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Chair

Mr. Dan Ruimy

Standing Committee on Industry, Science and Technology

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• (1530)

[English]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Good afternoon, everybody. Welcome to the Standing Committee on Industry, Science and Technology. Today, pursuant to Standing Order 81(5), we will be reviewing the supplementary estimates.

With us today for the first hour we have, from the Department of Industry, John Knuble, deputy minister; Philippe Thompson, assistant deputy minister, corporate management sector; Lisa Setlakwe, senior assistant deputy minister, strategy and innovation policy sector; Paul Halucha, senior assistant deputy minister, industry sector; Mitch Davies, senior assistant deputy minister, Innovation Canada; and Éric Dagenais, assistant deputy minister, industry sector.

I believe you have seven minutes, Mr. Knuble.

Mr. John Knuble (Deputy Minister, Department of Industry): Very quickly, I have four or five points.

[Translation]

I would first like to present supplementary estimates (A) for 2018-2019.

[English]

There's an additional \$286 million in total for the budget overall, and \$160 million of that is for the department. The main component is related to steel and aluminum. There is \$126 million for the portfolio overall. The largest component is \$45 million for Churchill.

I have a few more points.

Who are we? We are the executives of the Department of Innovation, Science and Economic Development. ISED, as it's known, has a budget of over \$3.4 billion and has almost 5,000 FTEs. In terms of the portfolio, which includes organizations like the National Research Council, the granting councils, Statistics Canada, Business Development Bank of Canada, the Canadian Space Agency, all the regional development agencies, Destination Canada and the Standards Council of Canada, this is an organization that spends close to \$10 billion a year and employs almost 19,000 FTE employees.

As Minister Bains would say of me when I sit beside him next, my colleagues will take all the difficult questions and I will do the easy ones. Again, this is just to say we are the representatives of ISED.

What we've done as a team working in support of Minister Bains is really focus squarely on implementing Canada's innovation and skills plan.

[Translation]

We have made significant progress to date in implementing a range of targeted, aligned and collaborative programs.

[English]

These include the innovation superclusters initiative, the strategic innovation fund, or SIF for short, and innovative solutions Canada. We'll have an opportunity to talk about those programs, I assume, in the questions.

The third point I wanted to make is that, as we've focused on implementation of these programs, which were largely introduced in budget 2017, there have been two new initiatives under way under the innovation and skills plan.

First, we conducted national digital and data consultations from June to October, and we pursued consultations with respect to three areas: innovation, workforce or workplace as related to digital, as well as trust in terms of how we create a trusted framework for working on digital and data strategies.

The other initiative—and this is my last point—is really a result of budget 2018. We had launched six economic strategy tables. They included agri-food, advanced manufacturing, digital industries, clean technologies, health and biosciences, and resources of the future. These tables reported a month ago in one report. Each got an individual chapter, and there was an overall chapter identifying six signature items that were crosscutting in terms of the activities. Much of their focus, of course, was on competitiveness issues and regulatory issues, among others.

Mr. Chair, I'll stop there as a way of introduction, but again, we're the department of ISED, and my colleagues will take all the tough questions.

• (1535)

The Chair: Excellent. We'll try to hold everybody to that.

Mr. John Knuble: Okay, that would be great.

The Chair: As I said, the first hour is for those here, and in the second hour we'll have Minister Bains with us. Please mind your times, because I will be holding tight and I want to make sure everybody gets in all the questions they can.

We're going to start right away with Mr. Longfield.

You have seven minutes, please.

Mr. Lloyd Longfield (Guelph, Lib.): Thanks, Mr. Chair.

Thanks, Mr. Knuble and staff, for being here.

As you know, we're in the midst of the copyright review, the statutory act review.

In the estimates, the Copyright Board has been asking for \$3 million over the last couple of years. This year, again, it's \$3 million for program expenditures, more specifically to ensure balanced decision-making to provide proper incentive for the creation and use of copyrighted works. We've been hearing testimony that it's taking two to three years for some of the decisions to come through that board.

The question is around the supplementary estimates; there's no funding being requested there. Could you comment on how these decisions get made, whether it's the Copyright Board or whether it's the department that is reviewing the resources that are needed to do the job at the Copyright Board?

Mr. John Knuble: Well, I think it's both the department as well as working with the minister in terms of how we move forward. As you know, in the budget implementation act there were two fundamental focuses: notice and notice, as well as changes to the Copyright Board.

Mr. Lloyd Longfield: Right.

Mr. John Knuble: Lisa, can you speak to the specific issues around funding?

Ms. Lisa Setlakwe (Senior Assistant Deputy Minister, Strategy and Innovation Policy Sector, Department of Industry): The funding was in fact acknowledging that there were delays in getting to decisions. Part of the legislative changes also allow, beyond the actual financial resources needed, the acceleration to make those decisions, but also how those decisions are made so there's flexibility for decisions and settlements to be made before you go through a long, arduous process.

It was in consultation. The decision ultimately is the government's to provide the additional funding, but it was certainly made in discussing with the Copyright Board the realities of today and their ability to turn around these decisions in a timely manner.

Mr. Lloyd Longfield: Right. We are midstream in our study, but maybe that's a future opportunity, so I can just flag it. Maybe this isn't the right venue to do that in.

On innovation, thank you for the additional funding for Bioenterprise in Guelph. We announced about \$2 million last week to work with Innovation Guelph, an organization I was working on before politics.

I found out at the meeting with them, though, that IRAP is no longer supporting not-for-profits as part of its mandate. This is moving over to FedDev. I'm wondering whether you're aware of whether there's a transfer there, or whether FedDev is getting the resources that used to go to IRAP to support projects like the ones at Innovation Guelph.

Mr. John Knuble: I think what has happened is that the National Research Council has received \$540 million in budget

2018, and in budget 2017 there was \$700 million specifically for IRAP.

I think people are looking at the delivery of IRAP broadly, partly in the context of a review that was conducted with Treasury Board around innovation programming. I'm not fully aware of what the situation is with not-for-profits, however.

Mitch, do you happen to know?

• (1540)

Mr. Mitch Davies (Senior Assistant Deputy Minister, Innovation Canada, Department of Industry): Specifically on the question of supporting regional innovation ecosystems, non-profits, or intermediaries that are helping organize in the local economy, that job essentially is assigned to the regional development agencies. You're accurate. There was funding brought forward in the last budget for all of the RDAs, and essentially this is to deal with a program count of some 92 programs touching business innovation. That's been reduced by two-thirds to streamline how many folks you have to deal with to secure support for what you're doing. That count has been brought down now to 35-plus, as a consequence of some of these realignments, but there are active relationships that are going on and picking up these things and smoothing the transition for stakeholders.

Mr. Lloyd Longfield: Great. I remembered seeing that streamlining in the budget and wondered whether this was an example.

In the work that Innovation Guelph and Bioenterprise are doing around creating new businesses, there were about 135 businesses created in the last funding they received. They're hoping to help entrepreneurs to start up 56 more businesses in Guelph.

The innovation agenda seems to be paying back in dividends in what we're investing and what we're getting back. Do we track that in any way, in terms of the economic returns on investments going into supporting innovation start-up?

Mr. John Knuble: Yes, we do. We track it and we use evaluation methods as well as audit procedures to do that.

Backing way up and avoiding your question somewhat, just to clarify, what we did in this innovation review was to really identify four platform delivery agents. One is the regional development agencies, and in the context of the review, the focus on their new programming is around cluster development as well as technology adoption. On average, they are supporting SMEs in the \$150,000 to \$500,000 range.

IRAP, of course, is lower than that, so the National Research Council is at the beginning of the innovation pipeline. It's focused, again, on helping SMEs at that lower end, although it has been given authority now to give IRAP contributions up to \$10 million, so it can actually do large ones.

Then there's the strategic innovation fund, which of course tends to be for larger projects and often consortia, so it isn't just for multinationals. There's the trade service that is also at play.

Mr. Lloyd Longfield: It was great to see the \$10 million bridging the valley of death, so congratulations on that funding.

Mr. John Knuble: BDC of course is part of this mix.

Mr. Lloyd Longfield: Yes, thank you.

The Chair: Thank you very much.

We're going to move to Mr. Albas.

You have seven minutes.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Deputy Minister and ISED officials, thank you for the work you do for Canadians and for being here today.

I'd like to start with a follow-up to Mr. Longfield in regard to the Copyright Board. The BIA, the budget implementation act, has a series of reforms that many people said are necessary. Many also have said that the board was not sufficiently funded.

It sounds to me as if you're giving it the same allocation it previously received. Is it going to be able to enact some of the reforms that are in the budget implementation act, on the same budget?

Mr. Paul Halucha (Senior Assistant Deputy Minister, Industry Sector, Department of Industry): I'll just make a couple of comments on that.

I think the allocation has.... We have done a lot of benchmarking on the Copyright Board in comparison to similar organizations in other jurisdictions, and they compare quite well.

Second, the intention of the policy initiatives that were brought forward by the minister is largely to increase efficiencies and improve...not only for the board but also for the stakeholders who make submissions, and that was something that had been requested for a number of years. Our view—and I think the analysis supports it—is that those efficiencies should pass on and hopefully improve the flow-through of decisions in cases, in adjudication from the organization itself.

Third, one of the stakeholder comments that we've heard for a number of years is that often the amount of work that gets undertaken by the board can be disproportionate with the decision and the outcome from the board itself. For example, we've seen instances where it studies international experiences and then much of it doesn't ever get factored into and impact the result and the analysis that it undertakes in Canada.

The totality of the direction that the government has given is to hopefully enable it to both use its resources more effectively, to streamline, and then perhaps to have a process that's more in line with both what international jurisdictions do and what stakeholders' expectations are.

• (1545)

Mr. Dan Albas: Sure.

I'm a little skeptical when.... I appreciate benchmarking. Benchmarking needs to be done because then you know you're dealing with apples and apples, but to be asking for structural reforms to happen in an organization while it's delivering the same level of service means it's not always going to happen seamlessly. To me, it seems rather strange that your department would not be contemplating ensuring that those reforms can be done with the proper funding.

I'm going to move on.

Mr. John Knuble: The one thing I would further say is just that the two changes—notice and notice, and the changes with respect to the board itself—were really seen as actions that needed to be taken now. This is not to preclude the work that you would be doing as a committee. Again, there's a lot of opportunity for you as you move forward to look at that.

Mr. Dan Albas: Okay. I appreciate that.

The CRTC chair has recently stated that he desires flexibility on the topic of net neutrality. Many have argued that these statements refer to a desire by the CRTC to reduce or remove net neutrality entirely. I know that the minister has received many emails from concerned Canadians. I know because I'm being carbon copied on them, as well.

Are the CRTC chair's comments that net neutrality may be ignored telegraphing a change in government policy?

Mr. John Knuble: This is a question you should ask Minister Bains. I believe the answer is no.

Mr. Dan Albas: Okay.

Going back to the CRTC, in 2016 the CRTC claimed that broadband was a basic service and set speed levels at 50 megabits per second. Now the CRTC says that the actual speed target is half of that, 25 megabits per second.

Seeing as rural residents will now receive only half the speed, will the fund be cut in half so that taxpayers spend only half the cost?

Mr. John Knuble: On this issue, we just met with the provinces to talk about developing a broadband strategy.

In terms of the desired outcome, the 50/10 goal certainly remains in place. I think that for certain jurisdictions, in the north for example, reaching the 50/10 is a challenge. This was part of the discussion. You need to take into account the specific challenges and the starting point for the particular area of jurisdiction.

Mr. Dan Albas: Sure.

Again, though, this committee, this minister—your minister—and the CRTC made that the goal. Now the goal posts have moved, and they haven't moved further ahead. They have actually moved down lower.

How do you explain that to residents?

Mr. John Knuble: I am not aware of the target actually changing. On what basis are you saying that?

Mr. Dan Albas: Well, the CRTC says that the standard on these contracts is going to be half of what it's supposed to be, so how do you—

Mr. John Knubley: As I understand it, in the discussions that I've had with the CRTC chair, he continues to want to pursue that long-term goal.

Mr. Dan Albas: The CRTC's universal service objective states, “subscribers should be able to access speeds of at least 50 megabits per second (Mbps) download and 10 Mbps upload”.

How can you explain that the CRTC is able to so completely ignore its own objectives?

Mr. John Knubley: You are referring to their \$750-million program and how they're proceeding. Is that what you're referring to?

Mr. Dan Albas: Yes, sir.

Mr. John Knubley: Well—

Sorry, do you want to comment?

Ms. Lisa Setlakwe: I would say that it's probably a question for them specifically because they are in the process right now of consulting on the program parameters. They announced that they were launching the program, and now they are initiating a discussion on what the parameters will be and how the program will be delivered.

As the deputy has just referenced, I think there are unique circumstances in different parts of the country.

Mr. Dan Albas: Mr. Longfield made the point earlier that this may not be the forum for doing that.

This is a parliamentary committee that is overlooking the spending in your area and whatnot. I would also say that it is taxpayer money that the CRTC ultimately will be spending.

I'd like to have a better answer than “You should go to talk to the CRTC.” Both of you are experts in your field. You should be able to deliver an answer in this particular area.

Mr. John Knubley: Well, I did give an answer, which was that as far as I know, in my discussions with the chair—

Mr. Dan Albas: You said, “Go talk to the provinces.”

Mr. John Knubley: No, I said that we have just been discussing with the provinces, in the context of the commitment to basic service, how we need to work together more effectively to develop a long-term strategy that will meet the 50/10 goal.

In our discussions with the CRTC chair, he is implementing a new program, which is \$750 million. The revenues for that come from the industry. You may be aware that they have actually set up a process by which the industry pays for the \$750 million.

• (1550)

The Chair: Thank you very much.

We're going to move to Mr. Masse.

You have seven minutes.

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

Thank you for being here.

I want to drill down on the funding for steel and aluminum producers through the strategic innovation fund. How much has the government collected in revenue from steel tariffs through the policy you have right now?

Mr. Paul Halucha: I believe the number that's been reported was about \$350 million.

Mr. Brian Masse: So the \$125 million is additional to the \$350 million you've collected, then. Where is that money going to go, specifically?

Mr. Paul Halucha: Sorry, the \$125 million...?

Mr. Brian Masse: Yes, I'm asking about the \$125 million.

Mr. Paul Halucha: Where is the \$125 million from?

Mr. Brian Masse: You're requesting \$125 million here under your estimates.

Mr. Paul Halucha: Oh, so this is the—

Mr. Brian Masse: This is your own—

Mr. Paul Halucha: It's half of the \$250 million that was allocated to the strategic innovation fund.

Mr. Brian Masse: Okay, so where is that money going to go?

Mr. Paul Halucha: What was announced on July 1 was an additional allocation, as I noted, of \$250 million for the strategic innovation fund, to support primary steel and aluminum producers.

Mr. Brian Masse: You've collected \$350 million. Are you returning this \$125 million directly to those you've collected the money from?

Mr. Paul Halucha: I don't know that dollars that come in through duties are tagged somehow and returned through another funding program. I think the Department of Finance could better answer that question. Effectively, the dollars coming in are a source of funding, but they're not the source of funding that we—

Mr. Brian Masse: If they've had \$350 million taken from them from duties imposed on doing business in Canada, I don't think they really care whether it comes from your department or the finance department, especially since it's their money. Of the \$125 million, how much is going directly back to steel companies that have been tariffed, and are there other monies going to administration and other policies?

Mr. Paul Halucha: We did not increase our administration of the money for the strategic innovation fund at all. We have Innovation Canada, and Mitch Davies is the head of that organization. We are effectively managing it through existing administrative resources.

Mr. Brian Masse: How much of those resources has been given back to the companies to date?

Mr. Paul Halucha: The minister announced an agreement with ArcelorMittal for \$50 million about three or four weeks ago. That was the first announcement that was undertaken. We have about six or seven other proposals in advanced stages right now, and we're working very quickly with the companies.

The feedback we got is that we were ready with the program extremely quickly after the announcement on July 1. As you can imagine, these are complex investments—

Mr. Brian Masse: I would argue that you're not ready.

On August 15, we made a proposal to the department and also to the minister to reimburse those funds.

Let me be clear: \$350 million has been taken from companies. You're asking for \$125 million more, but you've only reimbursed \$50 million of it, and you've provided no funding at all to increase supports and services to get that money out the door. You're sitting on a \$300-million cash cow from the backs of steel and aluminum workers across this country.

Mr. John Knubley: I'll just simplify the answer by saying that although we're only asking for \$125 million this year, it is over two years, so it's \$250 million in total. We are looking at support for some smaller and medium-sized businesses. We're still working on that.

Mr. Brian Masse: You're still going to keep \$100 million out of that and that's going to take two years, when companies get this loss on their steel products in a matter of days.

How long does it take to take the money from the steel and aluminum companies?

Mr. John Knubley: We remain fully committed to supporting the steel and aluminum sector in the context of the Trump administration, and we're doing our best to do that.

Mr. Brian Masse: You're fully committed to do that. That's fine. I appreciate that. But you're not allocating any resources whatsoever to increase the bureaucratic process and the distribution process for that. You're doing it with the existing staffing and components.

Mr. Paul Halucha: The objective was not to take a top-up of the money and move it to pay for public service management. We had sufficient resources—

Mr. Brian Masse: No. Your government could take that outside of that. They don't have to take it from the funds you've taken from companies to begin with, but you could figure out how to bankroll to get that out the door because you have hundreds of millions of dollars lying on the table from steel and aluminum workers.

• (1555)

Mr. Paul Halucha: Sir, with all due respect, we have not been the holdup on any of those projects moving forward. We have met with the companies on a regular basis from the moment we announced it, and as the projects have been developed.

You have to remember that these are capital expenditures by the firms. They need to undertake engineering studies before they can make commitments because we can only pay for projects. There has been a lot of work on the side of the companies, but we have been working with them extremely diligently and on a real-time basis throughout the summer. I've heard a couple of the companies saying that this is one of the first times the government has been moving faster than the companies are ready to move.

Mr. Brian Masse: But you're sitting on some money here and you're still not even getting the full amount back to the actual companies. Is that the plan?

Right now, I think you have about \$250 million planned over two years, but you've already collected \$350 million, plus more tariffs to come. Is that how it's going to evolve?

Mr. John Knubley: That's not the plan.

Mr. Brian Masse: Are the companies the problem, then? All kinds of companies and others are claiming that their process is still taking far too long. You can collect in a matter of days from them, but their disbursement isn't there.

Isn't there any backup plan to do this, other than what you have? I appreciate what you're saying, but it's not what I'm hearing, especially from the smaller and medium-sized companies.

Mr. Paul Halucha: I think you're thinking of... Over there, it's the duty drawback and relief programs, and there's also the remissions process. Both of those are run through the Department of Finance. It did take some time for decisions to be made there, but now there has been funding through both of those envelopes as well.

The difference with those funds is that you're effectively requesting to simply have the money returned to you if you were not required to pay. For example, if you imported aluminum or steel solely for the purpose of exporting, then there is an ability to get a duty drawback repayment. Effectively, there is no process around that, other than putting in your claims and getting your money back.

The strategic innovation fund is a classic innovation capital investment program where we had to receive project proposals and we had to do the full due diligence because we're deploying taxpayers' dollars there. That required significant work on the part of the companies to identify their capital expenditure plans and to make sure they aligned with the program priorities of the fund. They have been working extremely closely with us, so I think—

Mr. Brian Masse: I have shops that are closing up—

The Chair: Thank you.

Mr. Brian Masse: —and I just hope you can streamline the process. Thank you for your work.

Thank you, Mr. Chair.

The Chair: We're going to move to Mr. Graham. You have seven minutes.

Mr. David de Burgh Graham (Laurentides—Labelle, Lib.): Thank you.

I have a few different subjects to dive into, but we will start with this one.

Vote 1a has a \$1.2-million reinvestment of royalties from intellectual property. As you know, we're talking about copyright a lot here and Crown corporation issues come up a little bit, but not a lot. Is there any connection between this and Crown copyright? What is the source of this revenue and what is it about?

Mr. Philippe Thompson (Assistant Deputy Minister, Corporate Management Sector, Department of Industry): The \$1.2 million is for intellectual property from the CRC, the Communications Research Centre. They have \$200,000 that they get from royalties from projects they have run. The other one is the new program at Corporations Canada, and it's the remainder of the funds. I think it's a little more than \$1 million.

Mr. David de Burgh Graham: Yes, it's \$1,004,358.

Mr. Philippe Thompson: It's for the program used when you are interrogating the database on the names of corporations in Canada. They get royalties from that program.

Mr. David de Burgh Graham: Okay. On the \$200,000, what kinds of programs are they recovering that money from?

Mr. Philippe Thompson: These are royalties they are getting from charges from the system, so it's the intellectual property for having developed the system in-house.

Mr. David de Burgh Graham: You mentioned also a reference to CanCode. From what I understand, Kids Code Jeunesse has met or completed all of its targets so far. Can anybody give me an update on how CanCode is going, and whether all of you can now code?

Mr. John Knubley: We're still working on the coding part, but Éric Dagenais is the leader on CanCode.

Mr. Éric Dagenais (Assistant Deputy Minister, Industry Sector, Department of Industry): Sure. The initial target was to teach 500,000 kids how to code, and we're on track to actually double that target and hit one million by March 31, 2019.

Mr. David de Burgh Graham: Wow.

Mr. Éric Dagenais: The 22 organizations through which we are delivering CanCode are meeting with great success.

I still can't code, though.

Mr. David de Burgh Graham: So it hasn't reached complete success yet.

Mr. Éric Dagenais: I'm not a kid.

Voices: Oh, oh!

Mr. John Knubley: More broadly, though, I think the department is putting a great deal of emphasis on STEM initiatives, including for women, and of course, coding. I know the minister would want to emphasize this if he were here. It's not just about, strictly speaking, doing coding. It's actually achieving objectives in terms of the STEM education. That really is our intent, with respect to CanCode as well.

• (1600)

Mr. David de Burgh Graham: I'm not sure you can answer this, but do you have a sense of how many coders are missing now in society? I've said this before. Twenty years ago, when I was learning to code—and I can code.... In my generation, we were in our basements with our trench coats on, with our long hair, coding and taking our computers apart and putting them back together. Now we have these iPads—I still have a BlackBerry; everyone else has iPhones—that you can't take apart and see inside how they work.

Mr. John Knubley: Again, I'm not an expert coder, by any means, but I think that at this current point in time, there is a great deal of demand for coders, exactly as you described. I think the question is whether, in the long run, there will still be, strictly speaking, coding that's required. For example, in the context of artificial intelligence and the applications that are possible, what coders will do in the future could change significantly, and the emphasis may be that you actually need capabilities and skills or competencies that are broader than just coding related to STEM.

Mr. David de Burgh Graham: As any programmer will tell you, no program is better than the person who wrote it, either.

Mr. John Knubley: Yes, there you go.

Mr. David de Burgh Graham: There needs to be quite a bit of education on that.

Thank you for that.

We've talked a lot about the Internet, as you know. I'm wondering if you can talk a bit about the importance of our Internet infrastructure in the country. In my own riding, we know that more than half of the riding doesn't have high-speed Internet, by any measure. It's a philosophical question, but I'll throw it out to you, anyway.

Mr. John Knubley: The Internet is very important, and of course, we're moving to new generations of telecommunications like 5G, generally. How does Canada take full advantage of moving towards those new directions? First of all, in terms of digital infrastructure, we want to put a greater emphasis on broadband. As we mentioned earlier in response to a question from another member, we just met with the provinces to talk about how to develop this long-term strategy to put in place a robust digital infrastructure that meets the targets that have been described by the CRTC chair. They announced the basic service commitment as part of the CRTC.

Mr. David de Burgh Graham: That's fair enough.

Thank you, Mr. Knubley.

I'm going to pass it back to Mr. Longfield, who had a couple of questions.

Mr. Lloyd Longfield: Thank you.

I see that the strategic innovation fund under the innovation and skills plan has \$15,042,000 attached to it.

We've been working with Lutherwood in Guelph, and with Conestoga College, with people who are trying to upgrade skills. How does this flow through the province, or is this something that directly gets into programming?

The Province of Ontario's new Conservative government is cutting back a lot of programs. Could they influence these types of investments, or is this something we need to look at going forward? How does that money get to the people who need to do the training?

Mr. John Knubley: I'll let Mitch reply to you in more detail, but SIF is a federal program, so these are federal projects.

The issue of addressing some of the shortcomings or changes in Ontario programming is something that we could look at as we move forward; however, to date our focus has been on identifying, particularly, R and D types of projects that are fed with the strategic innovation fund terms and conditions.

The \$15 million that's referenced here is really just a reprofiling of projects. Two or three of the projects are going more slowly than we might have anticipated.

Mr. Lloyd Longfield: Terrific.

Mitch, innovation.canada.ca is a great initiative, pulling everything together into one website. We need that for SMEs.

In 10 seconds, is there further work that's going to be done for supporting innovation with SMEs?

Mr. Mitch Davies: I would profile, in the last budget, the \$700 million in new funding for IRAP. It is a singular investment in start-ups. Businesses that at some point we'll know the name of start somewhere and have that initial help.

We're happy that we have this website platform to get people access to the programs that are there and get it to them in two minutes or less, because they don't have time. They need government to be coherent and to be able to give them the answers they need.

I appreciate the time to comment.

• (1605)

Mr. Lloyd Longfield: Thank you.

The Chair: Thank you.

We're going to go to Mr. Albas. You have five minutes.

Mr. Dan Albas: Thank you.

Deputy Minister, earlier in response to my NDP colleague here, you mentioned that you are currently working on a small and medium-sized response, specifically on steel and aluminum tariffs.

Could you just explain what you meant by that?

Mr. John Knubley: I meant what I said. The details of that have not yet been made public, but we are looking at exactly what needs to be done there.

Mr. Dan Albas: Is there a reason why? Can you maybe elucidate some of the details as to why you're looking into that?

Mr. John Knubley: The simple answer is that the SIF program itself tends to look at larger firms.

Mr. Dan Albas: It's over 200 employees usually. Is that what the limit is?

Mr. John Knubley: Yes.

Mr. Dan Albas: Many small and medium-sized entrepreneurs I've spoken with are either eating the tariffs—and thus the price goes up and their customers are just not making as many orders because the price is higher—or... Pardon me, it's the reverse there. They're either passing it along or they're eating the tariffs and thus their profitability and their ability to capitalize is an issue.

Is that similar to what you're hearing from small and medium-sized businesses?

Mr. John Knubley: Totally.

Mr. Dan Albas: Okay.

Can you provide us with an update on the consultations on revisions to the 3,500 megahertz band?

Mr. John Knubley: Well, the consultations took place, and now we are reviewing exactly what the next steps will be on the 3,500 megahertz band.

The decisions have not yet been made, but we hope to come forward with that in due course.

Mr. Dan Albas: I've heard from many who are concerned that their Internet service in rural areas may be lost in order for cities to have more 5G.

Will the ministry ensure that no rural customers will lose service due to any changes?

Mr. John Knubley: We will do our darndest to take into account the challenges that the rural citizens have in this area, in the context of the 3,500 megahertz band.

Mr. Dan Albas: That leaves me with cold comfort there.

In regard to the Canadian Space Agency, I see there is just over \$27 million for funding for RADARSAT Constellation Mission. Is that with the current delays, or is that in anticipation of that? What I mean to say is, will there be further need for funding of that mission due to its current delays?

Mr. John Knubley: No.

Mr. Dan Albas: Okay.

Since the Ottawa tornado, we've been discussing wind issues at this committee, or at least some of us have been talking about that. We've been asking about industry's preparedness when it comes to these kinds of cases, because Canadians are concerned that in an emergency they may not be able to use their cellphones.

Obviously, being so close to home, I would hope that your ministry has been looking into this. Does any of the funding in this current allocation in the supplementary estimates (A) have anything to do with studying that issue?

Mr. John Knubley: I believe that the answer would be no. To reassure you, though, clearly critical infrastructure issues, like the tornado, involve an important telecom component, as you identify.

We look at that on an ongoing basis, working with other agencies, such as the public security agencies, for example.

Mr. Dan Albas: Beyond just assuring us that it is a concern, are there any documents or reports that your department has made public in order that the public can be reassured that this is being looked at?

Ms. Lisa Setlakwe: I'm not aware of any reports. We've been in the business of these kinds of emergencies, whether it's forest fires or others, so we are equipped and resourced to deal with that.

However, I'm not aware of any reports per se on this particular—

Mr. Dan Albas: Okay. When you say you're equipped and resourced for that, did your department take any swift action during the recent Ottawa incident?

Ms. Lisa Setlakwe: We were at the ready. There's—

Mr. Dan Albas: What does that mean?

Ms. Lisa Setlakwe: Well, there are staff dedicated to making sure that infrastructure is either in the state it needs to be in to support emergency responders—

Mr. Dan Albas: How do we know that? I'd like to know if there are protocols.

Is there anything you could table with the committee to indicate that this is a priority for you?

Ms. Lisa Setlakwe: There are protocols. I cannot tell you what they are. I don't know them myself personally.

• (1610)

Mr. Dan Albas: Would you be able to supply that to this committee so that we know? Are there any plans in future supplementary estimates (B) or (C) to fund any of these initiatives to make sure Canadians can be assured that your department is looking after this?

Mr. John Knubley: Public security would be in the lead in terms of the critical infrastructure activity.

We participate in interdepartmental meetings on a regular basis in terms of emergency preparedness. It would be in that context that there would be a request—

Mr. Dan Albas: Who does the review? Does Public Safety review, or does your department monitor—

The Chair: Sorry, the time is up.

Mr. John Knubley: We look at the telecom elements and participate in emergency preparedness.

The Chair: Okay, we're going to move on. We have to monitor our time and make sure everybody gets their time in.

Mr. Sheehan, you have five minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much, Mr. Chair.

Thank you to our presenters for this important update. I was there when the announcement was made by Minister Bains in Hamilton on support for steel and aluminum. Many of the officials from here were there.

I was glad to see the response, as the co-chair of the all-party steel caucus, and it was a multi-ministerial response. There was \$2 billion in aid that was put forward, and ISED with the \$250 million, and the \$1.7 million from EDC and BDC. Minister Hajdu has extended the EI benefits and made them more generous. The \$1.6 billion in retaliatory tariffs was also announced.

This is one of the questions I have. I also sit on the trade committee, and the Algoma steel company has testified in the open that they have applied for SIF funding. They put their application in not too long ago.

I know you can't share company-specific applications, but have there been announcements on SIF funding for the steel and aluminum industries, and who would that be? That would be public.

Mr. Paul Halucha: The only announcement so far has been about ArcelorMittal.

However, as I noted, we have a number of proposals that we've been working on with companies. We have probably about seven or eight that are close, by which I mean they could be ready in the next six weeks or so.

Mr. Terry Sheehan: On the \$125 million, how is that different?

The SIF funding was there in budget 2018. How is the \$250 million different from the regular SIF funding? Is it a specific carve-out?

Mr. Paul Halucha: Exactly. It was a specific carve-out.

Obviously, with the duties being put in place against Canada, we knew the immediate impacts were going to be on the large steel producers in particular and aluminum companies as well. The price of aluminum has gone up considerably, but it's a continental price so the effect has not been as significant on the large primary producers, but on steel companies the effect has been in the millions of dollars per day.

The first issue we were aware of that was going to happen was that many of them would be put in a situation where they would be either cancelling or pushing forward their investment plans, and that's a recipe to have firms become less competitive over time. The SIF program, the new allocation of \$250 million, was put in place to support investment plans and investments in capital infrastructure by those large producers, recognizing they were going to be the most impacted.

We set a couple of parameters: that the companies had to have at least 200 employees and that they had to have capital investment plans of at least \$10 million. That was done—to the point that was raised earlier—to enable us to act more quickly with the largest companies that were going to be the most affected.

We know from past practice that, in the absence of some parameters for programs, what happens is that you can get inundated by requests from everybody. We looked very carefully at who was going to be in the field of the most impacted and made sure we were scoping them in, in an effort to ensure we were not effectively paralyzed by an endless number of requests. I think our own analysis, as the deputy alluded to earlier, is that there are about 7,000 or 8,000 other companies that are downstream users of steel and aluminum that have been impacted in one way or another.

The \$2 billion that you identified.... That was why there were allocations within BDC and EDC to ensure they were in a position to respond. Some of the data I have is that BDC so far has more than 267 clients that have been impacted for over \$100 million, and EDC has done roughly \$60 million for 25 clients. Those numbers are up to the end of October.

That was the intention, to have the smaller and medium-sized companies go there, in addition to being able to do things like use the duty drawback initiative, and then also apply for remissions where either they were contractually obligated to continue to purchase, so they had no ability to change suppliers, or there was no steel supply that was Canadian in source. So in instances where you couldn't move within the Canadian marketplace, we have identified a remissions process through the Department of Finance, and they have already begun to provide relief to companies through that.

They deal with all of the elements working together. It would provide a comprehensive response, in addition to, obviously, the retaliation package, where the government responded dollar for dollar to what had been done out of the United States.

The point, too, is that one of those programs is retroactive.

• (1615)

The Chair: Thank you.

We're going to move to Mr. Albas.

You have five minutes.

Mr. Dan Albas: Thank you again.

Keeping on the topic of steel and aluminum tariffs and whatnot, one comment I have is that some firms have been very upfront, wanting to be very productive. They have invested into their mills and into their operations, so they have already put in the hard work, and they are seeing the strain under the tariffs. Now you will have other ones that may not have done the same. For them there's an unlevel playing field for looking for project-based funding.

Is this a concern? Have you come across this in your work on the SIF?

Mr. Paul Halucha: To understand better, are you asking about a situation where a company has already made an investment, and therefore has paid for it?

In our experience, there are tips that innovation and keeping an enterprise competitive are not a one-off step, so we have expectations that companies are going to continue to invest. I think that's normal. They have maintenance capital, and they have other forms of capital that they regularly need to do.

We have been pretty flexible within our program parameters, and under the strategic innovation fund, we have an ability to.... We don't have a one-size-fits-all where only one type of project can come forward. As the projects are announced, you will start to see that they have in common objectives of increasing the competitiveness of the company, upskilling the workers, increasing the use of technology, accessing new markets. Those are the kinds of parameters we look at as policy objectives. Then behind that, we're able to fund quite a broad set of activities in order to reach those.

Mr. Dan Albas: Recently it was declared that the B.C. LNG project is going to be moving forward, but only with severe reductions in terms of future carbon tax increases, waiving of the PST, and also waiving of steel tariffs—and I believe some aluminum tariffs, but mainly steel tariffs—that will allow foreign steel to come in.

Many British Columbians have asked, why are we continuing to rely on steel from outside of Canada? Are any of the funds that you're talking about through SIF used to see if we can improve things, improve the supply chains or market operations on the west coast, so we're not being forced to build these large projects utilizing out-of-country steel?

Mr. Paul Halucha: I'll just make two comments. I won't comment on the LNG decision, because I think you would need to be within all of the aspects that are required in order to successfully attract what is one of the largest investments—if not the largest—in Canadian history to British Columbia.

On your second point, could you be a bit more precise about exactly what you're asking?

Mr. Dan Albas: Sure. The point is that, rather than just working on existing mills and their productivity—although I'd still contend that many will not proceed because they've already put money into their operations to be productive—I'm talking about a structural change in how that market operates by encouraging development of that market on the western side of Canada.

Mr. Paul Halucha: I'll make two comments on that.

If you look at trade flows between Canada and the United States—and as in so many areas, we are each other's largest importers and exporters of steel and products—it's very much a north-south flow on each of the coasts, because of the costs of transporting steel from one coast to the other. By the time our product gets from Ontario or Quebec out to British Columbia, there's a significant cost. That becomes a prohibitive issue.

Mr. Dan Albas: I recognize that, but the question was this. Are you making sure there are SIF funds available to actually change the structure of that market, if a market participant says that they want to do it out in B.C.? I will tell you that it's Turkish, Korean, Chinese rebar and all that. We've had issues with this before, and the costs just keep going up.

• (1620)

Mr. Paul Halucha: The answer is yes. That would be an eligible expense, and we would be excited to see such a project. The challenge would be that, commercially, it would need to not only be viable during the period of tariffs but be able to survive the removal of those tariffs in the future. That is a key condition. There are a lot of things.... If the tariffs are still in place in two or three years, commercially you could imagine this kind of a venture.

But the trade flows exist because there is a strong logic to them. In normal circumstances, we want to see that free flow of goods across those borders. It would be challenging to imagine rebuilding all of that capacity in eastern Canada to service western Canada, not knowing when the tariffs are going to be removed. We continue to have that as a major policy focus of our government.

The Chair: Thank you.

We're going to move to Mr. Jowhari.

You have five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Thank you to the department officials for coming today.

I want to probe further into the \$15-million funding for the strategic innovation fund under the innovation and skills plan. Back in May 2017, our committee put out a report with the name, "The Canadian Manufacturing Sector: Urgent Need to Adapt". One of the recommendations we made was to suggest that "the federal government improve the labour market information it produces, notably connecting jobs in occupations in demand...with skills available with job seekers".

We've been very successful. The economy has created more than 500,000 jobs, yet we still have labour shortages. We still have skills shortages. We need to enable job seekers with the opportunities. Is any of this \$15 million going into helping to bring that match of supply and demand? If not, what have we done on it, if anything?

I recall you mentioned that they are reprofiling certain programs. That's what the \$15 million was. Can you explain where the \$15 million is going, and are we addressing the concern that I raised?

Mr. John Knuble: The \$15 million is strictly related to projects that have been approved, and they are changing the rate at which they are spending their money. We have had to reprofile, to a later year, the dollars for those projects.

In terms of skills, a big component of the innovation and skills plan is the skills side of things. In comparison to previous competitive programming, what is very interesting is that, when you sit down with firms, they talk about two issues on the skills side, and they do it almost immediately. The first is where there are challenges in terms of skills shortages currently, as well as the question of what the workplace of the future will be as many of these technologies are introduced, such as the Internet of things, artificial intelligence and quantum. What kind of workforce will they need for the future?

The government has put a great deal of emphasis on the skills side of things, including changing course requirements in terms of bringing in....

Mr. Majid Jowhari: If my constituents are asking me where the government is going, where the focus is, how they can get retrained, and where they would be able to find that information, what should I answer?

Mr. Éric Dagenais: ESDC has put forward the future skills centre. An RFP went out in May 2018, and that call for proposals and applications is now closed. The selected organization will be announced shortly. That's my understanding. The centre is dedicated to understanding the skills of the future and how best to take workers—ideally before they have to be laid off—and reskill them so they can keep their jobs in the economy of tomorrow. That's at ESDC.

At ISED we have a number of programs. We mentioned CanCode earlier. We also fund Mitacs, which is really about work-integrated learning and dovetails with what some of the private sector firms have told us. BHER, the Business/Higher Education Roundtable, has called on the government and large firms to ensure that 100% of college and university students have access to work-integrated learning opportunities before they graduate.

Mitacs feeds into that objective. There is CanCode, as I mentioned, and we worked very closely with ESDC and IRCC on the global skills strategy. That's something Minister Bains heard very clearly from firms during the consultations on the innovation agenda. They were having a hard time bringing in global talent, so as a result of work in our department and others, there is now a two-week turnaround time that's being met over 90% of the time for global skills people coming in. The preliminary stats are that for every person who comes in with top global talent, 11 jobs are created for Canadians, so bringing in global talent creates jobs here.

Skills are a really important focus in the department, and there are a number of initiatives under way.

• (1625)

Mr. Majid Jowhari: Thank you.

Mr. John Knuble: I would add that the six sector tables actually spent a good deal of time talking about the issues you've raised, and there are a number of recommendations in there. In terms of upscaling, it really needs to be done on a sectoral basis.

The Chair: Thank you very much.

For the final two minutes, we have Mr. Masse.

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

Can you tell us a bit about the \$2.5 million in government-related advertising?

Mr. Philippe Thompson: This is money that is being transferred from a central fund in PCO to cover three advertising programs related to Innovation Canada, women entrepreneurs and women in STEM. The money is coming from a central allocation, and we are adding some additional funding within the organization to top up the \$2.4 million.

Mr. Brian Masse: Okay, so it's for women entrepreneurs, women in STEM and Innovation Canada. How much advertising revenue in total will be spent on those programs?

Mr. Philippe Thompson: I'm afraid I don't have that information with me. We could get it.

Mr. John Knuble: We'll have to come back to you with some more information.

Mr. Brian Masse: Okay, that's fine.

Are they initiatives to support existing programs?

Mr. Philippe Thompson: Yes, it's to promote existing programs in the organization.

Mr. Brian Masse: I assume that's going to be social media purchases, videos and so on. I'm just looking at how you're going to reach people with the money.

Mr. John Knuble: We're still in discussion as to exactly how we would do it, but we'll come back to you with whatever information we have.

Mr. Brian Masse: I would just like to follow up on the process to reach some of the small aluminum and steel producers who are affected by the tariffs. When can we actually see a specific action or plan for them to be able to get their money back?

Mr. John Knuble: First of all, we're continuing to monitor the situation, for the reasons several members are raising here. They have immediate access to BDC, so there are opportunities there. Second, as I mentioned earlier, we are looking at other options.

Mr. Brian Masse: Is BDC providing loans, then? That's not a way to get their money back. You're saying they should just borrow from BDC. Is that correct?

Mr. Paul Halucha: BDC is providing loans. The number I gave was \$100 million. It's actually \$204 million to 200 to 300 clients.

Mr. Brian Masse: That's not their money. Borrowing more money from the government isn't their money.

Mr. Paul Halucha: On the program idea that the deputy talked about, effectively what we're looking at are those companies that were not eligible under the strategic innovation fund to determine whether there is both sufficient demand and a policy rationale to look at providing support. At this point, there's no determination of its going forward; it's simply an analysis that's under way in the department.

Mr. Brian Masse: Thank you.

The Chair: Thank you very much.

We are going to suspend for a very quick two minutes, or one minute, actually. We have our next guest here.

We are short on time, so I need everybody to make sure they do their thing.

• (1625) _____ (Pause) _____

• (1630)

The Chair: Can we get everybody back in their seats? We do have a tight timetable, bearing in mind that we do need to vote on the supplementary estimates later on.

We are joined by the Honourable Navdeep Bains.

Mr. Bains, you have seven minutes.

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development): Thank you very much, Chair.

It really is great to be here.

Thank you very much for the opportunity and the invitation today. I really do appreciate the opportunity to meet with you on the occasion of tabling supplementary estimates (A) for 2018-19. In doing so, I am seeking approval for spending that is aligned with our government's priorities, in particular promoting economic growth, which is our number one priority.

Mr. Chair, despite a challenging global climate, Canada's economy remains rock-solid. In fact, our jobless rate, as mentioned by the Minister of Finance in the House of Commons today, is at a 40-year low, with over half a million full-time jobs having been created since 2015. Of course, there's no coincidence to this, Mr. Chair.

[Translation]

We have been making strategic and targeted investments. And our middle class has benefited from the creation of new jobs and now has a better and sustained quality of life.

Many of these investments are reflected in the supplementary estimates that we are discussing today. The primary mechanism under which we are doing this work is called the Innovation and Skills Plan.

[English]

Through our plan, Mr. Chair, we're taking a partnership-based approach to innovation-driven competitiveness in Canada, one that includes strategic investments and first-of-their-kind programs to develop innovation ecosystems and foster growth.

This new approach to innovation funding is accelerating and building on Canada's economic strengths. For example, it's really supporting the scale-up of Canadian firms and helping expand their roles in regional and global supply chains. It's about how we can compete not only within Canada, but internationally as well. It's attracting the kind of investment that creates good-quality well-paying jobs for the middle class.

It is my pleasure, Mr. Chair, to share with you some of the accomplishments under the innovation and skills plan, which is really our new smart industrial policy, as well as a view to where we're headed.

One of our most successful programs has been the strategic innovation fund, and I want to highlight this because it was a key initiative that was introduced in our plan.

• (1635)

[Translation]

It encourages research and development to speed up technology transfer and the commercialization of Canadian innovations. It facilitates the growth and expansion of Canadian firms and helps attract and retain large-scale investments. And, because industry boundaries are blurred in today's economy, it is open to all industries.

[English]

As of November 1 of this year, the fund has announced over 30 projects totalling \$775 million in contributions that we've made, investments that we've made. What's more impressive is that these investments have leveraged a total investment of \$7.3 billion, and we can all be very proud of this.

In a similar vein, another initiative that many of you are familiar with was highlighted last week. We've been making great progress on the \$950-million innovation superclusters initiative. It's a collaborative effort between industry, academia and government through which we are building up existing areas of industrial strength to grow globally competitive companies.

[Translation]

Just last week I was pleased to announce contribution agreements with the Ocean, Advanced Manufacturing, and Protein Industries Supercluster.

The government really couldn't have asked for better partners.

[English]

I've also been very impressed with the ability to mobilize the innovation ecosystem, from small and large companies to universities and research partners, and from entrepreneurs and investors to other government agencies as well. The end result of this initiative—and I think this is really important to highlight, Mr. Chair—is that more than 50,000 new jobs will be created over the next 10 years, and these superclusters will add over \$50 billion to our economy in the coming years as well. These are huge numbers, so we're super excited about these two programs: the superclusters initiative and the strategic innovation fund initiative. Again, this speaks to our government's overall new smart industrial policy, which is really focused around growth and jobs.

The innovation and skills plan is not simply about dollars and cents. It's about making it easier for businesses to grow. That's what we're truly here to talk about: growth. We made it easier for companies to access government programs through Innovation Canada. This is a one-stop shop. If entrepreneurs want to deal with the Government of Canada, rather than dealing with different levels and trying to figure out different programming, they answer a few short questions and in minutes they will get tailored, clear information about the programs that best meet their needs. I'm talking about federal, provincial and territorial information. It is a way to streamline the process for businesses to be business-focused and business-centric.

Complementing this, we've launched Canada's intellectual property strategy, the first such strategy. Imagine, in a knowledge economy, this is the first time the federal government has put forward such an ambitious strategy. As the members of this committee know, IP is integral to growing firms and fuelling innovation in today's technology-driven economy. Looking at other successful innovation nations, we always knew that our innovation and skills plan needed to include a proper IP plan. Members of the committee, as you heard from stakeholders when you undertook your study on IP, businesses armed with a strong, modern IP strategy make more money and pay their employees higher wages than those without. Those that have an IP strategy pay on average 16% more. This is good for companies, but more importantly this is really good for workers.

Furthermore, small and medium-sized businesses that use IP are two and a half times more likely to be involved in innovation activities. Again, it's about creating a culture of innovation and building that ecosystem. Our strategy, therefore, contains several measures to increase IP awareness and to make the system more transparent and predictable so businesses can focus on what matters, which is innovating and coming up with new ideas for new solutions.

Let me also take this opportunity to thank this committee once again for its thoughtful report and recommendations on this issue, because again it was a collective effort. You stepped up in a big way. We heard you loud and clear, and we implemented your recommendations.

[Translation]

These are just a handful of the government's accomplishments under the Innovation and Skills Plan, but rest assured, we are not done.

• (1640)

[English]

Mr. Chair, I want to quickly highlight that we're moving in a direction that also addresses issues around data and privacy, particularly the consultations we've done under the national digital and data consultations. Of course, our country's competitive advantages are increasingly defined by the ability to create, commercialize and implement digital technologies to harness the power of data. That's why we held the national digital and data consultations from June to October, engaging more than 550 thought leaders right across the country. We wanted to genuinely understand how Canada can drive digital innovation, prepare Canadians for the future of work, and ensure they can trust how their data is used. These consultations were a first step and will help guide us as we continue to make sure that Canada is in a leadership role.

I would also be remiss if I did not mention the continued renaissance of our regional development agencies. This truly is a point of pride because we brought the agencies together, provided additional money for them, and allowed them to focus on innovation-related projects as well. Again, they've done a tremendous job of focusing on helping companies scale up. They helped with diversification. This speaks to the concerns—and more importantly, the opportunities—that innovation occurs everywhere and not just in the big cities. It's important that all Canadians benefit from innovation.

Colleagues, as you can see, this is a very comprehensive innovation and skills plan.

[Translation]

The global economy is more competitive than ever. Canada must move quickly or risk being left behind. That is why these measures are so important. For Canada to succeed, innovation is imperative.

[English]

All the middle-class families from coast to coast to coast are counting on us to set this country on the right path, and that is exactly what we're doing.

I want to thank you, Chair, for this opportunity, and the committee members for their time. I'd be happy to answer any questions you may have.

[Translation]

Thank you very much.

[English]

The Chair: Thank you much.

I am mindful of the time. The first round will be five minutes instead of seven minutes, and again, I will be holding people to their times because we are going to be short of time.

Mr. Graham, you have five minutes, please.

Mr. David de Burgh Graham: Thank you, Minister, for being here.

I have a few different questions, so I'll be as brief as I can.

First of all, can you give us a sense of why you think it's important for us to restore rail service to Churchill through Western Economic Diversification?

Hon. Navdeep Bains: Thank you for that question. That really is a point of pride for us—the announcement that we made. I had the opportunity to visit Churchill a few years ago and saw first-hand the devastation that occurred because the rail line services were no longer taking place. The cost of food had gone up pretty substantially, and it was having an impact not only on morale but really on families. We worked very closely with indigenous leadership. We recognize that safety is important. We recognize that economic development is important, and we want to give people hope and an opportunity to succeed.

We worked very closely with the indigenous leadership and with the private sector, and we came forward with the solution that the Prime Minister just announced with my colleague Jim Carr. It was a \$117-million investment up front with the Arctic Gateway Group LP, to really demonstrate our commitment to that community, to bring rail service back to that community, to really have that as a port, and to allow more opportunities going forward. The response has been overwhelmingly positive, not only for Churchill or Manitoba but for all of Canada as well.

I also want to take this opportunity to thank the members and the team involved from Western Economic Diversification who helped work on that investment, which was so critical to our country.

Mr. David de Burgh Graham: Thank you.

On a totally different topic, last Thursday, Japanese minister of cybersecurity Yoshitaka Sakurada was testifying at a committee in Japan and admitted that he has never used a computer. I just want to clarify for the record that you have.

Hon. Navdeep Bains: That I have used a computer...?

Some hon. members: Oh, oh!

Mr. David de Burgh Graham: Yes.

Hon. Navdeep Bains: Thank you for asking that question. I'm not sure where you're going with that line of questioning, but yes, I have used a computer. Thank you for posing that.

Mr. David de Burgh Graham: I just want to make sure. Thank you. It's a segue into digital economy stuff.

You've mentioned the importance of economy and infrastructure. We talked a bit about this with your officials a few minutes ago. Can you elaborate on what you've done to make sure Canadians have the opportunity to succeed in the digital economy, and also a bit on how your perspective on rural has changed in this job over the last few years?

Hon. Navdeep Bains: Well, we are dealing with the digital divide. It's the new reality. It's so important to make sure that we have comprehensive opportunities for Canadians regardless of where they live. Therefore we've been very mindful of making sure that high-speed Internet connectivity is provided to rural and remote communities.

We have put forward initiatives like the connect to innovate program, which we're very proud of. It speaks to the strategic investments we've made in many communities across the country: 900 communities have benefited under that program, and we were able to leverage dollar for dollar, if not more, from the private sector and other communities as well. In terms of significant investments, 19,500 kilometres' worth of fibre has been put in place, which is absolutely essential to providing that backbone infrastructure.

With respect to the coding question, I would say that it's essential that kids learn how to code, not simply to code but to really have digital literacy and skills in this new digital economy. It is absolutely critical, no matter where you live or which segment of the economy you're interacting with.

We put forward a \$50-million investment that will help teach one million kids from kindergarten to grade 12 to code. We're well on our way. Over 245,000 kids have learned how to code under this program so far. We're confident that by the end of 2019, we will reach our target of one million kids. It's empowering teachers as well, so that they have the tools to teach kids in the classroom about coding.

For me, as the father of two young girls—I have an 11-year-old and an eight-year-old—it's very important that they have these opportunities. From a personal perspective, this program has been a success, but more broadly speaking, I've heard positive stories from Canadians. It's really about promoting lifelong learning in a digital economy, to really make sure kids have the digital skills to succeed.

• (1645)

Mr. David de Burgh Graham: Thank you.

I have only about 45 seconds or so left, and I still have three more questions.

Hon. Navdeep Bains: I'll do rapid response.

Mr. David de Burgh Graham: Last month you met with your provincial and territorial counterparts on rural Internet. Can you tell us what you agreed to, why it's important and what the next steps are? I know you can't do that in 10 seconds, but—

Hon. Navdeep Bains: A few weeks ago, I met with my provincial and territorial counterparts, and we agreed to a national broadband strategy. The idea is to align policies and programs to make sure that we provide not only Internet connectivity but high-speed Internet connectivity right across Canada.

Mr. David de Burgh Graham: This is my final question, I guess, for the time I have. The pagers are ending at the end of December, leaving a lot of rural areas with difficulty with wireless service for firefighters and so forth. Where are we on thinking about planning for a cellular future for rural areas? That's another line on the Internet.

Hon. Navdeep Bains: When we talked about the national broadband strategy, it was not simply about high-speed Internet connectivity. We also talked about the importance of cellular service and cell towers, and making sure that we played a role with the private sector, and the provinces as well, to move forward on this and deal with it from a public safety perspective.

It's working with Minister Goodale and his team from that perspective, and also making sure that we deal with communities to understand what the local needs are, so that any future programming we have, when we talk about high-speed Internet connectivity, also deals with cellular service.

The Chair: Thank you.

Mr. Albas, you have five minutes.

Mr. Dan Albas: Thank you, Mr. Chair.

Thank you, Minister, for being here.

Minister, you've sat on this side before as an opposition MP, so you know how important these committees are. I appreciate your saying that the committee is doing good work on copyright.

However, your government has made some changes, through the USMCA as well as in the budget implementation act, which would change our study on copyright.

Minister, are you willing to come forward to this committee to talk about those subjects? If so, will you please ask your Liberal members to allow that if we make that motion?

Hon. Navdeep Bains: Thank you very much for your question on copyright.

As you know, under the current BIA that we presented in the House of Commons, we brought forward measures around the Copyright Board to streamline the process, to add resources to the board members, and to provide additional funding for case management so we can have quicker decisions. This is really important for artists and creators as well, and it provides an important step in that direction. It's a commitment that I was very clear about when I came to committee before.

With respect to the committee and who says what, you know that ultimately you decide that. I am not in a position to direct anyone, but I do thank you for thinking of me.

Mr. Dan Albas: Yes, said with a bit of a smile.... I just hope that Liberal members will allow us to do our work in that area.

Subsection 8(3) of the Statistics Act says:

The Chief Statistician shall notify the Minister of any new mandatory request for information at least 30 days before the day on which it is published.

Minister, on what date did you learn that Statistics Canada would be seeking to download the personal financial information of over 500,000 Canadian households?

Hon. Navdeep Bains: On this issue, we were not notified until much, much later in the process.

As you mentioned, the chief statistician ultimately is responsible for the methodology of how the data is collected and what the data will be used for. The chief statistician has that level of discretion and independence. However, we were not notified 30 days before.

• (1650)

Mr. Dan Albas: What date were you notified?

Hon. Navdeep Bains: Very close to—

Mr. Dan Albas: Was it before October 26?

Hon. Navdeep Bains: I don't have the specific date, but I can get back to you on that.

Mr. Dan Albas: If you could have it back in writing, that would be helpful.

Hon. Navdeep Bains: Yes.

Mr. Dan Albas: So you were not briefed before media reports started coming out on this, Mr. Minister.

Hon. Navdeep Bains: Briefed in terms of what?

Mr. Dan Albas: Of the scope of the program....

Hon. Navdeep Bains: We are very familiar with Statistics Canada looking at administrative data and other data sets to make sure it can compile good-quality, reliable data. But the specifics of where those requests were being made and for whom, I did not know until it was made available in the media.

Mr. Dan Albas: Okay, so Statistics Canada did not alert your office prior to that.

At the time, when you first found out about this, did you think about advising the Privacy Commissioner about this program?

Hon. Navdeep Bains: As you know, this is a pilot project and no data has actually been collected or obtained. The way this all unfolded was that Statistics Canada engaged the Privacy Commissioner, so the appropriate steps were being taken to deal with issues around privacy and data protection.

I think you heard from the chief statistician, who came before the committee as well, that he would only move forward if issues around data privacy and data protection were dealt with in a meaningful way.

Mr. Dan Albas: Do you think, Minister, that something has gone wrong here, when the Privacy Commissioner of Canada goes to a Senate committee and says that he wasn't aware of 500,000 Canadian households being asked to participate without their knowledge or their consent?

You didn't know about it either. You learned about it through the media. Do you think that's a problem there?

Hon. Navdeep Bains: I think Statistics Canada is a world-class statistical agency. It has a lot of respect within Canada, and internationally as well.

For me, it was a point of pride when we reintroduced the mandatory long-form census to get good-quality, reliable data. I have a lot of confidence in the chief statistician and the work they do. Clearly—

Mr. Dan Albas: Okay, Minister, just on consent—

Hon. Navdeep Bains: Yes, but clearly on—

Mr. Dan Albas: —do you believe that StatsCan needs to ask for consent for this level of data?

Hon. Navdeep Bains: My understanding is that, first of all, no data has been transferred. Let's state the facts.

Mr. Dan Albas: Well, you're the minister, and you're going to be able at some point to rein in on this. Do you believe that Canadians should be able to give their consent?

Hon. Navdeep Bains: We need to be mindful of the fact that we saw political interference by the previous government, which led to the resignation of Munir Sheikh, the former chief statistician. We have to be very mindful of the fact that the chief statistician understands the methodology, as well as how to collect the data appropriately and in a manner that respects data privacy.

We establish what we need the data for. For example, we need good-quality, reliable data for Canadians to get benefits from the Canada child benefit—

Mr. Dan Albas: Minister, the question was whether you believe that for this level of collection there should be people's consent. Is that yes or no?

Hon. Navdeep Bains: My understanding was that customers would have been informed.

The Chair: Thank you.

We're going to move to Mr. Masse. You have five minutes, please.

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

Thank you, Minister.

Bill C-36 actually moved the statistical analysis and collection from Statistics Canada to Shared Services.

Do you still support that decision? It is what led to the problem we have now. It's a new data collection, and you're describing it in House of Commons testimony as a "pilot project". Are you going to confirm right now that this is absolutely a one-time thing that's happening, or now that it's moved to Shared Services this is actually the practice that was in the legislation?

Hon. Navdeep Bains: With respect to this particular initiative, it's a pilot project. It was the first time this project was moved forward, so it's still in its early stages. As the chief statistician has indicated, this is really about making sure data privacy is protected. It's still early stages, and it simply is a pilot project.

Mr. Brian Masse: What is not a pilot is that Shared Services now does the data collection instead of Statistics Canada. Is that not correct?

Hon. Navdeep Bains: You're correct. The actual data is protected and managed between Statistics Canada and Shared Services.

Mr. Brian Masse: The chief statistician, in whom you've expressed confidence, referred to the uproar that's been created as "fake news" and "Trumpism". Do you support that statement?

Hon. Navdeep Bains: We have to be very respectful and mindful of the legitimate concerns Canadians have around data protection and privacy. What is problematic—and it's nothing really new; it's

the opposition doing its job—is that in the House of Commons there's a lot of over-the-top rhetoric, with comments about surveillance and suggestions that people's personal information will be disclosed.

We have to be very thoughtful about saying there are issues around data protection and around privacy, but no personal information has ever leaked from the servers. Personal information is removed, and this is still early stages. No data had been collected. The banks would have needed to inform the customers as well.

We cannot underestimate the importance of data protection and privacy. That's why we launched a data consultation process, to build that trust with Canadians.

• (1655)

Mr. Brian Masse: I saw that in your letter to the chair you indicated a willingness to come back to our committee, and I've tabled a motion to invite you back with regard to the budget bill and our copyright study.

Can I confirm that you would be willing to come back to the committee? That was your original offer to the chair. The budget bill changes things, and we'd like to have that analysis to hopefully address our concerns and have a study that's actually worthwhile.

Hon. Navdeep Bains: Again, I appreciate that you think I have some say on committee matters. I don't. The committee controls its own destiny. Whatever you guys determine, I'm willing to accommodate. Thank you for the offer.

Mr. Brian Masse: Fair enough.

Really quickly, moving to steel tariffs, we just had testimony that \$350 million has been collected by the government. We have about a million dollars a day coming in with regard to the tariffs. About \$50 million has gone back out. The request from your estimates here is for \$125 million—part of a total \$250 million out there—and there's a process now to try to reimburse smaller companies that have been shut out of reimbursement.

Was there any economic impact analysis done, and was it done for small and medium-sized businesses with regard to the government plan and its consequences? Has that been done, and if it hasn't been done, what can you do to ensure that we're actually going to see those smaller companies accessing the money that was basically tariffed from them?

Right now, they're being told to go to BDC, which is borrowing money, not getting their money back. The promise of your government was that it would be revenue-neutral.

Hon. Navdeep Bains: We are definitely providing duty relief, as you highlighted, as part of our support to the steel and aluminum workers in that industry.

You're right that we put forward a \$2-billion support package, with financing options through BDC, EDC and the strategic innovation fund. Most recently, out of the strategic innovation fund, we announced \$50 million for ArcelorMittal to expand its operations. Over \$200 million has been disbursed through BDC, to provide financing for cash flow issues. I believe over \$100 million has been disbursed through EDC as well.

Mr. Brian Masse: Will you reimburse the borrowing costs for companies? That is their money that you've tariffed by an action of your government. Will you reimburse the borrowing costs to those companies?

Hon. Navdeep Bains: It's important to add context. We responded dollar for dollar to the unjust and unfair tariffs imposed by the Americans. That was the appropriate response to demonstrate that we completely disagreed and found it baffling—actually mind-boggling—that they would think we're a security concern under section 232. That's why we responded.

At the same time, we recognize that certain companies, particularly small and medium-sized enterprises as you rightly mentioned, should get duty relief. We have targeted relief for them, and we are working to get the money out sooner rather than later.

Mr. Brian Masse: Will you commit to, or at least consider, actually reimbursing all the borrowing costs?

Some of these smaller companies cannot afford this because of their profit margin, so they have two problems. One is the borrowing cost, and the other is getting it to them in the first place.

Hon. Navdeep Bains: Look, we've made it very clear we want to support the workers in both the steel and the aluminum sectors. We put forward a very strong, \$2-billion support package. We'll continue to work with them and deal with issues around cash flow to make sure they continue to be viable and have long-term success.

The Chair: Thank you.

Mr. Sheehan, you have five minutes.

Mr. Terry Sheehan: Thank you very much.

I was there when the \$2 billion was announced by you and a number of other ministers. It was a multi-ministerial response. We'll drill down a bit more on the SIF, the strategic innovation fund that you talked about in your speech, and its being very critical to Canada's economy. I totally agree with that. We heard earlier that there was a specific carve-out of \$250 million for the steel and aluminum industry.

What is the objective of that money? What is your hope for the steel and aluminum industries that access that particular fund?

Hon. Navdeep Bains: First of all, thank you for your leadership. I know steel is very important in your constituency and you've been a great advocate for this. I remember you pushing for this initiative when we were coming up with the support package, and you made it very clear we needed to support our steelworkers. Thank you for your personal leadership on this, Terry.

The first signal we wanted to send is that this is an important sector. There's a lot of innovation occurring in this sector. There are a lot of transformations occurring, and we want to make sure we accelerate that. We want to see more money in research and

development. We want to see more money in capital and equipment to make sure our producers have the latest technologies so they can compete in the long run. This was a great opportunity for us to really invest and coinvest with them in some of the major capital projects that would allow the sector to continue to grow and be competitive going forward.

That's really the objective of the strategic innovation fund. It's saying, look, we have your back. We're here to support you. We want to see more jobs. We want to see more R and D. We want to see more capital invested. That's exactly what we had from the ArcelorMittal announcement. Right after that they did a job fair, because they were looking to hire more people. That's a great sign.

We recognize that we have legitimate challenges under section 232 with the tariffs that are still in place by the Americans—the 25% on steel and 10% on aluminum. We don't underestimate the impact that's having on producers. At the same time, these investments send a very powerful and positive signal to our producers that we are supporting them, particularly our workers. These investments will create more jobs and more opportunities, and that bodes well for the long-term success of our steel and aluminum workers.

● (1700)

Mr. Terry Sheehan: As you're already aware—and this is public knowledge because they mentioned it at the trade committee that I'm also on—Algoma has an application in SIF programming, and their hope is to continue to diversify as well. They agree with all your comments, so I appreciate your support for our ask and that program.

You were also in Sault Ste. Marie. It is true that we make steel. We're a great community and a city of steel excellence, but we also have a lot of innovation and creation happening. You've been in Sault Ste. Marie and had some round tables and discussions with various companies. I'm really interested in the dialogues you had recently with some different players related to the innovation and the strategies around those particular round tables that happened.

What did you learn? What did you hear?

Hon. Navdeep Bains: As you know, one of the areas we talked extensively about was clean tech—the investments that are being made in clean technology and the green jobs that are being created. Some of that diversification in job creation opportunities is really a reflection of the additional monies you advocated for, along with your colleagues from northern Ontario, for FedNor.

Actually, since we formed government, we've seen an increase of \$58.2 million for FedNor. We've seen that in three successive budgets. There was \$5.2 million in the 2016 budget, \$25 million in the 2017 budget, and \$28 million in the last budget. That speaks to the overall funding increase that we've seen in the last budget for all the regional development agencies, \$511 million. Specifically, FedNor has received funding in all three budgets.

There are enormous opportunities in innovation. As I said, we talked about high-speed Internet connectivity. It's essential to make sure people have access to the Internet so they can really succeed in the e-commerce platform.

Also, as we discussed when I was there, the opportunities with clean tech in the Soo are enormous. It's great that we have municipal leadership on board. Christian Provenzano, the local mayor, is on board as well. Many companies are receiving support through Sustainable Development Technology Canada, which is a commercialization support mechanism start-up for clean tech. There have been some good announcements there.

They're further supported by FedNor, and that's an example of the kind of diversification that's taking place and the jobs that are being created. It allows young people to stay there and raise their families there. It enables that community to grow. There's no doubt steel is important, and we're very supportive of working with Algoma, but there's so much happening there in the Soo, and I want to thank you for your leadership in that.

Mr. Terry Sheehan: Thank you, Minister.

The Chair: Thank you very much.

We're going to move to Mr. Chong. You have five minutes.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Mr. Chair.

Thank you, Minister, for appearing in front of our committee.

I have a question about vote 1a under Statistics Canada, about the pilot project. Have you or your cabinet colleagues issued a directive or ministerial order to the chief statistician with respect to the pilot project?

Hon. Navdeep Bains: No.

Hon. Michael Chong: You say the pilot project is on hold.

Hon. Navdeep Bains: I just want to give clarification on that. The chief statistician said that he would not proceed until issues of privacy and data—

Hon. Michael Chong: Yes, but in the House of Commons you said the pilot project is on hold.

Hon. Navdeep Bains: Based on that commentary, yes. I just wanted to identify what—

Hon. Michael Chong: Okay. Was there any communication between you and the chief statistician about putting this project on hold, or was this a decision he came to completely independently of any conversation between your office and his office?

Hon. Navdeep Bains: I've not spoken to him about—

Hon. Michael Chong: I'm asking if he came to the decision independently of your office or yourself?

Hon. Navdeep Bains: Of course. He has to make independent decisions.

Hon. Michael Chong: That's interesting, because when appearing before our committee, he made it quite clear that he supports this pilot project and thinks it's a good idea. It's passing strange that he would support the project and indicate that he wants it to go ahead, and then at the same time indicate to the House of Commons, through you, that it's on hold. There seems to be a bit of a contradiction there. How long will this project be on hold?

• (1705)

Hon. Navdeep Bains: Again, I can only refer to the comments made by the chief statistician, who's ultimately responsible for the implementation of this program. He indicated that he's only going to proceed when he's confident that issues around privacy and data protection are dealt with in a meaningful way. That speaks to the broader concern that we want good-quality, reliable data, but at the same time we want the other issues to be dealt with in an appropriate way.

Hon. Michael Chong: I understand that.

Look, it's important to acknowledge that the previous government made a mistake when it cancelled the mandatory long-form census. It was clear that Munir Sheikh resigned as chief statistician as a result of that, but your government has not done a very good job of managing Statistics Canada either.

You had Wayne Smith, the subsequent chief statistician to Munir Sheikh, resign in protest to your government's management of Statistics Canada. You promised to make Statistics Canada fully independent from the department in the last election campaign. On page 37 of your platform, you said you'd make it fully independent, but Bill C-36 doesn't in fact do that.

In fact, before the election you argued that the chief statistician should be nominated by an outside committee, but when Wayne Smith resigned, you unilaterally appointed his successor. Now we have the fiasco of this pilot project, where the proposal is to obtain the personal financial data of millions of Canadians at a granular level that's never been seen before.

You know, when people fill out the mandatory long-form census, they imply their consent or face consequences for not filling it out, and they know exactly what information they're providing to the Government of Canada. With this pilot project, you're basically getting the data through the back door, through the banks, and it's very personal information. It's about whether somebody purchased personal hygiene products at Shoppers Drug Mart, or whether they paid for psychological services at a therapist, or whether they purchased a beer at a bar, and when they did it. This is data that is far more intrusive than anything we've seen before at a level that would make Alphabet and Amazon blush. We're talking about very personal information from millions of Canadians—hundreds of thousands, if not millions of households.

This is why this has raised the ire of so many people. What's particularly egregious about this pilot project is that it's going to be used by some of the largest corporations in the world. Yes, we know that the data will be scrubbed and cleaned up and aggregated on a postal code basis, but nevertheless the reality is that this data is going to be used by some of the largest companies in the world in order to market their services to Canadians. Your government proposed to use the coercive power of the state under the Statistics Act to get this data. It's a big-time overreach on the part of your government, and I think it reflects poor management of Statistics Canada.

Thank you, Mr. Chair.

The Chair: You have about 10 seconds if you wish to answer.

Hon. Navdeep Bains: You're a very thoughtful individual with very thoughtful commentary. Unfortunately, I don't have much time to get into the details.

I may very quickly highlight a couple of key points. One is that this and any information Statistics Canada wants to obtain is designed to help develop good public policy. For instance, why do we need good-quality, reliable data? We want to make sure citizens get the appropriate support: the Canada pension plan or old age security or the Canada child benefit. I think we need to be mindful that a lot of the transactions are going online. Again, privacy and data protection are essential.

One thing is very important to note: Under section 17 of the Statistics Act, no government, no private entity, no large corporation can compel data from Statistics Canada, particularly personal data, which they have a track record of protecting. I think it's important to note that as well. This data is designed for public use, public policy for public good—good-quality, reliable data—but we have to underscore the importance of privacy and data protection. That's why the Privacy Commissioner is engaged, and that's why the chief statistician has made it very clear that he will only proceed if he's able to deal with those issues about privacy and data protection in a meaningful way.

The Chair: Thank you very much.

Mr. Jowhari, you have five minutes.

Mr. Majid Jowhari: Thank you, Mr. Chairman.

Minister, welcome to our committee once again.

I'd like to take our conversation in a different direction and get your feedback on USMCA and the impact it has had specifically on industry. One industry is the automotive industry. Can you give us an update on what's happening in that industry, as well as in aerospace? I understand that you're asking for about \$30 million in the estimates to invest in aerospace. If you can give us some update on those two, I would appreciate it.

• (1710)

Hon. Navdeep Bains: In the USMCA, there was a lot of debate about dairy and supply management, and a lot of thoughts and feedback about the automotive sector. The current President said he would invoke section 232 on the automotive sector and impose a 25% tariff. We were very fortunate, because of the leadership of Minister Freeland, to shield the automotive sector. It's such a critical

part of our economy: 500,000 direct and indirect jobs are connected to the automotive sector.

It's not only about the OEMs or the major automakers; it's about the supply chain and the number of people they employ throughout the country, not only in Ontario. We took very clear steps to protect that by making sure that production levels for the number of vehicles that are built, and also the parts that are sold, have significant growth potential. Part of the USMCA also changed the rules of origin for vehicle content, making sure there was a higher threshold for regional value content.

Currently, we're at 62.5% for regional value content for vehicles made in North America to local content requirements. That will go up to 75%. That creates more opportunities in the automotive sector. That complements our support. Since we've been in government, we've seen \$5.6 billion invested in the automotive sector. Those are significant investments. People talk about how people view Canada. When it comes to the automotive sector, a lot of innovation and a lot of investments are occurring. That's translating into a lot of jobs, both being maintained and created on a going-forward basis as well.

That was a key aspect of the USMCA, to make sure that we not only protect the automotive sector, but set it up for success going forward. A high regional value content helps, and also the labour standards with Mexico, because now their labour standard employee costs have gone up to \$16. A competitive advantage potentially existed with Mexico in labour costs, which now no longer is the case. The difference is much smaller. That makes Canada even more attractive as an investment opportunity. We're very pleased with the progress we've made, and now we look forward to working with the automotive sector to build a car of the future as well.

This supports what we've also done in the aerospace sector. Recently the Prime Minister announced significant investments in CAE from the strategic innovation fund to make sure it continues to be a global leader in flight simulation. They have also pivoted toward health and health simulation. There are great opportunities in Canada for investments, for growth and jobs, particularly in the automotive and aerospace sectors, two sectors that were part of industrial policy for decades and that have a bright future as well in some of the policies and programs we've put in place for innovation and trade.

Mr. Majid Jowhari: Thank you.

I have about a minute left. I want to go back to the funding request of about \$7.5 million made under Statistics Canada. It's funding for the statistical survey operations settlement. Can either the minister or Mr. Knuble comment on that one?

Hon. Navdeep Bains: Yes, the deputy can speak to the specifics of what that's for. As I mentioned before, though, we do have a proud record when it comes to Statistics Canada. On day one, we reintroduced the mandatory long-form census. As we committed in the platform, through legislation, Bill C-36, we dealt with its independence, reinforcing and strengthening the independence of Statistics Canada.

Right now, we're going through a modernization process to make sure that it is able to succeed going forward in the new knowledge economy, to make sure that we use other datasets and administrative datasets to provide good-quality, reliable data for policy-makers.

With respect to the \$7.5 million, Deputy, do you want to speak to that?

Mr. John Knuble: This is related to an HR issue. Some time ago, in 1985, the Public Service Staff Relations Board ruled that the long-standing interviewers who are used in the census process, for example, were actually employees of the Treasury Board. There continue to be payments as a result of this settlement.

The Chair: Thank you very much.

Mr. Albas, you have five minutes.

•(1715)

Mr. Dan Albas: Thank you again, Mr. Chair.

Minister, you said earlier that the information that would be used from this pilot project would be used for analysis for policy-makers. StatsCan repackages its data for private businesses to purchase. It's an endeavour that brought in about \$113 million last year. Currently, 400 people are employed to help supply businesses with government data.

My question is, do you think the demand for this repackaged data from private companies will increase once your government starts collecting this information?

Hon. Navdeep Bains: First of all, it's not our government—it's Statistics Canada that will make that decision. They've indicated that they will only proceed if they have dealt with issues around privacy and data protection. No personal information is ever sold by StatsCan, so I think you might be misinformed there.

Second, the \$113 million you're referring to is for requests made by the private sector where they've engaged StatsCan to collect data. It's not data that StatsCan has and that they're selling to the private sector. I think you need to make sure that—

Mr. Dan Albas: Well, Minister, we had the chief statistician come in here and explain that sometimes companies will ask to have datasets—

Hon. Navdeep Bains: Correct.

Mr. Dan Albas: —and put them into certain ways so that they can better use them to sell their products.

Minister, you have to appreciate the point that this information would be highly valuable. As my colleague Mr. Chong has said,

groups like Amazon already have large transactional databases of their own. To be able to break down, postal code by postal code, the granularity of what we're talking about would be highly lucrative for businesses.

If this program were to go forward, do you see an increased demand for those services?

Hon. Navdeep Bains: That's a hypothetical. I don't know. Again, as you said, it's a pilot project that has not moved forward. Data has not been collected, and we don't know what data would or would not turn out at this stage.

What I can say is that having good-quality, reliable data is important. For example, with respect to the long-form census, when we made it voluntary, 1,128 communities did not have good-quality, reliable data. That also impacted small businesses. Businesses use that data—

Mr. Dan Albas: Minister—

Hon. Navdeep Bains: —to make sure that they plan—

Mr. Dan Albas: —we're not talking about the past. We're talking about the future, and I'd like you to stay focused on something that's in your bailiwick right now. Specifically, I think that Canadians are not happy with that idea, and your government seems convinced that this is the only way that StatsCan can do this.

The chief statistician gave us this “Well, people don't want to take their cloggy logbooks around and write down every transaction.” Now, what was proposed, Minister, is light years ahead, and in fact it does seem to be more intrusive than anything. If this program were to move forward, would you require there to be consent?

Hon. Navdeep Bains: Again, this is a hypothetical. What I am getting at is that they will only move forward when issues around privacy and data protection are dealt with, and I think that's very important to note.

Our government has been very clear about protecting privacy. We brought forward regulations to PIPEDA to strengthen privacy legislation. We're actually undergoing consultations to further strengthen privacy laws. We recognize the importance of privacy and data protection, but we also acknowledge that Statistics Canada needs good-quality, reliable data, so this is why they need to engage Canadians to build that trust.

Mr. Dan Albas: Minister, again, you have to say that when both the minister and the Privacy Commissioner have to read in the paper what Statistics Canada is up to, there is a problem here. Parliamentarians—both Conservative and NDP—have raised those concerns, and I hope you would be looking at this and putting your foot down on this.

Again, when we talk about people who are receiving CPP, EI and other forms of government support, Minister, what about the dignity of those persons to have the privacy of their own transactions? Again, this is over a million people who would be affected just on the first round.

Hon. Navdeep Bains: When it comes to privacy, I do want to highlight the fact that StatsCan has a tremendous track record of removing personal data. I cannot think of any data breach with the servers where personal information was compromised—

Mr. Dan Albas: Well, in the last census there was, and again, there are multiple cases where these things have been circumvented —

Hon. Navdeep Bains: I'm talking about—

Mr. Dan Albas: Minister, I would simply suggest that you look at the chief statistician's testimony before this committee. I asked him if there is a “master key” that allows for those files to become un-anonymized, where you can actually say whose information it is and link that directly to transactions. He said that there was a capacity at any time, subject to policy.

Minister, to say that the data is going to be anonymized and thus that you can't link it to the original person is false.

• (1720)

Hon. Navdeep Bains: No.

May I make one point very clear?

The Chair: Very quickly, please.

Hon. Navdeep Bains: When it comes to Statistics Canada, they want to generate good-quality, reliable data. They're not here trying to pry into people's personal lives. They're not trying—as the rhetoric you mentioned—to do surveillance. They're genuinely trying to collect good-quality, reliable data.

You have raised legitimate points—and so have other Canadians—around data, privacy and protection. Those issues need to be addressed, but by no means has anyone's personal information in the past been compromised with information on servers. Going forward, obviously we have confidence in the system, but before we get there, it's a hypothetical. They need to build that trust with Canadians.

Mr. Dan Albas: Well, the previous chief statistician—

The Chair: Thank you. We're going to move on to Mr. Longfield.

Mr. Dan Albas: —resigned over this. I think it's important to note that—

Mr. Lloyd Longfield: Thank you, Mr. Chair—

Mr. Dan Albas: —this is a country where we believe in democratic values.

The Chair: Mr. Albas—

Mr. Dan Albas: Again, it shouldn't just be up to some bureaucrat to decide how that—

The Chair: Mr. Albas, your time is up.

Mr. Dan Albas: Thank you. I appreciate that.

Mr. Lloyd Longfield: I wanted to talk about the IP strategy fit, but I also want to bridge on some of Mr. Albas's comments. As a previous consumer of the CANSIM tables, I mentioned to the chief statistician when he was here how valuable those CANSIM tables are for businesses in order to understand the markets in Canada. I also worked on the poverty elimination task force in Guelph, and I mentioned how important the CANSIM tables are to understand unemployment, homelessness and food insecurity and to have the right data.

As this is an innovation and skills plan that we've developed using IP, my first question to our businesses is about who owns the IP and how they are going to go to the market with that IP, maybe using CANSIM information. I'm just trying to bridge two topics here, the IP strategy fit with our innovation agenda. It was great to see it showing up in budget 2017.

I know that our committee did a lot of work around the IP strategy. Could you comment, Minister, on the importance of the IP strategy fitting in with our innovation and skills plan?

Hon. Navdeep Bains: Thank you for that question. Intellectual property is a foundational piece and an essential piece for the knowledge economy going forward.

If you look at the U.S. and their S&P 500, you see that 84% of the assets attributed to the companies are intangible assets. It's connected to IP. If you look at the TSX top 30, you see that 40% of the asset base is attributed to IP. We're behind the U.S., and compared to other jurisdictions as well, and we really have to step up.

We want to be in the business of generating more IP and making sure that we see the benefits here in Canada. That's why we put forward the first national IP strategy, based on the work you did. It was really well received.

Jim Balsillie, for example, someone who is really knowledgeable about this, said that ISED—not me, but more specifically the department I work with—“has been a tireless champion of innovative Canadian companies”. He said, “I'm delighted that [under the leadership of ISED we've] put in place this most significant pillar for an innovation strategy.... Raising sophisticated domestic capacity in IP ensures Canada will improve the commercialization of our ideas globally.” This is pretty high praise from someone who understands the importance of IP.

We received similar support from many different professors, the IP Institute of Canada and the different organizations and companies that use IP. Particularly in our smaller and medium-sized businesses, only 10% actually have an IP strategy, and only 10% actually use that IP strategy as part of their business plan. What we're trying to do, fundamentally, is to say, how do we increase that number?

I think the larger companies, generally speaking, are better when it comes to IP generation and IP development and the benefits of it, but it's really about the small and medium-sized companies. We've put forward measures in the IP strategy to also protect Canadian companies, particularly around trolls, to deal with issues around the demand letters that are issued in order to make sure that those demand letters protect them and protect their IP. We've looked at patent collectives, another area that's really important: to combine different patents to provide more opportunities for businesses and to deal with trolls as well.

These are some of the strategies we're deploying. It's \$85.3 million that we're investing for significant investments in IP, so it's not simply legislative changes that you're seeing in the legislature, in the House of Commons, but financial resources as well, to move forward on the strategy.

Mr. Lloyd Longfield: Last week, I was announcing on your behalf \$2.28 million for Bioenterprise. They're working in bioplastics and a lot of bioproducts. The next day, I was visiting a company that was taking all the coffee-grounds from McDonald's Canada and making bioplastic headlamp covers for the Ford Motor Company for their Lincoln line. I was thinking that the farm equipment manufacturers in western Canada could benefit from this technology.

To go back to this, you have this idea from IP, the IP is owned in Canada, and we have market information through Statistics Canada CANSIM tables to see who else has headlights and who else is making equipment that could use that technology. Do you see a continuum between our IP strategy and providing the right market data for companies to expand their businesses?

• (1725)

The Chair: Answer very quickly, please.

Hon. Navdeep Bains: Yes, absolutely. That's a great illustration of how we connect data to IP and make sure we get the commercial benefit of it. That is definitely part of the vision going forward. Thank you for that insight.

Mr. Lloyd Longfield: Thank you, Minister.

The Chair: Thank you very much.

For the final two minutes, Mr. Masse, we're back to you.

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

Dr. Wayne Smith, the former chief statistician, said that Bill C-36—this is your bill that you had in the House of Commons—does nothing to prevent a repeat of the uproar after the 2011 switch from mandatory to voluntary long-form census.

We're back here now, and I can understand the reservations of people, because the reality is that data will be mined down to your postal code in terms of influencing consumer behaviour. Bill C-36 is

different on a couple of things from the bill I had, and I would like your opinion on these things to end this meeting.

One of the biggest things was that the chief statistician would be responsible to Parliament, similar to the Auditor General, and wouldn't be the creature of the office of the Minister of Industry, as it is right now. Would you agree to that change?

Another thing would be, would you actually fulfill the promise that you had in your election platform with regard to making a new appointment process that's different from what we have right now?

Last, will the Statistics Canada department continue to be the one that actually gets the data from Canadians, and not Shared Services Canada?

Those were the divergent points. I agree that data is a very important point, but what is just as important is the quality of the data and also the empowerment and the personal confidence people have in giving it. In this situation, the chief statistician has undermined his own process, because people will change their banking ways with what's taken place.

On those three things, can you give at least some guidance in terms of whether you would change Parliament and the Statistics Act to create a culture of inclusion and accountability for the position of the office?

Hon. Navdeep Bains: Under the legislation we presented, accountability is a key feature. The reason why we would not be able to repeat what happened in the past, which was political interference when it came to the long-form census, is that with the new legislation, for any of those policy changes you need to inform Parliament, so there's that transparency. What this says is that ultimately, as government officials, as elected officials, we drive policy. We say—

Mr. Brian Masse: He reports to you, though, not Parliament.

Hon. Navdeep Bains: —that we need information on clean technology and we need information on the new digital economy—

Mr. Brian Masse: I don't disagree with all of that. I'm talking about the position.

Hon. Navdeep Bains: We set the policy directive. Then, in terms of how that data is collected, if we're bringing about changes to that—as the previous government did in terms of the methodology, from mandatory making it voluntary—that's where that aspect of it becomes very open and transparent. That information needs to be shared. If we're trying to change methodology or trying to change a process, we need to explain why. That's why—

Mr. Brian Masse: Will you send it back to Stats Canada from Shared Services?

The Chair: We're pretty much out of time. Do you have a quick answer?

Hon. Navdeep Bains: Yes. Again, the questions around data protection—where the data is stored and how it's stored—are very important questions. Our government endeavours to make sure that data is properly protected. We recognize that we now live in an era where cybersecurity in general.... It doesn't matter if you're a private entity or a government; all institutions face this threat, and we need to be mindful of it to make sure we continue to earn the trust of Canadians.

The Chair: Thank you very much, Minister, for coming and sharing some time with us today.

We are very tight on time, and we have some votes for the supplementaries. May I get unanimous consent to lump them all together?

Some hon. members: Agreed.

ATLANTIC CANADA OPPORTUNITIES AGENCY
Vote 5a—Grants and contributions.....\$25,537,539

(Vote 5a agreed to on division)

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY
Vote 1a—Operating expenditures.....\$99,196

(Vote 1a agreed to on division)

CANADIAN SPACE AGENCY
Vote 1a—Operating expenditures.....\$1,800,000
Vote 5a—Capital expenditures.....\$29,654,327

(Votes 1a and 5a agreed to on division)

COPYRIGHT BOARD
Vote 1a—Program expenditures.....\$99,196

(Vote 1a agreed to on division)

DEPARTMENT OF INDUSTRY
Vote 1a—Operating expenditures.....\$4,149,095

Vote 10a—Grants and contributions.....\$154,667,316

(Votes 1a and 10a agreed to on division)

DEPARTMENT OF WESTERN ECONOMIC DIVERSIFICATION
Vote 5a—Grants and contributions.....\$53,521,644

(Vote 5a agreed to on division)

FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO
Vote 1a—Operating expenditures.....\$99,196

(Vote 1a agreed to on division)

NATIONAL RESEARCH COUNCIL OF CANADA
Vote 10a—Grants and contributions.....\$4,927,922

(Vote 10a agreed to on division)

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL
Vote 5a—Grants.....\$1

(Vote 5a agreed to on division)

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL
Vote 5a—Grants.....\$1

(Vote 5a agreed to on division)

STATISTICS CANADA
Vote 1a—Program expenditures.....\$7,542,506

(Vote 1a agreed to on division)

The Chair: Shall the chair report the votes on the supplementary estimates to the House?

Some hon. members: Agreed.

The Chair: Thank you all very much.

I remind you that we are not here on Wednesday.

The meeting is adjourned.

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