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**Official Report
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(Hansard)**

Thursday 23 October 2008

**Journal
des débats
(Hansard)**

Jeudi 23 octobre 2008

**Standing Committee on
Finance and Economic Affairs**

Ideas for the Future Act, 2008

**Comité permanent des finances
et des affaires économiques**

Loi de 2008 sur des idées d'avenir

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
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Hansard Reporting and Interpretation Services
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 23 October 2008

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 23 octobre 2008

The committee met at 0902 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Good morning, committee. We'll have the subcommittee report read into the record. Mr. Arthurs.

Mr. Wayne Arthurs: Your subcommittee met on Wednesday, October 8, 2008, to consider the method of proceeding on Bill 100, An Act to amend the Corporations Tax Act and the Taxation Act, 2007, and recommends the following:

(1) That the committee hold public hearings in Toronto on Thursday, October 23, 2008.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel and the committee's website.

(3) That the committee clerk, in consultation with the Chair, place an advertisement no later than the week of October 13, 2008, in the Globe and Mail and Le Droit newspapers.

(4) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 5 p.m. on Monday, October 20, 2008.

(5) That the committee clerk distribute to each of the subcommittee members a list of all the potential witnesses who have requested to appear before the committee by 6 p.m. on Monday, October 20, 2008.

(6) That, if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 12 noon on Tuesday, October 21, 2008.

(7) That, if all requests to appear can be scheduled, the committee clerk can proceed to schedule all witnesses, and no prioritized list will be required.

(8) That all witnesses be offered 10 minutes for their presentation and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.

(9) That the deadline for written submissions be 12 noon on Friday, October 24, 2008.

(10) That the research officer provide a summary of the presentations on the morning of Tuesday, October 28, 2008.

(11) That, for administrative purposes, amendments to the bill be filed with the clerk of the committee by 12 noon on Tuesday, October 28, 2008.

(12) That the committee meet on Thursday, October 30, 2008, for clause-by-clause consideration of the bill.

(13) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Chairman, that's your subcommittee report.

The Chair (Mr. Pat Hoy): Thank you. All in favour? Carried.

IDEAS FOR THE FUTURE ACT, 2008

LOI DE 2008 SUR DES IDÉES D'AVENIR

Consideration of Bill 100, An Act to amend the Corporations Tax Act and the Taxation Act, 2007 / Projet de loi 100, Loi modifiant la Loi sur l'imposition des sociétés et la Loi de 2007 sur les impôts.

CANADIAN FEDERATION
OF STUDENTS—ONTARIO

The Chair (Mr. Pat Hoy): Very good, and now we'll hear from our presenter this morning, the Canadian Federation of Students—Ontario. Would you come forward, please?

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Meghan Gallant: Sure. First of all, thank you very much to members of the committee for hearing me speak today. It's our pleasure to be here. My name is Meghan Gallant and I am the vice-chairperson of the Ontario Graduate Caucus of the Canadian Federation of Students—Ontario. This is James Beaton, who is our provincial researcher.

I am here on behalf of the over 50,000 Ontario graduate students represented by the Ontario Graduate Caucus of the Canadian Federation of Students to relay our concerns about Bill 100, An Act to amend the Corporations Tax Act and the Taxation Act, 2007. This bill aims to provide tax refunds for 10 years to start-up companies created to commercialize university research

and is part of a larger trend to prioritize commercializable research over basic research at our public universities and colleges. This trend poses risks to research integrity, ignores important research that may not have immediate commercial application, and may discourage research productivity.

We recommend a reinvestment into basic research and the Ontario graduate scholarship program, lower tuition fees for post-secondary students, and the reimplementation of post-residency fees for graduate students. Further, we recommend that the tax revenues generated from these new start-ups be redirected to graduate scholarships rather than to tax refunds.

Research commercialization is increasing dramatically across Canada; government cutbacks to research funding in the 1980s and 1990s left many universities looking for private funds to maintain their research efforts. Recent federal and provincial reinvestment in research has often included matched private funding requirements or been linked to commercialization outcomes. Cash-strapped university administrations have supported these efforts in hopes of bringing in needed research funding, but the result has been to pull the focus of universities away from the basic research that is undertaken nowhere else in our society, toward commercially oriented research that is common through the private sector.

Basic research is the root of all innovation; without it, we limit the knowledge base from which future researchers will draw. Funding research based on projected commercial outcomes or providing incentives to commercially motivated research limits the questions researchers ask and ignores worthwhile research, particularly in the humanities and social sciences.

Commercialization initiatives have also introduced or exacerbated a number of problems. Industry-sponsored research projects leave researchers dependent on continued private partnerships for funding. When results are not positive for industry sponsors, this leaves researchers with a decision on whether to release their results. Some researchers choose not to publish their negative results, meaning their work may be duplicated unknowingly by other researchers. Others may feel pressure to alter their results or to change the question asked, to support industry-favoured outcomes. Research shows that industry sponsorship leads to increased reporting of pro-industry results. And those who have opted to publish their negative results despite their industry sponsors have faced smear campaigns, lawsuits and irreparable damage to their careers. These partnerships introduce researchers to a complex legal terrain associated with negotiating intellectual property rights, publishing and patenting controls, and even access to data and results. University resources must now be allocated to legal expenses and training, and researchers' time is spent on negotiating these agreements and contracts.

Another change that can be observed is the increasingly closed research environments in our universities. If researchers hope to patent their research, they are not able to discuss their ongoing work. This is a stark con-

trast to the scholarly discussion that was typical at academic meetings and conferences and between colleagues. This inability to discuss findings, combined with delays in publishing to meet patent or commercial requirements or favourable market conditions, hinders research collaboration and can actually slow innovation.

The majority of university research is conducted by graduate students, and most faculty are aware that the best way to increase research productivity is to admit more graduate students. The Ontario government has called for the rapid expansion of graduate enrolment, and universities are hastening to meet these targets. Despite this, funding to the Ontario graduate scholarships, the primary provincial scholarship program, remains stagnant at 2,000 scholarships per year, with a value of \$15,000 for each scholarship. This is contrasted with an enrolment of over 37,000 graduate students across Ontario. While some graduate students receive a guaranteed minimum level of funding from their universities, many remain unfunded and most remain underfunded. These low funding levels are further undermined by increasing tuition fees. Ontario has the highest graduate tuition fees in Canada, approaching \$9,000 per year, and, unlike most other provinces, requires graduate students to pay these fees through the full course of their degrees. Other provinces have post-residency fees that are lower than full tuition and that are paid after students complete the coursework of their degree programs and begin the research and writing stages of their degrees. These post-residency fees allow students to focus on their research rather than seek employment to cover their tuition fees.

The estimated costs of this bill of \$5 million in the first year and \$7 million in the second year will have a minimal impact on enticing new start-up companies, but could create 333 new Ontario graduate scholarships in the first year of its inception and 466 in the second, if these funds were redirected. I can assure committee members that the effect of this would not be trivial and would provide a minimum standard of living to the graduate students who are producing the research and would allow them to focus on the research that they are conducting.

0910

I urge you to reconsider the thinking behind this bill, to reinvest money into a strategy that will enhance research in Ontario, and to redirect any money that would be refunded to start-up companies through Bill 100 to increase the number of scholarships available for graduate students.

Thank you for your time, and I look forward to any of your questions.

The Chair (Mr. Pat Hoy): And thank you for the presentation. The questioning will go to the official opposition.

Mr. Ted Arnott: Mr. Chair, given that this is the only presentation of the morning, would it not be fair to allow each caucus to ask a question if they choose to?

The Chair (Mr. Pat Hoy): It's in the hands of the committee.

Mr. Wayne Arthurs: We're quite satisfied to have the official opposition ask questions, from our perspective.

Mr. Ted Arnott: Well, thank you very much.

Let me express my appreciation to your organization, the Canadian Federation of Students of Ontario graduate student caucus, for making, really, the only presentation on this bill. We would have expected and hoped that there would have been more groups and individuals who would want to come forward to discuss this important issue. Unfortunately, there weren't more, but I'm certainly pleased that you are here. I think you offer an interesting perspective that I don't think had really been discussed in the debate at second reading, quite frankly—certainly from the debates that I saw and was witness to.

From our perspective as a Conservative caucus, we've expressed support for this bill in principle, but we see it very much as a modest proposal, like you do, that maybe isn't going to match the hype that the government has set for the achievements that they hope to see coming from Bill 100. I think it makes sense to encourage the commercialization of research at our post-secondary institutions, but I really don't think this is likely to have

the positive impact that the government would lead us to believe.

You've used your opportunity here to talk about a number of the other issues relating to grad students, and you argued for greater provincial support and funding for the graduate student programs. I certainly understand that. The difficulty we are in right now, of course, is, with the declining economy and the challenges we're facing, it's going to be tougher and tougher, but certainly you've had this opportunity to express your views, and we do appreciate it.

I don't have any specific questions; you've laid out your concerns very clearly, and again, I want to express my appreciation for your coming forward.

Ms. Meghan Gallant: Thank you. I would just note that I think all of our concerns are very much interlinked. This prioritization of commercializable research is linked to a shift away from certain types of funding for our universities, and that is linked to graduate funding levels, but I appreciate your comments.

The Chair (Mr. Pat Hoy): Thank you for your presentation before the committee. We are adjourned.

The committee adjourned at 0915.

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