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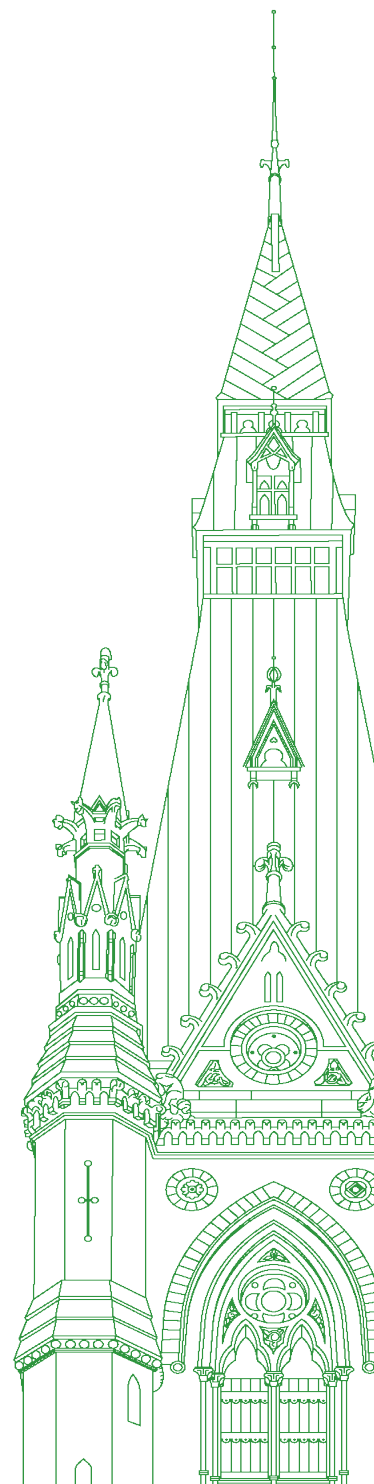
Standing Committee on Industry and Technology

EVIDENCE

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Monday, February 13, 2023

Chair: Mr. Joël Lightbound



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• (1545)

[Translation]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): I call the meeting to order.

Ladies and gentlemen, colleagues, welcome to meeting No. 58 of the House of Commons Standing Committee on Industry and Technology.

Pursuant to the order of reference of Monday, December 12, 2022, we are meeting on the mandate of the Minister of Innovation, Science and Industry.

Today's meeting is taking place in a hybrid format, pursuant to the House Order of Thursday, June 23, 2022.

We are fortunate to have with us today Mr. François-Philippe Champagne, M.P. and Minister of Innovation, Science and Industry. He is accompanied by Simon Kennedy, the deputy minister of the Department of Industry.

Thank you, Minister, for having accepted our invitation.

You are aware of how we proceed with the meetings of our committee. Without further ado, you have the floor for 10 minutes.

Hon. François-Philippe Champagne (Minister of Innovation, Science and Industry): Thank you, Mr. Chair.

I'd like to begin by thanking my esteemed colleagues. You are members of one of the House of Commons committees that plays a key role in assuring Canada's long-term prosperity. It's therefore a pleasure to be with you as we inform and define the industrial policy that will make Canada prosperous for generations to come.

[English]

Mr. Chair, as you know, it's a pleasure for me to appear before the committee today. I apologize for last time, but I think I was scheduled and some things happened.

This committee is so critical to informing, shaping and advancing our industrial policy, as I was saying. I'm grateful for the thoughts, the work and the leadership of the committee in helping us to shape the best possible industrial policy.

As 2023 unfolds, the Canadian and global economies continue to change rapidly. Profound forces are reshaping whole industries as well as domestic and global supply chains. We are living in a time of a green and digital transformation of our economy, and this opens generational opportunities for Canada. A digital revolution is

transforming how and where business is done, a phenomenon being driven by frontier technologies such as AI, quantum and biotech.

I want to say that this morning I announced further investment in AI at Scale AI, one of our global innovation clusters.

Coming back from Washington...and some of the members were with me.

[Translation]

Sébastien Lemire, among others, was with me in Washington last week. I can tell you that our American neighbours acknowledge Canada's leadership in artificial intelligence, quantum computing and cyber security. It is technologies like these that will move us forward in the 21st-century economy.

[English]

The impacts of climate change are becoming more obvious every day, driving governments, investors and consumers to demand low-carbon green products and services. Finally, the pandemic, the war in Ukraine and a complex geopolitical environment have underlined the risk of volatile supply chains and a need for adaptability and resiliency.

I continue going back to my trip to Washington last week with the Minister of Defence. Resilient supply chains was the topic that everyone wanted to talk about with Canada.

Countries are recognizing that, in the future, strong and resilient economies will need to be digital, sustainable and driven by scientific and technological excellence. As such, we have worked diligently to create the conditions for Canada's success.

[Translation]

Canada has a unique opportunity—a generational opportunity, as I have said before—to become a leader in the economy of tomorrow. I've often said that Canada has everything needed for a 21st century economy, by which I mean a sustainable, knowledge-based economy with a greater emphasis on digital technology.

I believe that Canada can be the strategic partner of choice for our allies around the world, because we have what a 21st-century economy requires.

That's the vision and the message that I shared in Tokyo, Berlin, Seoul, London and Brussels during my recent visits there, as well as in Washington, where I was last week, as I mentioned earlier.

[English]

For many of our strategic trading partners, the question is no longer “why Canada?”, but rather “how and when Canada?” They realize that we have what very few countries can offer. We have the five elements that drive investment.

The first is talent. Canada is still a very big magnet for talent. My colleague Sébastien Lemire heard me say that more than once in all of our meetings.

The second thing is strong ecosystems, which you see in the auto sector, the EV industry, aerospace and biomanufacturing.

We have key natural resources, like critical minerals, to be able to manufacture the batteries and semiconductors.

We have abundant renewable energy. As supply chains are getting greener, we can produce green steel and green aluminum, and we hope to produce green batteries and green semiconductors.

Finally is the access to market. I always remind people around the world—and you've heard me say this, Mr. Chair—that we're not a country of 38 million people, but a country that gives preferential market access to 1.5 billion consumers. That is a message that is resonating around the world.

I don't need to tell you that, more than ever, proximity to resources, markets and assembly lines are dictating investment decisions. That's why Canada has been winning a number of strategic investments recently. Supply chains are going from global to regional, with more emphasis on resiliency than pure efficiency. These new market dynamics play very well to Canada's strengths.

Mr. Chair, allow me to illustrate my point with a few concrete examples.

[Translation]

In the life sciences and biomanufacturing sector, we've made huge investments to better protect Canadians' health and ensure their safety. For example, we attracted leading companies to Canada, like Moderna in Montreal, we strengthened the foothold and presence of leaders in Canada, like Sanofi in Toronto, and supported innovative domestic companies like Vancouver-based AbCellera.

In the aerospace sector, projects worth nearly \$2 billion have been launched, challenging industry leaders to look to the future and invest in sustainable aviation, including hybrid propulsion and biofuels. I can tell you that major manufacturing companies are looking at what's happening in these leading-edge areas in Canada. For example, the president of Boeing told us that he was well aware of what was happening here.

In the automotive sector, we're on track for the next 20 to 30 years. We're helping build a complete EV and battery ecosystem, from mining to recycling, attracting the likes of GM-POSCO, Umicore and LG-Stellantis, which is building the first battery gigafactory in Canada.

BloombergNEF, As you may have seen, recently ranked Canada's battery ecosystem in second place, behind China and ahead of countries like the United States. It's interesting to note that in less than a year we've succeeded in carving out an enviable position for ourselves in electric vehicle manufacturing.

We not only secured key commitments from all the major automakers already in Canada but also recently signed strategic agreements with Volkswagen and Mercedes-Benz during the German Chancellor's visit.

We are also helping to decarbonize key industries like steel, in partnership with ArcelorMittal Dofasco and Algoma Steel, and green aluminum, with Rio Tinto and Alcoa. That's the well-known Elysis project recognized around the world.

In short, through strategic investments, we are positioning Canada to lead in key economic sectors central to a green 21st-century economy.

But our vision doesn't end there.

We must redouble our efforts if we are to become leaders in hydrogen production. We need to turbocharge investments in cleantech, agtech, biotech and fintech. And we must seriously consider the possibility of producing semiconductors here in Canada, thus integrating the country into the North American value chain. You've no doubt heard me before on the subject of the Albany-Bromont corridor. I also talked about it when I was in Washington. Establishing this corridor would put us in a key position for semiconductors in North America.

● (1550)

[English]

My mandate also includes scientific research and development, which are at the very core and key drivers of innovation. Someone recently told me the research of today is the economy of tomorrow. I don't think it could be better said.

That's why we recently recapitalized the pan-Canadian artificial intelligence strategy with more than \$443 million in support of commercialization, standardization, talent and research. We also announced more than \$360 million to our national quantum strategy to capitalize on Canada's leadership position in quantum.

The good news is that it's already bearing fruit, with Canadian champions like Xanadu. I don't know if colleagues know, but Xanadu is the only company in the world that has a quantum computer that is dedicated to battery chemistry. Everyone you talk to around the world in the OEMs knows about Xanadu. This is a real Canadian champion. This is about applied quantum, which is making a difference.

We have also doubled down on our commitment to invest in research and development, so that we can ensure our competitiveness.

This morning I announced not only that we would double down on AI, but that we are further investing \$750 million in the global innovation clusters program. We will be working with our partners in the private sector to generate significant investment.

This funding will help scale up innovative ecosystems in areas of significant Canadian competitive advantage, including digital economies, which we see a lot in western Canada; the protein industries, which is how we can feed the world with plant protein; and advanced manufacturing, which is serving our ecosystem well. I know my colleague Brian Masse knows all about that. It also includes artificial intelligence, which we already have a head start on for supply chain and logistics; and finally, ocean technologies for colleagues on the east coast, where Canada is also punching above its weight.

We are also launching a new lab-to-market platform to help graduate students and researchers commercialize their work. There are new targeted scholarships and fellowships for promising Black student researchers. We will soon be announcing a cohort of new, internationally recruited Canada excellence research chairs in the STEM fields.

Mr. Chair, before I conclude my remarks, I want to take the opportunity—briefly, because I see my time is going fast—to say a word about an issue that recently made some headlines regarding research security.

First, let me be very clear to Canadians who are watching. Protecting Canadian research and intellectual property against foreign interference, espionage and theft is our government's top priority—and it is my top priority. That's why, in 2021, I issued national security guidelines for research partnerships, investing \$160 million to help universities build their internal capacity.

That said, it is clear that more needs to be done. We all need to do more, including the provinces and universities. As I said to the science committee, we'll be coming up with new mandatory rules to make sure that we tighten up in light of what we're seeing.

That's why, earlier this month, I directed the Canada Foundation for Innovation—or I will be directing them very shortly—to take a new and stronger posture when it comes to research security. All the granting agencies will have new mandatory guidelines they will need to follow in order to protect our research in light of what we've seen. I will also write to representatives of Canada's universities to urge them to do likewise for all their research partnerships and, more particularly, the partnerships involving sensitive research.

My message is this: We're going to do more. The provinces need to do more. The universities need to do more. That, I think, is how we are going to be protecting.

[Translation]

I'd say that Canada has never been as well positioned as it is now to leverage industrial innovation to achieve a sustainable and resilient economic future. Canada has never been in such a strong position to become a key strategic partner for the whole world.

We need to be ambitious and to seize this opportunity to make Canada a leader in the economy of the 21st century.

Thank you.

I'd be happy to answer your questions.

• (1555)

The Chair: Thank you very much, Minister.

Without further ado, I'll give the floor to Mr. Perkins to get the discussion under way.

[English]

Mr. Rick Perkins (South Shore—St. Margarets, CPC): Thank you, Mr. Chair.

Thank you, Minister. I know that I speak for all of us when I say that I wish we had the full two hours with you, because we have lots of things to cover.

I see that you were in Washington last week, and that there was a balloon drop done for you, presumably by China, maybe. Maybe that's because this government has been so open towards Chinese investment in Canada.

To start off, I'd like to ask you this. Without any national security review, your predecessor allowed the takeover of the Tanco mine, Canada's only lithium-producing mine, in 2019, by Sinomine, a Chinese state-owned enterprise. I'm wondering why, last year, when you, as minister, asked three Chinese state-owned enterprises to divest of their lithium holdings, you didn't ask that Tanco be included in that as well.

Hon. François-Philippe Champagne: First of all, thank you for the question.

There is nothing more important than protecting our national security, as you would know, Mr. Perkins. That's why I even proposed that we amend the Investment Canada Act, just to make sure that we have more tools to protect our national security.

If you recall, at that time, as you said, I blocked the three potential Chinese takeovers of Canadian mines. You will note that, under the law, the law does not allow a retrospective view of certain transactions. That's why you've seen me, at many steps along the way, strengthen the rules when it comes to state-owned enterprises and, in this case, to make sure that we would protect national security. Not only did we do that but, you'll remember, when it came to sensitive sectors and when it comes to critical minerals, I've been very clear that I will stand up for Canadian national interests.

Today, going back to the Washington trip, I think our colleagues understand more and more that national security and economic prosperity go hand in hand.

Mr. Rick Perkins: I don't want to interrupt but I have limited time.

I understand that, so I assume that you're open to looking at that as an issue—the retroactivity of some of these things.

On that trip to Washington, you met with a number of aerospace companies, including Boeing. There have been reports, in terms of the replacement of the Aurora aircraft, that you and your colleague the Minister of National Defence are not looking at an open bidding process for that. In fact, you are maybe excluding some of our important Canadian aerospace companies from the bidding on the replacement of that.

Can you confirm for us today that it will be an open bidding process for Canadian companies?

Hon. François-Philippe Champagne: First of all, I would like to thank you.

In fact, the purpose of the meeting, if I may say—and I'll come to your question—of the trip to Washington was to draw investment back into Canada, to tell these big aerospace and defence firms that there needs to be a bit more balance when it comes to investment, just like we did in the auto sector. I said that we need to have this kind of vision that there would be investments on both sides of the border. I think this was a message that needed to be conveyed to these companies. You mentioned Boeing. That's exactly what we said.

When it comes to procurement, Mr. Perkins, that is a matter for the Minister of Procurement. What I can say is that we always strive to make sure that Canadian companies.... In fact, I think that Canadian companies have no better partners than me, the Minister of National Defence and the Minister of Procurement when it comes to insisting that in these major programs there is Canadian content, not only in the Canadian fleet but also in the global fleet. I'm happy to say to Canadians—and I'll give you more time—that there will be a piece of Canada in every F-35 jet flying around the world.

• (1600)

Mr. Rick Perkins: I understand that because they make F-35 jet parts in my riding in Lunenburg. The issue is about Canada buying replacements for its own planes, and there have been reports that you and the minister will not be allowing Canadian firms. I'm glad to hear that you're open to having Canadian firms bid on that contract.

Hon. François-Philippe Champagne: Not only did we do that, Mr. Perkins, but we also did more than that. We insisted and we advocated. We're part of their marketing team. When we go to Washington, it's about protecting Canadian jobs. It's about making sure that Canadian companies will be part of those big programs.

Mr. Rick Perkins: I get that, Minister. My question wasn't about the U.S.'s purchases of planes; it was about Canada's.

I'm going to go on to my next question.

Rogers has set a date of this Friday for your approval of the sale of Freedom to Quebecor. We're assuming that you're going to deal with the Rogers deadline of Friday and make a pronouncement.

In the past, Quebecor has made vast commitments to Canada, in getting spectrum in English Canada, that it will create another carrier, and in every single instance, it has betrayed that commitment to the Government of Canada. It has actually sold that spectrum for a \$331-million profit on an asset the Canadian taxpayer owns.

In this process, Vidéotron, once again, has put forward a business plan to the Competition Tribunal to try to convince it that it means it this time—after selling 100 licences. I am skeptical because past behaviour dictates future behaviour.

Will you, as minister, make the business plan that convinced the tribunal that this is an acceptable deal a condition of fulfillment of the licence transfer, and make the commitment that, if they do not live up to that, they will have their spectrum removed?

Hon. François-Philippe Champagne: First of all, I'm not bound by any artificial deadline. I'm the regulator. I will make my decision whenever I come to the conclusion that we have looked at every aspect, particularly the decision of the Federal Court of Appeal.

I want to be very clear with Canadians: There is no deadline. I'm reviewing, obviously, all the facts with respect to this transaction.

Let me be clear, Mr. Perkins. You and I have the same objective. My mission is to reduce prices for cellphone plans in Canada. That's the mission, and that's what I've been relentless about, making sure this will happen. We know that the best way to reduce prices—

Mr. Rick Perkins: On the question of the business plan...?

Hon. François-Philippe Champagne: The best way to do that is through competition. What we have found in Canada is that it's to have a fourth national player.

One thing is sure: I have Canadians' backs. I understand that, at a time of high inflation, people want to see their cellphone bills go down. You've heard me before. Even before the Competition Tribunal went out, I said that, for whomever was going to come in front of me, there would be very specific conditions. One of them was no flipping.

Mr. Rick Perkins: They can flip after 10 years, though.

Hon. François-Philippe Champagne: The other one was that the low rates you're seeing in Quebec would be applied in British Columbia, Alberta and Ontario.

You can rest assured, Mr. Perkins, that, as a lawyer, I'll make sure every *t* is crossed and every *i* is dotted to make sure Canadians are protected. That's my duty to Canadians.

The Chair: Thank you, Minister.

[Translation]

I'm giving the floor now to Ms. Lapointe for six minutes.

Ms. Viviane Lapointe (Sudbury, Lib.): Thank you, Mr. Chair.

Good day, Minister. It's a pleasure to have you with us today.

Hon. François-Philippe Champagne: Thank you, Ms. Lapointe, it's a pleasure to be here.

Ms. Viviane Lapointe: Minister, we know that critical minerals are essential to achieve our climate targets and for manufacturing electric vehicles and batteries.

Can you tell the committee how the government prioritizes this sector and how our investments have been used effectively so far?

Hon. François-Philippe Champagne: Thank you for asking me a question about critical minerals. It's an important issue.

I've often said that Canada is the only western country that has all the critical minerals, whether manganese, lithium, or nickel, required to manufacture batteries. We can use these minerals not only to make batteries, but also semiconductors.

We launched Canada's critical minerals strategy not only with a view to operating a fair number of mines, but also to do the refining. That's the idea behind it: we want to mine and refine critical minerals to keep most of the added value here.

This strategy attracted some major companies. You no doubt remember the GM-POSCO consortium and its plant in Bécancour. It's got to the point that people in Tokyo are talking to us about Bécancour; that's indicative of the progress we've made. People know that we're busy building ecosystems. We've also succeeded in attracting Umicore to Kingston.

As I was saying at the outset, one of the facts that plays a decisive role is proximity: the proximity of resources, markets and production chains. That's what enabled us to attract major investments, from companies like LG and Stellantis, which are going to build a plant here, not to mention Volkswagen. The CEO of Volkswagen recently said:

[English]

"Canada is [the] logical choice."

[Translation]

It's not me who said it, but the CEO of Volkswagen in Germany. That says a lot about how far we've come.

That's what I tell people everywhere, on my trips abroad or here at home: we definitely have all the critical minerals needed for the battery ecosystem, and for the 21st-century economy.

• (1605)

Ms. Viviane Lapointe: Thank you.

[English]

You've travelled to many countries during the past few months, and you highlighted some of them in your opening statements. These visits seemed to have been received positively by the international community, who seem to be keen to have Canada as a partner.

Can you tell the committee what you're hearing from industries abroad? What is the international community saying about Canada being a destination for their businesses, and how are we enticing these international business partners to Canada?

Hon. François-Philippe Champagne: That's a very good question. At a time of much uncertainty in the world, where you have geopolitical challenges, where you have the war in Ukraine and where you have shortages in supply chains, Canada offers unparalleled stability, predictability and the rule of law. I would say that those are in high demand and short supply in the world.

The first thing is that people realize that Canada is a real beacon when it comes to stability and predictability. The other thing I would say is that, when you talk to leaders around the world—and you're right, we hosted the Prime Minister of Japan, we had the President of Korea, we had the German Chancellor and we came from Washington last week—there are three things that are top of mind to leaders around the world today: energy security, food security and supply chain resiliency.

My message to them is that Canada is your supply of choice. We can be your best friend when it comes to that, because Canada can be a partner to our colleagues from Japan and Korea on the Asia-Pacific side. We can be a partner, obviously, to our U.S. friends. Just think about the semi-conductors. As I was saying, it's good that our colleagues down south will be producing more semi-conductors, but I think it's not well known that Canada is, in fact, the place where most of them are packaged and tested. At the same time that they're increasing production, we need to increase packaging and testing. That's my point about the Albany to Bromont corridor; we can do more together.

When I talk to my friends in Washington, I say that the big prize for us is how we can innovate more together, how we can build more together and how we can sell more together to the rest of the world. I think there is this understanding around the world today that what differentiates the Canadian economy from other economies is talent. The first thing that people are looking for is talent, and I'm grateful to say to all the workers that it's thanks to their know-how, excellence and expertise that we can attract these big investments.

The second is obviously natural resources and the strength of our ecosystem, but renewable energy is key. All these big OEMs in the world want to green their supply chain, so Canada comes into play and access to market makes the difference. I'll tell you, when I was in front of the CEO of one of the largest automakers in Japan, he said that it was the best pitch he'd ever heard in his life. I said, "That's not me. This is about Canada."

They look at us, and they say we have everything they need. Some would say that's how we have been able to attract companies like Volkswagen to have an interest in Canada and Mercedes-Benz. Who would have said? Now they're looking at us.

Trust me that I'll continue to make the case for Canada everywhere I go.

[Translation]

Ms. Viviane Lapointe: Thank you.

[English]

Do I have time for another question?

• (1610)

[Translation]

The Chair: You have about 30 seconds left, Ms. Lapointe.

[English]

Ms. Viviane Lapointe: I just want to say, very quickly, that investments through the strategic infrastructure fund are so important—the net-zero accelerator and the regional development agencies. I know northern Ontario programs, such as FedNor, provide excellent support.

Can you quickly tell the committee about these important ISSED programs, and how they are creating jobs?

Hon. François-Philippe Champagne: This is all about jobs. I know time is limited, but I want to say, Madame Lapointe, that it's all about creating job opportunities.

However, it's not just about looking at the jobs of today. It's also about the jobs of the future. That's why, when I talk to CEOs, I say, "Don't ask me what you need next week; tell me where the industry is going 20 years from now." That is what we have done in aerospace, for example, where we've now seen investments of close to \$2 billion.

My point is to leverage private capital to create jobs today, but also to position Canada in the economy of the future.

[Translation]

The Chair: Thank you very much.

Mr. Lemire, you have the floor for six minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

Thank you, Minister, for coming.

I noticed in your opening address and in your answers that you didn't talk to us about the predictability and stability of the supply chain, factors that are usually extremely prominent in the speeches you give, whether in Washington, Korea or Japan.

With respect to predictability, I see an issue here. We get the impression that you're putting a lot of things on the table in many different spheres, but in some instances, we are waiting for answers. One example of this is the transaction between Rogers and Shaw, and now Vidéotron. We're at a stage where action is needed, because the situation is creating tension and animosity. The Fox project is a particularly good illustration. Trying to find out how the fourth industry player might move in is making it difficult to achieve anything resembling candour. All we're getting is hearsay. I get the impression that the longer we wait, the more the debate becomes clouded. I would therefore like you to take a position on this transaction as quickly as possible.

I'd like to hear what you have to say about bills C-27 and C-34.

Why has the government not acted upon Bill C-27 for some time now? I think you would get House approval to send this bill to the Standing Committee on Industry and Technology. We'd like to study it in committee. There are some areas, such as data protection, for which you have done your homework and reached consensus. As for artificial intelligence, I think we might have quite a few questions to ask.

In any event, we'd like to ask you to put these bills back on the Order Paper.

Why is it taking so long?

Hon. François-Philippe Champagne: I'm delighted to hear you say that, Mr. Lemire. I have a lot of admiration and esteem for you as a colleague.

If you want to know why Bill C-27 is bogged down, then I think you need to look elsewhere, perhaps to your colleagues. We are certainly ready to move forward with the bill.

For Canadians listening today I should point out that Bill C-27 is the Digital Charter Implementation Act. It includes some extremely important provisions. There is for example the entire part on the protection of children. Ever since the COVID-19 crisis, children have been spending more and more time in virtual space. All elected representatives are responsible for moving forward quickly with the study of this bill, in order to provide better protection for our children, and as you were saying, to provide a framework for artificial intelligence. I would like artificial intelligence to work for people.

I am delighted to hear that the Bloc Québécois is prepared to support us. I trust that members of the other parties will follow suit, Conservatives and New Democrats alike.

We have an opportunity to adopt a bill that will give Canada a profile throughout the world. I was in fact speaking with my European friends recently, and they were saying that the bill that has just been tabled here was one of the most innovative in the world. I also think that companies would like to see our provisions aligned with those in Europe.

There is some urgency about taking action. I am pleased to hear that we'll have the support of the Bloc Québécois. I'll be asking our Conservative friends in a few moments, to see if they are prepared to lend their support as well.

Mr. Sébastien Lemire: I'd like to bring up another topic that's in your court right now, and that we've been awaiting for several years now. I'm talking about reviewing the Copyright Act.

The industry will say that without this review, they'll be dealing with a blank slate. Access Copyright and Copibec, among others, had some books with blank pages produced to reflect the blank page facing the industry.

What can you say to them about the urgency of adopting a bill that would protect copyright in Quebec and Canada?

Hon. François-Philippe Champagne: I'm listening to them. It's important to do so.

As you know, however, there are quite a few priorities to deal with at the same time. For example, you've just mentioned bills C-27 and C-34.

It is of course important to reform the Copyright Act. I'm working on that with my colleague, heritage minister Rodriguez. I listened to what the industry had to say. I also heard from the universities.

It's definitely one of our priorities. We're going to continue to work with the industry. I have a great deal of respect for creators. They make an important contribution. We need to be there for them and we are going to continue to do just that.

Mr. Sébastien Lemire: We've also sent letters, to you and your predecessors, about this issue.

I'd like to talk about aeronautics now.

As part of its study on aerospace a few months ago, the Standing Committee on Industry and Technology looked into the urgent need for a national aerospace policy. The committee took a position on it, and underscored the importance of such a policy to ensure that there would be predictability for investments.

The Canadian multi-mission aircraft project is seen as an opportunity to go off the beaten path for future surveillance technology. What you said in Washington raises a number of concerns, however.

What can you say to reassure the aerospace industry about the funding you might be offering and about how it might be possible to provide a structure for Quebec's flagship aircraft industry companies?

• (1615)

Hon. François-Philippe Champagne: You are altogether correct in saying that our aerospace industry is doing well. We made

record levels of investment. I nevertheless believe that Mr. Legault, when I was with him and Mr. Trudeau to announce the biggest aerospace industry investment ever.

There's nothing to worry about in connection with our trip to Washington. On the contrary, we went there to look for opportunities for Canadian companies to get involved in major programs, not only in Canada, but around the world.

The reason, or the idea, behind the trip we made there, Mr. Lemire, was to encourage our partners to look at what we're doing here in Canada with car manufacturing. There was, for example, the Auto Pact. There are things happening on both sides of the border. We are in a context where there will be major investments, particularly on defence, not only here at home, but in most of the NATO countries. Canada was considered to be in a good position to be a prime partner.

As I told the industry, our trip to Washington ought to be seen as an opportunity for Canada to open some doors. We spent hours with the CEOs of the largest defence corporations in the world, at least the American ones, to encourage them to work with Canadian companies. Canada has companies like Héroux-Devtek and CAE, which are industry leaders. Our goal is of course to strengthen the position of Canadian firms by sending out the message that they have a role to play in programs not only in Canada, but around the world.

I was able to say with pride, along with our colleague Mr. Perkins, that there is a part of Canada in every F-35 in the world. It's significant, but we want even more. I said that I wasn't happy with the status quo and wanted more: more investment in Canada and more partnerships. I want the Canadian aerospace supply chain to be part of major American defence programs.

That is precisely the message we, together with the Minister of National Defence, took to Washington. You were with me, Mr. Lemire, and so you know what we said at the Wilson Center. That's also exactly what we told the CEOs of the large corporations in private discussions.

Mr. Sébastien Lemire: Thank you.

The Chair: Thank you, Mr. Lemire.

Mr. Masse, you have the floor for six minutes.

[English]

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, Minister, for being here. I think you're the ninth minister I've had the chance to—

Hon. François-Philippe Champagne: Is that a good thing or a bad thing?

Mr. Brian Masse: That's actually good. I'll give you credit. You're the busiest—

Hon. François-Philippe Champagne: Is that a good thing or a bad thing, Mr. Chair? I don't know how to take that.

Mr. Brian Masse: You're the busiest, by far, and that's a good thing.

I want to take one issue up, though. You left Bill C-27 in the hands of us, the members of Parliament. I want to correct the record here. Has your House leader asked for time for Bill C-27? My information is that your House leader has not. Bill C-27 cannot go back to the House of Commons, unless your party brings it there. You brought Bill C-34 instead.

Why won't your House leader bring Bill C-27 to the floor of the House of Commons, if you think it's so important, if you're going to lay the blame on committee and other members of Parliament?

Hon. François-Philippe Champagne: Listen, I'm not in a blame game—

Mr. Brian Masse: Well, you did.

Hon. François-Philippe Champagne: No, but—

Mr. Brian Masse: You said it's not in the House and it's being held back.

Hon. François-Philippe Champagne: We need to work together. I'm saying that Bill C-27 is for Canada. It's not for members of Parliament.

Mr. Brian Masse: Why won't your House leader bring it forward then?

Hon. François-Philippe Champagne: Listen, my understanding.... I'm happy, Mr. Masse, that you and I work very well together and we've known each other for a long time. I will take it up with the House leader.

My understanding—and I say this openly—is that there were discussions among the leaders of different parties and there was no way forward. If I hear today that there is, I'm more than happy.... I committed to industry and to Canadians that we would have a digital charter as soon as possible.

I'll pose the question to the Conservatives. If they're willing to support it, I think we'll have a way forward.

Mr. Brian Masse: At the end of the day, you have control of the House.

At any rate, I think it's important not to.... Nobody's being obstructionist on Bill C-27 here. There are a lot of concerns about the bill. I know the NDP split the bill, in terms of voting, because there are some new sections that are very important for us to go through. There's a lot of interest out there. We're getting a lot of contact at our members' offices.

I want to highlight, though, that it isn't us holding back that process.

Hon. François-Philippe Champagne: I appreciate that. We'll be working together on that. That's what I hear from colleagues around this table.

Mr. Brian Masse: Yes. The AI stuff is, especially, of particular importance. It needs a lot of attention.

I want to move on to something associated with your role at cabinet, though, because it's an emerging issue.

I appreciate the work that's been done on auto. We still don't have a national auto strategy, which I would prefer to have, but there have been some good announcements. You've actually done some good work on Stellantis and other types of initiatives we have, and I really appreciate that.

However, right now, the City of Windsor has a disaster mitigation and adaptation fund dealing with flooding and a whole series of things. Your government is in a 60:40 ratio of supporting those projects, but because of inflation it won't move off the percentage it had before.

I'm wondering whether this has been brought to your attention, because keeping cities innovating and participating in these projects will be a big issue if they have to come up with hundreds of millions of dollars, potentially, for projects that were pre-approved. I'm wondering whether that's been raised at cabinet.

I know this is something that might be new, but are you aware of what's taking place? Ontario hasn't come to the table on that to date, which could affect the city's capability to retain employees and make sure we have the proper people in place.

● (1620)

Hon. François-Philippe Champagne: I'll say, I was not aware specifically of the City of Windsor's request. As a former infrastructure minister, I'm very sensitive to that because I used to manage the fund in my former capacity. I'm very well aware.

Like you said, not only did you say we did well, but I think we should all take pride as Canadians that we have renewed the mandates with all the automakers in Canada, and now we've been attracting the likes of Volkswagen to at least engage in a very serious discussion with us. There are LG and Stellantis, as you said, which will be somewhat transformational. Those are generational opportunities.

To your point about Windsor, Mr. Masse, I'm happy to take that back with colleagues and see how we can help because we want Windsor, which is the centre in many respects of our auto sector, to be able to thrive in this new economy. We're very committed to Windsor and the workers there.

Mr. Brian Masse: That's all I'm asking for now. This is infrastructure money that was allocated before. Your past is one of the reasons I wanted to raise it here. It's new. If it undermines the municipalities because of inflation costs with previously signed construction contracts.... I'll send you some information. It's just emerging, but it's critical because we can't keep talent, as you know. It's one of the biggest things.

Hon. François-Philippe Champagne: I appreciate that.

You've been a good colleague in trying to achieve that.

• (1625)

Mr. Brian Masse: I'm going to move over to Medicago. It highlights a problem that we had.

In Windsor, we had Nemark, which was in the automotive sector, and the previous minister, Minister Bains, provided some federal funding for them. They took the innovation and the money, and then they actually moved it to Mexico, including the plant.

What I'm worried about is whether in the current bill that you have, Bill C-34, there's actually going to be enough support in there to stop that from happening. The Nemark example is one for which basically we innovated new transmission equipment and then they moved it to Mexico. They moved all the jobs. They took our innovation. They took all of the work we had done. They laid off a bunch of workers. We lost that.

Medicago is a similar situation that's taking place here. What can you tell us? Is there an update on that?

How do we stop this from happening?

Hon. François-Philippe Champagne: I'm not sure we can equate the two situations. I'm not familiar with the first one that you mentioned. In Medicago I can assure you, Mr. Masse, we're in solution mode. My first priority and everyone's priority should be to keep the jobs. We have 400 people, extremely talented people, in Quebec City.

The second thing is the facility, because we have amazing facilities that have been newly built. We want to protect that.

The third one is the IP. The thing about Medicago, and I've heard a lot of things, is that I think it's the first vaccine that has been approved in the last 20 years in Canada. It's a made-in-Canada vaccine, I should say. For me, this is quite significant. It's the first plant-based vaccine in the world. People look at Medicago today, but people should remember that when we did that at the time, as you remember, we wanted to invest in all the platforms of vaccines because no one knew exactly, at the time, which would work. Now, what I can tell you is that we're in solution mode. I spoke to the CEO of Mitsubishi Chemicals in Japan. I made sure to protect all our rights, but the focus as we speak today, my focus with the Government of Quebec and the mayor, is to protect jobs. It's about people.

Then I'll make sure that we have all our rights preserved, and we will retain our rights with respect to all sorts of arrangements we have. I want to thank my deputy, Simon Kennedy, because to your point, I think that our contribution agreements today have far more specificity in terms of protecting Canadian taxpayers with all the commitments they have to follow. Otherwise, we have recourse.

Mr. Brian Masse: What is our final liability with regard to the contributions we made and the vaccines we have to purchase or have not been made? What is our exposure at this point?

Hon. François-Philippe Champagne: At the time, you may know or not know, I shifted that. There was a time when we saw Medicago, like others, miss the window on COVID-19. The investment shifted not for COVID but for the future because of the interest in the plant-based. I spoke to the director general of the World Health Organization. If you talk to specialists, they say there's a lot of potential in a plant-based vaccine. The next big thing may need a plant-based vaccine.

Mr. Brian Masse: What's our number, though? What's our exposure on this?

Hon. François-Philippe Champagne: We're reviewing all the agreements we have, because at that time we shifted that to make sure that they would focus on the future, not on the past. What I can tell you today is that my focus is on the jobs. We have all the legal recourse. I can ensure you and Canadians. I spoke to the CEO of Mitsubishi in Japan. They will honour all their commitments to the Government of Canada and the Government of Quebec.

Priority number one is still the jobs.

Mr. Brian Masse: I would still like to know a number in terms of our exposure.

The Chair: Unfortunately, Mr. Masse, it will be for another round. Thank you.

We'll now turn to Mr. Williams for five minutes.

Mr. Ryan Williams (Bay of Quinte, CPC): Thank you very much, Minister. It's nice to see you in the hot seat today.

Hon. François-Philippe Champagne: I feel that every day is a hot seat, sir.

Mr. Ryan Williams: We'd like to have you for two hours, though—maybe next time.

Minister, you have a good quote about competition. You say, “I will never waver in my commitment to promote competition and make wireless services more affordable for all Canadians.” We can agree on that much.

I've been very vocal. I feel there's been a competition failure in the divestiture of Freedom Mobile from the Rogers-Shaw merger. The point of that was that Rogers, the most expensive wireless carrier in the world, by the stats, and the number one market shareholder in Canada, was freely able, in buying an asset from Shaw, to control that divestiture and who it was going to sell it to. The fourth competitor was, of course, Vidéotron. Rogers did so without the approval and the remedy process from the Competition Bureau. Of course, we saw what happened in the tribunal.

What was more disturbing was that there were competitors that were trying to be involved in that deal, and they were shut out. Globalive and Distributel each offered almost \$900 million more to buy that asset from Shaw Mobile, yet they were excluded as a whole.

When we had this committee and investigated that, there were a couple of alarming testimonies. Number one, through lobbyist registries, we found that you met with Rogers five times last year. ISED met 60 times with Rogers, yet Globalive and Distributel both claimed that they couldn't get a call or a meeting at all.

We found that when it came to NDAs that Rogers had signed, they would give a different one to Globalive than they gave to anyone else. They certainly weren't engaging with Globalive or others. The system seemed to be broken. When the competition for competitors of the divestiture came, it seemed like Rogers could just pick who it wanted to deal with or, more importantly, who it didn't want to deal with. If it came to Globalive or to Distributel, if it decided not to engage with them, the process was completely eliminated.

My first question to you, sir, is if you feel that process was fair in how that was handled.

Hon. François-Philippe Champagne: I would say as the regulator that I would challenge the data you just presented. As the regulator, I'm very careful not to meet anyone personally when it comes to a matter that is in front of me as the regulator. I—

Mr. Ryan Williams: It's in the lobbyist registry.

Hon. François-Philippe Champagne: I don't choose.... Yes, but they may specify who they met, because I can assure you I've never met in private with the CEO of Rogers. The only time I spoke to him was when we had this failure of Rogers and I had to intervene to protect the interests of Canadians. As a regulator, I'm very careful to make sure there is not only justice but the appearance of justice in everything we do. I can assure you of that.

As the regulator, the thing I would say, Mr. Williams—and you probably know the law—is that I don't choose the parties who come in front of me. The parties come in front of me. I'm the regulator. I'm not party to that. If they come to me—

Mr. Ryan Williams: Do you think it's fair? My question was—

Hon. François-Philippe Champagne: My point is that, as the regulator, I said no to the transfer of Shaw to Rogers. That is on the

record. I don't choose the party. Now, the file that I have in front of me is Shaw wanting to transfer a licence spectrum to Vidéotron. That is what is in front of me today.

Mr. Ryan Williams: Minister, I'm going to contradict you here on just one thing. The CEO of Rogers did testify at this committee. This was his response to some of our members in testimony. He stated, “I'm walking you through the criteria that the minister laid out for us, as we work through those criteria in terms of having a balance sheet and having operating experience, but also, importantly, having a very credible path to 5G.”

The CEO of Rogers claimed that you gave him criteria with which you would approve the divestiture of Vidéotron. The CEO claimed that. What it seems to be, from his testimony—especially with the one criteria, “having a very credible path to 5G”—is that if your department stated that in the 60 meetings that were had or that you had in any discussions with him, that left only one competitor. The only competitor was Vidéotron. Globalive and Distributel at that point weren't involved.

Is it fair that this would have been set up? It seems to be that it was a secret deal. I know that you're the regulator. I know, at the end, what's great about this process is that you have the final say and you've stated that. Can we at least hear from your side that perhaps it was not a fair deal? Perhaps, as the regulator, you can say that maybe there's a way we can go back to the divestiture. There are better ways we can see more competitive processes, so that we have the best competitor—not a competitor that our largest telecommunication carrier selected full and outright.

● (1630)

Hon. François-Philippe Champagne: Listen, I appreciate your question, and I appreciate the work of the committee. As a lawyer and a regulator in this matter, I'm very careful about how these things happen, because I do know a bit about how they should work in terms of making sure there are appropriate considerations given to all of that.

What I can tell you is that everything that I said, I said in public. In a sense, when I said that there would be conditions.... You remember, Mr. Williams, this came way before the Competition Tribunal. I laid down a number of conditions. Regardless of what the Competition Bureau would do at the Competition Tribunal, let me tell you what I would only consider. I would not allow the transfer of licences for anyone. I said they would have to keep it for at least 10 years, and that the rates that you were seeing would have to be applied to other provinces.

I can tell you in that, Mr. Williams—

Mr. Ryan Williams: Minister, I'm so sorry. There's only so much time.

Hon. François-Philippe Champagne: Go ahead.

Mr. Ryan Williams: The CEO of Rogers specifically said that one of your conditions was having a critical path to 5G.

Did you say that to the CEO, yes or no?

Hon. François-Philippe Champagne: I cannot comment about his testimony, but I can tell you the conditions that I put are public. All the comments that I made—

Mr. Ryan Williams: He's stating these are private conditions that you set.

Hon. François-Philippe Champagne: Listen, I cannot comment about his testimony. I can tell you what I do because I'm the regulator. I happen to know what the regulator says.

Mr. Ryan Williams: You can say if his testimony is wrong.

Hon. François-Philippe Champagne: Yes, but I'm the regulator. There's a big difference. Those are witnesses who come in front of me. The regulator looks at the facts presented to him. That's how it works.

Mr. Ryan Williams: Sir, I get that. Did the CEO of Rogers mislead the committee by stating that?

Hon. François-Philippe Champagne: Listen, that's your assertion. I'm saying that I'm the regulator and my role is to protect the Canadian public. I want lower prices for Canadians. I want more competition. The best way to achieve that in Canada is having a fourth national player. I will defend Canadian public interest at every stage. That's why you've seen me very publicly impose conditions.

Just for the record and so you understand, my jurisdiction is not about competition. My jurisdiction under the Telecommunications Act in Canada is about spectrum. It's not to look at the competition aspect. It's to look at the spectrum transfer. That's why I take that response very seriously. Even though I've imposed...and I've said there will be conditions to whoever is coming in front of me, it's because I want to make sure there will be a better price for Canadians.

Mr. Ryan Williams: I appreciate that, Minister. I know you're a lawyer and a regulator. Those conditions aren't enforceable because, again—

Hon. François-Philippe Champagne: That's what you say. Trust me. When you see it, you'll be pleased.

Mr. Ryan Williams: I know that, but I guess I'm just saying that I hope—

Hon. François-Philippe Champagne: I've not made a decision. We'll see what happens. Like I said, I am not near a decision. There will be a decision in due course.

I've said that whatever I say and whatever is going to be applied will have to be fully enforceable.

The Chair: Thank you, Minister.

Thank you, Mr. Williams.

As much as I enjoy this exchange, we'll have to turn to Mr. Dong for five minutes.

Mr. Han Dong (Don Valley North, Lib.): Thank you very much, Chair.

Minister, it's really good to see you here.

Let's change the channel.

Canadian post-secondary institutions play a critical role in making Canada a global leader in science and innovation. In my riding of Don Valley North, Seneca College does a fantastic job supporting the local businesses and entrepreneurs, especially with its applied research.

Can you tell the committee a little bit about the importance of funding science and research and the important role that post-secondary institutions play in that process?

Hon. François-Philippe Champagne: First of all, thank you for the question.

I keep saying that the science of today is the economy of tomorrow. Our commitment to research and science is very important. You've seen that we've invested \$14 billion, I think, since 2016 to really make sure that Canada will take the place that it had in the past when it comes to research, so that we can have evidence-based decisions made by the government...informing all our decisions.

The investments we've made in science are historic, I would say. Obviously, we always need to do more. It's good that we have done so, but we need to do more.

Certainly we've been supporting applied research and fundamental research. I meet regularly with the different universities to see how we can do more together. It's not only looking at the government, but looking at who we could partner with. It's looking at what's going on in Germany or at what our colleagues are doing in the United States. It's trying to find new forums to make sure that the research and inventions that are created by our labs and by our talented researchers, which we have across Canada, can transform themselves into a product and a service.

I'm very pleased with what I see. Certainly, I must say that research excellence is recognized around the world when it comes to Canada.

I go back to my piece about talent. Canada is a big magnet for talent. We need to continue to invest so that we remain at the forefront of all these discoveries. I can think of AI, quantum and cybersecurity. It's fascinating that when you go around the world, people refer to Canada as a leader when it comes to these cutting-edge technologies. That's how our investment in science and research is making a huge difference.

● (1635)

Mr. Han Dong: I can't wait to see you at Seneca College in my riding. Consider that an invitation.

Hon. François-Philippe Champagne: Consider this an acceptance.

Mr. Han Dong: Perfect.

Minister, you also have Bill C-34 in the House. If passed, it will update the Investment Canada Act. We're looking forward to seeing this bill come to this committee, of course.

I represent a very diverse riding. There are immigrants. There are new Canadians who have come from China and from Iran. There is a huge Armenian community. There's a South Asian community. A lot of these entrepreneurs are now Canadian, but they weren't born in this country, so they are actually paying special attention to this piece of legislation.

Can you tell the committee why is it important to protect Canada's national security interests through updating this bill?

Hon. François-Philippe Champagne: It is fundamental. I'll go back to questions from colleagues that I received earlier. What Bill C-34 has tried to do is to provide the minister with more agility. We need better tools to protect our national security. We need to have more enforcement measures. We also need to be able to seek undertakings and impose conditions. That is something that our colleagues in the United States do regularly when they look at these transactions.

Overall, I think it's about modernizing an instrument that has served Canada very well. That's why I'm very keen to work with the committee to make sure we have all of the tools needed to protect our national security. As I was saying before in one of the answers, today national security and economic prosperity go hand in hand.

I'll go back to questions from Mr. Perkins, I think at the beginning, asking why this and that. I think what I'm asking of Parliament is to make sure that the ministers of industry and future ministers have all of the tools at their disposal to better protect national security in Canada, and our economic security as well. That's because we see state and non-state actors looking at what we're doing in Canada.

To your point, when I said no to the takeover of three lithium mines by Chinese companies, I think it sent a strong message that we take these matters very seriously. We rely on advice from our intelligence agencies that work with Minister Mendicino, the Minister of Public Safety.

I think our allies around the world look at that and say that Canada is serious when it comes to national security. It's the same thing when it comes to research security. We have to engage with eyes wide open to make sure we protect our assets, while allowing for foreign investments to come to Canada, for sure, but at the same time making sure that we protect our national security.

[Translation]

The Chair: Thank you, Mr. Dong. Thank you, Minister.

Mr. Lemire, the floor is yours.

Mr. Sébastien Lemire: Thank you, Mr. Chair.

Minister, you have often talked about the importance of having a more consistent, open and agile support system for research. In fact, I would urge you to also think about how to make our budgets more decentralized and ensure that the institutions that are part of

the Université du Québec network have a fairer share, compared to the universities that belong to the U15 Group.

I think the members of our committee would like to see the report of the Advisory Panel on the Federal Research Support System. Would it be possible to send us the report of the chair of the advisory panel, Frédéric Bouchard, that was completed at the end of 2022 and relates directly to the research mission of Canadian universities?

I think that report will help our committee assess the level of preparedness of all the various actors in the federal research support ecosystem, in particular the funding bodies.

I think it's an excellent idea to ask your department to provide that report to the clerk of our committee.

• (1640)

Hon. François-Philippe Champagne: Thank you for that question, Mr. Lemire.

We have talked about this with Mr. Bouchard and with your colleagues. We said we were entirely open to this idea.

Mr. Bouchard's work is essential. He has already submitted his report to us, and, personally, I very much like what I see in it. It also contains very important recommendations.

We ourselves are very open to transparency and the idea that the report be made public. I think Mr. Bouchard is in the process of looking at how the report could be made public in the coming weeks.

Mr. Sébastien Lemire: What steps are missing for making it public, do you think?

Hon. François-Philippe Champagne: We were asked whether we were open to the idea, and the answer was yes. As far as what happens now, we shall see. In any event, we are certainly open to the idea of making the report public.

Mr. Sébastien Lemire: I'm pleased to hear it.

I have a supplementary question.

Canada is the only G7 country to have reduced its R&D investments over the last 20 years. That shows the importance of having an update on the report, which follows up on the advisory panel, that has never been updated.

What is your reaction to that statistic?

What steps are you going to take in this regard?

Hon. François-Philippe Champagne: We have done a lot already. As I said, since 2016, we have invested \$14 billion in research. Of course, we have to continue. That is the solution, as I think everyone involved agrees. That is why the situation is being examined in detail. Recent budgets included investments in research and science, and we are going to continue investing in this area.

The investments are particularly important for students. If we want to keep talent in Canada, we have to be able to offer them scholarships that are adjusted to today's cost of living. That is something I always keep top of mind. I can confirm that I have heard a lot of students, researchers and scientists say they wanted to stay in Canada, because it's a place that attracts a lot of talent, but in order to do that, they needed to have the necessary funds.

So we are looking into this subject, because we are very aware of the importance of these investments for our prosperity, not just for today, but for tomorrow too.

Mr. Sébastien Lemire: It's essential, even. I'm very happy to hear you talking about scholarships.

Thank you, Minister.

Hon. François-Philippe Champagne: Thank you, Mr. Lemire.

The Chair: Thank you.

Mr. Masse, the floor is yours.

[English]

Mr. Brian Masse: Thank you again, Mr. Minister.

I'm glad you said that you are the regulator a couple of times. The committee's done some really good work here on the Shaw-Rogers situation. As you decide that, though, what hasn't taken place is.... There hasn't been regulator support from the government on consumer issues in terms of pricing. Australia and other countries have moved on that. Why haven't you used your position to influence regulation on pricing? That is something that we can do.

Consumers—not only just in terms of, you'd think, individuals but also in terms of companies, small and medium-sized businesses—are paying through the nose for a Canadian public asset. That's what the spectrum is. It's also the investment we've made with billions of dollars of subsidies. Why not regulate some of the pricing that's taking place? I think it's time.

Hon. François-Philippe Champagne: I think you'll be happy because I said, at the time, that I would direct the CRTC with a new policy directive. That policy is coming up, I think, as we speak, Mr. Masse. You'll see that I've directed the CRTC with a new policy directive. I think it's the first one in many years that puts competition and price at the centre of that directive, so with regard to your point, we are doing that.

I'm like you, Mr. Masse. As you know, I want to reduce prices for Canadians. That's why I've used all the tools at my disposal. If Parliament were to give me more tools, I'd be happy to use them to make sure that we bring down prices. At a time when people are struggling in every way, with the price of groceries and the bills they receive, everything I can do....

Like you said, I have been pushing, you'll remember, with the Competition Bureau, asking them to start an investigation on groceries to make sure there were no harmful practices. Every time I have regulatory powers, you have seen me using them to their full extent to protect Canadian taxpayers and Canadian consumers.

Mr. Brian Masse: Don't get me started on the grocery stuff this time because I only have, probably, 30 seconds to go.

I do want to go back, though. If you're going to wait for the CRTC, why not act in the interim, at least, or is there a deadline for that action? It's almost negligent at this point in terms of the pricing we actually have versus this fact that it's a Canadian public asset at the end of the day. What's the plan? How long will it take for the CRTC to come back? Why not act in the interim if that's the case?

Hon. François-Philippe Champagne: I think we've been acting because the tool that I have—and Mr. Masse, you're an experienced member of Parliament—is policy direction to the CRTC. I don't have that legal power, as the regulator. I have powers with respect to spectrum. I don't have power when it comes to the elements you mentioned, so that's why. My tool is to give policy direction to the CRTC. That's what I've been doing. This is going to be issued, I think, momentarily, so you'll see that.

I think we have the same interest, and colleagues on the other side do as well. We want to see better prices and more competition. We want to see innovation in the sector. I'm using every tool at my disposal to achieve that on behalf of Canadians.

• (1645)

The Chair: Thank you very much, Mr. Masse.

It's already been an hour. It's hard to believe. Time flies.

[Translation]

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Oh, oh!

The Chair: Unfortunately, Mr. Généreux, it's already over.

[English]

Hon. François-Philippe Champagne: I'm happy to stay for five or 10 minutes if Mr. Généreux has questions.

[Translation]

The Chair: That's very generous of you, Mr. Champagne.

Mr. Généreux, you have the floor.

Hon. François-Philippe Champagne: Mr. Généreux, I would not want you to think I am not generous enough to hear you before I leave. I will be happy to answer your questions.

Mr. Bernard Généreux: Lucky I have such a fine name. Thank you, Minister. I appreciate it.

I went on ChatGPT and typed in the key words "Minister Champagne", "CP-140 Aurora planes", "Canada" and "Boeing". The results said there was no connection between you and the Boeing plane, but I see one, since you met with the Boeing people last week.

I'm joking, of course, because we are very fond of everything relating to artificial intelligence.

Hon. François-Philippe Champagne: Just to be clear, I have to say there were no discussions about that. The idea is that I want Boeing to make investments here in Canada.

Mr. Bernard Généreux: It's just to say that we have to continue to invest in artificial intelligence, because it doesn't seem to be up and running.

Inevitably, there is a connection between you and Boeing, because you may be going to sign an untendered contract with that company. I'm not the one saying that; it's the media.

As proud Quebecers and proud Canadians, we absolutely have to give Canadian companies, like Bombardier, a chance to bid on these kinds of tenders. I hope you will be their champion and that you will be speaking with the Minister of Public Services and Procurement and the Minister of National Defence to ensure that Quebec and Canadian companies at least have a chance to bid on tenders. They don't want an untendered contract or anything like that, but they want at least to have the opportunity to submit bids.

Do you intend to meet with people in the aerospace industry in Quebec and Canada, as you have just done in the United States, so they will have that opportunity?

I hope you were not going to give Boeing a blank cheque when you went to the United States last week.

Hon. François-Philippe Champagne: Quite the opposite, Mr. Généreux. The difference is that Canadian manufacturers all have my phone number and they call me at least once a week. I don't often see the manufacturers in the United States.

The idea behind the mission was precisely to promote the interests of Canadian companies. Before we went, they told us what they wanted. As spokesperson for the Government of Canada, we went there to say that there were opportunities, but that we wanted economic benefits here at home. So this was about promoting Canadian companies to the big American clients, so they could be included in the big supply chains.

Mr. Bernard Généreux: I reiterate that we have companies with the capacity to build planes. You and the Liberal government, you pat yourselves on the back about the environment and reducing greenhouse gas emissions. Well, Bombardier's planes use 50% less fuel. You already know all that, but I wanted to say it publicly, because it's important to understand. Planes have evolved over time, as has Bombardier.

The question here is Canada's sovereignty over its entire aerospace industry. We want that industry to continue to grow in Canada, along with the supply chain. Of course, it needs customers

like the United States, but we want to make sure that Canadian companies have the same opportunities.

I don't know where the news that you might be signing an agreement as quickly as in the next few months or next few years comes from. There will be 10 more years before these planes have to be replaced, if I understand correctly. So what is the urgency? Why do you want to do this so quickly?

Once again, I reiterate, Canadian companies have to be given an opportunity to bid on this kind of contract.

Hon. François-Philippe Champagne: I hear you.

I want to come back to the relationship with Canadian manufacturers. As you know, Mr. Généreux, I am well acquainted with all of them. If you were to ask them, they would tell you that I am their spokesperson, or their champion, as you say. You asked me whether I was the industry's champion. I think I am. Before we left for Washington, most of those people called on us to make sure we were going to be representing them well.

As I said earlier, this is not a matter of getting included for the equipment or planes that will be sold to Canada. I want our companies to be included in the global supply chains. That was it, the purpose of that visit.

I think we are on the same wavelength. I want to be clear: we didn't go there to give contracts to companies; we went there to attract investments to be made by them. That is the idea behind it. We told them we wanted to see them invest in Canada.

Mr. Bernard Généreux: I follow you 100 per cent.

What I want to know is whether you are going to make yourself the champion, or, again, the spokesperson, for Quebec and Canadian aerospace companies, to make sure they have the right or opportunity to bid on this kind of project. Again, none of those companies is asking for a golden ticket or an untendered contract. They just want an opportunity to bid on the contract.

• (1650)

Hon. François-Philippe Champagne: I think Quebec and Canadian aerospace companies know that I have been their champion for a long time. In fact, I have done that in all of the departments I have been responsible for, Mr. Généreux.

As you say, we have the excellence, the workforce and the capacity needed. Obviously, the products we sell have to be adapted to the missions and needs of the Department of National Defence.

I think that in five years, you and I will be saying that this trip to Washington was something that had to be done. We are positioning Canada like never before.

Mr. Bernard Généreux: You didn't invite me on that trip; instead, you invited my Bloc Québécois colleague.

Hon. François-Philippe Champagne: You are always invited, Mr. Généreux. I would be happy to travel with you.

Mr. Bernard G  n  reux: Once again, I strongly urge you to meet with the Bombardier people and the aeronautics industry.

I could have asked a lot more questions.

The estimates provide for additional money that will be spent in various sectors and various regions of Canada, including through Canada Economic Development for Quebec Regions. As my colleague Mr. Lemire said earlier, we want to have a Canada-wide aerospace strategy, and all these initiatives contribute to building that strategy.

In all sincerity, I think this is a phenomenal industry in Canada. We have to keep our jobs local. I agree that we have to go and create jobs elsewhere and go and get contracts elsewhere, for sure, but I reiterate that Canadian companies should have an opportunity to bid on contracts in Canada.

Thank you very much for your generosity, Minister.

Hon. Fran  ois-Philippe Champagne: It's my pleasure.

Mr. G  n  reux, I think you witnessed the most important announcement in the history of the aerospace industry in Canada. It was made while I was the Minister of Innovation, Science and Industry. I was with Prime Minister Trudeau and Premier Legault to announce an investment of almost \$2 billion. On that day, we announced an investment of \$1 billion, but we have invested almost \$2 billion in aerospace. As you say, people in the industry know that we are behind them.

I often say that on the global level, Montreal is the third most important city in the field of aerospace, after Toulouse and Seattle. That is exactly the message I took to Washington. Often, neighbours are so close they forget things. I actually reminded our neighbours of everything we are capable of doing. Your colleague Mr. Lemire was with me and he saw how many times I asked our counterparts to remember what we can offer. We have the talent and the ecosystems. We have embarked on hybrid propulsion, which was discussed earlier. We are on the leading edge of that technology. I was with the CEO of Pratt & Whitney, a company whose biggest plant is located right in Longueuil, Quebec.

I think we are well positioned for the future.

The Chair: Thank you, Minister.

We have to conclude the portion of our meeting in your company for real, Minister, or else I am going to be scolded by your team, since I know you have a meeting at 5 p.m. Thank you very much for staying with us a bit longer. It is always pleasant to have you at the committee. You will certainly be invited back.

I am now going to suspend the meeting so the next witnesses can get set up.

• (1650) _____ (Pause) _____

• (1700)

The Chair: Resuming the meeting.

We are now ready to begin the second hour of the meeting of the Standing Committee on Industry and Technology.

With us are two representatives of the Department of Industry: Francis Bilodeau, assistant deputy minister, and Mark Schaan, senior assistant deputy minister, strategy and innovation policy sector.

Thank you both for joining us.

Without further ado, we will continue the discussion.

I give the floor to Nathaniel Erskine-Smith for five minutes.

[English]

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks very much.

I want to start with Mr. Kennedy. I want to speak specifically to the role that our.... Do we still have the minister here?

The Chair: The minister just left.

Mr. Nathaniel Erskine-Smith: Okay, so then my question is for Mr. Kennedy, specifically in relation to the federal funding role.

We have the sustainable development technology fund and the SIF, yet there are a couple of other models that are of interest to me. I look at Bioindustrial Innovation Canada, for example, which is a non-profit focused on sustainable chemistry. They invest, they have a return and then they invest again into new companies. They're doing good, but they're also profitable in terms of a sustainable financing model. It's the same with the DMZ out of Ryerson. Their flagship incubator program takes two and a half per cent and they're able to stand up very good companies. There's a lot of success there, but they're also a sustainably financed initiative and operation.

When you look at investing in companies or standing up new programs, are we looking at this question of sustainable financing and making sure that our federal funding and taxpayer money is going a longer distance?

Mr. Simon Kennedy (Deputy Minister, Department of Industry): Thank you for the question.

I would say yes. That is something we look at.

The honourable member noted that there are a bunch of different models. Certainly, we're mindful of the strengths and weaknesses of the different models. For example, the strategic innovation fund, which is the biggest fund administered by ISED, can take warrants but generally can't hold equity. It doesn't issue loans in the classic sense, the way a bank would. If we wanted to make significant changes to a fund like that, we would actually have to change its underlying structure so that it could hold equity. It would function very differently. The oversight would be different under the Financial Administration Act.

These are all issues that we are certainly mindful of. We work very closely with other entities like the Canada Infrastructure Bank and so on, which actually have different kinds of authorities. We work very closely with provincial organizations, like Investissement Québec, which again have different authorities.

We're alive to this. Those are policy choices as to how governments decide to set up some of these instruments. We do our best within the design to—

Mr. Nathaniel Erskine-Smith: I recognize that, but in terms of providing advice to government—and you're in one of the most senior roles in providing that kind of advice to government—it does strike me, when you look at something like the sustainable development technology fund, for example. For that fund, which is taking in, I would say, risky but important bets, it makes a lot of sense that there would probably be some kind of equity that comes back in some instances, whereas it may not make sense for other programs. Maybe it makes sense; maybe it doesn't.

I don't think we have a culture in the government, frankly—or I don't think we have a history across governments—of looking at a return in the way that we've seen in the two examples I used. It's possible to invest in important things from a public interest perspective and also have a return to ensure that we see greater value for those dollars and that we extend those dollars.

Changing lanes, let's go to the conversation we had recently—

The Chair: Mr. Erskine-Smith, Mr. Kennedy would like to...

Mr. Simon Kennedy: On Mr. Erskine-Smith's question, if you look at, for example, a program that can hold equity, the equity can earn a return and you can use that to reinvest. That's one way of doing it.

Another way is to set up a program that has a repayment schedule. The companies are repaying, the money goes to the consolidated revenue fund and that money is then available to the Minister of Finance to determine how to spend it. There may still be funds coming back to the government to be recycled, but those two different funds are designed in a very different way.

If I use the strategic innovation fund as an example, we actually calibrate the kinds of grants and lending and so on that we do. If you're a pre-revenue company with really great intellectual property, but you actually don't have a lot of revenue coming in, that might result in a kind of structure where we take on more risk. If you're a company where there is a benefit to Canada, but actually you as a company have deep pockets and can generate a lot of revenue, we might put something on the table that is fully repayable and you have to repay the Crown.

In the case of the strategic innovation fund, we don't have a revolving fund where the money comes in and sits on our balance sheet and we can lend out it again, but the money is still coming back to the Crown. It's still going back into the government's coffers.

• (1705)

Mr. Nathaniel Erskine-Smith: Maybe, if it's a good investment. If it's not, then it disappears.

We know very clearly, when it comes to Bioindustrial Innovation and with the DMZ, that if the bets don't work then they don't have a business model anymore, whereas with the strategic innovation fund, if the bets don't work then we don't know. It's a good point.

I'm out of time, so it would be very helpful, actually, and I would like to know.... You can follow up in writing. I'm sorry; you made more work for yourself, so I apologize. It would be very helpful for you to lay out, when we look at the supercluster money and at SIF money, what the return on those investments have been, however you characterize it. I would like to know.

I think we should be clear-eyed about how we put a lot of money into these programs. What's been the public interest return? It might be a return to taxpayers in terms of economic activity. It might be public interest advancement in particular technologies. I would love to know what the credible return is on the money we've invested in the innovation ecosystem through the strategic innovation fund in particular. I would expand that to the sustainable development technology fund. However, I think we should be clear-eyed about what return we're getting for the work that we're putting in.

If you could follow up in writing, that would be appreciated.

Mr. Simon Kennedy: That would be fine, Mr. Chair. There's no trouble.

Certainly, as the deputy minister at ISED, I would hope that we would always strive to make sure there's a return to taxpayers, whether it's a public benefit return or an actual monetary return for the investments made.

I'd be very happy to come back to the member with an answer to the question. Thanks.

Mr. Nathaniel Erskine-Smith: I'm not dismissive about it. I know you care as well. It's just not always clear to us what that return is.

I appreciate it.

[Translation]

The Chair: Thank you.

Mr. Perkins, the floor is yours.

[English]

Mr. Rick Perkins: Thank you, Mr. Chair.

Thank you, Deputy Minister.

My initial question is a bit of a follow up to Mr. Erskine-Smith's in the sense that I actually did an Order Paper question, trying to get some information on SR and ED. It came back very light. I understand it ended up going to the Canada Revenue Agency and not to the Department of Industry.

I've been told quite often that the top users of SR and ED are technically Canadian companies, but it's almost exclusively foreign multinationals that own those companies. In essence, Canadian taxpayer money is being used to subsidize, through the SR and ED credit, foreign multinationals.

This may be a bit unfair because you haven't seen it, but the Canada Revenue Agency, in response to my Order Paper question, said that "the SR&ED program does not isolate the requested information for foreign-controlled corporations filing SR&ED investment tax credit.... Therefore, the requested information cannot be provided". The idea is that they don't track the ownership of the companies that are claiming the tax credit.

Don't you think it would be an important thing for us to know whether or not we're subsidizing, essentially, foreign companies? In tracking one of our largest, if not the largest.... I think we spend more in SR and ED tax credits than we do in the SIF program. Wouldn't it be good to know whether or not we're subsidizing foreign multinationals?

Mr. Simon Kennedy: I'd be very happy to try to answer the honourable member's question.

I would say that we don't administer the program. The responsibility for tax policy is with the finance ministry. It's administered by the CRA. I'm really at a disadvantage. I think that would be probably best directed to them.

However, I certainly appreciate the question.

Mr. Rick Perkins: Okay, thank you.

Along the same lines.... I've met with most of the granting councils in my role as the industry critic. One of the things that they shared with me is that, basically, most of the research they had done and that they do is generally matched by private sector companies to leverage that money in the research. In almost every single case—more than nine out of 10 cases—the IP that develops out of that is owned by the multinationals and not by the institution where the Canadian taxpayer money is going. In more than 90% of the cases, they said, it's a foreign multinational that is funding it. It's not generally a Canadian company. In essence, we're subsidizing the invention of new things for foreign multinationals in our universities.

Do you track that, as well, in terms of how much of the IP we fund through the granting councils is not actually owned by Canada?

• (1710)

Mr. Simon Kennedy: I might ask one of my colleagues if they have a better answer than I do.

We have a great deal of statistical analysis on intellectual property and the ownership of IP. With regard to the member's question, I don't know the answer to that specific one. A colleague might, but I'd certainly be happy to get back with some detail on that space if we have it.

Mr. Rick Perkins: Maybe you could table some of those numbers, unless, Mr. Schaan, you have something to add.

Mr. Mark Schaan (Senior Assistant Deputy Minister, Strategy and Innovation Policy Sector, Science and Economic Development Canada, Department of Industry): I don't have anything

at the ready in terms of percentages. I would just note, though, a couple of important efforts in this space that I think are worth noting.

One is that, through the national intellectual property strategy that was first unveiled in 2018 but then subsequently added to in a number of subsequent years, there's been considerable effort placed on trying to ensure the maximization of intellectual property in the Canadian space.

One of those programs is actually a tool called "ExploreIP" that allows for federally funded research and development through the universities and colleges to be held in a repository, to be easily partnered with Canadian small and medium-sized enterprises—

Mr. Rick Perkins: For commercialization—

Mr. Mark Schaan: —for commercialization purposes with a tool to be able to try to understand its access and its current relevance to your goal.

Mr. Rick Perkins: That's on the ones we own, whereas it seems like 90% of them go to.... Because I'm running out of time, I'll move on to my next question on the issue in 2017 of the takeover by Hytera of Norsat and then the takeover of the Tanco mine in 2019 by Sinomine. I know this predates you, Deputy, but in both cases, the previous minister, Navdeep Bains, did not ask for a national security review.

Could you explain to us how the department comes to the conclusion that when a Chinese state-owned enterprise is taking over Canadian assets in telecommunications and mining the advice to the minister would be that you don't even need to do a national security review?

Mr. Simon Kennedy: I would just have maybe a general answer to that. There is a formal process that can be triggered to get additional time, and you get put into a formal process, but as a general rule, for any investment that comes across our desk or that is drawn to our attention—and this can be even just intelligence that's gleaned from the press—there is a proactive effort to look at potentially problematic investments.

The national security community is involved in that. We work very closely with our partners in the Public Safety ministry, the RCMP, CSIS and others, and it's through that assessment process that typically a judgment is made as to whether a particular investment presents a concern. If it presents a concern, then additional measures can be taken or the investment can be blocked. As you might understand, I'm not really in a position to talk about those particular historic investments.

What I can say is that the tempo of activity and level of scrutiny have generally gone up significantly. If you look at the statistics, that's very clear. We publish an annual report with statistics on the use of the Investment Canada Act, and the numbers of blocks, reviews and so on have generally been going up.

With Bill C-34, our hope, as the minister explained—is to have a more flexible set of tools that will allow us to be even that much more responsive going forward.

Mr. Rick Perkins: I'm going to push my luck with one more question. I'll try to ask it quickly.

Last week in the public accounts committee, officials stated in regard to the Medicago case and the closing of the biotechnology company that the government's prepaid contract was to buy 20 million doses of the vaccine at \$30 a dose—in other words, \$600 million—and that there was actually negotiation going on as to how much the government would have to pay for those vaccines that were not produced or delivered.

Is it true that we are going to be paying some portion of that \$600 million for vaccines that never got produced or delivered?

• (1715)

Mr. Simon Kennedy: What I would say, just for clarification, is that with regard to Medicago there are two laneways. Laneway number one is the negotiation of these doses that was done under these advance purchase agreements. That's led by Public Services and Procurement, working closely with the Health portfolio. Then there's our work with the company to actually support the development of the vaccine and to support the expansion of their facility in Canada. That's principally us.

I'd certainly be happy to talk a bit about the work we did to support them in developing the vaccine and building out their facility in Quebec City, but we were not directly involved. It's not really our authority, the dose purchases, the actual purchase of the vaccine.

The Chair: Thank you.

[Translation]

Ms. Lapointe, the floor is yours for five minutes.

[English]

Ms. Viviane Lapointe: This committee has done some work around cybersecurity and IP theft. I would like to know what the government is doing to ensure that Canadians are adequately protected against these cybersecurity threats, foreign interference and IP theft.

Mr. Simon Kennedy: We're doing a number of things in this space. I could perhaps cite a couple, but it's certainly an area that we take very seriously. The first is that, in our major funding programs, this is a discussion we have with companies that wish to receive support from the government. For example, on the strategic innovation fund, when we're working with a Canadian or corporate entity that's looking for support to invest in its innovation, we want to make sure that they actually have appropriate safeguards and controls around cybersecurity. I would note that was a particular issue at the height of the pandemic, when we were working pretty closely with a range of life science companies. It was a well-known fact that these were particularly ripe targets for exploitation by malign actors looking to get information about what companies were doing in the vaccine and therapeutic space. We do that through our programming.

The government has announced its intent to ban a number of actors from Canada's 5G networks as a way to enhance the security of Canada's telecommunications infrastructure, so those would be two examples I could cite of where we as a ministry are actively involved in trying to tighten up security.

Thank you.

Ms. Viviane Lapointe: The minister said in his remarks earlier that he'd heard someone say that the research of today is the economy of tomorrow.

I would be interested in learning how the new Canadian innovation and investment agency will help improve private sector investments in research and development in Canada.

Mr. Simon Kennedy: There was some good discussion of this in the context of the last budget, but maybe to paraphrase a little bit on the rationale, the evidence is pretty clear that Canada does a really good job of generating ideas, but there have been difficulties in translating really good ideas and intellectual property into the Canadian business sector. There have been some interesting examples internationally, such as in Israel. Scandinavian companies have been successful at this, at having state-supported enterprises that work with businesses to support them in adopting technology and integrating new ideas and intellectual property into their businesses.

The thinking is to draw from these examples internationally and in the unique Canadian context. That's the genesis of the innovation and investment agency.

My understanding is that more information will be made public shortly. We've been working very closely with the Department of Finance on the design of this new organization, and we're very hopeful that we will be able to talk in more detail about that shortly, once the government makes known the details of its plans on the next steps.

• (1720)

Ms. Viviane Lapointe: Thank you.

Another study we did at this committee involved quantum computing. I would like to know what you and your department are doing to support the quantum sector in Canada.

The second part of that question has to do with what we heard from some of the witnesses, which was that we have a lot of talent around that, but we were losing it. What are we doing not only to attract but also to retain some of the talent we have in the quantum sector here in Canada?

Mr. Simon Kennedy: In this space, the member may know that the government announced a new quantum strategy. There was a lot of work with various actors in the quantum sector in Canada in the lead-up to announcing the intent to develop a strategy. There has been a whole series of consultations since then to define the strategy in more detail. The announcement of the strategy was backed up with new investments to support its execution.

I'd be happy to come back to the committee, if it's of interest, with a one- or two-pager to describe the current state of affairs, but that particular strategy is being rolled out now. We're at the stage now of having completed the consultations and we're moving ahead on next steps.

Mr. Francis Bilodeau (Associate Deputy Minister, Department of Industry): Maybe just building on items that Simon mentioned.... The strategy was formally announced this January, so it's brand new and actually backed by real funding. It's about \$360 million over seven years, and it's focused around three missions: computing hardware, communications and sensors. Therefore, the intent is really to build up capacity in that space, both on the research side and on the commercialization side, to build an ecosystem where we can develop top talent and then link it, eventually, to our industry where we can benefit from the important advances in quantum for Canada.

[Translation]

The Chair: Thank you, Mr. Bilodeau.

Mr. Lemire, the floor is yours.

Mr. Sébastien Lemire: Thank you, Mr. Chair.

I would like to thank the witnesses for being here.

I would like you to talk to us about the mining industry.

Much has been said about the energy transition. In fact, I have heard several speeches that Mr. Champagne has given on this subject internationally. Obviously, if we want to sell strategic critical minerals, the mining industry has to be involved. Consequently, if we want to be greener, once the ore is extracted, we make sure the product will be as green as possible. Mr. Champagne talked about the various components. There are factors that are fundamental.

How do you see innovation in the mining industry, knowing that Abitibi-Témiscamingue already has the infrastructure needed for success? We have very productive universities that we urge you to support more. We have businesses that rely on innovation. Here, I am thinking of mine builders like Blais Industries and Moreau. We also have mining companies that operate in the area and rely on innovation, such as Agnico Eagle, and companies that do innovation, such as Technosub and Adria Power Systems.

How do you think we can support these companies and thus make sure that we are creating a true green mine?

Ultimately, I think that international procurement is increasingly going to be based on the carbon footprint. If we want to make sure we don't miss the boat, we are going to have to invest in our mines and offer tangible support for mining innovation.

Mr. Simon Kennedy: As you know, the government has adopted the Canadian critical minerals strategy. A number of departments are involved in that strategy, including Natural Resources and Industry.

The funds available to our department to invest in the projects total \$1.5 billion. We want to move projects forward that are aligned with our supply chains and with new emerging industries in Canada, including batteries and electric vehicles.

We are interested in everything you described. We are working with businesses to open new mines, make them more green, reduce greenhouse gases, and implement new technologies. We are currently negotiating with several mines and a whole range of actors in this sector.

As well, it is sometimes necessary to connect the big corporations with the mines. That kind of comes down to the question of the chicken and the egg: if there are no mines, there are no companies, and if there are no companies, there are no mines. So we do a bit of matchmaking between the actors. Since we work closely with auto and plane manufacturers, among others, we are in a position to match them up like that. That is another of the roles we play.

• (1725)

Mr. Sébastien Lemire: My speaking time is almost up, but I urge you to think about how we can support innovation. It could be through a tax credit for the ones that build the mines. Often, they are subcontractors, but often, they are the ones that take the financial risks. Their room to manoeuvre, their credibility, and their capacity to complete projects on time and on budget are the assets they bring to the table. If we want them to innovate, we should support them via an innovation tax credit.

Thank you for being here.

The Chair: Thank you, Mr. Lemire.

Mr. Masse, the floor is yours.

[English]

Mr. Brian Masse: Thank you, Mr. Chair.

I'm going to start with a quote here:

If Canada is to succeed in making the cars of the future, we must embrace greener, more sustainable technologies. These technologies will create the well-paying middle-class jobs of the future. Advanced research and development projects challenge today's autoworkers to enhance their skill set. By having a workforce with skills that are in demand and the technologies that will shape the future of the industry, Canada's auto sector can secure its place in the global supply chain of tomorrow.

That was Honourable Navdeep Bains, then minister of innovation, science and economic development.

The reason I raise that is that I'm still a little bit concerned about accountability. That was with regard to, in 2019, the \$3 million that the federal government gave to Nemaq. Nemaq was a former supplier to General Motors in Canada. It's a Mexico-based company.

What happened there is what we're trying to solve or at least have some accountability around. That \$3 million led to the innovation on the site, then supposedly 70 jobs, which later on led to Nemaq taking that innovation and moving it to Mexico. We lost an additional 200 jobs. It was left to John D'Agnolo of Unifor Local 200 to take this to arbitration to protect the workers.

What have we learned in that scenario? When I look at Medicago and other places, I'm really concerned. I mean, we have to be in the game when it comes to automotive innovation, there's no doubt—especially when you look at what the United States is doing—but we essentially used \$3 million of federal money to ship 200-plus local Unifor jobs to Mexico.

What have we learned from that lesson? That's not too far away.

Mr. Simon Kennedy: In response to the member's question, perhaps I could provide a measure of assurance, at any rate, that officials take these kinds of concerns very seriously. We want to make sure that, when the government, through a vehicle like the strategic innovation fund, for example, is putting resources into a company, Canadians' interests are protected. Frankly, we want that because that's the best outcome for Canada, but we also want that because we don't want to be in a situation where something untoward happens and we're not able to explain that we'd put protections in place.

I can say that when we are negotiating, for example, under the SIF or other instruments, as a kind of standard approach we try to ensure that there are really strong safeguards around protection of intellectual property and the ability to have remedies when companies don't do the things they promise they're going to do—to have very strong clauses that allow us to be in a position to take action.

Mr. Brian Masse: Yes, but as a member of Parliament, we don't get those things.

The government hasn't released this contract. I had to go through freedom of information act to get some of the information. If it weren't for John D'Agnolo and Local 200 fighting it through arbitration, the government was never going to be found there.

I know that public servants don't look to try to fund the exportation of our jobs, but at the same time, we're going to be faced with a mountain of challenges with the U.S. innovation subsidies that are coming in. They have buy America, buy American. Biden is even.... There are actual percentages and so forth.

What is being done differently today from before about where we're looking to have auto investments on greener technology?

Mr. Simon Kennedy: Certainly officials at ISED and across the government are very seized with the implications of the Inflation Reduction Act. It is not just in the auto sector. It's in multiple sectors that span the whole economy across the country. We see the implications of the U.S. legislation even in our discussions with companies now. It's something that we're taking very seriously.

Maybe at this point, I would note for the member the comments that the government had in its fall economic statement. It kind of acknowledged that this was a very significant new development and that the government will be taking steps to.... I believe the language was ensure "a level playing field". I know this is something that the finance minister is also looking at very carefully.

• (1730)

Mr. Brian Masse: I appreciate that, but I'm just not satisfied as to our accountability levels here. I want us to have a national auto strategy.

I'll leave that behind for now. I want to get to something else. I do appreciate.... I know that's not the intent of these things, but it's a clear example of how disastrous the policy can be if it's not wielded properly. It may sound like \$3 million is not a lot of money, but it is. When we export these jobs, it's really poor.

I want to switch channels a little bit. What are you doing internally with regard to retention of staff? I know this is totally differ-

ent from where we were, but we're looking at challenges in all of the sector.

The minister has several fronts, Bill C-34, Bill C-27, a whole series of things. What are we doing internally to make sure that the public service has the skill sets necessary to help provide the proper information for the minister in the research? What are we doing for retention of individuals as we negotiate more new things than ever before?

I'll leave it there. That's my time. Thanks.

Mr. Simon Kennedy: Maybe, Mr. Chair, I will just say that I really appreciate the member's question. It's not the sort of thing that is discussed a lot at committee, but as a deputy minister, I would say that it's something I know my colleagues at the senior management table spend a lot of time worrying about and take very seriously. I'll be very brief because I know there are other members who want to talk.

We have spent a lot of time on the future of work and on how we migrate from where we were prepandemic. Then we had the pandemic, and now we're not exactly postpandemic, but we're all feeling our way with the new world of work. That's something the management team has spent a lot of time on.

We've also spent a lot of time on trying to build an organization that is, I guess I would call it, more welcoming and more diverse, where everybody feels included. We're working very hard at making sure we have a diverse management team that represents the country, so that people who come to work at ISED feel that it's a good representation of the look and feel of Canada.

I would also say we are trying to attract and build the competencies that will be needed, as the member said, in some of these new sectors. A really good example of this is biomanufacturing and life sciences, in which, when the pandemic hit, for a bunch of historical reasons we didn't have a lot of capacity. We've been working ever since to try to rebuild that skill set inside the ministry because we now have had a resurgence of the life sciences industry in Canada, and we need to have at least some capacity in the government to understand that industry, to work with it and so on. We have that in automotive, thankfully, but we need to rebuild it in some areas. That's a real focus too—getting some depth in some of these areas that are very important.

The Chair: Thank you, Mr. Kennedy.

Mr. Vis, go ahead for five minutes, please.

Mr. Brad Vis (Mission—Matsqui—Fraser Canyon, CPC): Thank you, Mr. Chair.

Thank you to the witnesses here today.

I'm referring to supplementary estimates (B), page 2-69. It outlines that we voted an additional \$2.8 million in funding for the small business entrepreneurship development program. I think that takes the total a couple of pages down on page 2-72 to something around \$28 million. What has been the impact of this program with respect to jobs created and loan access or capital funding access for new businesses?

Are many of the businesses that use this development fund still in existence three years after they initially receive support from this program or through one of their local banks funded by ISED?

Mr. Francis Bilodeau: Maybe I can start and Simon may want to supplement.

The small business entrepreneurship development program, within the terms and conditions, is actually supporting a suite of programming. That includes programming targeted, for example, at women entrepreneurs or Black entrepreneurs. That funding has been rolling out, including to provide supports in some cases directly to businesses and in some cases to organizations that are supporting and building capacity.

I think we are trying to build an ecosystem through this program and through other programs, partly delivered through programming led by Minister Ng in some of these instances, to be able to create an environment that will allow our small and medium-sized companies to thrive and to have access to the capital, supports and capacity building they need. That will be the focus of the SBED program.

Mr. Brad Vis: Okay. That's helpful.

I'm going to jump into another question as I have very limited time. There is mention, on page 2-69, of funding for the 50-30 challenge. There is approximately the same amount of money—close to \$2.8 million. Do you believe that Industry Canada is reflective of the ideals it is trying to espouse in the private sector, namely to actually reflect multicultural Canada?

I quickly googled here that about 26% of Canada is visible minorities. Is the Department of Industry really in a place to be telling small businesses, and even large businesses, in Canada what their diversity makeup should be?

• (1735)

Mr. Simon Kennedy: The 50-30 challenge is just that. It's a challenge to the broader set of organizations, not just the business sector but also the not-for-profit and voluntary sectors, to take this on and to take it seriously.

We're doing the same thing in the ministry. I would agree that we need to go further in this space. We need to do more.

The funding that has been put out has actually gone largely to experts in this space. It's not ISED that has been developing the tools. It has been organizations out in the community generally that have deep expertise, organizations that are representative of Canada's diversity and that are developing the tool kits and so on that are meant to be available for organizations. If you're a business or you're a not-for-profit and you—

Mr. Brad Vis: Thank you. That's very helpful, Mr. Kennedy.

Would you be able to provide a one- or two-pager to the committee that further explains some of the actions under the 50-30 program? It caught my eye simply because it was under the item I want to discuss above, in the estimates.

Thirdly, with my remaining time—and I know I'm going quickly, here—PacifiCan is a new development organization specifically for British Columbia. I've asked before, in the House of Commons,

why, on a per capita basis, it's receiving a bit less funding than some of the other economic development agencies across Canada.

What led to that, especially when the Government of Canada is seeking to set up new offices in, I believe, two or three locations throughout the province? Why do British Columbians get less for economic development than other regions in Canada?

Mr. Simon Kennedy: Thank you for the question, Mr. Chair.

I think that one would probably be best directed to the responsible minister. I say that because there was an occasion when the regional development agencies, from a kind of machinery point of view, reported in through ISED. That is no longer the case. They actually report to their own separate ministry.

They are good colleagues of ours, but we don't have any oversight of them, so I would be commenting on another department's mandate and budget. I think that would probably be best directed to the PacifiCan minister.

Mr. Brad Vis: Thank you, deputy minister.

I wasn't aware of that change, or else I wouldn't have asked that question.

Finally, I see a line item for about \$500,000 on funding for a business data lab. Why does ISED need \$500,000 to fund a data lab? Is Statistics Canada not sufficient?

Mr. Simon Kennedy: We will have to get back on that.

To be frank, I'm not familiar with what that is. It may have a name I don't recognize, but we're happy to come back to the committee with an answer to the question.

The Chair: Thank you very much, Mr. Kennedy.

Mr. Vis, that is all of your time.

We will now turn to our last questioner, MP Chiang.

Mr. Paul Chiang (Markham—Unionville, Lib.): Thank you, Mr. Chair.

I would like to thank the witnesses for being here today.

What steps is your department taking to address the systemic inequity that remains present in our society? Can you share with this committee your collaboration with various communities, and how you have incorporated the diverse views of Canadians into your workplace?

Mr. Francis Bilodeau: I can start. Simon, please feel free....

In a number of ways, we have started touching on some of the elements. There were questions earlier around 50-30 and some of the programs that support diversity on boards and in companies. We touched on some of the programs specifically intended to support small business owners and small businesses among equity-seeking groups.

Certainly, we launched the women entrepreneurship strategy and the Black entrepreneurship program, so there's a suite of programs to ensure access to capital and supports.

At the same time, we have led work in our own department to try to lead by example. We have a chief diversity officer, for example, within our department, who is helping us put measures in place to make sure—Simon pointed to this earlier—that we, as an organization, also represent the diversity. We have also been working with some of the research and granting organizations. The tri-council granting organizations have put an EDI strategy in place, which they are pursuing to ensure there's support for researchers who come from equity-seeking groups.

Simon, I don't know whether you want to add to that.

• (1740)

Mr. Simon Kennedy: I would just say this is a topic we take very seriously, as my colleague explained. We try to take a holistic approach to addressing it, so there's a suite of programming facing the business sector and the community. There has been a lot of work inside the ministry to ensure that equity, diversity and inclusion are squarely on our agenda. We have an external advisory committee, with representatives from the private sector, academia and so on, to help us with this issue. We have a chief equity and inclusion officer, as my colleague explained.

We would be happy to provide more information. I'll just say there's a lot of activity. I wouldn't want to use up too much of the time, but there's a lot of activity trying to deal with these priorities.

Mr. Paul Chiang: Thank you so much.

I represent the riding of Markham—Unionville, one of the most diverse communities across Canada, so it's very important that we, as a department and as government, work towards equity for all Canadians here. That's why it's important for me to ask this question.

In regard to artificial intelligence, could you elaborate, for this committee, on how the government is trying to be more proactive and look forward in our approach to emerging technologies and regulations? How are we protecting Canadians' privacy?

Mr. Simon Kennedy: I think I can answer in two parts, and my colleague might want to elaborate a bit.

One is that support for the Canadian artificial intelligence community and for research in this space is a real priority. The government has the pan-Canadian strategy for artificial intelligence, which it announced a number of years ago, and we've announced—I guess it was last year, but it was relatively recently—the next phase of the pan-Canadian strategy.

In that renewal of the strategy, we put an increased emphasis on actually translating the intellectual property that is developed—the ideas and the IP developed by our researchers—into use in the Canadian economy and by Canadian organizations. There are all kinds of really great examples of that happening in real time in hospitals, businesses and so on.

We've also put a priority on making sure that our researchers have access to the specialized computing power that's needed. There's been an effort in the second phase of the strategy to adapt and focus on areas that were considered to be maybe areas that weren't as strong in the first version of the strategy.

Then, on the legislative and regulatory front, the government has tabled Bill C-27. There's a whole section of that legislation that is a new proposed law on artificial intelligence, basically to ensure that AI is used responsibly in the economy. We're looking forward to discussion at committee and more as that bill advances through the parliamentary process.

The Chair: Thank you very much, Mr. Kennedy and MP Chiang. This is all the time we have today.

Thank you very much for joining us at committee this evening.

Unfortunately, Mr. Perkins, there is no more time. If you would have kept track, you would have noticed that I've been very liberal with Conservatives and very conservative with Liberals, because they have more access to ministers.

Some hon. members: Oh, oh!

The Chair: On that note, the meeting is adjourned.

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