercialized intellectual property from any Canadian research institution and you've created a new company here in Ontario, you will not pay Ontario corporate tax for 10 years." Again, it would be wonderful if the federal government would match that. We matched the SRED; I think it's only fair that they would turn around and say, "You know what? That is right. That's a good formula."

From the position that we only have to deal with the company when it actually is getting a global market and goes to a question of profitability, that's the requirement to pay taxes in the province of Ontario, and we can't do better than actually say, "And you won't pay any Ontario corporate tax for 10 years."

Ms. Laurie Scott: So you don't see the provincial tax structure as an important element, so you wouldn't be advocating to cabinet, sitting around the table saying, "We have to change our tax structure in Ontario"? Because you said before, it's a combination of scientists and the businessmen, bringing them together. You're saying that the businessmen have not said to you about the provincial tax structure—and it's the highest in Canada—

Hon. John Wilkinson: Let me just be clear. Businesses that exist today, that are paying tax because they're profitable, their key focus, or one of their key focuses, would be the rate of taxation. And I think Roger Martin—who I know has commented on the need,

collectively, for Ontario to always have a competitive tax structure going into the future, because of the announced reduction in taxes at the federal level. For example, the federal government agreed, over the next few years, to lower their federal tax rate from 25% down to 15%. We're already at 14%. We've said, "When you catch up to us, then we can talk."

In this country, let alone we do all of this, we take $20 billion from this province and we send it out to our sister provinces. So I think that's why the Premier and I think there's agreement around in our Legislature about the need to ensure that there is fairness. We have no problem as a province sharing our wealth with the rest of Canada as long as it's on a fair basis. There's no reason why someone who's unemployed in Thunder Bay should get less money than somebody in Fort McMurray. There's no reason that someone who's sick in the province of Ontario gets less federal support than somebody in Quebec or Prince Edward Island. All the Premier has said is, "We need fairness."

If we had that fairness, I would agree with you: We would be in a fiscal position to work on that. But in the sphere that I work with, and the companies that we're trying to inculcate right here in Ontario, the issue of their corporate taxation is not an issue, because they're at the early stage; therefore, they're not making profit. So a business tax based on profit is not a compelling issue for those companies. And what we've sent is a powerful signal, the first jurisdiction in North America to say, "But if you actually commercialize intellectual property from any university, college, academic hospital, research institute in Canada, and you do it here in Ontario, you create a company in Ontario, when you get to the point where you're profitable, over a 10-year period we're willing to have no Ontario corporate tax."

Ms. Laurie Scott: Okay, so you're saying a 10-year corporate income tax holiday for commercialized intellectual property developed by research institutions, to get technical. The C.D. Howe Institute, a highly respected institute, called it "ill-designed." It says, "Tax holidays, also used in Quebec, are high-cost, low-impact policies typically found in Third World countries and well proven to be ineffective." This can explain how the 10-year corporate income tax holiday—you're not helping existing businesses.

Hon. John Wilkinson: First of all, as I mentioned, it's the first in North America, so it's wonderful that the people at C.D. Howe have an opinion. That's their job to have an opinion. I don't actually have to agree with them on everything; in many cases, I don't.

What I would say to you, Ms. Scott, with respect, is that what we are trying to do is send a very strong signal that we are a friendly jurisdiction for new, innovative companies. We value the intellectual property that is being developed here in Canada. We want it to be commercialized in Ontario. We need to send a signal that says this is the place to do it. Despite all the economic challenges that we have, we are prepared through this new tax measure to actually put it on the line and say, "Here is a reason why you should be here." It is that unique value proposition, and my own background in marketing says you have to have that. So I think it's very important.

I was talking to some of my other colleagues around the country who have the same portfolio as I, and they're quite envious, I think, that we've been able to do that. They were impressed by the fact that we have this clear commitment to commercialization.

We always need to be looking at having those seed companies. The companies in the 21st century that are going to succeed are going to be based in large part, in my opinion, on innovation. So we have to help that. I think that on the research side through the SRED credits and the complementary credits from the provincial government, something that all governments have done over the last few years—that sets a very fine basis when the company is that research intensive, but they're not, in many cases, paying taxes at their earlier stage. But when they do that, I think that we've sent a very powerful signal. So my comments are really about the part of the business community that I deal with each and every day.

Ms. Laurie Scott: I have a couple of questions. I'll start off with another quote. Jim Milway, executive director of the government-funded Institute for Competitiveness and Prosperity, criticized the government's decision to give a 10-year tax reduction to new businesses. It's feeding into what I said about existing businesses. If the new technology becomes available, he said, an existing business will have no particular incentive to develop it, even though an already successful firm might be able to do it faster and better than the start-up company could. So Jim Milway, I say again, of the government-funded Institute for Competitiveness and Prosperity, says that lowering overall taxes would be more effective, that "it would do more for innovation." So you're not letting companies that are established that want to develop research and innovation, develop their companies—it's not doing anything for them.

Hon. John Wilkinson: Obviously, you won't be surprised when I say that I disagree. There are many people with many conflicting opinions here in Ontario, but there are some of us who have actually been elected by the people to lead. That's what we're doing. So we have a clear plan about how we're going to achieve the goals that we're looking for.

I find it interesting, because when we announced this measure your leader in the House, Mr. Runciman, said on March 26 that he believed it "would cultivate and encourage growth by lowering the tax burden on those who create growth. Tax cuts create jobs. It works every time it's tried." That's what Mr. Runciman said.

Ms. Laurie Scott: We want to lower taxes, yes.

Hon. John Wilkinson: But then the next day, your leader, Mr. Tory, said that these policies are actually making things worse. Now, again, it falls on us who are in government to just be very clear about what we're doing and actually implement it. I think that we're doing the right thing, that it's actually visionary—I think the

marketing value of that alone, as we talk to other jurisdictions, other researchers, other innovative companies—to say to our young people, "This is the place to commercialize your research, this is the place, not some other jurisdiction." We've invested in these young people through this wonderful legacy of education, particularly in the post-secondary sector, and so we're very clear about doing that.

What we do for other companies, not these start-up companies—because that's why we have the $1.15-billion Next Generation of Jobs Fund, which we think is the way to deal with those existing companies. Yes, they make profit and, yes, they pay taxes, but if they understand that they need to reinvent themselves to that next generation of jobs—looking at a company like Woodbine, which made a strategic partnership with Menova, so an Ontario innovation in regard to combined solar heat and power that then found a partner, a company, Woodbine, that makes auto parts, that had capacity, that could now make green technology parts. It was the same skills that were required. So what we want is Woodbine to make a lot of money, and I think it's right that we have a program like the innovation demonstration fund to act as a catalyst to spur that on. We don't create it, but what we can do is set the conditions. So there is always a question when it comes to leadership where you have to decide how it is that you're going to implement your plan. I think we have very clear opinions as to why we are doing what we're doing.

1050

Ms. Laurie Scott: In terms of accountability, and this was the plan, can you say who you've attracted under this 10-year corporate income tax holiday?

Hon. John Wilkinson: I can tell you that when we were down at BIO, which is the largest life sciences, we were able to actually talk about that. Now, you'll recall that the new Ontario corporate tax exemption was announced in the budget. The technical details will be in our fall budgetary bill. We had our first budgetary bill in the spring, as we always do. It is an area where we are breaking new ground. We look forward to the Minister of Finance, who has carriage on all tax matters, introducing that bill when we return. But I can tell you that our commitment to that is firm. The House willing, we will pass that piece of legislation; we're quite confident about that. I can tell you already, Ms. Scott, that when I was down, for example, at BIO, that was something that we were able to talk about, and it sends that signal when we're talking to global leaders around the world about why Ontario versus someplace else. It was very well received. It truly is innovative. No other jurisdiction, as far as we know, has come up with that idea. We'll leave it to history to determine how effective it is, but we believe that at this critical juncture it is the right signal to send the market.

Ms. Laurie Scott: So you've got people interested, but you don't have any actual bites right at the moment that you could—

Hon. John Wilkinson: I can tell you that though we haven't passed the bill, it is retroactive to the announcement when the Minister of Finance read his budget speech. I would not, as a minister of the crown, presume a vote in the House on a piece of legislation that's being introduced, but I have no fear that the McGuinty government's commitment to that tax measure is included; that the measure is retroactive from the day that it was announced in the House so that all are treated fairly.

That is a 10-year measure. So to say, four months after we announce a measure that's going to be applicable for 10 years, "Show us the results"—I can understand why you ask that question—

Ms. Laurie Scott: I'm just asking how it's going so far.

Hon. John Wilkinson: —but I don't see, really, where we are at this stage that we can show results. All I know is what our business leaders have told us. When we look at what business leaders who are part of ORIC told me about having a better environment for research and innovation, they didn't talk to me about the provincial corporate tax rate. They talked to me about targeted measures to send a signal that we are a jurisdiction that is open to this. I think that sent a very strong signal. I appreciate the leadership of the Minister of Finance and the Premier in this regard. Sometimes in the world of business a signal is very important. I know that we have already been able to use that to our advantage in marketing Ontario as a place where we have a commitment to innovation.

Ms. Laurie Scott: I'll focus—I just have a few minutes left—on the marketing. You were at the BIO convention; I think Tim Hortons is a great idea, so we got them in the shop, with the smell. You have been to BIO. How do you plan to showcase Ontario as the place where innovation is inevitable? I believe you were in Australia, I assume on similar business. So where are you marketing, where's the showplace and where in the budget can we find—is it under the travel expenses, in the results-based plan of estimates that was produced? Sorry, I had to get that all in in a few minutes.

Hon. John Wilkinson: We can continue that; I don't what to duck your question. I'll start by saying that outreach is important. We're in a global economy and if we're not visible and doing a professional job of attracting inward investment and research talent, it's not going to come here on its own. We actually have to reach out.

What we've found—and here's the key: I was mentioning how we have this great commitment to peer-reviewed research excellence and all the top scientists. What we're finding is that that is our true competitive advantage. So what we did at BIO this year in San Diego—last year it was in Boston, this year it was in San Diego—is that we were able to bring some of our top researchers along with us, world-renowned researchers, to be part of our presentation at BIO.

My background is in the insurance industry. In a life insurance company or a general insurance company, the president gets to call the shots, but no matter what idea

he or she has, if the chief actuary doesn't agree, it doesn't happen. In the world that I live in there is an analogy, because, for example, in the pharmaceutical world, though the president may call the shots about investments, if the chief scientist doesn't agree, it doesn't happen.

What we have is a marketing strategy that I think is much more keenly refined, which is to take our top scientists and make them part of Team Ontario. They are opening new doors for us. So I think our approach at BIO is much more refined, and we're using that now in other jurisdictions. Yes, there is the marketing part of Tim Hortons, but the real work is done by that relationship between our top scientists and the top scientists of those companies, saying in real terms how they are finding success and a high quality of life here in Ontario.

For many scientists, there are other jurisdictions where political science interferes in science. Because we are a jurisdiction that does not allow that to happen, it's amazing how scientists from around the world find Ontario a wonderful place to find their career. What we ask of them is that when they create new ideas and intellectual property, they focus on commercializing it here to the benefit of the society that's been paying the taxes to create that infrastructure that allowed them to have that wonderful career.

Ms. Laurie Scott: So do you plan to go to different countries? Is this virtual marketing directed scientist to scientist?

Hon. John Wilkinson: There are a couple of things. I have a division within my ministry that deals with outreach—

The Chair (Mr. Tim Hudak): Minister, I was just wondering if you would mind making the response to this last question just under a minute.

Hon. John Wilkinson: Sure. Maybe we could pick that up. We'd be more than happy to outline to you how we plan to spend, in our estimates, money this year in regard to what we call outreach and promotion. I know that my deputy will enter into that, but maybe we could give a full answer in the next rotation, if that's all right.

Ms. Laurie Scott: I'll start the questions again, yes.

The Chair (Mr. Tim Hudak): That does conclude the time for that 20-minute segment. We'll now go back to the government members—20 minutes. Mr. Delaney.

Mr. Bob Delaney: It's always a pleasure to welcome not merely my minister but my old friend to estimates committee. I'll point out it hasn't hurt yet.

I want to concentrate on some things that are important to the community that I live in. I live in the northwest part of the city of Mississauga and, owing to its concentration of pharmaceutical companies and companies that invent, import, distribute medical technology and so on and so forth, not for nothing is the area called Mississauga Pill Hill. In fact, at the next redistribution, we may consider that with Elections Ontario—just kidding.

One point that's made to me very often is the magnitude and the importance of the contribution to R&D in Ontario. I think the pharmaceutical companies claim to spend something in the neighbourhood of $550 million annually in Ontario and, as they are fond of pointing out, they provide nearly 10,000 highly paid jobs for Ontarians. A couple of evenings of meeting your neighbours in Mississauga quickly confirms how many of them work in that particular area.

The global pharmaceutical market, which is in excess of $500 billion a year, actually would be in some trouble if something happened to Mississauga Pill Hill because, as successive tours of the companies show you, when they've isolated the molecules and they're manufacturing the active ingredient, they make the entire world's supply at one place. The entire world is supplied through some of the brand name pharmaceuticals such as Hoffmann-La Roche Canada, GlaxoSmithKline. The minister had earlier talked about Sanofi Pasteur; there are many others. They'll make everything for the world in one spot, so it's a strategic industry in which our investment makes a difference not merely to the community, not merely to the province in terms of the value we create, but also to the global pharmaceutical business.

1100

We very recently launched the biopharmaceutical investment program, and it's part of the $1.15-billion Next Generation of Jobs Fund. I'd like to focus the balance of my question on and perhaps direct your remarks to some of the ways in which that investment is coming to life and making a difference here in Ontario.

In my community, in discussing things with CEOs who have to make a decision about where to invest and where to put their companies' R&D money, they'll consider not merely such factors as tax rates—although that is one factor. Most of them point out to me, "We have no problem with that. If tax were the only thing that drove our company, our headquarters could be in Massachusetts, Pennsylvania or wherever. We could always have everything there. But there are other factors that bring us here to Ontario and keep us here in Ontario." They'll also take into account such things as the availability of skilled resources, the state of the health of the province's infrastructure—roads, rails—whether or not the price of energy is competitive, whether the supply is abundant. The thing that I've heard is that we have a natural advantage in a good, well-developed business climate and with an infrastructure that, whatever we may think of it and however much we feel that it needs to be improved, is still a world-class infrastructure.

What I'd like to ask the minister or his staff to expand upon is how this particular investment continues to create and secure high-paying jobs right here in Ontario, especially in northwest Mississauga.

Hon. John Wilkinson: For full disclosure, the member for Mississauga–Streetsville is not only on this estimates committee, he is my parliamentary assistant. I have been very fortunate to have a friend of mine be my parliamentary assistant.

Bob, as you rightly said, it's a global race when it comes to biopharmaceutical investment. The game is

changing, and Ontario happens to have researchers who are on the cutting edge of that change. I would talk about Dr. Stephen Scherer at Sick Kids. He has created a whole new brand of science called genetic variation. Two years ago, that didn't exist. He has created a whole new endeavour of science in regard to genetics, right here in Toronto, that has been very attractive. What I find when I talk to biopharmaceutical companies, particularly their directors of science, is it is that cutting edge of science that they find so very, very attractive. To be in a jurisdiction where our scientists have the freedom to explore the questions that they want to explore, to have a quality of life that's second to none and to be in a modern, diverse province—those are the things that are a competitive advantage.

But in our opinion, it wasn't enough for us to be able to compete. That's why we created the biopharmaceutical investment program, after long consultations with innovative pharmaceutical companies. The CEOs particularly told us what part of the value equation we're missing. As you know, like other sectors—I think of, for example, automotive and aerospace—pharmaceutical is a large industry, research intensive, with a high percentage of high-paying jobs, and there is a global competition for those jobs. That's why we created the biopharmaceutical fund, some $150 million.

I said in my opening remarks that our first example of success—because that program is up and running—is the fact that Sanofi Pasteur, at their Connaught campus here in Toronto, was able to go to their head office, Sanofi-Aventis, and say, "We need a new R&D centre." And the question is, where was that going to go? I don't know about you, but I thought Ontario was a good solution compared to other places that they were looking at, I think, in France and in the United States. We had to compete for that. We had to work with Sanofi Pasteur. If we didn't have the biopharmaceutical investment program, our Ontario team would have had one hand tied behind their back to try to secure that global mandate. We were successful, and because we are providing some $13 million, there is, I believe, a $105-million investment happening right now in this province at a time when we need that investment. It is amazing. And as I've learned, Mississauga, Peel region, is on the global map when it comes to biopharmaceuticals, without any doubt. The concentration that we have there is what companies look for a lot of the time. Those companies don't want to be the only company in that field in a jurisdiction. They want to go to what is referred to as a cluster, where they know that there is a ready supply of highly qualified people. They want to be in a jurisdiction, for example, where you have the campus of the University of Toronto at Mississauga, and where you have the University of Toronto itself in the neighbourhood, and McMaster, University of Waterloo, Ryerson and York University all within close geographic proximity.

In that race for that global R&D investment, we know that when a company invents something, if we're there at the inception of that invention, we then have leverage by being a partner to ensure, as best we can, that the commercialization of that new molecule or that new breakthrough in genetic engineering is something that can be commercialized and turned into high-quality, high-end manufacturing jobs right here in the province of Ontario.

I did want to turn this over to my deputy, but I would agree that we're getting the right type of public support from the pharmaceutical industry in regard to their comments. For example, David Ricks, who was the president and general manager of Eli Canada—he's now gone off to China—was able to tell us that in 2006, global spending on life sciences research and development for their company was almost $100 billion. "Ontario has some of the brightest minds and some of the leading research institutions in the world. By working with the government of Ontario, we can leverage more investment that will create high-value jobs and fuel research here at home."

I was particularly happy that we were able to make the announcement of the biopharmaceutical investment fund at MaRS, which is a success story and a brand for Ontario.

I would ask my deputy minister to provide you with some more detail in regard to your question about how that fund works and that process so that all of us can be aware of that tool that we now have in the province of Ontario to spur foreign direct investment.

Mr. George Ross: The program is part of the government's Next Generation of Jobs Fund program and is set up in a way that requires applicants to submit proposals to the ministry. Those proposals, once deemed to be complete, go into an adjudication process. That process includes a financial due diligence review carried out by an independent company and also a technical review on the scientific merit of the activities that the company is proposing to invest in. We have a range of investment possibilities within that program, depending on the type of activity, and recommendations are made to the minister based on the due diligence assessment that is part of the review process.

Mr. Bob Delaney: I'd like to ask you to elaborate on what I think is a very good reference project that the government has begun. We've done an awful lot of work with a company that, believe it or not, is not in Mississauga, Sanofi Pasteur. Often when you're talking with companies, especially pharma companies, they'll say there are many things other than financial incentives and tax incentives. For example, some of them have said that even though there are other jurisdictions that provide different types of incentives—for example, if you want to go to India, you'll find low production costs, but many of them say, "You've walked around our plant; our production is done by machines and our product is not touched by human hands until somebody opens the bottle or bursts the blister pack." Other jurisdictions, such as Ireland, would offer fairly significant tax subsidies. A lot of the pharma companies say it's nice to have the tax subsidy, but then again, in Ontario we're already competitive in terms of tax, and you have to ask yourself

what the other trade-offs are to going to a jurisdiction like Ireland. Similarly, you'll often find a jurisdiction such as Australia say, "We have a very generous program of government incentives," and many of the pharma companies would say, "That, too, is nice to have, and it's one factor but not the only factor in making a decision." Among the other factors is going to be proximity to your major markets. And when one looks at Ontario, you're an hour's flight away from something like 200 million people. You're close to major air freight hubs, because most of their product will be shipped by air freight. Despite the cost of fuel, it's a high-value, low-weight, compact product in which, in terms of pharmaceuticals, the end product is not that sensitive to shipping costs or the cost of oil.

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One of the companies that took early advantage of some of the opportunity to work with the ministry is Sanofi Pasteur, to whom earlier we celebrated a grant that the ministry had made to them. Could you talk a little bit about Sanofi Pasteur, some of the things that they do and some of the difference that working with our ministry and the programs the government has introduced has made to them, to the people they serve, to their customers and their community?

Hon. John Wilkinson: Just to be clear, we have signed an agreement to provide a conditional grant of up to $13.9 million to Sanofi Pasteur under the biopharmaceutical investment plan. Just to correct the record, it's actually a $101-million total investment at the Connaught campus of Sanofi Pasteur here in Toronto.

What they're doing is developing new vaccines to fight serious diseases like whooping cough and cancer. One of the issues that we have in government is—I've been using the example of cancer, but we can use this in health care. People come to us and say, "Minister, we've got this great idea about how we could do a better job of treating people who have cancer." That's important to do, right? Actually, they said, "We can not only treat but we can actually cure cancer," or cure a disease. Then there are the people like Sanofi Pasteur who said, "You know, we're working on a vaccine so people don't get it in the first place." That's why we were so attracted to Sanofi Pasteur when they came to us and talked about how they wanted to have their global R&D research centre in regard to vaccines here in Toronto.

Of course, Sanofi Pasteur came out of Connaught Labs, which were known around the world for their ability to commercialize the polio vaccine—and the misery that has been avoided by generations now of the dread disease of polio. So we understand that it is important, I think, for us to have a sustainable health care system, that we do need to partner with companies that are helping us prevent disease in the first place. I think that was one of the hallmarks of why we were so interested in dealing with Sanofi Pasteur, which is a world leader in that area.

In the short term, of course, the construction of the new $101-million centre is going to create approximately 300 construction jobs. That's good. It's securing 900 top R&D jobs right here in our province. They didn't say to us, "In the province, we can't find any labour"; there's a ready pool because of our strength of the people we have in our jurisdiction. As well, they said they've committed to hire another 30 people for the new areas of research that they're doing. I thought that what was great is that they said, "If we can discover it here, we're very open to trying to make sure that we can commercialize it here," so that we, as a government, as a partner in this, can be in on the ground floor of those decisions.

This investment, I think, will ensure that Ontario's on the leading edge of vaccine development and could position Ontario to capture a greater share of a growing global market, potentially leading to new manufacturing jobs in the future.

As I said, Ontario is in a global race with jurisdictions such as Boston and southern California to win these types of biopharmaceutical research mandates. Sanofi's CEO, Mark Lievonen, confirmed that our $13.9-million contribution was an important factor in his ability to attract a significant long-term investment to Ontario. The president of Sanofi—Mark—said of Ontario's investment, "Thanks to the partnership, we have been able to increase the footprint and impact of our investment. Ontario's contribution was an important factor in our ability to attract this investment to Ontario."

What Mr. Lievonen was saying is that the fact that we were at the table with them as a partner trying to secure a global mandate was key to his ability to secure this investment, which could have gone to France; could have gone to Pennsylvania. It came to Ontario. So we're in a race, and we have to have a strategic partnership. We have our areas of focus. We believe there's tremendous future potential in the biopharmaceutical sphere. That's why we've created this dedicated fund.

I also think that it sends a signal, in a very competitive world, about where Ontario is, that it is open for this type of investment, that we do value that, that we do think it's an area. Of course, when it comes right down to it, I just want to reinforce that the money is important, the tax rate is important, but the most important thing is the research talent. We have to continue and, as I've said, exponentially increase the amount of money that we're focusing on our top people and make sure that Ontario is a place where they want to make these discoveries and to ensure that they live in an environment—we're acting as a catalyst; the government is doing what it can to set the conditions so that discoveries that are made here are not commercialized in another jurisdiction but commercialized right here.

If they make a breakthrough for a new vaccine for whooping cough that children around the world—actually, whooping cough is very difficult to vaccinate children against in the Third World, so what you have to have is a vaccine that can be readily available in the Third World that doesn't require refrigeration. That's the key thing. There is a whooping cough vaccine, but what the World Health Organization is looking for is one that you can

actually use in the Third World. There's a tremendous global market for that. So again, we have to make sure that if it's invented here, it's commercialized here. Being on the ground floor, having the program, being in partnership, forming strategic alliances are the things that allow us to succeed in the 21st century.

The Chair (Mr. Tim Hudak): You have time for one quick question, Mr. Delaney, if you'd like. There's one minute left.

Mr. Bob Delaney: I think perhaps we'll just take that and fold it into the next round.

Hon. John Wilkinson: I would just comment that we got an application, I made a decision as the minister within 25 days and we signed a terms sheet five days later—not 45 days; 30 days. I can tell you: Around the world, Sanofi Pasteur told everybody about how in Ontario they actually have figured out how to make a fast decision, because we work so hard in the ministry to get all the facts we need before the application goes in. We reinvented that process so that we can key in on our ability to make a decision: yes or no. Many have been brought to my attention, and again, we look forward to sharing with the public as those announcements are made over the next year or so.

The Chair (Mr. Tim Hudak): Terrific. Thank you. That concludes the time for that segment. Official opposition: Ms. Scott, you have 20 minutes.

Ms. Laurie Scott: I'll just pick up maybe on what you last said. We talked about the Next Generation of Jobs Fund. You did the Sanofi Pasteur announcement, and the fact that when the applications come in, a decision within 45 days would be turned around on a completed application. That's been, I think, over 180 days since that announcement of funding recipients. Is there another example? Has anybody else applied to that program? Do you just have one successful applicant so far?

Hon. John Wilkinson: That's great; thanks for the question. In regard to the Next Generation of Jobs Fund, we just, as I mentioned in my opening remarks, made an investment in 6N Silicon. We made an initial investment at our ministry through the innovation demonstration fund, and that's now been followed on by an investment, I think, of some $8 million in our Next Generation of Jobs Fund, as they have found a more efficient, less costly way to make a higher-quality silicon wafer, which is at the heart of the revolution of solar power. That was invented right here in—actually, it started with two bright entrepreneurs in their garage. They figured out a better way to make silicon wafers very thin. So 6N Silicon, I can say, has been successful through the Ministry of Economic Development and Trade.

At the ministry we've re-engineered what I would consider to be the front end of the process. When I was doing those consultations about a year and a half ago for the Premier, what I heard from business wasn't about the tax rate. What they said is, "We work with you, we apply to you, and when you look at an application, because it's a due diligence process, people start off talking to the company"—because we have to make an assessment. They would refer to it as the application going into a black hole. People stop talking to the company because we're doing our review. Then they would say, "We wouldn't know what would happen, and six months later someone would pop up and say, 'You forgot to answer question 13, and can you give us more information on question 25?'" And the company goes, "Okay," and they go get that information. They submit it and it goes back into the black hole. There's no expectation of when a decision is made. Business needs clarity in regard to the decision process.

Then we had this bold idea of having the 45-day guarantee. The way to make that is, we had to challenge the ministry, our civil servants, to come up with a different way of doing it. This is what they did. They were very innovative, and I want you to know that we're very proud of them. They said, "Really, the problem is that we don't agree when the application comes in that it's complete. So why don't we be proactive and work with companies at the front end, and both government and the proponent agree that the application is as good as it's going to be and all the information we need to made a decision is available?" That is, I think, a pretty revolutionary concept for a government.

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Ms. Laurie Scott: We're not disagreeing with the fast turnaround, and we appreciate that because we, of course, believe in—

Hon. John Wilkinson: But I can tell you that there are a number of companies in the pipeline for biopharmaceutical, for the jobs investment program, and also the strategic opportunities program. Because we haven't made a decision on those companies, I cannot comment on specific companies. Obviously, we deal confidentially in those matters because there is a commercial value to our decision, so we would respect that at all times. But what I can assure you is that there are a number of companies in the pipeline or, in regard to strategic opportunities, consortia in the pipeline that are coming up through the system. I do have to make decisions, and they're not always yes. Just because you apply doesn't mean you get a yes. What we do is we give companies a decision, and they appreciate that.

Ms. Laurie Scott: There are two successful applicants so far, I believe. Is that correct?

Hon. John Wilkinson: Yes, since we actually launched the program, just earlier this year.

Ms. Laurie Scott: So 180-some days ago. We've got two successful applicants. Do you feel—and I realize some have been denied and you say you have some in the pipeline—the program is under-subscribed? Do you feel it's fitting what Ontario needs?

Hon. John Wilkinson: I think it's new and innovative, so there's always time required to actually have uptake of a program. I know that we have to balance our ability to make those decisions and our ability to market those decisions. I think it goes to the question that I know you wanted to follow up on about our business outreach around the world—and we'd be

more than happy to answer questions around that. We always have to find that balance between the ability to deal with the applications but also to encourage that. But I think it's changed at our ministry and at the Ministry of Economic Development and Trade, this newer way, a much better way—I think of someone from business—of actually working with proponents.

So there is a period of time when there has to be a distance so that we can actually make a decision in the best interests of the taxpayers, but prior to that, we need to be proactive, we need to work with companies, we have to be clear what it is that we need to make a decision. Sometimes companies say, "Thanks for letting us know that, because we can't provide that yet; we're not in that position," and we can redirect them into other programs that are available.

It also gives us the strategic intelligence about how to improve the programs that we're offering. Having that much more open dialogue at the front end is helping me as a minister.

I was talking about the fact that it's that experience down at BIO—I was there for the second time; the Premier, I think, for the third time—that has really helped us see what is our unique value proposition and the fact that our top researchers are what we should put in the window, because that's what's driving those investments. As I said many times, the most important thing in an innovation agenda is talent; it's people.

Ms. Laurie Scott: I agree. Eligibility criteria is to attract and retain top talent. Under the strategic opportunities program and the biopharmaceutical investment program, I believe one of the criteria for eligibility is not the number of jobs created. Is that correct? It's part of the Next Generation of Jobs Fund, but in those two programs I just mentioned—

Hon. John Wilkinson: There are two things. We have both job retention and job creation as factors that we look at when we weight how good an application is and whether it is worthy of support from the taxpayers. Each one is assessed on a case-by-case basis. As well, as you can imagine in a process like that, there is some negotiation that goes on between companies.

I'd say there are really two scenarios that we have. We have, for example, a company here in Ontario that is part of a multinational company that is seeking a global mandate. What they need from the government of Ontario is, on the condition that they secure the global mandate, then Ontario is a partner in that bid. It's kind of like when you're bidding on the games, for example. The federal and the Ontario government came together to bid on the Pan Am Games. What was required to make the bid is the fact that we agreed that we were part of that team making an approach to bring the Pan Am Games here to the GTA. That's one part of it. Sometimes we're asked if we can solidify that, on the basis that if they're successful in securing a global mandate—for example, a new global R&D centre for Sanofi Pasteur, where the competition was Ontario, Pennsylvania and France, if I recall—what Ontario's contribution was so we can actually, through this program, nail that down. That's one way that we can deal with companies.

There is also the question of where the company wants to make an investment and it's not conditional on them then getting a final decision from head office. They want to move ahead and they want to move in Ontario. That's a case where we also have to have the ability to make a direct commitment, to take directly to the CEO who's making the decision what the position of Ontario is. It's a bit of a nuance, but we have to have the ability to do it. So we have to have criteria that allow us to have the flexibility to respond to the actual strategic business situation that the company brings to the government, and we have to be able to do both, and do both well.

Ms. Laurie Scott: So are the number of jobs that this company will create, or this project will create—is that part of your criteria?

Hon. John Wilkinson: It is.

Ms. Laurie Scott: So what are they for the biopharmaceutical investment program, for example?

Hon. John Wilkinson: The two factors are both the number of jobs retained, particularly when it comes to highly qualified people—as you know, in the biopharmaceutical age one can talk about jobs, but jobs come in different economic impacts. So, for example, someone with a Ph.D. who's the head of research commands quite a high salary and the economic benefit of that job on the economy is higher than a job that's lower-paying. Obviously, in the Ministry of Research and Innovation, we're keying in on the sectors of the economy where there are highly qualified people who therefore command high salaries and have a greater economic benefit, per job created, than other industries. So we're focused in that.

I will turn to my deputy minister, who really understands the nuances of what it is, on a case-by-case basis, that we're looking for so that we believe we're making a wise decision for the taxpayers.

Ms. Laurie Scott: I'm just asking how you're measuring the success.

The Chair (Mr. Tim Hudak): So you're satisfied with the answer?

Ms. Laurie Scott: The deputy minister is going to speak.

The Chair (Mr. Tim Hudak): So you want the deputy minister to answer?

Ms. Laurie Scott: Yes.

The Chair (Mr. Tim Hudak): Okay.

Mr. George Ross: The specific criterion for the biopharmaceutical investment program needs to be a $5-million investment by the company. The assessment that is done on those applications is after the due diligence phase and before there's a legal contract set—a legal document set or agreed to. It really has to do with the quality of the investment, so a global mandate for a new, global R&D type of activity in Ontario is obviously a higher priority. And those projects that have a higher number of jobs and quality of jobs, both retained and attracted, also factor into our assessment and our recommendations to the minister.

Ms. Laurie Scott: So this is not actually the number of jobs, if we look at the overall package. I'm just trying to compare because, under the Next Generation of Jobs Fund, that part that's managed by the Ministry of Economic Development and Trade requires that a project create at least 100 jobs to be eligible for funding. I'm just trying to say, where is the accountability? If this is created, how many jobs do you say, unless you're going to create—I understand the research and the top talent and that. I'm just saying it has got to have some job creation, we hope, with it, right?

Mr. George Ross: Right, absolutely. It goes into the assessment and the recommendations to the minister. It does not have the same job criteria as the rest of the Next Generation of Jobs Fund does. That's why it's segmented within the program.

Ms. Laurie Scott: Okay. And the final decision-making, then, for the eligibility criteria—I'll use for an example the biopharmaceutical investment program again—that rests with the minister?

Hon. John Wilkinson: For the biopharmaceutical investment program, yes.

Ms. Laurie Scott: Okay. That's you; it rests with the minister.

Hon. John Wilkinson: If I could add, Ms. Scott, and this may help—

Ms. Laurie Scott: Okay.

Hon. John Wilkinson: The biopharmaceutical investment plan is very specific, and then we have two ways of dealing with it in the Next Generation of Jobs Fund, both strategic opportunities and the jobs investment program. The difference is that, in the strategic opportunities, we're trying to act as a catalyst to spur on industry-led consortia. We know that there are new areas and new industries that have the potential to grow here in Ontario, and what's required is not so much government money as the government acting as a catalyst. So what we do at the ministry is, our people go out and work to ask questions to bring various industries together, the different partners—I've led some of these discussions personally—to see where those opportunities are in the 21st century and, even though many of these companies compete against each other every day, if they can see a common purpose where they could lead together with a consortium that would have as its hallmark one that is led by industry, not by government or academia, but has academia. And then, what I'm able to do as the minister is actually say, "Do you know, I have a pot of money that is available. If you can make a compelling business case that a consortia can help lead a new industry, we have criteria that would allow the government of Ontario to be a partner as a catalyst to help make that industry grow."

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Ms. Laurie Scott: So, the biopharmaceutical investment program: Sanofi is the only one that has been successful under that, right?

Hon. John Wilkinson: And more coming.

Ms. Laurie Scott: And more coming, we're hoping. What's the accountability as to whether they've met the conditions of the contract? You talk to them, there are conditions of the contract, you have targets set, I hope. What happens when they're not met?

Hon. John Wilkinson: They would be in default and then the money would be returned to Ontario.

Ms. Laurie Scott: And if the company—I don't mean to pick on them, but that's the example I have. What if there's no money left, they've gone bankrupt?

Hon. John Wilkinson: What we do, on behalf of the taxpayers of Ontario, is get covenants from the company to ensure that they can meet all the conditions of the contract.

Ms. Laurie Scott: So if it doesn't work out, there's still money to be taken back. But I am hoping they're successful.

Hon. John Wilkinson: When you look at the biopharmaceutical industry, you're looking at a very large industry that's in, not the tens of billions, but the hundreds of billions of dollars. So in that sphere, we are dealing with companies that are, by and large, profitable, successful and global, and they are used to entering into contracts with various jurisdictions.

They actually appreciate the fact that we have an open, transparent process in this jurisdiction, because there is clarity around what the criteria are. They know that companies are treated the same. In other words, we have a program that's available to all companies that qualify in the biotechnology sector. So they appreciate that.

Of course, some parts of our contract are business-sensitive, so we have to be aware of that. But all of that is the subject of negotiation as we get to a company. So even when we agree that we make an offer on the table, the company gets to decide. Just because we have, say, a minimum threshold for jobs, it doesn't mean we can't have an agreement for more than that. Just because we have a maximum threshold of how much we give, it doesn't mean that I negotiate to the maximum. My business background tells me that it's give and take in business negotiations.

Ms. Laurie Scott: Just to clarify, the strategic opportunities program is where the other project, the solar panels—is that where that fit in?

Hon. John Wilkinson: Yes, industry-led consortia. So we have a consortia of willing partners, but it has to be led by industry—

Ms. Laurie Scott: And there has only been one successful applicant in that.

Hon. John Wilkinson: We have not announced a strategic opportunity consortia yet. The 6N Silicon example is under the jobs investment program; Sanofi Pasteur is under the biopharmaceutical. Obviously, creating a consortia takes a little bit longer, so we've been out doing the work, getting the people together.

Ms. Laurie Scott: So no applicants so far, right, because the program hasn't—

Hon. John Wilkinson: Oh, no, we have applicants.

Ms. Laurie Scott: You have applicants.

Hon. John Wilkinson: And it's a work in progress. When you do something new, you've got to expect that there are going to be some bumps along the way, so, as a ministry, we just deal with those. We're always trying to refine our processes so that we're better.

Ms. Laurie Scott: Could you say you have a lot of applicants? Do you have five applicants, two, 10?

Hon. John Wilkinson: What I can tell you is that through the Ontario innovation agenda, we've been very clear that we have four areas of focus. As a ministry, we have what we consider an Ontario-first approach, so the work that we have done is geared toward our areas of focus. We fund collectively, both the provincial and federal governments, a lot of that research, so we actually have good connections into the research community and into the industries that have been spawned by that. But we do look specifically for industry-led consortia around our areas of focus, and there are four. That doesn't mean that we couldn't have more than one consortia in one of those areas. But again, I can't push the string, it's either there or it's not there. We can see whether it's there, but it's up to them to apply to us.

Ms. Laurie Scott: I just have a few minutes left, so I'm going to jump over to the venture capital fund, and that's the limited partnership between the Ontario government and the institutional investors. TD Capital private equity investors are the—

Hon. John Wilkinson: Fund manager. And the general partner.

Ms. Laurie Scott: My question focuses on the investment portfolio that they oversee. Last year, we had the asset-backed paper debacle. The Ministry of Finance lost a lot of money. I'm asking if you can tell us what types of stocks are being invested through the fund, if you could table that.

The one specific question I will ask about: Is the venture capital fund investing in companies that are tobacco-related? I don't know if you can answer that right away; you may need to table it—or maybe one of your assistants could.

Hon. John Wilkinson: I know our ministry will want to get into the details, but I can tell you that the Ontario venture capital fund is actually a fund of funds. That fund invests in funds. So when you invest in the fund, you pick up that portfolio. We do have a limited ability that, if we see within those funds companies that are doing particularly well, our fund has the right to take some of those companies and make further investments specifically in them as follow-on through their various stages of growth. But the simple answer is that we're not out picking individual companies. Our fund manager is not out picking individual companies; our fund manager is out picking the best of the best funds that are available. That additional capital rewards good market behaviour. We're putting money into the companies that are successful, not the ones that haven't got a good rate of return.

Historically, American venture capital return has been something like 22% and in Canada it's been 1%. Obviously, there was a need for a change on that. What we've been able to do is use the rules of business, the power of the market, to attract market partners to come with us. They find our approach, as a government, to be truly innovative. If they make money, we make money; if they lose money, we lose money. I can tell you the shareholders of Royal Bank, Manulife, TD don't expect their companies to be losing money. So we're in partnership. We take great comfort in the power of the market and our partners' ability to inform the investment portfolio that is delivered by TD capital venture and their ability to invest.

The Chair (Mr. Tim Hudak): This segment is now concluding. Do we have an answer for Ms. Scott on the tobacco issue or will you get back to her on that one?

Mr. George Ross: The government is a limited partner, along with other partners, in that, and we entered into that limited partnership under certain investment conditions. I don't have the details of that right now, but I can certainly follow up on that.

The Chair (Mr. Tim Hudak): Super. You could follow up through the clerk, and the clerk will distribute the answer to the members of the committee.

This is the last 20-minute segment of the day. The government members: Mr. McNeely.

Mr. Phil McNeely: Mr. Minister, I was glad to see you down in Ottawa last week talking about the exciting things that are happening in your ministry.

I have an engineering background. I graduated with a slide rule and ran a company for 33 years, I think, with others, and we ended up with the hand-held computers. That innovation was always very exciting, but it was always holding back what the change was going to be, and this is always difficult.

I also tried product development, in my short retirement of two or three years after being in the consulting engineering business. To get the product there was easy, but the commercialization, the packaging, the marketing etc. was so complex.

I've talked to Jeffrey Dale, who is with OCRI in Ottawa and who runs that for the city as a participant etc. Jeffrey Dale has made presentations with others saying that commercialization is so difficult. We do great research; it's a real problem taking it out. A lot of our good research historically has been cherry-picked by huge organizations that have that capacity etc. So I think part of it is what Mike Lazaridis suggests is a cultural change that we have to have, and that cultural change probably has to come through our schools. I was at the opening of the Marc Garneau school in my riding a couple of years ago, and obviously his appearance there and his presentation has given that school a good boost—and what the kids should be doing. But how do we change that culture, how do we get the young people more interested in science?

For two years, I worked with the National Research Council person who organized the local science fairs. Certainly, these are good, these get our kids thinking in the right direction, get them moving forward.

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With this new impetus that we're giving research and innovation, how do you propose to change that cultural thing in our schools, get our youth thinking about research and innovation and being world leaders, and how do we get that whole cultural change in place?

Hon. John Wilkinson: It was a pleasure, obviously, to be in Ottawa last week, as many of us were there. And I can tell you, as you know, that I have a personal commitment as the minister to be in Ottawa at least once a month. Ottawa is one of those areas in the province of Ontario where we have a very vibrant high-tech sector, and it's important for me as the Minister of Research and Innovation to be there and to have people at the Legislature like Phil, who, of course, has the background in engineering.

What I wanted to talk about was, after I finished doing that consultation for the Premier/minister in regard to the innovation strategy, which became our agenda, I was then tasked by the Premier to do a consultation with those who engage youth in the learning of science and technology. I found that very informative, because the Premier said, as you've just said, Phil, that it is important for us to inspire that next generation of leaders in science and technology but also in business, because we need to have entrepreneurs.

So the one thing that I found interesting is, I have met truly world-class scientists. I always say that the difference between the smart scientist and the brilliant one is that the brilliant one can actually explain it to people like us. But the one thing that I've learned by talking to them as the minister of research is, they all say they had this seminal moment where they got turned on to science. Generally, it is either an experience—think of, say, the Ontario Science Centre, where you have a hands-on experience with science—or it's because of a mentor. So what we try to do in our ministry is embed that within the money we spend. We have two programs that we're very proud of: YSTOP and TSTOP. YSTOP is the youth science and technology outreach program and TSTOP is in regard to teachers. So what we do is provide a lot of money for a lot of researchers, and we make it a condition of their research that they have to show how they can reach out to children and allow them to see that.

I was up at the Northern Ontario School of Medicine. They have a research lab there. A teacher qualified under TSTOP. His background was in sciences and then subsequently he got his B.Ed. and became a teacher. He spent the summer at the research lab at the Northern Ontario School of Medicine. But the deal was that if he did that, he would be able to bring his class back; he'd be able to tell the kids what he was doing with these other researchers and then bring those kids back right into the research lab. And that happens right across Ontario.

As well, we have the YSTOP program, where the researchers figure out how it is that they can actually inspire young people. Thousands and thousands of children a year in Ontario have that, but we didn't think it was enough, because what we need to do is have the ability to reach kids at all levels. We have a vision in our ministry about how we need to make sure that there's a science experience for all children three times in their life: in the early years, where they're most impressionable, in their elementary school years and in their high school experience.

I was able to prevail upon the Ministry of Finance to provide some additional funding to the ministry, some $5 million, and we've made two strategic investments into two truly phenomenal organizations. One is Let's Talk Science, and they gear specifically to children in their early years; amazing work. I've seen the work that they do; Dr. Bonnie Schmidt runs that. There's also the Youth Science Foundation Canada; they're the group that organizes all the science fairs in Ontario. We've given them $3.5 million, giving them additional capacity. What we've asked them to do, and this came back from the consultation I did—where are the gaps and what do we need to do to improve that?

Again, the scientists who are leading the world here in Ontario will always tell you about that moment that they got turned on to science and technology. I think that's the case of any of us who have a vocation; probably we, around the table, remember the time when maybe it twigged that we wanted to go into politics. There's that moment, and usually it was an experience or it was a person. It's the same in science and technology.

It's interesting, when I was doing this, I read a report that in Third World countries a lot of children go into science. They see it as their route out of poverty. But here in North America, our children are becoming less and less interested in science because they take it for granted. They have an iPod. It doesn't look very technical. There is an interface to make it easy to use, which is why it's such a great technology, but the kids aren't particularly interested in cracking it open and seeing how it works. So in North America we actually have to reach out to our children to make them understand that all of the things that they have actually come through the creation of intellectual property, through the creation of a great idea.

I've had a chance now to be in classrooms and research labs and see that moment when children have that spark. At the end of the programs, they always ask the kids, "How many want to be a scientist?" At the beginning of the program, it's few, but when they actually have a chance to see science up close and personal and see technology—and I know my deputy minister can share with you some more information about how our ministry delivers these programs and ensures that we're getting results with regard to our outreach to youth.

Mr. George Ross: We have a number of programs that support outreach to youth. Our main program is the youth science and technology outreach program, YSTOP. That program has four goals: to connect youth with science and technology mentors, with a leading role by publicly funded researchers; to provide youth with hands-on science and technology experience that reflects Ontario achievements in science and technology; and

engage youth across the province, with an emphasis on youth living in rural and remote communities. The program was launched in April 2005 and continues to this very day and is a very successful program.

Mr. Phil McNeely: Thank you, Minister. I'll be sharing my time with Kevin Flynn.

The Chair (Mr. Tim Hudak): Mr. Flynn, there's about 10 minutes left on the clock.

Mr. Kevin Daniel Flynn: Thank you, Chair.

I've got two brief questions, Minister, and the second one will relate to something that's happening in my own riding, but the first is that a number of questions today from the opposition and our party have focused on the imperative of economic growth in Ontario. I think we agree that's something that we all want—but not just economic growth for the sake of economic growth. There's a lot of social good that comes along with that. It gives us an ability to provide better health care, for example, and it gives us an ability to provide superior education and that type of thing.

I want to take you back to May 2000 when a report was issued by a group called Campaign 2000, which is a group that is determined to eradicate child poverty in Canada. They came up with a report titled Work Isn't Working for Ontario Families. The essence of the report is that the breadwinners of the family were going out on a daily basis, putting in eight hours a day, but the income derived from those jobs simply wasn't enough to support them in the province of Ontario. The report also said that as the economy is changing, as we move from the blue-collar jobs to the green-collar jobs, Ontario needs to be on top of that, that it's something that we need to develop partnerships with. We need to steer our government policy in that direction and make partnerships, as I said, with the private sector. I think John Cartwright from the Toronto and York Region Labour Council also agreed and said that the experience that he's seen in the United States, where certain jurisdictions have moved in this direction, has been positive and that Ontario should be taking full advantage of that, if it can, obviously. I know we've taken some steps in that regard, as far as the Next Generation of Jobs Fund and the forgiveness period on the tax exemption for commercialization, but I wonder if you can extend the thinking of that report and how you're able to work with that, how you're able to make Ontario a place where the jobs of the future are jobs that are going to be able to support young people who are leaving post-secondary education now and existing breadwinners who today perhaps are finding that some of the blue-collar jobs of the past aren't going to provide the future they once thought they would.

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Hon. John Wilkinson: Thank you, Kevin, for the question. I would say that it goes to the hallmarks of what we need to do and builds on the investments that we've all made in regard to education. The route to economic success is obviously to have the skills, and in our five-point economic plan, Minister Milloy, who's our Minister of Training, Colleges and Universities, has the $1.5-billion skills-to-jobs fund. It is about making sure that we're providing our young people with the skills, and actually also for workers who, through no fault of their own but because of the whipsaw forces of globalization, have lost their jobs. There are great jobs going wanting in the province of Ontario, but we have a shortage of skilled labour, not a shortage of labour—a shortage of skilled labour. That's why we're making record investments to improve our ability to provide that skilled labour.

I'm particularly proud that our ministry has helped MTCU look at these new areas. When it comes to electricians who know how to deal with renewable power sources, what does an electrician need to do to be able to hook up an anaerobic digester or a windmill or a solar park? We need those electricians, but they need to have those new skills. I look at those types of areas. We're working with the Ministry of Training, Colleges and Universities. We're trying to give people those opportunities, and we can help our sister ministry see where those opportunities are developing and make sure that we marshal our resources in regard to training. Education is the key determinant of economic success. That's why we have such a firm commitment to education.

What our ministry is doing is taking these kinds of legacy investments that I think we all around this table can be proud of and actually going the next step. I think it's logical in the 21st century for a progressive government to take the next step to capitalize on the investments that have been made in the past. Particularly, it is important for us to recognize that people need to be able to adapt in a world that's moving so quickly.

To me, you're either at the back end of the curve or at the front end of the curve; both have problems. It's tough being at the leading edge, sometimes the bleeding edge. It is difficult, but I think it's a safer place to be for our economic future because when we get to market first and best, those jobs cannot be readily copied by other jurisdictions for less money. If you have something that you've had for quite some time, the competitive forces of globalization will have other jurisdictions trying to make whatever we've invented for less money and do it, for example, in larger quantities because they have larger economies and they have economies of scale that we can't even think of here in Canada.

I think the best place to be is in that nimble area at the front of the curve where you get there best and first. I always use the example, because it's an Ontario innovation and second to none, of the BlackBerry. The first BlackBerry I got was in 1999, before I ever got to this place. The thing about RIM and other companies is that not only did they make the best and get to the market first, that wasn't enough. Every nine months, they make their product better. They have embraced as a corporate culture the culture of innovation because they see that if they stop, other jurisdictions and other companies will figure out how to do what they did for less money. They're always ahead of the curve. Some companies do

that, but we're trying to help foster a culture of innovation so that all companies see that.

In regard to your question about poverty, we're doing something quite innovative. We have our social venture capital fund. Dealing with social innovation generation at MaRS, we've provided some $20 million to take advantage of a program that I think we first learned of from England—where you hail from originally, I know, I say to the member for Oakville, from my grandfather's home town. What we're asking with social venture is, can we take the power of the venture capital community and social imperatives and in a new amalgam bring them together to come up with innovative ideas to solve the social issues that have bedevilled all governments for over 100 years, poverty being one of them? Are there new models or new ways of embracing it? Having a ministry of innovation allows us to play a key role to be open to those new ideas.

Government, by the nature of its accountability, can tend to be siloed. We believe that we're a force of horizontal integration. We at our ministry provide a place for government to come where new ideas, by definition, are welcome. That's one of the co-benefits of creating the Ministry of Research and Innovation. We think that in the social sphere, we can actually take the best practices that we've learned from venture capital and the ability to mix people together and act as a catalyst and actually drive that forward.

In conclusion, I would mention that when we formed government, we were inspired by what they were doing in England in regard to education and in regard to improving rates of literacy and numeracy and graduation. Interestingly enough, now the English come to Ontario, because we're getting such great results; they're trying to figure out how we did it. So again, there's always that plan, that we need to get to the leading edge, and when it comes right down to it, those of us who are all here as part of a democracy, that really is our role. It is a role that we have to embrace: How do we introduce the future to the present? In this jurisdiction, we can't have the future come quickly enough, and that's why we work so hard to make that happen.

The Chair (Mr. Tim Hudak): You have time for one quick question, Mr. Flynn.

Mr. Kevin Daniel Flynn: How much time is that?

The Chair (Mr. Tim Hudak): A minute and a half.

Mr. Kevin Daniel Flynn: I just wanted to ask you for your opinion on a visit you made to Oakville, to visit a company. I know that the Premier's been there, you've been there, I've been there on a number of occasions. The company's name is Petrosep, and what they've done is take what used to be—when a solvent was used in a process, it would become contaminated and then you'd have a disposal problem; you'd have to get rid of the solvent some way. Often it was just stored, often it was burned. These folks have come up with a way, a closed-loop process, which not only takes the contaminants out in a very environmentally responsible way, it allows you to recycle the solvent itself, whether it be chlorinated or otherwise.

This is a membrane technology; it took 14 years to come to fruition. We've been involved for the last year, I think, and we've given them a $1-million forgivable loan as part of the innovation demonstration fund. I just wondered if you could elaborate on why that company was picked and how it illustrates the success. As I understand it, they've got 21 people employed, and hopefully we'll have more in the future. Why were they picked over others?

The Chair (Mr. Tim Hudak): You have 30 seconds to elaborate.

Hon. John Wilkinson: I think there's yet another example of that new formula. The world is looking for a way to eliminate the sources of pollution. One of them is the fact that water gets contaminated with chemicals and there hasn't been a good way of separating the chemicals from the water and the water from the chemicals. This company in Oakville has figured out a better way; they've built a better mousetrap. And they are learning how to do that on a large scale. There is a tremendous global market. Whoever can figure out how to do that has the global market beating a path to their door. I'm quite impressed that that company of course has venture capital, not just from Ontario, but around the world, particularly in New York.

There's great potential there, and so that's why I'm glad that our innovation demonstration fund allows us to be a partner, but in particular, it allows us to leverage our common interests in making sure that if that company meets a global demand, they meet that global demand right here in Ontario, driving jobs into Oakville. So I think it is a wise spending of public money, and it goes to that idea of the new formula of what's required to have success in the global economy.

The Chair (Mr. Tim Hudak): We'll leave it at that. Thank you, Minister.

Some quick items of business: When we resume, I would plan, as Chair—the NDP will have make-up time—to start with the third party, an initial 20-minute segment, then we'll revert to our regular rotation: the official opposition, third party, government. We'll follow that rotation, and there'll be a 20-minute make-up for the third party that we'll put into their time, maybe two 10-minute segments added on. According to the legislative calendar, our next scheduled meeting will be Tuesday, September 23. We'll have the minister back in the afternoon session for two hours and then we should conclude research and innovation on Wednesday, September 24. Then we will have the Ministry of Labour, if all things go as planned, on September 30. Any questions on our upcoming business?

Ms. Laurie Scott: So September 23 and 24?

The Chair (Mr. Tim Hudak): Yes. We have four hours and 15 minutes remaining in research and innovation.

Ms. Laurie Scott: So two and two, roughly. Okay.

The Chair (Mr. Tim Hudak): Yes. We got through two hours and 45 minutes today. We have four hours and 15 minutes remaining in the Ministry of Research and Innovation estimates, which we should knock off in two afternoon sessions, and then it will be the Ministry of Labour following that.

Okay, folks, Minister, Deputy and the ministry team, thank you very much for appearing here and responding to the members of the committee's questions today. We'll look forward to seeing you back on September 23. Members of the committee, thank you very much; a great day today again, and enjoy the rest of the time before we're back in September. This committee is now adjourned.

The committee adjourned at 1158.

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