

Note for remarks by

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Premier of Ontario**

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WATERLOO INNOVATION SUMMIT

CHECK AGAINST DELIVERY

Bonjour. Ahnee. Boozhoo.

Thank you, Feridun, for that introduction.

Before I begin, I would like to recognize the long history of First Nations and Métis Peoples in Ontario, and show respect today to the Six Nations of the Grand River Territory.

It is great to be back in Waterloo Region and here to help kick off the Waterloo Innovation Summit. To do that, I am of course going to talk about innovation today but I need to preface this... Because I'm looking out at 250 innovators... 250 people with the skills and knowledge to transform industries or create entirely new ones. So I am not here to tell you things you already know.

What I want to talk about is my role — government's role — in helping foster innovation and why it matters that we get it right. And in talking about the successes our government has helped nurture here in Waterloo Region, I want to show you why this region's story matters to our entire province. But to put my remarks in context, I do need to start with something we all know — that the global economy is changing and Ontario's economy is changing. L'économie mondiale est en évolution et l'économie de l'Ontario est en évolution.

All over the world, rapidly developing economies and advancing technologies are creating a perfect storm of disruptive innovation — what economist Joseph Schumpeter termed the gale of creative destruction. That can seem threatening and it sometimes is.

Our traditional industrial strengths are facing increased competition, as you can see in the decline of manufacturing jobs over the last 40 years. For a developed, diverse economy like Ontario's, the only way our traditional industries are going to continue competing is by embracing new technologies and finding new ways to add value. In the broadest definition of the term, they need to innovate.

I was here a year ago for a conference about building the innovation super-cluster and I spoke about government's role in creating the broad conditions for the private sector to innovate and grow. I actually want to present a more activist account of government's role in private sector growth today — but these broader conditions we create are still incredibly important, so I do want to summarize them.

The best way to do that is to describe our 4-part plan.

Let's start with our greatest strength — people. We are investing in the talent and skills of our people. The University of Waterloo, for example, is Canada's top-ranked university for innovation. But just look at the other numbers — we have a higher percentage of postsecondary educated workers than any OECD country...

We have a strong public education system and excellent colleges and universities... And our goal is for every single worker to have the postsecondary education or training they will need to participate in the knowledge economy we are building here in Ontario.

Next, we are building modern public infrastructure at an unprecedented rate — the largest infrastructure investment in Ontario’s history. Innovation myths are numerous but one of the most famous is that a garage and a few geniuses are all you need to grow billion-dollar companies. The truth, as we all know, is that recent technological revolutions were driven by elaborate systems of supportive players from the private, public and not-for-profit sectors.... And that requires physical connections...

It requires places where coders, engineers, venture capitalists, students, artists, environmentalists, established industries, start-ups, governments and others can collide both formally and informally.

That is what we have enabled with the innovation super-cluster between Waterloo Region and Toronto. And it’s why we are taking it to the next level with modern, 21st century infrastructure.

We are studying a high-speed rail corridor that would connect with Toronto to the southeast and continue west to Windsor via London, where the collision of a fast-emerging tech scene and an established manufacturing presence are producing exciting results. And we are also looking at how the super-cluster fits into our plan to transform transportation across the entire region with GO Regional Express Rail. Over the next 10 years, GO RER will electrify large sections of track.

So it is not a question of if the innovation super cluster will be linked with all day transit — it is only a question of how and how soon. And as we determine the answer to that question, we are already purchasing track and improving service, and I will have more to say on this in the coming months.

OneEleven is a space in Toronto shared by a number of start-ups. I was there on Tuesday night with venture capitalists from the United States who were in town for Venture North, a conference we hosted to showcase Ontario’s VC opportunities. But I was also there last week to talk about retirement with the young people who are driving these businesses — another piece of our economic plan.

These young people know they’ll need a variety of savings vehicles to retire comfortably. But they don’t have the workplace plans my generation did. Two out of three Ontarians don’t have a workplace pension plan at all. Many are not able to save enough for retirement.

So, to bridge the gap, we are building the Ontario Retirement Pension Plan. Pour combler l’écart, nous mettons en place le Régime de pension public de l’Ontario. And by 2020, every worker in Ontario will have the added retirement security of either the ORPP or a comparable workplace pension plan.

The young people I spoke with are excited about the ORPP — about what we are doing to create intergenerational equity. But it is as much about the economy as it is about equity, because when more people can afford retirement, more people are contributing to the economy in retirement.

That creates confidence in our growth — confidence that reduces risk and encourages investment. Which brings me to the part of our plan focused on creating that dynamic, innovative business environment.

After I am done you will hear a keynote from Mariana Mazzucato, so I am going to refer to Mariana's work because it is extremely relevant to what I am talking about today... (And if I misrepresent her at least she will have an opportunity to set the record straight!)

One of Mariana's central observations is that, in our post-recession world, the state has been cast as the villain — a hapless, cumbersome meddler that has always done a poor job of mimicking the private sector, so should get out of the way — just focus on those conditions I was talking about and leave the dynamic, innovative decisions to the dynamic, innovative businesses. Mariana's rigorous analysis shows the opposite to be true — that the state has a leading role to play in creating the vision, taking on the inherent risks, and encouraging the sort of private-sector investment that leads to sustained economic growth.

As Mariana points out, technological revolutions in biotech and communications — the internet as we know it — wouldn't have happened if the state was only passively supplying talent or tax cuts. These are important conditions, but government also needs to lead with courage, with resources and with a vision for the future.

As a politician who is motivated by the belief that government is a force for good in the economy and in our lives, the first lens I want to put on this is political. Because everywhere in North America, conservatives frame the debate about government's role in the economy in a way that is dangerous to innovation. It should concern us all.

We bring Keynes, Schumpeter, Polyani, Mazzucato and a century's worth of analyzed and instructive data to the debate... And they bring a précis of Adam Smith — just the free market parts. So the debate becomes not about which industrial policies are best, but about whether government should even have an industrial policy at all.

To go back to our transitioning economy — in Ontario in 2015, we know there are huge structural and environmental challenges in our economy and in our world. But none of these challenges will be solved passively, by markets alone, or actively, by governments alone.

So we need to debunk these innovation myths and we need to work together to find those new ways of creating growth.

Take climate change and the environment, for example.

People who argue government has no role to play in the economy often characterize clean technologies as a sentimental liberal plot to save the environment at the expense of the economy. They have it completely backwards. Clean tech is, first and foremost, about saving the economy and saving it with innovation.

So it is disruptive, costly and only going to happen if visionary leadership on the part of government motivates private sector investment.

In Ontario, our vision was simple — a cleaner environment, a healthier population and a head start in the global transition to a low-carbon future. 2009's Green Energy Act saw government kick-start an entirely new industry. 10 years ago, we had almost no wind or solar power in Ontario. Today, as an energy hungry world gets serious about tackling climate change, Ontario businesses are manufacturing renewable energy components for export. And as the share of renewables powering our homes grows, so does our expertise in the software and regulatory know-how needed to integrate it all into an increasingly smart grid. In a world reducing its fossil fuel use, Ontario is ready to capitalize.

Government investments in renewable, smart grid, storage and electric vehicle technologies — and our decision to create a cap-and-trade system to reduce greenhouse gas emissions — are all helping the private sector make those investments in doing things differently — more efficiently.

The same goes for clean tech more broadly — government laid the foundation for a thriving clean tech and clean water industry with funding for basic science, and now we have Canada's fastest growing sector and global interest in our technologies. And connecting all of it are the Waterloo Region's ICT start-ups.

In home heating, in smart grids, in transit, in industrial processes and advanced manufacturing, in water and even in social challenges — Ontario's information and communications technology leadership is not a smartphone success story alone.

We are applying this region's strength across sectors. We are making sure that gale of creative destruction blows across our entire province.

It's why we created the Ontario Network of Entrepreneurs....

The Ontario Research Fund...

Communitech here in Waterloo, the Digital Media Zone at Ryerson...

And the Ontario Venture Capital Fund, a unique fund-of-funds that is well on its way to recouping Ontario's investment so that the proceeds from each success story can be cycled back to support the next success story.

The list goes on, but with VC investment in Ontario having doubled since 2009, we are poised for more Shopify's and more D2L's — more burgeoning and billion-dollar companies that deliver innovation in the global market and create value for investors. But the key thing is that none of these things assured us of success.

We had to take risks.

We still have to take risks.

And in spite of all the success we can point to, we still have a ways to go.

Our private-sector investment in research and development lags behind that of the United States. Labour productivity lags. And, too often, our leadership in driving innovation in Ontario doesn't convert into the next one-billion-dollar company — and we need to change that. It is why we announced Scale Up Ventures earlier this year. Because start-up culture isn't good enough — we need a “scale-up culture” where our great ideas become great Ontario-based companies, so that is exactly what we are doing.

To conclude, I want us all to remember that innovations sometimes fail. But we need innovation to compete and grow. So it follows that we need failure, too, and we need to remind people of that. I want to end on this slide — it is the story of a province where innovation is nothing new. En Ontario nous trouvons de nouvelles et de meilleures façons de faire les choses depuis des générations. It may be the most fashionable economic buzzword of our era, but in Ontario we have been finding newer and better ways of doing things for generations.

Today's global circumstances and the pace of technological change require that we redouble our efforts. And as I hope I have persuaded you today, we are redoubling our efforts and it is paying off in a big way. But you don't have to take it from me.

Just look at what renowned venture capitalist Sam Altman has said about the opportunities here in Waterloo... And remember that we've created these opportunities only because we allowed ourselves to believe in a brighter tomorrow — in the capacity of government, business and society to imagine a better world for ourselves and an even better world for our children... And then as partners, invest in that brighter tomorrow together ... taking risks... celebrating successes... and sharing in the rewards.

Thank you. Merci. Meegwetch.