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Tuesday 23 September 2008

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Mardi 23 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

Tuesday 23 September 2008

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The committee met at 1600 in room 151.

MINISTRY OF RESEARCH AND INNOVATION

The Chair (Mr. Tim Hudak): Good afternoon, folks. I'm pleased to call the Standing Committee on Estimates back into session. We are resuming the consideration of the estimates of the Ministry of Research and Innovation. Again, we have the Minister of Research and Innovation, Minister Wilkinson, George Ross, the deputy minister, David Clifford, the chief administrative officer—oh, you guys switched.

Hon. John Wilkinson: Yes. And?

The Chair (Mr. Tim Hudak): And Robert Taylor.

Hon. John Wilkinson: No.

The Chair (Mr. Tim Hudak): Sorry.

Hon. John Wilkinson: Chair, Dr. Tony Vander Voet, who is assistant deputy minister. We congratulate him on his appointment.

The Chair (Mr. Tim Hudak): Fantastic. Welcome, but they switched sides, didn't they? I'm confused. It's the uniform of research and innovation: the glasses, the goatee look and that.

Interjections.

Hon. John Wilkinson: I'm feeling a little underdressed.

The Chair (Mr. Tim Hudak): We'll see the minister sporting them soon enough.

Mr. Bob Delaney: We could always ask them to change places back again if it would please the Chair.

The Chair (Mr. Tim Hudak): We'll move forward, I think. We have a total of four hours and 13 minutes remaining, folks. We'll remember that for obvious good reason we congratulate Mr. Bisson on the birth of his grandchild—a little boy, I think.

Mr. Michael Prue: Yes.

The Chair (Mr. Tim Hudak): So we congratulate, in his absence, Monsieur Bisson. Members of the committee were kind enough to agree to stack time so the third party will have their time. They have 40 minutes in stacked time.

When the committee was adjourned, the government had completed its 20-minute rotation. What I'm going to propose to do is start with the third party for 20 minutes, then we'll resume a regular rotation. So the official opposition, the third party and then the government, and to subsequent 20-minute sessions the third party will have 10 minutes added on so they get all of their stacked time back without too many long blocks of interruptions. Do I have agreement on that?

Mr. Bob Delaney: Sure.

The Chair (Mr. Tim Hudak): Okay. We'll walk through it just to make sure we're all set. So we're going to go to Mr. Prue for his opening 20 minutes of questioning.

Mr. Michael Prue: There you go: thrown right into the lion's den, and here I am.

To the minister: I had the opportunity of spending Saturday evening in lovely downtown Stratford, and I want to tell you it is as lovely as it was when I was there in June.

Hon. John Wilkinson: Were you there for Savour Stratford, our new culinary festival?

Mr. Michael Prue: I have a number of questions here that we'd like to ask about research and innovation.

The first one is about the Institute for Competitiveness and Prosperity. This is one of the favourite things the Premier talks about. Whenever he gets a few seconds in the House, he likes to throw it in. We were looking through some of the most recent annual report and came across some interesting material. I'd like to quote from the report, and then I have a question.

The quote is, "Ontarians are not investing adequately for their future prosperity. This is true for investments in physical and human capital by individuals, businesses, and governments. Our future prosperity and our ability to achieve our full potential depend on the investments we make today in these areas."

The report's first recommendation in its investment section is for Ontario companies to increase their investment in machinery and equipment. We in the NDP have proposed a manufacturing investment tax credit of 10% or 20% for green technologies for such kinds of investments. Can you tell me why the government of Ontario refuses, to date, to introduce such a credit that other provinces, such as Saskatchewan, Manitoba and Quebec, have all done?

Hon. John Wilkinson: I want to thank Mr. Prue for the question, and I'm delighted that you were in my hometown of Stratford on the weekend.

I think I've always had a good working relationship with Dr. Roger Martin at the University of Toronto—we take a look at their reports. I can tell you that the question

you ask in regard to a manufacturing tax credit is not something that would be under the purview of responsibilities I have as Minister of Research and Innovation. I think that question would probably be more appropriately addressed to the Minister of Finance, who has purview over that.

Mr. Michael Prue: In fact, it has. You were sitting beside him today, when he introduced a new bill ostensibly to do much the same thing. He spoke that it was in conjunction with your ministry, and I would have to think you are being consulted on this. Can you tell me what you, as minister—I don't want you to tell me anything that came in cabinet; I know you can't—have advised the minister? Obviously, if you think this is what we should be doing and what your ministry should be doing, why have we not embarked down a path that has proven successful in other provinces; why are we embarking today on a new path to take the information from universities and have that information paid by the taxpayer?

Hon. John Wilkinson: As I was saying in my earlier statements to the committee—and I shared with them my thoughts about this—all parties around this table have made, collectively over the last few decades, a tremendous investment in our post-secondary education institutes: universities, colleges and our academic research hospitals.

The question in the 21st century is: If an innovative, great idea comes out of the research we've all collectively paid for, how do we translate that into the Ontario economy—not into the economy of another jurisdiction but into the Ontario economy? I think the measure introduced, not by me, as you noted, but by the Minister of Finance today, the Ideas for the Future Act, is about an Ontario tax exemption. Actually, the tax has to be paid to the federal government, and then we're prepared to refund it if the company qualifies.

We're trying to set up a relationship wherein we take the strength we have as a globally competitive research jurisdiction and drive through a culture of innovation that allows us to commercialize those ideas in this province. I think we send a very powerful signal to people, definitely in Canada and even around the world, by having this new tax measure, which in itself is landmark and innovative. We're saying that the very best place in Canada to commercialize intellectual property that arises from research out of any post-secondary education institute—any college or university, research institute or academic hospital in the entire country—would be here in Ontario. It is landmark, it is innovative, it is new, and it will be up to history to determine its effectiveness.

But we, at our ministry, are convinced that we can play a supporting role with the Ministry of Finance as they determine which companies qualify for this. We find the approach we've taken is one that cuts through the regular clutter of tax exemptions that are available and different things that are available from the government and actually brands us as a place where we have embraced innovation, where we feel that if someone has a great idea at the lab bench, it needs to be translated to the bedside when it comes to academic health. If there's someone, for example, who has uncovered a new way of providing a greener source of energy with nanotechnology, it is not right that that would be held in the halls of academia and not translated into our economy. We clearly need to send the signal that we want to translate that into the economy right here in Ontario and not in another jurisdiction.

That's why I was proud to support the Minister of Finance. He made the announcement, as you'll recall—I think it was on March 24 of this year—during the budget.

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I'm sure that as we debate the bill in the House—of course, we're hopeful that the House will decide to pass the bill, and I think there will be vigorous debate on the bill. But I think the intention of the measure is very clear: We have to translate this research powerhouse that we have in this province—which was recognized just the other day by the province of Alberta, with the arrival of Dr. Shoo Lee to Mount Sinai—and we need to do a much better job at taking those ideas that come out of there and commercialize them here to the benefit of our province, so that we can continue to have a prosperous standard of living.

Mr. Michael Prue: In many jurisdictions around the world, business, particularly large multinational corporations, seem to do an awful lot of their own research, without a lot of government intervention or monies. We seem to be saying here today, and in the past with your ministry, that they need to be subsidized. Why do you feel that they need to be subsidized? Why aren't they doing it themselves?

Hon. John Wilkinson: Well, first of all, I would disagree with your assertion about that, because when you take a look at the combined after-tax cost for research through what is known as the SRED credit from the federal level, which is matched by the provincial government, we have the lowest after-tax research cost in Canada, and I believe in North America. I think that has set a condition that allows us to enjoy what we have today, which is being one of the most research-intensive, globally significant centres for research in the country, and in North America. The question is, why are we not doing a better job at taking that research and translating it into our economy through the process of innovation and through commercialization? The challenge that we have, and the reason I believe that the ministry was created, is to get at the nub of that problem.

There are very few jurisdictions around the world that have mastered this ability to create an innovative culture. It is not something that is everywhere in the world. I would commend the work that's happening here in Ontario, but if you look around the world—you look at Ireland, Finland, Boston and San Diego, for example, in life sciences—there are a few places around the world that are very good at translating research innovation and new intellectual property into jobs. But that is the game afoot for us in the 21st century, in this jurisdiction, with a

high dollar and a high cost of energy, and a major trading partner that is having significant issues.

As I was saying in my opening statement, the concept—what pushes us at the ministry of research—is the understanding that this is an imperative. As I said in my opening statement, I think it's a non-partisan imperative. It is the strength that we have that, collectively, we must unlock, because that generates those types of jobs, which are very unlikely to be transferred to another jurisdiction. Companies that embrace innovation, companies that are constantly improving their product, companies that are reinvesting in research and development—those companies are not creating jobs that are easily translated into another jurisdiction for less money. So we look at companies that have been successful on the global scale because they've embraced innovation and have constantly had continuous improvement in their processes and in their products.

That, I would argue, is not a culture right across the province of Ontario, but I would also argue—I think we would all agree—that that is the culture that needs to be instilled and strengthened here in the province of Ontario. It's an economic imperative.

Mr. Michael Prue: Well, I listened to you, but I also have read the report from the Institute for Competitiveness and Prosperity, and unless I was reading wrong, it seemed to me that they were very critical of the quality of Ontario's private sector managers. They see that some of the management shortcomings were a major barrier to innovation, specifically—and I'm going to quote what they said:

"The Ontario Ministry of Research and Innovation correctly identifies the importance of a 'culture of commerce' in its strategic plan. However, in our view it needs to go further in recognizing the importance of management skills in the commercialization of research."

Has management failed the companies, and through that, the people of Ontario, in seizing these opportunities? Have they failed so far?

Hon. John Wilkinson: I wouldn't characterize it by saying that they've failed, other than I would say that the institute is correct in its assessment, that it is the purpose of that think tank to actually move or ask the questions and to challenge our business leaders.

When I first arrived at the ministry some two years ago, when I was originally the parliamentary assistant and, as I was saying to the committee earlier, I did the consultations on behalf of the minister across the province, what I found was that we have world-class scientists, Mr. Prue—

Mr. Michael Prue: Absolutely.

Hon. John Wilkinson: —who are by and large business illiterate, and we have world-class business leaders who are by and large scientifically illiterate, because they are at the top of their game in their respective fields, and in innovative cultures they are able to bridge that gap. I was saying how we feel as a government that the appropriate role for government is to act as a catalyst, that we're actually able to create the vessel where these different people have a chance to mix. I think all of us are proud of the investments we collectively made at MaRS. There's a great example of a global brand research centre which is marrying both the scientific excellence and the business skills. That is at the heart of what MaRS is all about: this meeting place of people with different skills. I've always said it's like trying to create a lingua franca, the ability for these two groups to actually talk, because we know that when they get together and they do talk, this happens.

What I have is the business mentorship and entrepreneurship program, BMEP, that my ministry funds through ideas to marketing a program. That is provided to entrepreneurs right across Ontario through my Ontario commercialization network. But I continue to act as an advocate, as does the institute, challenging our business leaders, the deans of our business schools, about how we need to move forward, and there are new, innovative programs that are available. I know that Laurier, for example, in downtown Toronto has a business degree in entrepreneurship. I know that at the University of Waterloo, they've created a new undergraduate program, and the kids who are in that program are actually in the same residence. They actually have a residence that in itself is to be an incubator for great ideas in new businesses, a very novel concept. That's at the University of Waterloo.

I've had a chance to talk to people like Carol Stephenson, from the Richard Ivey school, and also to Roger Martin at Rotman. They see, I think, that more work needs to be done to create those people who have those two sets of skills: You almost have to be bilingual. So we need these scientists who have a better understanding of business and the imperative of how one commercializes a great idea.

I don't want my Nobel laureate-track scientists to stop what they're doing and then go back to get an MBA, and I don't want my business leaders to stop and go get their Ph.D. in physics, but I do want to do everything I can to give them the skills and create the interlocutors that can actually help them to have that conversation. And the appropriate role, as I was saying in my opening statement, is that government can act as a catalyst, can help the number and frequency and quality of those interactions.

So we take the advice from the institute quite seriously and we're moving forward as hard as we can to take the wisdom of their advice and that of others about how we need to act as a catalyst to improve those interactions at all times.

The Chair (Mr. Tim Hudak): Mike.

Mr. Michael Prue: That's my 20 minutes?

The Chair (Mr. Tim Hudak): No, no—about five minutes left.

Mr. Michael Prue: Oh, okay. Just in that same vein, approximately how many people are involved in this catalytic process, and how much money is being spent?

Hon. John Wilkinson: I would say that since we launched the Ontario innovation agenda last spring, that is the sole focus of the Ministry of Research and Inno-

vation. I'm sure my deputy will help me out with this. I believe we have about 126 FTEs at the ministry—

Mr. George Ross: It's 137.

Hon. John Wilkinson: It's 137—very good.

Mr. Michael Prue: It just grew by 11.

Hon. John Wilkinson: We've been asked by the government, of course, to provide more programming in this key area. I would also like to thank the Minister of Finance. In the last budget, you'll recall that he allocated an additional quarter of a billion dollars to research, and were very helpful for that, because we need to spur on that research excellence, but again, to continue to do that. And then of course the budget of my ministry and the estimates are obviously public knowledge, and I can answer any question you might have of line by line—anything specific.

Mr. Michael Prue: You anticipated my next question. Over $55 million of your ministry's operating budget goes to the Ontario research fund. Year after year, this is consistently one of the biggest line items in your ministry, but we don't see any specific projects mentioned in the ministry's estimates books. Can you give three, four or five examples of projects funded? I'll ask that first. Can you give us some of the bigger ones that have been funded and the costs associated out of the $55 million?

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Hon. John Wilkinson: Well, that's great; there are two things, Mr. Prue. Just to give some context, the Ontario research fund was created as a matching program. It's peer review. As I said, one of the hallmark, central operating principles of the Ministry of Research and Innovation is that we do not allow political science to interfere with science. So the decisions that are presented to me by my blue-ribbon Ontario research fund advisory board are based on globally significant, peer-reviewed scientific excellence. So the people who get the money are the top researchers that we have in this province, and that assessment has been made by their peers.

I'll give you an example that just last week I had the opportunity to announce some $21 million worth of research funding under something called the research infrastructure program that went to the health care sector, health care researchers, life science researchers here in Ontario. I was at York University to make the announcement. I had a chance to be in the lab of Dr. Dorota Crawford. Now, Dr. Crawford was with Dr. Stephen Scherer at Sick Kids. Dr. Stephen Scherer recently uncovered an entire new brand of science, a whole new area of endeavour.

We all know that we have genes. What we didn't understand is that, although we all have the same number of genes, we have various numbers of copies of those genes. So some people would have one pair of genes and other people might have two or three copies of that. Dr. Scherer has unlocked this through the analysis that he has done as he was working in regard to the issue of autism. Now, the money that we were able to invest with Dr. Crawford was to buy a new piece of equipment, state of the art around the world. She's trying to see whether or not there are indeed environmental triggers that trigger autism in those children who are genetically predisposed because they have this copy number irregularity. So that would be just one example of the type of work that is at the top, from a global point of view. Our researchers are doing things that are not done anywhere else in the world. That's why we fund them. It is truly globally significant.

I could go into detail about the investments that we make, but the key things—and I could give you some more detail. I'll give you an example in regard to the Centre for Intelligent Antenna and Radio Systems at the University of Waterloo. It was $5 million, and it is developing the next generation of wireless technology. "The rapid spread of wireless technology is creating major opportunities and challenges." This $12.8-million initiative, of which Ontario is contributing some $5 million, "will help Ontario's information and communications technology sector maintain its world-renowned leadership in wireless technology. Researchers under the direction of Dr. S. Safavi-Naeini at the University of Waterloo's new Centre for Intelligent Antenna and Radio Systems will develop intelligent radio network systems and other cutting-edge radio sensor technologies. The centre's five interrelated laboratories will, for the first time in Canada, bring together world-class research and equipment to spur the development of next generation wireless systems. The systems will support emerging technologies such as biomedical sensors, pharmaceutical engineering and wireless ultra-broadband networks."

I might add in the green technology sector—

The Chair (Mr. Tim Hudak): Do you know what, Minister? I'll have to stop it at this point in time. There may be a question on the green technology sector shortly. Thank you, Mr. Prue. The time has expired for the first round, and we go now to the official opposition. Ms. Scott, you have 20 minutes.

Ms. Laurie Scott: Thank you very much, Mr. Chair, and thank you, Minister, for appearing before us again today. I was just recapping—I think it was, what, three weeks ago, roughly that we were here.

Hon. John Wilkinson: And have you been to Stratford?

Ms. Laurie Scott: I've not been distracted at all.

Hon. John Wilkinson: You're always welcome.

Ms. Laurie Scott: I was asking some questions, I think, on the Ontario venture capital fund. It's managed by TD Capital Private Equity Investors, right?

Hon. John Wilkinson: Yes.

Ms. Laurie Scott: Could you tell us what the monthly annual management fees for their services would be?

Hon. John Wilkinson: That's a good question, and I'm sure I can get that for you.

Mr. George Ross: We're going to have to follow up with that. We'll have to do some research, and we'll get back to you on that.

Ms. Laurie Scott: Okay. So I'll put that as a table. We had asked before, in the same vein—I was just checking Hansard, and I think you were going to follow

up—what investments they may be in, and we asked if there were any investments in the tobacco industry. Mr. Ross, I believe you were going to follow up on that. I don't know if you have that today, or is it still forthcoming?

Mr. George Ross: As I mentioned in our last meeting, the province is in limited partnership with other institutions and we're engaged with a general partner. Before we communicate that type of information, we're contractually obliged to consult with our general partner. We're in the process of doing that right now, and we will certainly follow up with that information later.

Ms. Laurie Scott: Okay. Thank you for that. We'll look for that to come forward.

I had some questions we didn't quite finish up, because we kind of went around topics as our 20-minute cycles came. One was about marketing. You've got the ministry's mandate to:

"—develop an integrated innovation agenda and lead its delivery,

"—align and coordinate Ontario government investments in both policies and programs to deliver on the innovation agenda, and

"—foster a culture of innovation and showcase Ontario, nationally and internationally, as a place where innovation is inevitable."

You mentioned some of the conferences you have been to. Is it San Diego that's coming up?

Hon. John Wilkinson: No, we were there, at BIO.

Ms. Laurie Scott: You did bring in a bit about the marketing and our scientists and their scientists coming together, but we really didn't ask if you could expand a little bit on that. Is it country-specific? Do you know of any alignments that may be happening with Canada—or Ontario—and other companies at BIO?

Hon. John Wilkinson: First of all, the BIO conference is the largest one in the world. We were in San Diego; the year before, we were in Boston; and the year before that, we were in Chicago. It is by far the largest life sciences conference in the world. I believe that in San Diego there were some 25,000 participants. I might add that it's so large, but we'd love to have BIO back in Toronto. It was here many years ago, and we think it would be wonderful for the province of Ontario to be a host of this great international conference.

That said, what we're finding is that our researchers are leading more and more international consortia. I was talking about Dr. Tom Hudson leading the International Cancer Genome Consortium, actually the largest effort in that regard in the history of mankind. It is a project that is some 25,000 times bigger than the human genome project. But we also look at the international stem cell consortia, the international consortium in regard to the regulome, the International Barcode of Life. I put that on the record because our researchers have been able to reach out across the world and lead these international consortia.

What we've decided, from a marketing point of view, is that it makes sense for us to take advantage of that strength that we have, that brand we have been given by our topnotch researchers around the world, and use that as a way, we hope, to open doors so that people see this province as a very good place for them to have research-intensive industry, which of course is one of the focuses of the Ministry of Research and Innovation.

It is important for us, therefore, that when we go there—I had the advantage when I went to San Diego not only to go to San Diego, which is high-tech centre and one of the leading biomedical research complexes in North America, as is Toronto, I might add, but I also had an opportunity to travel to Silicon Valley, which is just below San Francisco, and actually meet a number of companies there, leaders in industry, particularly in information and communication technology, and I found that to be very beneficial, because those companies really have the globe in front of them as to where they're going to make investments.

So it is important for us in Ontario to lead with our strength, which is our researchers, and to engage them in the conversations they need to have to make sure we are a jurisdiction they would like to invest in. I know we have the lowest after-tax research cost in Canada—in North America?

Mr. George Ross: I believe so.

Ms. Laurie Scott: Maybe just expand on the lowest after-tax research cost. Specifically, what is the lowest after-tax research cost? Can you give me an example?

Hon. John Wilkinson: Yes. We have something known as the SR&ED credit, and that's federal, and then we have a combined tax system. We work very closely over many governments and many parties at both levels of government coordinating that, so that the actual cost to a company—they're able to get a substantial tax credit for what they spend on qualifying research. That, in itself, makes our jurisdiction so very attractive. I would say in large part that suite of tax measures has led to Ontario becoming a global powerhouse when it comes to research. As I was saying to Mr. Prue, it's important for us to have complementary measures that spur on the commercialization of that research in this jurisdiction and not in another jurisdiction.

I could ask—

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Ms. Laurie Scott: Do you have actual proof of someone who said, "Wow, that's quite competitive, these after-research tax dollars"? Because you and I have had this argument about marginal effective tax rates before.

Hon. John Wilkinson: For example—I'll put this right into the record for you, Ms. Scott—in a recent study by KPMG, which is a global accounting firm, entitled Competitive Alternatives, the G7, 2006, Canada was deemed to have one of the lowest business costs relative to a number of international peers. In addition, Canada's cost advantage in research and development, in R&D, was deemed to be 10.9% over the United States. Our cost advantage to the company was 10.9% greater, to be here versus in the States. This is evident in Ontario, as according to Re$earch InfoSource in 2006, six of the top

10 R&D performers in Canada were located in Ontario. We're 40% of the country; 60% of the top 10 R&D performers are here.

To strengthen Canada and Ontario's R&D tax advantage, a number of tax incentives operate in Ontario to support industry-led innovation. A summary of these tax incentives is provided to me, and we'll go through them. First of all, in regard to corporate taxation: Firms operating in Ontario are subject to a combined federal and provincial tax rate of 36.12%. However, because manufacturing and processing firms are subject to a lower rate of provincial tax, their combined rate falls to 34.4%. This combined rate is generally less than the combined statutory US federal and state tax rates. This also compares favourably with a number of peer provinces and US states.

In the provincial budget, 2008, the capital tax for manufacturers and resource companies was eliminated retroactive to January 1, 2007. For other sectors, the capital tax rates were cut by 21% and will be eliminated completely by 2010.

But now let's get into the issue of research. The federal scientific research and experimental tax credit, which is referred to as SR&ED: The SR&ED tax credit allows for a 100% deduction of eligible innovation costs, including capital equipment, and a 20% investment tax credit on SR&ED expenditures. For small and medium-sized enterprises, the investment tax credit increases to 35%, up to the first $2 million per year. The federal investment tax credit earned for SR&ED that is carried out in Ontario is exempt from Ontario tax. Then, I have a complementary measure here in the province of Ontario called the Ontario business and research institute tax credit, which is a 20% refundable tax credit for contract R&D that is undertaken at post-secondary institutions or research hospitals in Ontario. I also have the Ontario innovation tax credit, a 10% refundable innovation tax credit which is applied to firms that carry out R&D in Ontario.

Then if we get into specific areas of the new economy, particularly in regard to interactive digital media, the Ontario interactive digital media tax credit is a refundable tax credit based on eligible Ontario labour expenditures and eligible marketing and distribution expenses claimed by a qualifying corporation with respect to interactive digital media products. The Ontario interactive digital media tax credit is calculated as 25% of eligible Ontario labour expenditures and eligible marketing and distribution expenses incurred after March 25, 2008. As well, we have the Ontario research and development tax credit itself. For taxation years ending after 2008, Ontario corporations are able to claim a 4.5% non-refundable tax credit on qualifying R&D expenditures in Ontario. Today I was very proud to sit in the House beside my friend the Minister of Finance and talk about the new Ontario tax exemption for commercialization, which was introduced in the House today, and we hope, the House willing, that it will pass.

Ms. Laurie Scott: Well, Minister, I will read in again Roger Martin's comments saying that in Ontario we still have one of the highest marginal tax burdens on business investment in the world. I know you've read a list of tax breaks. He's still commenting that Ontario still has one of the highest marginal tax burdens on business investment in the world. You can argue with Roger Martin or not, but that is a quote, that Ontario has the highest marginal effective tax on new business, not just in Canada but in the developed world. I don't know what's offsetting which. You say that what you've just listed is very appealing and—is it 10% above the US?—I put that out there for you.

Hon. John Wilkinson: Ms. Scott, to be clear, I'm the Minister of Research and Innovation, so the companies I deal with are the ones that are heavily involved in research and development. I would say that Dean Martin's comments—

Ms. Laurie Scott: Roger.

Hon. John Wilkinson: Roger, but he's the dean of the school of business there.

Ms. Laurie Scott: As in Dean, you're going to break into song.

Hon. John Wilkinson: He's a great guy, you see. He's actually from Wallenstein, I might add, which is just outside of my riding, so I know him quite well.

My focus as Minister of Research and Innovation is, what is the after-tax cost for those companies in regard to research and development? I believe that, just looking at the measures that I've read into the record, when it comes to that part of the economy to which I am most responsible, we have, if not the lowest, one of the lowest after-tax research costs in North America. I think the proof of the pudding about the wisdom of that is the fact that Ontario is, today, a global research powerhouse.

The question we have to deal with collectively is, how do we take this wonderful research and the benefits of that and translate them into our economy? What we've said through the Ontario innovation is that the appropriate role for government is to act as a catalyst, that we must focus, and that we must look in a global context, as the Ontario Research and Innovation Council told us to in my consultations with over 400 stakeholders across the province. Opportunities for us in the global context—the global challenges where we have the best opportunity to find just some of the global solutions, and therefore create companies where the global market and global capital are coming to our door—have to do with expanding the digital universe, conquering disease through the life sciences, and embracing technology to help us get to a sustainable economy and environment here in the province of Ontario, through the bio-economy in particular.

Ms. Laurie Scott: The Ontario innovation agenda focuses on significant investment areas where Ontario can be globally competitive. I'll go through them: clean technologies, advanced health technologies, digital media, creative industries and the bio-pharmaceutical industry. I just wondered, how was it determined that these are the areas where Ontario can be globally competitive? How did you come to that?

Hon. John Wilkinson: As I was saying at the beginning of the month, when we embarked on the need for us to focus on this and to create a strategy, we were able to do a number of things. The first thing we did was that the Premier was able to secure Dr. Glass from Ireland to come and bring a global perspective. Secondly, the Premier was able to convince a number of eminent Ontarians to be part of a blue ribbon think tank for him called the Ontario Research and Innovation Council, and they gave him advice. As well, he tasked me as his parliamentary assistant to do a cross-province consultation, right across the province, from Windsor to Ottawa to Thunder Bay. What we heard over and over again in the advice we had was that we need to always look at what is our unique value proposition in a global context? I would give as an example, Ms. Scott, that there are many countries in the world that are very heavily involved in ICT, information communication technology. We have companies that are powerhouses in that, like for example RIM, OpenText and Dalsa, just to name a few.

The advantage we have here in digital media is that we have this digital universe where we are getting the tools that people can access, for example, through the Internet and mobile technology. What the world is looking for is content, so we've created these tools, so the opportunity goes around, how can we take the tools and provide the content? Now, where is the unique Ontario advantage in that? We have these tremendously world-class universities. I give the University of Toronto as an example. The largest math faculty in the world is at the University of Waterloo. We have some tremendous infrastructure there. I have told people that I believe Ontario represents the greatest concentration of the diversity of humanity living in social cohesion, and so the competitive advantage in the digital universe is not only being able to create content, for example, in English and in a North American context, but to be able to replicate that in this global Internet, in multiple cultures and multiple languages.

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Ontario has inherently a competitive advantage in this space better than other countries which are much more monocultural. So what we've looked at is in ICT and within this burgeoning field of digital media, which is what I would argue is where the puck is going in the 21st century, what our competitive advantage is that allows us to drive through prosperity. It would be taking advantage of that, taking advantage of what we have. What Dr. Glass told us is, "You makes do with what you've got." What you have to understand is what are those natural attributes that you have, and we use that as an example.

Ms. Laurie Scott: So could you say how much of a percentage of the workforce is actually employed in, say, the high-tech or the—I guess you want to call it the digital media? How much of the Ontario workforce is employed?

Hon. John Wilkinson: Off the top of my head, I can't give you an exact percentage, but I'll endeavour to get that for you. I'd be more than happy to.

Ms. Laurie Scott: Okay, because there are some reports that say those sectors, the high-tech sectors broadly speaking, represent less than 2% of the jobs of Ontario. So I just—

Hon. John Wilkinson: Ms. Scott, before they invented the car, there were a lot of people in the horse industry—

Ms. Laurie Scott: I know you want to expand it, but—

Hon. John Wilkinson: —so we're looking at where the greatest growth potential is in the 21st century. Our job at the Ministry of Research and Innovation is not to look backwards. Our job on behalf of the government is to look forward, to have a voice at the cabinet table who is looking ahead. That's my function within cabinet. So what I would find is that we have looked to see what those strategic opportunities are that are unique to Ontario or where we are. As I've always said, people who come to see me either are or plan to be top three in the world, and then—

Ms. Laurie Scott: I believe that came from Roger Martin, the 2% of the jobs in Ontario. So when your blue-ribbon panel reported—and I've asked for reports from them specifically to be tabled. Do you have a projection as to what you'd like to see that grow to?

Hon. John Wilkinson: I could talk about the global market opportunity. For example, the size of the global digital media market was estimated to be just under US$1 trillion in 2004. The market is expected to grow by 53% and to be $1.5 trillion by 2009, next year. So when we look at the global opportunity, we're looking at those industries that have these phenomenal rates of growth. I've seen similar numbers in regard to clean technology, which is another area of focus that we have in regard to solar power, wind power, anaerobic digestion, biomass.

Then we look at the same very large growth potentials that we have in regard to life sciences. I would argue that for those among us who can treat, cure or, even better yet, prevent disease, there is a tremendous global market for that in the hundreds, if not trillions, of dollars. That's what we're focusing on.

The Chair (Mr. Tim Hudak): Just a quick question, Ms. Scott.

Ms. Laurie Scott: Again, to know the baseline. I see your hopefulness, and you've provided some global numbers, so I hope you're correct because the 2% figure in the high-tech sector jobs—that's what the States is too, right at the moment.

Did you have a baseline of how much money those industries contribute to the provincial GDP annually?

Hon. John Wilkinson: Sure. I can get those numbers for you.

Ms. Laurie Scott: Okay.

The Chair (Mr. Tim Hudak): I think, in the interest of time, we'll stop it there. There's just about 15 seconds left.

We'll go to Mr. Prue now. And, folks, remember he has 10 minutes of additional stacked time. So, Mr. Prue, you have 30 minutes in total.

Mr. Michael Prue: Okay. I'd like to go back where I was—a very interesting line of questioning by my colleague here, and interesting answers too.

I was asking about the $55-million operating budget and asked for four or five examples. You gave me two. The first one was $26 million innovation at the university for looking at genes and copies of genes, and the other was $5 million for wireless technology and antenna systems. That's two. Can you give me some more? I'm just trying to figure out where this whole $55 million goes. You've accounted for $31 million, as far as I can—

Hon. John Wilkinson: Well, I actually can take a half-hour to answer that question, and I'll ask my—

Mr. Michael Prue: You might. That's the next part of my question. I'm going to ask for a whole list, but right now I just want to know the biggies.

Hon. John Wilkinson: They're also on my website.

Mr. Michael Prue: Okay.

Hon. John Wilkinson: What I would ask, perhaps, and I would say to my staff—for example, when I made that $21-million announcement, which was just the third and fourth rounds of Ontario research infrastructure money for advanced health systems. I can get for you an example of the type of project that we just announced the other day. I believe in total, just on that one subset, there have been some 137 projects. I know my friend is helping me with that.

Basically though, Mr. Prue, the allocation that we have over the next five years is some $650 million to the Ontario research fund. That includes the additional $250 million that was allocated in the last budget. Since 2004, our government has funded 798 projects, matching CFI awards. That is the federal centre for—

Mr. George Ross: Canadian Foundation—

Hon. John Wilkinson: Yes, the Canadian Foundation for Innovation, which is through the Ontario research fund, for a total of $300 million in investments. So we would have spent $300 million since 2004 on just under 800 projects, all of which were matched by the federal government and the successful institution. That $300 million is leveraged up substantially.

I was going to tell you, for example, about Dr. Mohini Sain at the University of Toronto, who if I remember correctly has also crossed to the University of Guelph and the University of New Brunswick. He is a leading researcher in the question of bioplastics and biocomposites in the automotive industry. He is heading an $18-million research project, of which we contributed just under $6 million, that aims to develop the use of renewable resources to produce automotive materials and parts.

The Ontario biocar initiative involves scientists at four Ontario universities and a long list of industry partners who will tackle everything from improving yields per acre for hemp, wheat, corn, soybeans and canola to developing improved processing technologies for fibre harvesting, treatment and separation. They will also develop biochemicals, bioplastics and biocomposites, and they will design auto parts that combine the advantages of metals and biomaterials and predict the design performance of biomaterials in assembled automobiles.

Dr. Sain, when we made that announcement, said: "To be successful in research, you have to have a vision and you have to have partners who believe in the value of innovation and are prepared to invest in it. We've got that winning combination in Ontario."

So, since 2004, 798 projects—I would then ask you, Mr. Prue, what further detail I could provide for you on the 798. We could be here for a while if I go from one to 798.

Mr. Michael Prue: No, you don't have to do that; just give me the website where I can find them.

Mr. George Ross: We can follow up with the detailed lists of projects that have been funded, and the MRI website has some details on the Ontario research fund program, which is basically a research-granting program based on an excellence criterion. The decisions that are brought before the minister are the results of a peer review process.

Hon. John Wilkinson: Then the recommendation of the Ontario research fund advisory board, which is a blue-ribbon panel of both scientists and business leaders; it reviews all of those and gives me advice.

Mr. Michael Prue: Okay, but 798 projects have been approved. How many were submitted?

Hon. John Wilkinson: Well, that's a good question for Dr. Barr. They're not all successful, I can assure you. It is a tremendous infrastructure for us to be able to do that. We have countless volunteers from across most of Ontario, the country and the world who help us with that peer review process. As you know, one of the hallmarks of science is the peer review. We're very fortunate that we have so many people who are willing to spend time to give us their advice in regard to that peer review process.

I could endeavour to get a number of how many applied versus the 798 who were approved; I wouldn't have that off the top of my head.

Mr. Michael Prue: Okay, then let's go to the next question. Another major line item is the Ontario research and development challenge fund, with $19.7 million in an operating budget. It's lower this year than other years; some years it's been as high as $45 million, if my research is correct. Can you give me three or four examples of projects funded under this program in the last year?

Hon. John Wilkinson: Just for some context while my deputy works to your specific question, that plan, if I remember correctly, was created before the creation of the Ministry of Research and Innovation. As I mentioned, we collectively as a province for well over 25 years—all three parties have had the opportunity to govern Ontario—had made investments in both research excellence and research infrastructure.

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That challenge fund, if I remember correctly, was created by the previous government. There was an allocation that was made, and then that money is allocated over a number of years and the money is drawn as

required as a result of the demand. All of these programs have rounds. The round is clearly communicated to the research community as well as what the criteria and the areas of focus are for that round. Then the researchers, when successful, are not just given a lump sum; they have to apply for that money as they meet pre-approved milestones.

Our ability to fund that: We set the money aside, because that's the right thing to do from an accountability point of view, but the uptake of that money is sometimes dependent on the ability of our researchers to actually put the paperwork in. If they don't submit the paperwork, they don't get the money. Over time, that fund, which was a specific allocation by the previous government—we've been allocating those funds. That's why, for example, that line would decline over time, Mr. Prue, while other lines would increase. The overall budget of the ministry, of course, has consistently increased year after year.

If I can actually pull out an example of a successful application under that program—there may be a few people scrambling to get that for you, or we may have to get back to you.

Mr. George Ross: Mr. Prue, I can give you a little bit more on the ORDCF program. The Ontario research and development challenge fund program was a $500-million program. It was established in 1997 and it was the precursor of the Ontario research fund. Currently, there are 29 active projects remaining out of a total of 114 original projects.

So as the minister says that it's winding down—there are still 29 projects that are active. That fund helped to fund research totalling approximately $1.5 billion; it levered additional funding from additional sources. The information we have here is that it attracted 5,000 highly qualified personnel and spun off 44 companies out of the research activities. But that program, as the minister said, is in wind-down. We can provide some more detail and follow up with that, sir.

Hon. John Wilkinson: I just want to give a real-life example. Just last week, I was at the University of Western Ontario, where I was asked to give a keynote address at the opening of the Biotron. The Biotron is a world-class research institute that's been built on the campus of the University of Western Ontario. It is, if I remember correctly, a level 4 containment lab. What they can do there—they have what are referred to as biomes. There are six of them. I would say that this room would represent two of them. Within each and every biome—they're beside each other—you could have a totally different part of the world. You can have Antarctica in one biome, next door you can have the rainforest, next door you can have the Sahara Desert and next door you can have a Carolinian forest. It is world class.

I had the opportunity of sharing the stage with Dr. Gunnar Öquist, who is with the Royal Swedish Academy of Sciences. Dr. Öquist, I learned, has the wonderful job of actually calling the people who have won a Nobel Prize and telling them the good news. He was there because it truly is a world-class investment.

That investment of some $11 million: The beginning of that investment or the agreement was made, if I remember correctly, by the previous government. It is many years later that the project that they applied for was successful, that they actually built the research institute. Money was only allocated in regard to the bills submitted, so that it was accountable and transparent. We're now at the point where that previous investment is becoming a reality.

The Ontario research fund, in regard to research excellence: Researchers at that institute at Western worked very closely with the University of Guelph, but also with a university in Korea and another international partner, if I recall. They would apply, for example, to the next round, if they wanted to, of the Ontario research fund on research excellence to build that research team that would be doing their research at the Biotron.

As I was saying in my earlier remarks, we have inherited—I believe all parties can be proud of this tremendous investment that we have made over the years in our research community. What we're doing through the Ministry of Research and Innovation is maintaining that and actually adding to that, but as well, focusing on how to ensure that the research excellence that comes up with unique intellectual property is commercialized to meet a global demand, whether it is conquering disease or dealing with climate change or expanding the digital universe, and doing it in this jurisdiction.

And I think it's fair for those of us who are stewards of the taxpayers' money to focus on ensuring that the benefit of the investments we have made attributes back to our economy. There are very few places around the world that have this down to a science, but it is absolutely crucial, in my opinion, and I believe in the opinion of the government, that if we're going to have a prosperous economy going forward in the 21st century in the knowledge economy, yes, we have to stimulate the creation of new knowledge, but we also have to stimulate the ability of it to translate into the economy. That's why our ministry is focused on both of those two things, and the Ontario innovation agenda is our strategic plan to make that happen.

But I would not want to diminish at all the investments that had been made by previous governments of all three stripes over, I would say, at least the last 25 years specifically, where we've taken this wonderful post-secondary education and wonderful health care system and actually embraced the need to do research. I think it's just evolutionary now for our government. And I would hope that we will find sufficient success that all future governments in the 21st century in this province would say we must have a ministry that's dedicated to research, and the translation of that research excellence into the economy through the process of innovation.

Mr. Michael Prue: That's a complex answer, and I appreciate that. But maybe a simple one: According to this, there is $19.7 million left in the operating budget for this year, and there are 29 projects. When do you anticipate that these projects will be completed?

Hon. John Wilkinson: Each one of these projects—and I know we have a director in charge of that—when they are successful, enters into agreement with our ministry in regard to the milestones and the accountability measures that they must meet to receive the money. Obviously, we hold that money and do not pay it out unless those criteria are met.

One of the challenges we have is that for some of our researchers, doing the paperwork is probably not at the top of their list when they're busy trying to unlock the mysteries of the universe or trying to find a cure for cancer. But, again, we have to be very clear with them. Our ministry works with our research community, assists them in ensuring that the appropriate paperwork is submitted and that no funding is provided until that is submitted.

The projection on that particular tranche of money that was set aside in 1997 is the last project. We'll receive the last dollar in 2011. That is based on the feedback that we have from those researchers in regard to their ability to take up the money. They can't spend the money unless they submit the bills. So we don't give them block funding and say, "Get back to us after the fact," or, "Here's all the money up front." We say, "No, no: You have told us what this research is for, and you must meet milestones and criteria, and then you will receive the funding."

To be fair, I would say with all of those projects, it's relatively fluid, but it's just reflective of the reality of the cash flow as required.

Mr. Michael Prue: Are you adding to that cash flow? Was this new money this year or was this left over from other years, having been unspent?

Hon. John Wilkinson: I'm going to try to be as helpful as I can in explaining this. The previous government set aside a large block of money in one year to fund research that would happen over many years. They had a round. They invited applications through a peer-reviewed process; researchers and their teams were successful. They entered into an agreement with the government of Ontario and now, through our successor ministry, the Ministry of Research and Innovation, as to what the milestones and accountabilities are that they had to meet to receive the funding and what they are required to do to receive that funding. Then, it is a fluid situation that unfolds based on the researchers meeting their milestones, which is up to them to meet, and then it's up to us to provide the funding. That is a fluid situation, and we monitor that extremely closely and budget accordingly. But under our accounting rules we have to show of that fund of money how much has yet to be spent. Though we have a cash-flow projection on every one of those projects, over time, the number declines as the research that was proposed actually gets done.

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Mr. Michael Prue: I asked you for the complete list. Can you provide a complete list of the 29 still-outstanding projects?

Mr. George Ross: I believe we can provide that, so we'll follow up with that list.

Mr. Michael Prue: Terrific. How much—

The Chair (Mr. Tim Hudak): You're still doing pretty well. You've got just under 14 left.

Mr. Michael Prue: Oh, excellent.

The ministry budget sets aside $90 million in operating expenses for the Ontario venture capital fund; we've already had some discussion on that. Can you tell me if this fund is up and running, how many investments it has made and in how many companies?

Hon. John Wilkinson: I would repeat what I was saying to Ms. Scott earlier in the day and in some of my opening comments. The Ontario venture capital fund is the result of our research that scoured the world for the best approach to how to stimulate venture capital. After the dotcom bubble burst at the beginning of the millennium, there has been a dearth of venture capital in Ontario, and a vibrant venture capital community is a prerequisite to having a vibrant commercialization within one's jurisdiction. When we don't have a vibrant venture capital community, we run the risk of having our best ideas migrating to those jurisdictions that have a vibrant venture capital community.

We created the venture capital fund and it was inspired, after our research around the world, by something called the Yozma fund from Israel. In simplest terms, how do we take these great pools of capital that we have, which are locked up in our banks, insurance companies and pension funds, and how do we stimulate them to make prudent investments in venture capital? Small parts of their portfolio go into venture capital. That money really was shut off after 2000. So when we looked at best practices, we realized that we could act as a catalyst. Acting as a limited partner, we said we put up $90 million. We said to financial institutions—and we approached them—that we wanted them to at least match that one for one. We have exceeded that. Instead of having $180 million, there's now $205 million in that fund from six large institutional investors. If I recall them, the other limited partners are Royal Bank, TD Bank, Manulife Financial, OMERS, the Ontario municipal employees retirement system, Fonds de solidarité from Quebec—did I miss one, Deputy?

Mr. George Ross: BDC.

Hon. John Wilkinson: And BDC, the Business Development Bank of Canada. So federal money, Quebec money and Bay Street money all together.

As limited partners we then searched the world for a general partner. The unanimous agreement of the limited partners from this search was TD venture capital, which is a subsidiary of TD Bank. They were able to provide a fund manager who is Canadian but who found much success being a fund manager in Silicon Valley, so she's at the top of her game, I believe. We were able to convince her to return—her company was able to convince her to return—to run this fund.

It's a fund of funds, Mr. Prue. It doesn't invest in venture. What it does is invest in venture capital funds here in the province of Ontario—and even around the world, because we wanted to set a global standard. That's

very important. What we said to our partners is, "If you make money, we make money. If you lose money, we lose money." In other words, it's based on the principles of business, because we have learned from the Israelis that that is the key to ensuring that the decisions are made and that we focus on rewarding the best behaviour, finding the best opportunities.

So what we've done with the Ontario venture capital fund is that the general partner runs it, the limited partners set out the investment parameters, and the fund manager makes the investments. I can tell you that there is a possibility there may be other institutional investors who will come and invest themselves in the fund to create an even larger fund. We are open to having that fund actually cap out at $270 million, which would be a 2-to-1 leverage of the taxpayers' money, and then the fund manager and the people at TD private equity are busy now making the decisions as to where that money will be invested. Our requirement, of course, is that they operate the fund out of the province of Ontario and that they take into account, obviously, the Ontario innovation agenda—those things that we have determined are great opportunities here in Ontario.

We looked at a number of models. Last weekend, or the weekend before, I invited other ministers of innovation across the country to actually come to Ontario. It was their first meeting. I think there was a meeting of science and technology ministers about five years ago, and there hadn't been one since. So we took the initiative, because what we were finding when we were talking to other provinces is that they were doing similar things in regard to venture capital, in Quebec and British Columbia, for example, and in Manitoba. We were able to share best practices, talk about what we're doing here in Ontario, but I also learned about what they're doing in other provinces. Collectively, we've called on the next federal government, whoever forms that government, to actually convene a federal-provincial-territorial meeting on innovation, because we are all convinced, all 10 provinces—and the Yukon Territory was also able to participate—that innovation, our ability to take our research excellence and convert that into jobs here in our jurisdiction and in Canada, is important.

The Conference Board of Canada gave Canada a D as a grade for innovation. Obviously, in the 21st century, that is not, in my opinion and in the opinion of my ministerial colleagues, acceptable, so we do have to work on that. So we were able to share the attributes of the Ontario venture capital fund with our other ministers from across Canada, but I was also able to learn what they're doing as well.

There is a need to have a vibrant venture capital market. There is also a need to have what are known as angel investors, and we've made an investment in the National Angel Organization. Angel investors are wealthy individuals who are very quiet but make investments in young start-up companies. So we've made an investment in the National Angel Organization to help them improve their ability to stimulate angel investment. I would say that, particularly, we were inspired by what's happening in Waterloo and the Waterloo region. There are many successful people in Waterloo who have gone on to become angel investors. Now, they don't want a lot of publicity, I can tell you, Mr. Prue. We have to respect the fact that they do that because of a commitment to innovation and a commitment to their community. But a vibrant angel investment community is important, particularly this—what's known as the valley of death in regard to venture capital. So we need to get a lot more water in the pool and we are acting as a catalyst to be able to do that.

I would also like to commend RIM, which, after our announcement of our $205-million fund, announced the $150-million BlackBerry partners venture capital fund. It's available to companies that are writing applications for wireless devices, including the BlackBerry, obviously. So I think we've turned a corner on this issue of venture capital, but we see, as a government, and I think all governments from different political stripes right across Canada see, how it's important for us to strengthen that part of the capital market which provides available resources for a company that has a new idea and is in that very expensive process of commercialization to try to garner a global market.

Mr. Michael Prue: Has the Ontario venture capital fund had any downturn as a result of recent market trends?

Hon. John Wilkinson: I can tell you that our six partners have entered into binding agreements with the government of Ontario to provide their funding and, as far as I know, there hasn't been any change in that. Of course, the amount of money that they've pledged, in the broadest sense of how large those vast pools of money are, is not all that large. I do want to commend the Premier, because in this regard I believe it was his ability when he was the minister to actually reach out to these large pools of capital and say, "We've all talked about the fact that there's not enough venture capital in our community, here in the province of Ontario, but there is not enough venture capital to help us stimulate this next generation of jobs. Will you actually join with us? We're prepared to act as a catalyst; we're prepared to put up money. But it would require you to do so as well. Would you do that?" We're very proud of those companies that took up the challenge of the Premier, the former Minister of Research and Innovation, to do that. Of course, creating a structure that has never happened in North America before, we're very hopeful that we've gotten it right and that we are actually going to stimulate more venture capital investment here in Ontario.

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I was particularly happy with TD Capital and their commitment, as a firm, to help raise the literacy in regard to venture capital within the institutional investment community. We're very happy that they've made that commitment to our province, and we also hope that that, too, will actually stimulate the kind of activity we're looking for in that sector. But I wouldn't underestimate, Mr. Prue, how very important it is that we get this right.

For example, Gord Nixon, who as you know is the president and CEO of the Royal Bank of Canada, said, when we announced the fund and the agreement, our limited partnership in signing the deal: "Today's economic realities demand that Ontario lay a strong foundation for a new generation of corporate leaders that will help drive future economic growth. Initiatives such as the Ontario venture capital fund are levers for transforming ideas into tangible economic benefit and future prosperity for Ontario communities."

Further, Paul Renaud, who is the CEO of OMERS Capital Partners, the entity responsible for OMERS's private equity investment, said, "OMERS is pleased to be an integral part of this initiative and looks forward to enhancing the market for venture and growth capital investments in Ontario."

Jacques Simoneau, who is the executive vice-president of investments at the Business Development Bank of Canada, said: "BDC is pleased to be part of an innovative, new direction for Ontario's venture capital market. This fund-of-funds will help technology firms access the venture funding they need to commercialize their innovations and reach their potential. Our participation in this fund, which will be managed by TD Capital, is testimony of the confidence we have in Ontario's potential."

Finally, Bill Eeuwes, who is the vice-president and head of Manulife's merchant banking arm, said, "We are supporting this VC fund because we think it's the right initiative at a time when the supply of venture capital in Ontario is less than optimal and investment returns have been rising."

Those companies, those great pools of capital, see the opportunity based on the strength we have as a globally competitive research powerhouse. Again, as I've said, the role of government as a catalyst is how we translate that research powerhouse we collectively have invested in over all these years into the jobs of the 21st century. That, of course, is the focus of the ministry, and vibrant venture capital is important to that—just one component, but very important.

The Chair (Mr. Tim Hudak): That will conclude the time. There is one minute left, if you want, for a quick question.

Mr. Michael Prue: No, I think I'll pass rather than start a new one.

The Chair (Mr. Tim Hudak): Okay. That concludes the time for the third party. We now go to the government members for a 20-minute round, beginning with Mr. Delaney.

Mr. Bob Delaney: Minister, it's good to see you back. I'm sure you will remember very well that at our last estimates session, we were speaking about Ontario's pharmaceutical strength, which is something near and dear to my heart in an area of northwest Mississauga known tongue-in-cheek as Pill Hill.

Our city of Mississauga particularly and, of course, Ontario in general have always enjoyed a very distinguished history of biopharmaceutical innovation, and this is perhaps a very good time to speak about it. We in Ontario are home to a thriving biopharm economy. It's one that I know from first-hand experience has traditionally attracted researchers, investors and scientists from all over the world, and we're always glad to welcome them in Mississauga. Our government, of course, has long affirmed its commitment to delivering an integrated innovation strategy and especially to supporting researchers in their drive to succeed and to ensure that the innovative ideas that stem from their work and their laboratories become reality.

One of our most recent success stories, I don't have to remind you, is the International Cancer Genome Consortium, which is one of the largest global research efforts yet. It's going to share work with the Ontario Institute for Cancer Research, which will collect and share research data with scientists from around the world—so sort of follow the dots, I guess. Ontario's role in coordinating this important work is a reflection of the world-class expertise that our province and our research clusters possess, and of course our ability to push the boundaries of knowledge and to develop new technology and new therapies.

Many companies have already discovered that Ontario offers a very cost-competitive, as you were discussing earlier, growth environment in the biotechnology sector. And I think this robust economy and a strong and dynamic life sciences sector are attracting businesses and investors who see the value in supporting the work of our leading-edge researchers and scientists. Certainly we saw evidence of that last week in the meet-and-greet event at AstraZeneca, which they anticipated would attract 70 or 80 people, and 150 showed up. It was quite the affair.

In every field—cancer research, stem cells, diabetes, cardiovascular disease and more—we find Ontario leading the way because we can attract world-class researchers, key investors and innovative companies. What we're all doing is turning research into reality.

Many biopharmaceutical firms currently invest I think about $550 million annually in research here in Ontario. I know we're actively partnering with industry to grow that investment even further.

Through our recently announced Ontario innovation agenda, our province has provided a blueprint for strategic government investments so that we can act as a catalyst for innovation and commercialization, and of course we plan to seize these global opportunities, as you've described to Mr. Prue, based on proven business practices and our work with the investment community. I think this is one of the ways that we're making Ontario the number one place in the world to invest in the bioeconomy.

This week is National Biotechnology Week, and there are a whole host of events taking place all across Ontario: I have several pages of them with some of the details. Perhaps you'd like to take a little while to talk about not merely the importance of national biotech week and the pharmaceutical industry, but perhaps what we're doing here in Ontario to strengthen the atmosphere for inno-

vative businesses through our tax exemptions and credits for scientific research; some of things that we do in experimental development and the commercialization of intellectual property. Would you care to expand on that for a little bit?

Hon. John Wilkinson: I would, Mr. Delaney. Thank you for the question, and happy National Biotechnology Week.

And now for the answer: I would start off by saying that as someone who, when he came to this place, knew very little about biotechnology, it has been uplifting for me personally, and I would commend this to all of our members—our ability to transform life itself. That is really at the heart of unlocking the human genome and unlocking stem cells and it is at the heart of innovative pharmaceutical therapies.

Interjection.

Hon. John Wilkinson: Yes, the other members are having an earlier day than us, but we're all glad to be here, I'm sure.

So I'll try to be as illuminating as possible. What I wanted to talk about in regard to this is, if we were in a context where we said, "You know what? The puck globally is really going to biotechnology. You know what we should do? Let's build, within a few square miles, a cluster of nine academic hospitals and three universities. Why don't we, out in Mississauga, try to attract a dozen or so pharmaceutical companies? Why don't we make sure we're making great investments in Ottawa, Kingston, London and Hamilton? Really, we need to get into that game," we would be so far behind that it wouldn't even be worth doing. The reason we're focusing on this is that, because of the investments that have been made, both by government but particularly by business, over the last 25 years, we actually are one of the leading biomedical research communities in North America, and I would also say a leading one in the world.

When I went to the BIO conference in San Diego, I did not hang my head in shame that somehow we were not on the global stage. It's the reason Minister Pupatello, the Premier and I were able to go down there. We were actually able to be very proud of the investments we have made and, as I've said, that we've all collectively made all of these years in this great province of ours.

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The question here is, how do we capitalize on that? The first thing we have to do, and we look at the five-point economic plan, is to form strategic partnerships. In other words, are we open to having a partnership with the biopharmaceutical industry in Ontario? Are we going to say, "Well, we've made this tremendous investment but we're not going to take the next step to help drive through to further economic prosperity"? Or are we willing to sit down? Our ability to actually have a good, frank working relationship with the biopharmaceutical industry and the revolution that's happening in life sciences, I am convinced, will transform our world in the 21st century.

We're the jurisdiction that actually discovered stem cells. I think everybody knows that we discovered insulin, but we actually discovered stem cells. Also, Dr. Janet Rossant, for example, and her work at Sick Kids on induced pluripotent stem cells; in other words, taking a cell and turning it into a stem cell and then turning that stem cell into whatever cell we need to repair a spinal cord or to grow a new heart valve or to unlock cancer stem cells and figure out a way to actually destroy cancer stem cells instead of destroying all the other cells. We have this kind of broad-based approach when we're trying to get rid of cancer. I think of the work that Dr. John Bell is doing here in this province, leading-edge work.

But the question at our ministry always comes back: So if we discover it here, are we going to make it here? We discovered insulin. Do we make it in this province? No. So what are we doing? If we just make these discoveries here, what tools do we need as government, what incentive, what vision do we have to have to inspire business to ensure that those investments we've made attribute back to our taxpayers who, over the course of the last 25 years, have made massive investments in our academic hospitals and in our post-secondary institutions? I remember Dr. Janet Rossant, the head of research at Toronto Sick Kids, who is truly a globally significant researcher in her own right, said that very often those investments that begin in Ontario don't stay in Ontario, and we do not develop the full value of these investments in terms of jobs and the economy.

The kinds of incentives we've heard about today, and we're talking about moving forward with the biopharmaceutical investment plan, are going to play an important role in attracting and retaining the investments in the biopharmaceutical industry in Ontario. What we recognized at the ministry is that there was a tool that we did not have, that did not allow us to be competitive, that actually set up a situation where our top researchers were coming up with these really globally significant breakthroughs and that we weren't a jurisdiction that was open to that. Dr. Rossant, in her own right, is a leading researcher, but she has the vision to understand that no matter what she invents in her lab at Sick Kids, if it doesn't actually translate to the patient at the bedside, then what value is it? We've made those investments because we expect those research breakthroughs to translate to the bedside. Surely it should be to the bedside of our patients at Sick Kids first.

The biopharmaceutical investment fund is an example of that. I was talking to Dr. Freda Miller, who's a senior scientist at Toronto's Sick Kids, and she's quoted as saying, "The government's investment program is good news for everyone involved in the research community in Ontario. We look forward to new R&D partnerships between research hospitals like Sick Kids and pharmaceutical companies that will bring benefits in the form of new therapies and services for our patients."

I had an opportunity over the last two years now to meet with global pharmaceutical companies. They are in the business of looking for breakthroughs. They have been quite frank with me that despite the fact that they

have thousands of researchers around the world, they do not within themselves possess the research infrastructure that is in this province. The research infrastructure that we have collectively invested in for some 25 years is an asset that I believe has been underutilized in regard to the commercialization of that. It is important that we have plans in force and a strategy that says we want it to be inevitable that those breakthroughs are commercialized here first and not in another jurisdiction. The biopharmaceutical is just one tool that we have. You'll recall that there are many other jurisdictions in the world, many of them in this area of research, all of them who have those tools, so it is a global competition. But the thing that gets you in the game is the breakthrough—no researchers, no breakthrough; no breakthrough, no possibility, even, of being able to translate that into the economy. That's why at our ministry we have to do two things: We have to continue to put money in the pipeline, invest in our researchers, invest in that infrastructure, and then at the other end say to them and challenge them to translate that into our economy. I don't think anybody, until the Premier created this ministry, actually asked them that. The amazing thing is that when we actually asked them that on behalf of the taxpayers, on behalf of the citizens of Ontario, they said, "You guys have been investing in us for decades now. Sure, we'd love to help you. We love our province; we love our country just as much as anybody else. We'd be more than happy to try to be in a position where we're open to this." They were frustrated that they saw some of their best inventions and their research be commercialized in places like Boston and San Diego and how important that is. So when we challenged them—and that was a question mark when we put out that challenge. I didn't know what they were going to say. But they have responded, I would say, Mr. Delaney, magnificently to that challenge.

The Chair (Mr. Tim Hudak): You have about seven minutes left. Mr. McNeely?

Mr. Phil McNeely: Minister, I was pleased when you came down to Ottawa to launch the Ontario innovation agenda. It's a roadmap to ensure the province has a winning economy in the 21st century. The agenda calls for better use of our existing strengths. It identifies key opportunities for Ontario and outlines the kind of environment Ontario must create to drive innovation. We can all see Ontario's innovation agenda at work in Kanata, in part of Ottawa. We have Plasco, where the Ministry of Research and Innovation invested $4 million to build an innovation demonstration facility aimed at turning waste into energy. Also, in Cornwall you have the Verdant Power facility, where the government invested $2.2 million to build an innovation demonstration facility aimed at generating electricity in a new way.

We all know that the economy is being challenged by high oil prices and the strengthening dollar and, of course, the chaos that is occurring now in the US. We have a plan to help families and businesses through this, and our plan is the right plan for the times. Starting this summer, we've got a long-term training program for workers who have been laid off. It's called "second career," and it allows recently laid off workers to get skills training for six months to two years so they can get the skills they need for their next career. That's part of our plan for the economy. We've also provided targeted tax cuts to help businesses make investments in their future, building infrastructure and partnering with forward-looking business to create the jobs of the new economy.

We will get through these challenges by working together and we'll keep strengthening the things families depend on which were mentioned by our Premier today—our schools, our hospitals, our environment—because they give us a great quality of life and give us an economic advantage over our competition. We have a five-point economic plan to face these economic challenges.

First we're cutting business taxes, as you've already mentioned, the capital tax that business told us to cut first. Second, we're making the largest investment ever in Ontario's infrastructure, and that's part of the ministry I'm with: $60 billion over 10 years. Our government recently announced an additional $1.1 billion this summer for municipalities. Ottawa got $77 million out of that. We're investing in skills training. We're partnering with businesses in key sectors in order to secure high-paying jobs and ignite growth in industries that will shape our future. Fifth, the government is investing in innovation. Our government recognizes that we can create Ontario's next generation of jobs by developing and inventing local solutions to global challenges.

Minister, can you outline the innovation agenda and the role it will play in Ontario's future economy?

Hon. John Wilkinson: Thanks, Mr. McNeely. Chair, I have how many minutes?

The Chair (Mr. Tim Hudak): You do have just under four minutes, Minister.

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Hon. John Wilkinson: Great. Thank you, Chair.

First of all, I do want to commend the city of Ottawa and the region. I made a personal commitment as minister that I would try to be in Ottawa at least once a month because Ottawa is one of those high-tech centres that we have in this province and there's great potential there. You referenced Plasco. This innovation demonstration fund that we have—this company just secured their first commercial contract with Red Deer, Alberta. In Ontario, we are selling green technology to the province of Alberta—so I think that's a great example of where the future is—a technology that reduces greenhouse gas emissions and uses plasma arc technology not to burn or incinerate or gasify waste but actually to ionize it, to reduce the waste itself to its elemental components. As a result, it fuels a gas turbine engine that generates electricity and it does that without polluting our natural environment. So it's interesting that already a community, not just in Ontario but in Alberta, has decided to buy that technology.

That technology needed to be demonstrated, and that technology was demonstrated here in Ontario. The

possibilities now for that company, one of the companies that we're proud of and that we have made an investment in by way of a loan through the innovation demonstration fund: It has great potential in the 21st century. If there's anybody who thinks the 21st century isn't going to happen, I don't think they should be in government. We have to look at those opportunities. Clean energy and renewable technology are a good one.

You mentioned Verdant in Cornwall and the ability for us to gather hydroelectric power from rivers. Over the years we've built these dams to back up kinetic energy, but instead, in Cornwall, the demonstration site at Verdant Power out of Burlington, has underwater turbines; they look like windmills. As I was just saying, the sun doesn't always shine and the wind doesn't always blow but the river always flows. There is a steady, constant stream in the St. Lawrence, a very powerful river. Through this demonstration project, they'll be putting three of these turbines right in the St. Lawrence. They turn slowly enough that they don't affect fish, the aquatic life, but it's a constant source of power. One of the things we need in the province of Ontario is renewable power that is baseload, that we can count on. The St. Lawrence is always going to flow, we can count on that, just like we can count on the water going over the Niagara Falls. So Verdant Power is another example.

Another good example in the Ottawa Valley as well is Menova, this new solar concentrator technology, and their first contract—they sold to Wal-Mart because Wal-Mart, as a global company, has decided to go green. And what are they doing? They're building a new superstore in Markham and they're using Ottawa technology. They're using a company called Woodbine Tool and Die, a company that made auto parts. They see their auto parts book dropping and they're replacing their auto tech jobs with green tech jobs.

I really think this is going to be the future of our economy here in Ontario, that we take our tremendous manufacturing capacity and put it to those new areas of endeavour which are so important to us and where there is a global market. There truly is a global market, as we know, literally in the trillions of dollars in regard to solar technology, in regard to wind and to biomass, and now an innovative way to gather clean electricity from our rivers without the environmental issues of having to dam a river, which is what we've done in the past. There are tremendous opportunities for us to perfect that technology here, and if we do it here in Ontario first, and we invest in those companies and we make it as a condition that what we're looking for is the commercialization of activity right here in Ontario, we think that's going to create the green jobs that our kids and our grandchildren are counting on. We have to be forward thinking and make that a reality.

The Chair (Mr. Tim Hudak): I'm going to have to interrupt you at that point in time. That does conclude the 20 minutes for the government members. To the official opposition, 20 minutes.

Ms. Laurie Scott: Thank you very much, Mr. Chair, for the opportunity again.

Maybe I'll follow up on that. A few weeks ago we were asking how many applications you've received in—I was wondering; you just finished that topic about renewable energy. I know that my colleague from the NDP has asked questions about who the applicants are, how it's going. For example, the last time we had you before us in the committee, the strategic opportunities program wasn't fully set up yet. Has there been any more progress in that being set up?

Hon. John Wilkinson: I would disagree, Ms. Scott. The strategic opportunities program as part of the Next Generation of Jobs Fund is fully set up and it is receiving applications for industry-led consortia, which is the focus of that component of the Next Generation of Jobs Fund. What we're not in a position to do is to announce to the public a successful completion of that. The commitment we made, of course, is that when a company or a consortium applies, we will actually make a decision in a set period of time, the 45-day window. But from our ability to actually give an answer, there still could be some period of negotiation between a company or a consortium and the government of Ontario, because we make what we consider to be an offer in the best interests of the taxpayers. Then, when all of the agreements are reached, it becomes public.

I give you the example of the innovation demonstration fund I was just referencing. There are 11 projects that are public. We have received, though, to date 73 formal proposals in for that fund, the innovation demonstration fund, which is focused on clean technology. The innovation demonstration fund is particularly focused. To date, the program has announced a commitment of 10 projects—not 11; sorry—for a total IDF funding amount of some $19.5 million, and that has been leveraged up to a total investment from our private sector of some $77 million in what we would consider to be a high-value investment in the province of Ontario, with great potential. Some of those companies have already moved along to the point where they're realizing that potential—as I was saying, Plasco signing a contract with Red Deer, Alberta, as an example, that it is a commercially viable business and that there is truly a market for that innovation that they've come up with.

The criteria: The innovation demonstration fund supports innovative emerging technologies that are shown to be among the most competitive and advanced in North America. There is a technology focus on bioproducts, environmental and alternative energy technologies. We expect a high impact, that supporting the project will lead to a high positive environmental impact—and the projects that I've already discussed of the 10 are good examples of that—and a high likelihood of commercial success or dominance in the market, a global opportunity that can be seized by this new Ontario company. The project must be at the pilot plan or demonstration phase and it has to first prove to us what we refer to as a demonstrated proof of concept, but still enough technical risk that impedes most private financing. In other words, we know it works, and the question is a pilot plan allows

the company to actually scale that up. When you do that, you encounter problems that you have when you take any technology and try to scale it up, so that's what raises the risk. What we're doing as a government is making a co-investment in that. Our belief in a project has actually helped them secure other private sector funding at a very high ratio, and then our expectation, of course, is that that commercialization will happen in Ontario.

The IDF: We have a strenuous review process which relies on evaluations from staff at seven different ministries, external technical experts and external financial due diligence. So that is a program now where we have already 10 companies out the door from a total of 73 applications. That program, I would say, as the minister, has been very successful, probably more successful than we initially thought, which is a good thing. I'd rather have the problem of dealing with success than with failure, and that is a program where I think we have demonstrable success.

Ms. Laurie Scott: Is a part of the qualifying criteria there for job creation? So job creation is part of those criteria.

Hon. John Wilkinson: Yes. There has to be a global market opportunity, Ms. Scott.

Ms. Laurie Scott: Yes, but some of the programs weren't requiring that a number of jobs be created—in this program, and I'm asking specifically.

Hon. John Wilkinson: Under the Next Generation of Jobs Fund, which is different, there is a criterion that I said about jobs retained and/or created.

Ms. Laurie Scott: Okay, so on this one, the number of jobs created is one of the criteria you look at before approval?

Hon. John Wilkinson: Well, because it's a demonstration plan, by nature there have to be jobs created. It's a brand new company that's going to build a brand new plant, so therefore there are jobs created. It isn't a question of retaining jobs, because it's a brand new company. It's not like a major company that's looking for investment to retool, to retain.

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Ms. Laurie Scott: So if you say a pilot project, and 10 have been approved—for some of the others you can't tell me details, but did they not have as many jobs that were going to be created? Do you look at that as a gauge?

Hon. John Wilkinson: Well, 73 is the number of applications that we've received. We made that available through our ministry's website. A lot of times you'll have a company where they have a good idea but there are flaws in their business plan. What we try to do—and our director of commercialization, Bill Mantel, and his shop at the ministry—is work with those companies, because a lot of times you need a lot of things to go your way to be successful in business with a new idea. You've got to have a business plan that works. You have to have adequate financing. You have to make sure that you've secured your intellectual property. You can't build a company on a new idea that you haven't patented, or you run the risk of actually having a company with no worth if you haven't been able to secure your intellectual property. We help those companies that come to us. We work with them—our ministry is very active with them—if we believe that they actually have a novel technology with a demonstrated global market possibility.

Beyond helping them, when we move forward on the creation of the demonstration plan, there's quite a bit of work that we've been able to do with those companies to get them to the position where they have the greatest opportunity for success. Obviously, as a government, we're invested in their success. Not all companies or all demonstrations are going to be successful. We understand that; it's the nature of innovation. But we try to be as proactive as possible to ensure the strongest of business cases and the strongest of financing from other private sector partners are there, intellectual property has been secured, that there truly is a global market opportunity. Many of these technologies are what are referred to as disruptive technologies; in other words, success actually changes the game for others. That program is one that we're particularly proud of because we see these companies, who have jumped through these very strenuous hoops that we have, are turning themselves into very strong companies that are actually seizing a global market opportunity. Really, in Ontario that's what, in our opinion, we have to seek: that global opportunity. If you create a solution to a global problem, just even a slice of it, the global market will beat a path to your door; global capital will come here.

Ms. Laurie Scott: That's why we're here asking questions about your ministry. It's just accountability. That's what maybe you can't answer. So you've had 10 approvals. I'm just looking for measurement tools. Job creation is one of them. We wish these companies the best, certainly, in the future, and that more jobs are created. But of those 10 approvals, could you say there have been 100 jobs, maybe, that have been created with them? I don't know if you're measuring that. That's just one degree of measurement.

Hon. John Wilkinson: Let me just ask my deputy.

Mr. George Ross: For the innovation demonstration fund, job creation is not a specific criterion. When we're looking at the technical merit of the project and the market potential for that activity, if it's successfully demonstrated, obviously the viability of the company—its growth potential and job creation—is part of that overall assessment, but it isn't a specific entry criterion for the program.

Hon. John Wilkinson: I would give an example of 6N Silicon, which I believe is in Ms. Mangat's riding, which is a company that was successful in the innovation demonstration fund, and their very novel way of creating ultra-thin silica wafers that are used in solar cells and in semiconductors. That company was successful in receiving money under the Next Generation of Jobs Fund, where I believe they are creating some 85 jobs. That is an example of a company which has an innovative idea.

Seeing the potential, we were able to be a partner, help to strengthen their business plan and put them in a position where it was easier for them to attract private investment, which is the majority of the money that goes into that demonstration plan. They, in turn, have been so successful that they are actually seizing a global market opportunity. The Ministry of Research and Innovation, working hand in glove with the Ministry of Economic Development, is about stimulating those companies in the green economy sector, where we think there is great potential because of the global market and because of our strength as a manufacturing powerhouse.

Ms. Laurie Scott: Maybe our strength that we're losing is a manufacturing powerhouse, in the sense of manufacturing job losses that have occurred in Ontario.

Anyway, I want to ask you about the Ontario venture capital fund. That's a difference program, correct?

Hon. John Wilkinson: Yes.

Ms. Laurie Scott: Okay, so that's the limited partnership between the Ontario government and the institutional investors, invests in Ontario-focused venture capital and growth funds. There are a lot of programs, so I just put that on the record. Can you tell me how many start-ups have received funding through that program?

Hon. John Wilkinson: Ms. Scott, as I said earlier, the Ontario venture capital fund is a fund of funds, so the investments made by the Ontario venture capital fund go into other venture capital funds. What we're doing is putting more water in the pool, and we're making sure that that money helps the venture capital industry here in Ontario have the resources that I believe the market was starving it of. We've used this as a catalyst to incent more money available in the venture capital sector. That money is going to those venture capital funds that have good track records. In other words, they've been able to prove to our fund manager that they know what they're doing. Those funds themselves are making the investments in the start-up.

Ms. Laurie Scott: In the program you just mentioned?

Hon. John Wilkinson: That's right.

Ms. Laurie Scott: So they're flowing funds to—

Hon. John Wilkinson: Because the Ontario venture capital fund is a fund of funds.

Ms. Laurie Scott: —the IDF?

Hon. John Wilkinson: The funds that we invest in make the investments in the companies.

Ms. Laurie Scott: That's the IDF, the one you just—

Hon. John Wilkinson: No, that's a separate program.

Ms. Laurie Scott: That's separate. So give me an example of one of those that has been successful, an application that's been successful. Is there anything you can draw to?

Hon. John Wilkinson: Well, there's not an application basis under the fund.

Ms. Laurie Scott: It's a fund of funds, right.

Hon. John Wilkinson: The fund manager, which is in this case TD Capital, makes the decisions on behalf of all the other limited partners, as the general partner of the fund, about the investments that will be made by that fund. It is up to TD Capital, who is being paid to do that job, to make those decisions. They were the unanimous choice of the partners: the government of Ontario, Royal Bank of Canada, TD Bank, Manulife, Business Development Bank, Fonds solidaires and OMERS. Obviously, the six partners have faith in the fund manager that we have chosen.

Ms. Laurie Scott: So, I'm trying to measure this. Can you say how much in funds have been disbursed to start-up companies? How do you measure that, then?

Hon. John Wilkinson: Well, venture capital funds—

Ms. Laurie Scott: How do you measure funds being applied for and being used?

Hon. John Wilkinson: It's going to be measured by the rate of return. That's the metric for all funds.

Ms. Laurie Scott: So just the rate of return of money?

Hon. John Wilkinson: Rate of return. When you make a fund investment, that's the metric that you follow.

Ms. Laurie Scott: But they're funding to different programs, right?

Hon. John Wilkinson: The venture capital fund is separate, and there is no direct link with the innovation demonstration fund or the Ontario research fund.

Ms. Laurie Scott: They're just a pool of money?

Hon. John Wilkinson: That's right: a pool of money joined by pools of money from our large institutional investors—

Ms. Laurie Scott: That would be hard to track.

Hon. John Wilkinson: —and more money available in Ontario for venture capital investing through the existing funds. Those funds that have been successful in the marketplace will attract, in my opinion, the investments of our fund manager. They wouldn't be inclined to be putting their money into funds that have underperformed. Those are the funds they'll be seeking out to invest in.

I do have, and my deputy was quite helpful, the Ontario commercialization network. I was telling you before about our projects. For example, we have our commercialization network, those people we have on the ground who are helping to commercialize innovation. There have been more than 80 companies established as a result of the Ontario commercialization network. There are over 700 new projects or products that those companies have created. They have assisted in excess of 750 companies or clients at the Ontario commercialization network. They've assisted more than 45 clients in securing more than $20 million worth of private sector funding, and they've leveraged more than $60 million in total funding because, as you'll recall, there are programs available through the federal government, particularly IRAP, through Industry Canada.

Again, that Ontario commercialization network is probably more an example of feet on the ground, of the people that we have who work for our ministry through

these networks and who are dealing with entrepreneurs and researchers and helping to bring them together. As I said, generally a researcher and an entrepreneur are not the same person. There are some exceptions, but generally what we're trying to do is act as a catalyst to try to bring those people together. You can have a great idea, but you also need a good marketing plan and a good financial plan and a good intellectual property plan to secure your intellectual property in the global context. Our Ontario commercialization network helps our researchers and entrepreneurs.

Ms. Laurie Scott: All right, that can lead me into the Path to the 2020 Prosperity Agenda report, which I will hold up for you and which came out in November 2007. It's a government-funded Institute for Competitiveness and Prosperity. It says that Ontario must build stronger management capabilities to drive greater innovation. I'm going to read just a few things out of it, because you're saying that all of these sectors need to connect: entrepreneurs, business and researchers. It says:

"Our managers have lower educational attainment overall in business education specifically than their US counterparts.

"CEOs of our largest corporations tend less to have formal business education at the graduate level than CEOs of large US companies;

"Canada's successful innovative firms report that having less access to management talent is a key restraint."

So, public policy is saying that they haven't found the right balance between management skills and research science and engineering. What kinds of investments is the government making to promote management education in Ontario? There's obviously a gap that's been identified here.

Hon. John Wilkinson: Right. Ms. Scott, I would say that we're a ministry that is a collaborator within government. As we all know, because we've all been in government, all three parties, government tends to be quite siloed, in the vertical sense. Innovation requires horizontal integration, so what we try to do within government is to be a force of innovation within government itself. We work very closely with the Ministry of Training, Colleges and Universities. It's no surprise to me that our business schools would say that we need to have more business school graduates. I think what they've been able to identify is that there is a new type of manager that's required in the 21st century. There is a new type of business manager that is required. I've not only talked to the business schools, I've also talked to the institute of chartered accountants, for example, about what we can do to actually add specialization designations to our professions who deal in areas of intellectual property. The true value of that company is based on intellectual property—that you have an idea, that you own that idea and that you've secured that through a patent.

I had a chance to chat with some other leaders of global companies here in Ontario. They were saying that that is also an area where in the global sense we need to make additional investments. Within government I work hard, as the Minister of Research and Innovation, to advocate for those investments in those parts of our ecosystem where we are still lacking.

As I said, we have the research powerhouse at our fingertips. The question is, are we making sure that we have the appropriate tools to transform that research innovation, those new ideas, into our local economy? I take the advice of the institute, and what we're trying to do as a ministry is also to encourage our sister ministries that all have part of that. We have to work very closely and very collaboratively with the Ministry of Training, Colleges and Universities, with the Ministry of Health and Long-Term Care, with the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Natural Resources, the Ministry of Northern Development, as well as the Ministry of Economic Development and the Ministry of International Trade and Investment. This is innovation and transforming your economy based on innovation. It's a team sport. It's not one of these ministry silos that unto itself can make a difference. We work very hard within government, based on the criteria and leadership that the first minister, the Premier, had about how what we didn't need to do is create yet another silo within government and say, "Okay, well, you guys are in charge of the future," but to create a ministry that has in its inception the idea of what we can do to break down those barriers across ministries to help foster that innovation. If it requires us to make phone calls and reach out to people within government and within stakeholders, if we can work collaboratively, I'm fortunate to have colleagues around the cabinet table who understand, as we do, how very important this is to our future economic prosperity.

The Chair (Mr. Tim Hudak): Minister, I'm going to have to end this segment at this point in time. That was the 20 minutes. Ms. Scott, your time is up.

I think in the interests of time—there are only about six minutes remaining—I'll put off Mr. Prue's time until our next meeting. That way, we can have the full 30-minute block. This is the last 10-minute additional segment.

This gives us about two hours and 20 minutes for the next session, which is tomorrow. We have two hours of time blocked, so I'd ask committee members to think about how we could save 20 minutes of time so we don't have to bring the minister and his staff back the following week.

We are adjourned for this evening, reconvening tomorrow at 4 p.m., here in committee room 151. Thank you. Have a good evening.

The committee adjourned at 1753 p.m.

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Mr. Phil McNeely (Ottawa–Orléans L)
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