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Chair: Mr. Tom Lukiwski



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• (1100)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, I will call this meeting to order.

Welcome to meeting 17 of the Standing Committee on Government Operations and Estimates.

I have three quick points. Number one is a reminder that next Tuesday's meeting will take place from 5 p.m. to 7 p.m. Eastern Standard Time. That's Tuesday, June 9.

Second, to all of the witnesses who may be asked questions or who may participate during the Q and A, if you start a question or a statement in one official language, I would ask that you continue in that official language, rather than alternating between English and French. That will be of great assistance to our technicians, because they won't have to switch between channels.

Lastly, colleagues, Mr. Davies has presented and delivered to all of you, I believe, his opening statement in both official languages. However, in the interest of time, if we wish and if there is agreement, we can go directly to questions if I have consent for the following motion: That the speaking notes presented by Mr. Davies be taken as read and appended to the evidence of today's meeting.

Do I have consent from all of our committee members for that motion?

Some hon. members: Agreed.

[See appendix—Remarks by Mitch Davies]

The Chair: In that case, we will go directly into questions. The first round will be six minutes, followed by a five-minute round, followed by a two-and-a-half-minute round.

Mr. McCauley, you are our first speaker, for six minutes. The floor is yours.

Mr. Kelly McCauley (Edmonton West, CPC): Thank you, Mr. Chair.

Welcome, witnesses.

Concerning the companies that have received taxpayers' money for retooling, when are they going to start delivering the first round of domestic supply of PPE?

Mr. Mitch Davies (Senior Assistant Deputy Minister, Industry Sector, Department of Industry): In the case of contracts signed with domestic manufacturers, a number of these are already

under way. If there was interest in further information on the state of deliveries and payments—

Mr. Kelly McCauley: Maybe you could provide it to the committee, then.

Mr. Mitch Davies: Yes.

Mr. Kelly McCauley: I have the same question on companies that are retooling, such as GM, which is receiving taxpayers' money for retooling. When are they going to start, and what is the amount of supply? Can you provide that?

Do you have any idea about general delivery dates or production dates: one week, one year?

Mr. Mitch Davies: In general, in response to the question, I would indicate that delivery of PPE in many cases is already well under way. It would depend on the product and the—

Mr. Kelly McCauley: When you say delivery is well under way, do you mean that it's reaching the provinces? Maybe you could provide that information to us at a later date.

How much taxpayers' money, in total, is going to be spent building domestic capacity for PPE, whether for retooling or new builds?

Mr. Mitch Davies: Mr. Chair, based on the best available information, close to 700 manufacturers in Canada will, in some way over the course of this, turn to supply for Canadian needs—

Mr. Kelly McCauley: Sorry, let me rephrase the question. I'm not asking about those that are going to receive contracts, but how many are going to receive non-repayable loans or grants from the government and from taxpayers? How much is that in dollars?

Mr. Mitch Davies: Among the firms that I was referencing, the 700 in total, a small portion would be expected to receive grants or other incentives beyond the contracts themselves, which obviously is the most important matter—

Mr. Kelly McCauley: Maybe you could get back to the committee with the total.

How much will Medicom receive?

• (1105)

Mr. Mitch Davies: Medicom, under a letter of intent, will be providing supply to the—

Mr. Kelly McCauley: I know what they're supplying, but will they be receiving grants, non-repayable loans, etc. from the taxpayers?

Mr. Mitch Davies: We are, at this time, in discussions with Medicom in terms of support for its scale-up of Canadian operations. The information that the member has requested would be available at a subsequent point, and we'd be pleased at that point to be able to confirm that.

Mr. Kelly McCauley: How was Medicom identified as a PPE supplier? We understand they've received a sole-source contract. PSPC said that industry approached them. How were they identified?

Mr. Mitch Davies: Dating back to the onset of the crisis and very significant activities in the early days to mobilize, we in ISED reached out to firms that had an interest to scale up Canadian production. Medicom is a Canadian-headquartered company that produces PPE, and they showed willingness to move forward on a plan that would meet Canada's time frame.

Mr. Kelly McCauley: Okay. On what date were they approached or contacted?

Mr. Mitch Davies: I would want to check our records to provide the precise date, but it would have been in late March. I would have to check our records to make sure that I provide the accurate answer to the member's question.

Mr. Kelly McCauley: Okay. Did any large-scale North American PPE suppliers contact Industry Canada about this?

Mr. Mitch Davies: We have had discussions and continue, in fact, to have discussions with a number of large-scale PPE suppliers, those that provide the type of PPE that, for example, Medicom would. Those discussions are also ongoing, given that there's an interest in the economy broadly for a restart of the economy to increase the supply of PPE in Canada beyond the—

Mr. Kelly McCauley: Let me ask you this. When we had PSPC with us, the deputy minister, Mr. Matthews, stated that no other North American-based company had actually approached PSPC or the government offering to make PPE in Canada or supply it. Is that correct? You're saying that you were approached.

Mr. Mitch Davies: Mr. Chair, the answer to the member's question would depend on the time frames and the context for the exchange that—

Mr. Kelly McCauley: I mean in April, in March-April.

Mr. Mitch Davies: I was referring to conversations with Medicom that date back some time. I would say that there have been conversations and a dynamic exchange with—

Mr. Kelly McCauley: I'm referring to March and April. Did any other large-scale North American companies approach Industry Canada offering to make PPE in Canada or to provide North American-made PPE?

Mr. Mitch Davies: As a general question, of course, we've had conversations with many companies, so I would think the question as to what the deputy minister for PSPC said would have to depend, of course, on the precise question that was answered. We would want to go back and make sure we're checking our records to provide the most accurate response.

Of course, many companies have approached government, and government has approached many companies, given the scale of the

challenge to pursue opportunities for Canadian production and to see if we could bring those projects forward.

Mr. Kelly McCauley: Okay. Have we—

The Chair: Unfortunately, Mr. McCauley, you'll have to wait for the remainder of your questions until the next round.

Mr. Davies, I just have a quick reminder: When answering questions, please keep the microphone as close to your mouth as possible for audio levels. We're having a bit of a difficult time hearing you.

Mr. Mitch Davies: Okay.

The Chair: We'll now go to our next six-minute intervention.

Mr. Jowhari, you have six minutes.

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

Let me start by welcoming you, Mr. Davies, to our committee. It's good to see you. Let me also acknowledge the great work the department has done in helping us mobilize both industry and research in Canada.

In your opening remarks, you talked about the different mechanisms available to us and to the department, which the department has effectively used: i.e., IRAP, SIF, the innovation superclusters and innovative solutions.

My colleague Mr. McCauley also probed into the funding and the various organizations that have been granted this funding, whether it's funds or a grant. Can we take a step back and talk about the criteria the department uses under these programs, either to do a sole-sourcing or to evaluate the organization that is reaching out to us, either for research or for retooling?

● (1110)

Mr. Mitch Davies: I would just make the distinction that the department is not directly involved in procurement. That's obviously under the care of another ministry, but we certainly have used criteria to ensure that the work we've put forward into our own programming and those in the portfolio would lead to the outcomes that Canada was seeking.

I would say, first of all, that in evaluating proposals, the main question was timeliness and the ability of companies to deliver and to provide a complete supply chain response. Given the tightness in markets around the world, it was very important for us to deliver on domestic capacity in respect of the full supply chain. We were also interested in the speed with which the response could be mobilized. That was very important, particularly when we evaluated the number of proposals for ventilators to be built in Canada.

All this work turned on delivering on time and to a specification that we have as low a risk as possible of having the overall supply chain fail to deliver the goods, which is really the purpose of having a made-in-Canada effort running in parallel to our international procurement effort.

Mr. Majid Jowhari: Thank you for that response.

To summarize, it was the timeliness and how fast they can move and retool for an organization to be able to deliver those goods. Naturally that's related to the industry. How about the research? I believe over \$1 billion has been assigned to help us develop a vaccine and some testing. What criteria did the department use in its evaluation? I understand you guys aren't doing the procurement, but you're partnering and you're providing those. What criteria did you use there?

Mr. Mitch Davies: Very importantly, in research, just one component of a very large portfolio of research support is delivered through the Canadian Institutes of Health Research. In that case, those funds would be allocated based on scientific peer review. They would be assessing a range of proposals and obviously making recommendations for funding. That's not the direct responsibility of our department.

In terms of funding from the strategic innovation fund, for example the funding that's been announced for vaccines and therapies, at the moment we are establishing scientific industry advisory bodies to provide advice to the department on the best opportunities to pursue. That is ongoing. It's important that we establish strong merit in choosing which projects will advance so they withstand scrutiny and deliver the results and outcomes that Canadians expect.

Mr. Majid Jowhari: Let's continue on that path. When the allocation of \$115 million for the Canadian Institutes of Health Research was announced, a portion of that went into developing test kits. In your submitted opening remarks, you talked about the point-of-care test kit. I understand there are three different methods of testing: the lab test, the point-of-care test and the serological test.

Can you expand on the point-of-care test kits and the advancement that's been made in that category specifically?

Mr. Mitch Davies: A significant program that we undertook in point-of-care test kits was through innovative solutions Canada, to bring forward new technologies from Canada to deliver point-of-care testing with more rapid testing and rapid turnaround, to try to compress the time scale between testing and getting an outcome. A number of projects were announced recently. Again, those projects were selected through a merit review, through a scientific and manufacturing analysis—

Mr. Majid Jowhari: Quickly, can you highlight how the point-of-care test kit supplements the lab test, specifically in remote areas?

Mr. Mitch Davies: Large-scale testing is largely run through provincial labs, obviously with a very high throughput. That's the number we read about in the media; daily testing is based on those lab tests. The point of care in rural and remote communities depends on being able to provide a result in place. A number of test kits are approved for this use and are very important to provide answers where you don't necessarily have the logistics to move the samples to a major centre and then bring back the results. You want to be able to provide that information in the community itself.

• (1115)

Mr. Majid Jowhari: Thank you. I'm out of time.

The Chair: Thank you very much. We'll now go to our six-minute round.

[Translation]

Mr. Lemire, the floor is yours.

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

My first question goes to Mr. Davies.

Now that you have a little time to catch up, do you consider that Canada was ready to face the COVID-19 crisis. Which we could basically see coming? We could see that the virus was beginning to be transmitted more and more in a number of countries.

Were we ready to face this pandemic?

[English]

Mr. Mitch Davies: Mr. Chair, in answering the question, I'll be very humble in that I wouldn't wish to extend my expertise in terms of Canada's overall capacity and capability to respond and to make all the policy and implementation decisions to respond to the virus. Our task in ISED was to mobilize our industry, our research and our companies to be able to respond and create a made-in-Canada response.

We've made considerable progress—I've shared the numbers with the committee—in terms of the number of proposals we've been able to advance and the amount of production that has been turned to PPE. A number of commentators have shared information on that. It's been very important to provide a diversification of support in Canada for the equipment we need, and also provide good jobs. Obviously, it has also been very critical to manage the risk around tight supply chains and constraints in the world we face, where everyone is chasing the exact same sort of products.

That's our area of expertise, and I would stick to that in framing our response in terms of where we're at.

[Translation]

Mr. Sébastien Lemire: In your remarks, you mentioned a number of...

The Chair: Excuse me, Mr. Lemire.

[English]

Mr. Davies, once more, if you could, try to keep the microphone about two inches in front of your mouth. Our interpreters are having quite a bit of difficulty picking up your audio feed.

Monsieur Lemire.

[Translation]

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

In your remarks, you mentioned a number of support programs for industry and innovation, including the Industrial Research Assistance Program, the Strategic Innovation Fund, Canada's super-clusters, Innovative Solutions Canada, and several others.

Do you have the feeling that those programs have been well used? In a situation of recovery and long-term vision, which are likely to become permanent, in your view?

[English]

Mr. Mitch Davies: I would say that it was identified at the earliest stage that these industrial support programs and research and development programs would be key tools to mobilize Canada to respond to COVID. In fact, I would highlight the support that we've been able to generate through the innovation superclusters across Canada, which have now dedicated some \$55 million to a variety of projects that are very critical in terms of meeting the needs for critical equipment and also to develop solutions to the challenges that we're now facing. These programs came into use, and they have been able to channel their support to this current challenge and have been quite effective in that regard.

I would also say that the NRC IRAP network, which is a long-standing, very solid network across the country with over 200 advisers, has been very helpful in connecting supply and demand and unlocking the potential of our innovators to solve the problems we're facing here in Canada.

[Translation]

Mr. Sébastien Lemire: Based on the way in which you see industry today, June 5, could you tell me where our shortcomings lie in your opinion?

In which areas are we less strong, in terms of our production and our capacity to respond to needs? That includes health and other sectors of our economy.

Could you tell us about some of the gaps in the programs?

[English]

Mr. Mitch Davies: I would say that the areas to work on are related to the evolution of where the equipment is needed now. The market demand for PPE, for example, is extending to the private sector as it returns to business. We need to continue the effort we've started so that, domestically, our businesses and organizations will have access, broader and beyond the health care system, to this necessary equipment.

I would say that in the area of masks, some of the specialized masks.... We talked about the N95 mask. In particular, there's a very important filter material in these masks. We've dedicated some challenge efforts to coming up with new alternatives to this material. These are areas that we have to continue to focus on to ensure that we have a full response to be able to meet the needs and provide this critical equipment.

The work is not done. We have to continue focusing on the areas to build out our supply chain.

• (1120)

[Translation]

Mr. Sébastien Lemire: With a view to the recovery of Canada's economic sectors, you established the Industry Strategy Council to build on the economic strategy tables.

I would like to know how transparent this council is required to be. Will it have to be accountable? How will it do that?

[English]

Mr. Mitch Davies: Thank you for the question and the interest in the industry strategy council, which will provide, in short order,

advice and guidance to the government on the restart, coming up with very concrete proposals in our sectors to get our economy moving again as we emerge from the crisis.

I would say that the chair, Madame Monique Leroux, and the membership will obviously have to turn to the question of engagement with Canadians, a broad-based engagement, to ensure that all voices are heard and are taken into account as they form their advice to the government. This is a very important area.

The Chair: Thank you very much.

We will have to go on to our next six-minute intervention, from Mr. Green.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you very much, Mr. Chair.

Thank you, Mr. Davies, for being before us today.

I appreciate the previous speaker's line of questioning, so I'm going to pick up on that.

Has the council already met?

Mr. Mitch Davies: We have had a number of discussions with the chair recently. The full membership was announced, and they will be meeting in a short number of days. In fact, we expect that they will be meeting on a regular basis to provide advice in an accelerated time frame to the government. The chair has been very active in her own regard, building networks, support, advice and counsel for her work. We've been supporting the effort fully so that they can get up and running very soon.

I know that a meeting will be held with the full council very soon, but I don't have the precise date. I'd have to get that back to the committee.

Mr. Matthew Green: Do you have a sense of what the agenda is going to be? What's going to be their priority in terms of delivery, aside from giving advice? What's going to be their major focus?

Mr. Mitch Davies: I would say there are three phases of work or analysis that we think the committee would obviously pursue, but I don't want to be presumptuous as to how they would wish to carry out their mandate. Obviously, they have to turn to the situations in our sectors as they stand now, and each of them is facing very unique challenges and pressures. They have to take that into account and also understand fully our health response and how the public health advice and the evolution of the restart are affecting those sectors.

The next phase is obviously to look at how to stabilize and how to ensure that we incentivize a return to work that is safe, to make people confident and make them trust that their workplaces will be safe, and to restore confidence overall in the restart effort.

The third phase is reimagining and looking for opportunities coming out of this crisis, returning to growth and looking at each sector to identify opportunities for government, industry, and stakeholders to work together to get on a solid growth track coming out of the crisis.

I would say there are three phases of work, but again, I would defer to the council. It will decide how it will conceive of this and come back to the government of its own accord.

Mr. Matthew Green: That's fair. I do appreciate the fullness of that answer, and I see that on June 2 a list of the members of the advisory council was announced. It seems like a very diverse and accomplished council. I'm wondering what the process was for selecting these folks. How did we come to have this particular group?

Mr. Mitch Davies: I would of course suggest that some of the work to establish the council had been under way, in that the economic strategy tables were an ongoing program in the government at the onset of COVID-19. It was something we were already working on with our minister, and we were working to establish the chairs of the various economic strategy tables. Through this effort, we are bringing them all together in a unified council for a very focused mission, which is more or less along the lines that I described to you. Madame Monique Leroux has been recruited to come in and chair the council. As you said, the background, expertise and knowledge of these council members are there for Canadians to assess. We would also say that the chair, with her background as a business leader, a community leader and a long-standing leader and adviser in a number of government panels, obviously will be a good fit for us to have a strong group going forward.

• (1125)

Mr. Matthew Green: Thank you.

On May 22, Prime Minister Justin Trudeau stated during a news conference that Canada is working closely with Apple and Google and prevention partners on an update to a mobile application to support contact tracing, which is expected in early June. What is the nature of the federal government's collaboration with Apple and Google? How much funding, if any, has the government provided for this initiative?

Mr. Mitch Davies: Mr. Chair, I'll ask my colleague Mark Schaan to answer that question, since that is his area of responsibility in the department.

Mr. Mark Schaan (Acting Senior Assistant Deputy Minister, Department of Industry): Thank you so much, Mr. Chair.

Thanks, Mitch, for turning the question over. The Government of Canada has been exploring options for mobile apps that will enable Canadians to monitor their exposure to COVID-19 and minimize the spread of the virus. Sometime into the pandemic, Apple and Google made note of the introduction of an API that would allow for Bluetooth technology to help facilitate the peer-to-peer capacity of telephones to signal interactions, particularly interactions that may actually highlight the risk that people are at in terms of a potential infection.

The Government of Canada has been working with Apple and Google to understand the nature of that API, its functionality and how it works within the telephone space, and how it may interact with the potential exposure notification application that could be brought to bear to allow Canadians to understand their relative risk and the potential for them to come into contact with COVID-19.

Mr. Matthew Green: Would you care to comment on how we're ensuring that all the data from the contact-tracing applications would remain in Canada and that we would have sovereign access to that, or is it a privatized commodity?

The Chair: Could we please have a very brief answer?

Mr. Mark Schaan: Any application that the Government of Canada potentially would work into this space would have to conform to the directives given by the privacy commissioners of Canada, who have laid out very clear guidance as to how contact-tracing applications and exposure notification applications would potentially come to bear in this pandemic.

The Chair: Thank you very much.

We'll now go to our five-minute round of questioning, starting with Mr. Aboultaif.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Welcome to the witnesses.

I think this pandemic is presenting an opportunity for us in Canada to build a sector or industry that we somehow ignored for a long time. In order to do that, I think the aim is to build the industry and to have 100% efficiency in terms of building products for Canadians, whether for the private sector or the public sector.

Mr. Davies, is this the direction of ISED and the government at the moment?

Mr. Mitch Davies: I would say that the direction of our department is to build the Canadian economy. Our efforts, the work that we do with the private sector, the programs of support and the policy support that we provide are intended to build up our industrial base. It's heartening to see how our industrial base has responded and made it possible for us to find Canadian solutions in a challenging time when it's absolutely necessary that we bring these forward, because the entire world is of course pursuing the same products, services and solutions. We need to be able to manufacture and produce those solutions ourselves.

One area of optimism is the area of vaccines. We know that there are over 100 different vaccines in development around the world. At this point, we have many in Canada that are looking for support, and we'll be evaluating them very soon. It's very encouraging to see how much talent and expertise we have in this area, and now we're able to bring that to bear on this immediate challenge for Canadians. It's also a long-term potential for Canada in the life sciences.

• (1130)

Mr. Ziad Aboultaif: PPE is the new norm. This is something that we're going to use probably for a long time and that will be part of our lives moving forward. In order to be able to produce a product, you need equipment, capital and raw material. How are we doing on those three? I know the capital is being provided by the government. On the equipment side and on the raw material side, how are we doing?

Mr. Mitch Davies: As a high-level answer, in terms of capital and equipment, I think the constraints are less daunting. In the area of raw material, this is where you can follow a supply chain all the way up and find that you have to go outside of Canada for certain critical components, particularly chemical components or elements of different products that are required.

For example, in the pharmaceutical industry, the APIs used to create pharmaceutical products are made in other countries. We're sort of chasing these different issues on a daily basis. One thing I've been pleased with is that, to maintain our testing effort, we've unlocked supply in Canada of chemical reagent manufacturing. If we hadn't done so, we would have heard about a constraint in testing related to the manufacturing or production of reagent in the country, but we've been successful in bringing a number of companies into that market to supply our domestic needs. It's a very critical question.

Mr. Ziad Aboultaif: If we don't have raw material independence, we're really doing nothing. We're establishing an industry, but the main element in it is basically the raw material. I understand, and I know that some of the product comes from different countries, whether in South America, Asia or other places. How are we going to be more innovative and do the research to be able to produce product and raw material that is going to give us that independence that we need without having to depend on anybody down the road?

Mr. Mitch Davies: It is an important policy goal. For Canada, in many areas, I think we'll be extending our ability to manufacture and supply for our own needs. However, we are also a country that wants to supply goods and services to other countries, wants to engage in trade and wants to benefit from global markets, so of course there will always be a balance between supply chains where we depend on other countries that specialize in specific areas, and they connect and co-operate with us.

At the moment, the priority of course is made-in-Canada solutions, because everyone is facing the same challenge all at the same time.

Mr. Ziad Aboultaif: In order to do that, we need to focus more on the small guy. There are so many great ideas across the country from all different corners, but it seems now.... We've received complaints that the focus is only on sole suppliers and big guys, ignoring the small ones. How come we don't go more across the country to the smaller guys with good ideas and support them in order to achieve our goal?

The Chair: Please give a brief answer, if possible, sir.

Mr. Mitch Davies: That's an important point. Many of our most innovative companies are small companies. We are a country of small enterprise and very innovative small enterprise.

One specific area is filter material for masks. We have a number of companies we're going to be working with, very small businesses that have innovative answers and want to bring those answers forward. It's a very important area of focus for us. We'll continue to count on small innovators to bring forward these solutions for Canada.

Thank you.

Mr. Ziad Aboultaif: Thank you.

The Chair: Thank you very much.

We'll now go to Mr. Kusmierczyk for five minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you so much, Mr. Chair.

Thank you so much, Mr. Davies, for your excellent testimony this morning.

Mr. Schaan, it's really nice to connect with you after our conversations on the RPL program many moons ago.

I want to follow up on the line of questioning regarding the contact-tracing apps with Apple and Google. I want to ask whether the federal government was soliciting or collaborating with Canadian companies to develop contact-tracing apps as well, similar to Google and Apple.

Mr. Mark Schaan: There's actually quite a bit of work that has been under way to understand all of the capacities and innovative capabilities that can be brought to bear in this particular space, whether it's contact tracing, exposure notification or broader innovations.

The Government of Canada has been exploring options and working with a number of different companies and organizations to understand their functionalities and capabilities. Some want to work on top of the Apple and Google APIs, and others are pursuing slightly different approaches. The Government of Canada is engaging with provincial and territorial counterparts as they work to come to an agreement and work together on the best solution for all Canadians.

We are continuing to explore, but many of them include Canadian operations and Canadian entities that have come forward with potential solutions, and we continue to evaluate those.

• (1135)

Mr. Irek Kusmierczyk: Thank you very much.

I want to touch upon a point that you just raised.

How does contact tracing work effectively in a federal system like ours, where provinces, for example, can download or support their own contact-tracing apps and whatnot? What would be the federal role in trying to coordinate contact tracing across the different provinces and territories?

Mr. Mark Schaan: The Government of Canada has been exploring a number of options, and we are obviously aware that one of the critical factors that determine the success of exposure notification applications is uptake and the degree to which there is widespread adoption.

One of the ways to fuel that adoption is to allow for commonality and jurisdictional interoperability. That's been one of the key priorities as we've worked through this file. We continue to work with provinces and territories to arrive at a possible solution that would provide that level of interoperability and fuel that uptake.

As you note, with the absence of sufficient uptake, you actually run two risks. One is that you potentially fuel false confidence from folks who don't believe they've necessarily been exposed, but that's actually a function of the fact that they're not coming into contact with other people who have downloaded the application. The other is that we know there's interjurisdictional and interprovincial travel, and we need to ensure interoperability across those that recognizes the realities of Canadians who are crossing interprovincial borders.

We continue to work toward that interoperability goal.

Mr. Irek Kusmierczyk: That's an excellent answer; I appreciate it very much.

Do we have a sense of the percentage of the population that needs to have that uptake, to adopt this app, in order for contact tracing to be effective? Do we have a sense of what that target could be or a target range?

Mr. Mark Schaan: There has been a brand new set of scientific, academic and other research articles that have driven into this space as a function of the pandemic. There's no pure answer to that question, but a number of studies have pointed out that potentially 50% to 60% uptake may be required to allow for sufficient penetrating to allow the app to be functional.

Mr. Irek Kusmierczyk: Okay.

I'll build upon that. Would the federal government have a say in terms of whether an opt-in or opt-out model is adopted in Canada? I'm just curious.

Mr. Mark Schaan: Obviously, any model the federal government would endorse or seek to help drive uptake toward would have to do a number of things. One of them is obviously that we'd be pushing for something that could be interoperable. The second is that it needs to conform to the guidance that's been provided by the chief privacy commissioners across all of the provinces and territories and the Office of the Privacy Commissioner of Canada, Daniel Therrien. One of those is that you need to be very clear up front with Canadians about what it is you're providing to them, what information is potentially taken into account and what control they have over that information.

I won't speak to the specifics of opt-in or opt-out, but I'll just say that, for any application, we'd need to make sure it conforms to the guidance that's been provided.

The Chair: Thank you very much.

Unfortunately, you have only a few seconds left, Irek, but thank you.

Mr. Irek Kusmierczyk: Thank you very much.

The Chair: We'll now go to Mr. McCauley again for five minutes, please.

Mr. Kelly McCauley: Thanks very much to the witnesses. It's nice to see some openness from our witnesses. I appreciate all the feedback you're giving us.

I want to get back to Medicom. When is it going to start producing masks and have them ready for delivery? Of course, we have seen reports. I'm sure you saw them today. The AAG consulting company said we're going to need about 750 million non-medical masks a year. When can we start seeing them from Medicom?

Mr. Mitch Davies: It's obviously very important that this be up and running in Canada. We know the company is working to meet the commitments it has made to the Government of Canada for supply. We would hope that very soon, I would say in the summer period, it would be up and running and beginning manufacture in Canada. It is also supplying Canada from abroad as well.

Mr. Kelly McCauley: Right. I hear rumours that it was the one that brought in the shoddy equipment, though.

When is it going to start having them made in Canada and producing in Canada?

• (1140)

Mr. Mitch Davies: At this point, I would indicate that in the late summer period we expect to see it beginning its production in Canada. That portfolio production will start with surgical masks and then move up to the N95 masks over time.

Mr. Kelly McCauley: When will it start making N95s, then?

Mr. Mitch Davies: Mr. Chair, I would have to take that question under advisement to provide—

Mr. Kelly McCauley: Would it be within six months, within three months? Can you provide a ballpark?

Mr. Mitch Davies: Obviously, the time frame for delivery of this product is very critical to us, but I would ask that we take the question.... I think, in fact, Public Services and Procurement Canada has a contract where these terms are spelled out. I suspect the answer lies in there and would be best shared by the appropriate officials, but thank you very much for the question; it's very important.

Mr. Kelly McCauley: Thanks.

Let me stick with that. You mentioned earlier that you met with.... I think this is the very first time we're hearing that the N95s are going to be way down the road. We were told in committee that masks would be coming out, I think, at the end of August. Now it's further down the road, it sounds like, for the N95s.

You said you met with other potential suppliers. Who else is getting contracts? I know that's PSPC, but who is Industry Canada meeting with to set up building N95s in Canada? Medicom got a sole-source contract, but it now sounds like it's not going to do N95s until the end of the year, if that. Who else is ISED dealing with to get the N95 masks done, which seem to be the rarest and most difficult to obtain?

Mr. Mitch Davies: Yes, absolutely, they are a specialized product with a significant number of components and much more complicated than what meets the eye—

Mr. Kelly McCauley: We all know that.

Who else is there, other than the single sole-source company?

Mr. Mitch Davies: I thank the member for the question. I won't provide specifics on companies with which we're having confidential commercial conversations at this point. There will be information in due course that would come forward as decisions are taken.

I would say the question is who might be interested in establishing their business in Canada to meet the broader needs of the economy. We know of a number of companies that may well be of interest, and we're glad to have that strong interest from those companies. Certainly, we're happy to have those—

Mr. Kelly McCauley: Let me interrupt, because I'm probably running out of time.

Let me ask you this: Has a North American-based company approached ISED and said it would build in Canada and have masks start to come out at the end of May or early June? Have you had discussions with such a company, without naming names?

Mr. Mitch Davies: At this point we're having further conversations with companies that are interested in establishing—

Mr. Kelly McCauley: In March and April, did ISED meet with such a company that offered to make the masks in Canada or North America and have them start being available by the end of May, early June?

Mr. Mitch Davies: Going back to my discussion of the early point in March when we were looking for opportunities to expand domestic production with a number of companies, obviously the deal with Medicom went forward because they were able to meet the time frames, were interested in establishing a domestic presence—

Mr. Kelly McCauley: Did you set time frames until the end of the year for N95s? You talked earlier about the importance of delivery on time. I think this is the first we're hearing the N95s are not coming out until long after summer.

The Chair: Unfortunately, we're out of time, but, Mr. Davies, if you could respond to Mr. McCauley's question as soon as possible in writing to our clerk, we would appreciate that early response.

We'll now go to a five-minute round.

Mr. Drouin, you have five minutes, please.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

I'm going to follow a little of the line of questioning that all my previous colleagues have. I want to touch a little on the coordination among the provinces. I know some provinces have also announced some funding. As that relates to the SIF and helping companies retool in Canada, are efforts being made to coordinate with provinces to ensure we provide more value for our dollar in helping retool those companies?

Mr. Mitch Davies: Thank you, Mr. Chair.

There's one industrial base. There are companies that we at the federal level and the provinces would have an interest in partnering with.

• (1145)

We appreciate the point and the need to coordinate, given that we're both drawing on the same industrial base and the same goal. We've established mechanisms in ISED to work with the provinces and territories on industrial response and have regular connectivity with them on a bilateral and multilateral basis. Also, Public Services and Procurement Canada has a federal-provincial-territorial

committee where members discuss the same topics in terms of what they're doing on the procurement front and, of course, the Public Health Agency of Canada deals directly with the provinces and territories on their needs.

There's a wide range and very significant strong connectivity with the provinces and territories to get to the same goal and to coordinate well and to join our efforts where we certainly can.

Mr. Francis Drouin: For those companies that did get access through the strategic innovation fund, I know that sometimes there are variables that are uncontrollable by the company. When you're planning whether or not to retool your industry or your production line, you think you may get access to the particular material you need. You have a timeline and then, whoops, suddenly certain contractors are not available to perform that work. I'm wondering if those conversations have been had with companies that have received SIF funding, specifically for COVID-19.

Mr. Mitch Davies: Specific SIF funding to scale production has not been a significant tool in the tool kit to this point to incent that production. The contracts that PSPC have put in the market have been very important. They have been at a volume level and of a long-term nature, which has allowed the company to have the wherewithal to invest the capital and make the arrangements with suppliers and so forth to bring forward that production.

The emphasis on providing an incentive directly, for example, to buy down capex with a strategic innovation fund, has not been as significant a tool in respect of the overall approach the government's taken, which has been more driven by the procurement decisions and contracts that have been let to date.

Mr. Francis Drouin: Based on that comment, is there any reason why SIF has not been approached? Are you signalling to the industry that, other than going through the regular channel of SIF applications that sometimes can take a few months, we understand the urgency that this must happen. Is that one of the potential barriers as to why companies didn't necessarily need to use SIF funding to retool their companies or—

Mr. Mitch Davies: Mr. Chair, I would say it's more a question of the tool that's required to get the job done rather than a question of time frames or whether approaching our department through the strategic innovation fund is the longer-term negotiation or more complicated. I think the strategic innovation fund in the days ahead is the key tool to unlock the R and D potential, particularly to support vaccine and therapeutic development in the country.

It's not a matter at this point where you're doing a contract; you're investing in the intellectual property development, the research and development. For us that will be a priority. In fact, there will be many projects that will be brought forward as a consequence of that support for the program. They will be done on a very timely basis. In many cases, letting a contract is the quickest way to get to the answer.

The Chair: Thank you very much.

We'll now go to our last two-and-a-half-minute round of interventions.

Go ahead, Monsieur Barsalou-Duval.

[Translation]

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Mr. Chair.

Just now, my colleague asked Mr. Davies whether this fine Industry Strategy Council, which the government established and which is looking at the recovery of industries and the assessment of the impact of the COVID-19, will be transparent in its work.

The Council will have to work on the impacts and issue recommendations. They will probably be contained in a report and in the minutes. Will it all be made public?

[English]

Mr. Mitch Davies: Thank you for the interest in the work of the council and the question of how it will proceed and how it will inform Canadians as to its advice.

I would indicate that, in the economic strategy tables process that had been run in the past, a very significant report was offered out of that process. It was very well received and had a lot of strong support from all sectors and stakeholders.

I'm going to, of course, defer to the chair and the membership in this case as to how they choose to inform their work. Of course it's a priority that they have a strong level of engagement—

• (1150)

[Translation]

Mr. Xavier Barsalou-Duval: I have another question for you, Mr. Davies.

With the NAFTA, the government promised to establish an oversight system for imports of steel and aluminum to ensure that there is no dumping by countries producing steel very cheaply and selling it below cost.

We have recently seen that the government intends to postpone the establishment of that oversight system because of COVID-19.

Are you not afraid that countries that have not slowed their production, like China, may decide to flood our market?

[English]

The Chair: Give a brief answer, please.

Mr. Mitch Davies: On the question of dumping, obviously, the production global oversupply, in particular of steel and other products, is a very sensitive and important topic for Canada. We've worked collaboratively on international fronts to encourage these practices to discontinue, obviously to protect our industry and the competitiveness of our industry.

I wouldn't have specific information on the specific measures, but I think that Canada Border Services Agency could perhaps be consulted in terms of the system of managing what importation is coming in. It's a very important priority, and I wouldn't say it's delayed in any way.

The Chair: Thank you very much.

We'll now go to our final intervention in the first hour.

Mr. Green, you have two and a half minutes.

Mr. Matthew Green: Thank you, Mr. Chair.

I'm going to put it briefly, and I hope to get a brief answer back.

On the question of data as it relates to contact-tracing applications, we heard about privacy concerns. I'm interested in the sovereignty of the data, i.e. who gets to keep the data, who gets access to the data and how it's used.

Mr. Mark Schaan: I think it really depends on the nature of the application, because in many of these applications, there's no data that's produced. In the Bluetooth handshakes that are potentially engaging between two telephones using an API, the sole thing that's generated is a synonymized or anonymized key that indicates the contact between the two, and all of the information lives on the phone.

To the question asked by the honourable member, I would say it very much depends on the specifics of the application, but obviously, concerns around data protection and privacy are foremost in the government's operations of anything in the exposure notification space.

Mr. Matthew Green: I'll put that I think it's also incredibly important that, in this time of mass collection of data in a pandemic, we use it for the best evidence-based policies on a move-forward basis.

I'm going to pick up on Mr. Aboultaif's question about sole source as it relates to procurement.

What is being done, if anything, to track disaggregated data as it relates to the gender-based analysis plus of procurement in order to provide equity, diversity and inclusion, particularly for ethnic, racial and indigenous communities?

Mr. Mitch Davies: The question of diversity, the practices of encouraging diversity and specifics of the procurement the government undertakes would be best addressed to Public Services and Procurement Canada, given that it has the overall responsibility for procurement for the federal government. I appreciate the question, though.

Mr. Matthew Green: As to the uptake of your programs and funding, is it a consideration that you have? Is it in the mandate letter to the minister?

Mr. Mitch Davies: It is without question a consideration in the programs of ISED. I mentioned the innovative solutions Canada program. When it was first launched many years ago, it was very important, and we were very pleased to see that a minority-run business, in Winnipeg, was the first recipient of the program's support. We did a lot of outreach in that regard to make sure it was understood that these programs are available.

Mr. Matthew Green: I look forward to getting a report back, Mr. Chair. Thank you very much.

The Chair: Thank you very much.

Mr. Davies, Mr. Schaan and Madame McRae, thank you for your appearance here today. Your testimony, as always, has been extremely informative. I will excuse you now as we prepare for the witnesses coming for our second hour.

Colleagues, I will suspend the meeting right now, but I have just one note of caution. We do have to adjourn the meeting at 1 p.m. sharp, eastern standard time. There is another Zoom meeting that our technicians have to set up for, so we have one hour for the second meeting.

• (1155)

(Pause)

• (1205)

The Chair: We will reconvene the meeting. Colleagues, we will as I mentioned earlier have to adjourn this meeting at 1 p.m. sharp. We will go directly into our statements; however, one of our witnesses, Madam Van Buren from the Canadian Construction Association, has distributed her statement in both official languages to all committee members.

To save a little bit of time, if we wish, committee, we can adopt the following motion that the speaking notes presented by Mary Van Buren be taken as read and appended to the evidence of today's meeting. That way we can save about five minutes, and rather than hearing her statement can go directly into questions when the statements of the two other witnesses have been completed.

Do I have consent for that motion, colleagues?

Some hon. members: Agreed.

[See appendix—Remarks by Mary Van Buren]

The Chair: Madam Van Buren, we do not need you to read your opening statement, but of course you will be participating in the questions and answers.

Our next statement, which will be five minutes in length, will be coming from the Canadian Manufacturers and Exporters.

Mr. Wilson, you're up for five minutes.

Mr. Mathew Wilson (Senior Vice-President, Policy and Government Relations, Canadian Manufacturers & Exporters): Thank you very much, Mr. Chair.

Good afternoon. Thank you for inviting me here to participate in today's discussion.

It is my pleasure to be here on behalf of Canada's 90,000 manufacturers and exporters and our association's 2,500 direct members to discuss COVID-19 and Canada's manufacturing sector. Today I want to talk to you about how Canada's manufacturing sector has stepped up in the face of this crisis, how the government support has been critical to this ongoing effort and how we must begin charting a path out of this crisis towards recovery and prosperity for all Canadians.

CME's membership covers all sizes of companies from all regions of the country, and covers all industrial sectors. From the early days of this crisis, we've been working with our members and governments to increase the manufacture and supply of critical PPE and health care technologies needed in the response. We have also been educating and informing manufacturers on the latest developments in the crisis, including how to access government supports and how to protect their employees and supply chains. We have been working to understand the impact on our sector and advocat-

ing for policy, regulatory and program supports from all levels of government.

Throughout this crisis, the role and importance of Canada's manufacturing sector has never been clearer or as much discussed. Hundreds, if not thousands, of manufacturers have switched their production to support the making of critical PPE such as masks, ventilators, face shields and gowns. Many in our sector are aggressively working on developing better tests and a vaccine for COVID-19.

Despite the current challenging climate, unlike other sectors, most segments of manufacturing have been able to continue to operate, albeit at much lower production levels. Through the first six weeks of the crisis, through to the end of April, output had dropped by nearly 10% and actual hours worked declined by nearly 30%. Worse, roughly 300,000 Canadians of the 1.7 million directly employed in the sector had lost their jobs. These job losses were heavily concentrated in sectors where consumer demand plummeted, namely automotive, aerospace and energy-related areas. However, were it not for the actions of the federal government, those numbers would have been much worse.

In a recent survey of CME members, 85% of our respondents supported government actions. The most important action taken was the wage subsidy program, with nearly 55% of respondents using the CEWS. This is far and away the most used program, with tax deferral programs coming in second with roughly 30% use. The heavy use of this program can be linked back to the reality that manufacturing can continue to operate, but it is operating with significantly reduced volumes and sales. Sustaining its workforce would have been impossible without the wage subsidy, given the high overhead costs of maintaining manufacturing operations. Today, we're hearing from our members who are rehiring thousands of Canadians as they look to restart and ramp up their production.

While there are a few outstanding issues with the CEWS program, along with the myriad of other programs that have been introduced to support Canadians and the economy, by our count the government actions have been a massive success. At the same time, we believe it is time to plan the next phase of action. We must start scaling back some of these programs and reopening the economy and rebalancing the country's finances.

As the country begins to make the shift, there will be a natural inclination of governments of all stripes to focus on raising taxes to increase revenues to rebalance the finances. This would be a mistake as it would do further harm to the economy, undermine the already fragile business environment and weaken long-term economic activity. Instead, CME is calling on governments to implement a manufacturing-led growth strategy for the country that would expand economic activity, grow government revenues, job creation and exports. Next week, CME will be releasing our prosperity strategy that aims to set this framework for the country.

This three-phase strategy can be summed up the following way. First, governments must reopen the economy and begin to shift support to consumers to get them spending again.

Second, we must focus attention, investment and government procurement with actions that will support long-term economic growth and competitiveness. Specifically this must include trade infrastructure such as roads, railways, pipelines and digital infrastructure, and it must support companies to invest in new technologies to improve their productive capacity. Also, as part of this, we must include and implement some type of “made in Canada” strategy that increases marketing efforts and raises awareness of Canadian-made goods for consumers, businesses and government, as well as our trading partners.

Third, it is time for Canada to get serious about our industrial future and implement a comprehensive manufacturing strategy that can lead Canada's prosperity. Canada's business environment is simply not competitive. Two data points underscore this: first, business investment ranks fifth worst in the OECD and is roughly one-third of OECD averages; and second, Canada's share of global trade in manufactured goods has been cut in half since the early 2000s, a rate of decline that far exceeds other western industrialized nations.

This prosperity agenda must have three priorities. First, focus on driving investment by lowering operating costs, directly supporting technology adoption and fixing skills gaps. A key part of this must be to lower the tax burden and focus on growth rather than company size.

- (1210)

Second, Canada must reduce its complex regulatory system, which often looks like we are actively seeking to stop investment from coming to Canada through actions like the years-long investment approval processes and banning the use of commonly used and needed inputs like zinc, copper and plastics.

Next, we must focus on areas where we have competitive advantages. Creating a natural resources development strategy—

The Chair: Mr. Wilson, I'm sorry. I'm afraid I have to cut you off there. We have a very limited time for questions, and we are far over the allotted time for your opening statement.

We will now go to Madam Bamford for five minutes, please.

Ms. Jocelyn Bamford (President and Founder, Coalition of Concerned Manufacturers and Businesses of Canada): Good afternoon. My name is Jocelyn Bamford. I'm the president and founder of the Coalition of Concerned Manufacturers and Businesses of Canada. I am also vice-president of our family business, Au-

romatic Coating Ltd., in Scarborough, Ontario, where we employ 90 people and own over four patents in the corrosion coating arena.

For the past few months, I've attended many committees and round tables on the pandemic recovery. Here is what I have observed. Many panels are made up overwhelmingly by NGOs, academia, not-for-profit associations and unions. Actual business owners, those people who actually employ people, represent just a tiny voice. This means that the voice of those who are paying for everything, for every government program, is under-represented. The makers' voices are drowned out by the takers'.

Please be aware of this when you're forming your policy. Those of us who had to show up every single day to keep the economy going are relegated to being told how we should open up by those who could stay safely at home during the height of this pandemic. This is wrong. The 92% of businesses in Canada who employ 100 people or fewer need to be heard on how the government should open up the economy.

First of all, we need to get back to work. We cannot sustain our country and our economy if we don't. We are at the highest level of unemployment in 38 years. Those of us who continued to work, as we were deemed essential, learned quickly how to adapt to ensure that our plants could continue to operate safely. We acted quickly to secure and manufacture PPE. We implemented new policies and procedures. We hired extra staff for cleaning. We purchased an abundance of cleaning products. Some business owners even installed tents on their front lawn so they could social-distance during breaks and lunches. We installed plastic barriers. We invented new head and face protection for all of our employees, all this while the federal government was trying to call the very thing that was protecting our people—plastics—toxic.

We are incredulous that in this time of extra cost, the federal government would heap more cost on manufacturers in terms of doubling the carbon tax. It seems as though the federal government is trying to do everything in its power to drive us out of business.

What do we need to do? Canada needs to bring back manufacturing. For the past three years, since its inception, the coalition has been warning all levels of government that there would be catastrophic effects from policies designed to drive both manufacturing and the resource sector out of the country. Those two sectors are completely interwoven together. The lack of PPE and medical supplies in our country demonstrates this. Imagine what would happen during the next crisis if we not only didn't have PPE but we also didn't have resources to operate our hospitals.

What do we need to do in order to return our economy to full operations? We need testing. This includes rapid COVID testing, faster turnaround time in testing and antibody testing. Health Canada needs to rapidly roll out these tests. One of our members who services refrigeration units had to quarantine the entire service staff due to a false COVID scare. Rapid testing could have prevented this nine-day waste of productivity for the entire team. This is what needs funding.

What we do not need is to have the federal government follow the failed Ontario green energy policy. This policy made electricity four times the North American rate for electricity due to subsidies of expensive and inefficient wind and solar, carried disproportionately by class B industrial users in the form of a global adjustment charge. In fact, one of my members just received a bill for \$200 of electricity and a charge of \$20,000 of global adjustment. It's these types of bills that push companies out of Canada. Carbon tax will be to fuel what global adjustment was to electricity in Ontario. It makes us uncompetitive, especially when you have products coming in from other jurisdictions that don't have these costs.

In addition, small and medium-sized businesses need more support from the Canadian International Trade Tribunal. Canadian companies must compete with foreign-dumped steel and other products. The CITT, the organization that's to guard against this, seems many times to ignore this. When they do call out unfair trade practices, the federal government overrules the CITT, as in the LNG Canada project. SMEs are not only shut out of North American large projects due to "buy America" policies, but we're also shut out of Canadian large infrastructure projects. We saw that again this week with Atlas Tube being left on the sidelines for a \$200-million Alberta solar project, which instead went to a Chinese company. Canadian companies should not have to compete with subsidized foreign companies in our own infrastructure projects.

• (1215)

The coalition has signed on with the Canadians for Responsible Recovery, www.responsible-recovery.ca—

The Chair: Madam Bamford, unfortunately, we're over time, and we do have a very limited amount of time for questions so I'm going to have to stop you there and go directly into our line of questioning.

Colleagues, we will start with five-minute rounds to try and get as many questions in as possible.

We will start with Mrs. Block, for five minutes, please.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Mr. Chair. I would like to thank our witnesses for joining us today.

On March 20, the federal government announced a plan to help Canadian companies ramp up production of medical supplies needed to provide care during the COVID-19 crisis. At the time, we were told it was a strategy that would swiftly create pathways to deploy resources to Canadian businesses. Interested companies were directed to two portals, one on the ISED website and one on the PSPC website.

Ms. Bamford, given your role in representing the coalition, could you reflect on how the Canadian government approached the ramp-up of domestic production of PPE, contrast that with the U.S., and then look at the impact on our ability to manufacture these much-needed supplies?

Ms. Jocelyn Bamford: To answer that, first of all there was no clarity on how the contracts were let. As the federal government had mentioned, there were thousands of companies that put up their hand to say that they could support manufacturing of PPE, but there was no transparency or clarity on how those contracts were provided, who got them and what criteria was given. That was a huge concern.

We still have a concern that we will continue to not have enough PPE going forward and not enough domestic manufacturers. It's one thing to say that you can do it, but it's another thing to say you can do it in the time we need it.

Not only do hospitals need PPE, but manufacturers need PPE to keep their people safe and to keep producing.

We have some grave concerns on how the contracts were let and what benchmarks are being used to make sure that those contracts that were sole-sourced have deliverables on them. We're concerned that we are going to continue to have shortages of PPE, not only on the medical side, but on the manufacturing side.

• (1220)

Mrs. Kelly Block: Thank you very much for that.

I have a follow-up question. There was an article posted today. *Global News* experts are saying that Canada will need to produce 40% of our own PPE in order to meet our needs.

Are we anywhere close to that?

Ms. Jocelyn Bamford: Absolutely not. Manufacturers have put up their hand. A lot of them have just gone ahead and started to re-tool on their own nickel. We need to make sure that for those people who invested their own money to make PPE—because they recognized there was going to be a hole in the marketplace, not only for medical, but also for industrial—there's a way to distribute those products and an equitable playing field. It seems, when you look back at it, that some of those contracts that were awarded had some political connections.

As small and medium-sized businesses, we want to know whether everybody has the same opportunity to produce and sell PPE, or whether the federal government is picking winners and losers as it has done in the past. We don't think that's an equitable way to go about running an economy in Canada.

Mrs. Kelly Block: Thank you very much for that.

Mr. Chair, how much time do I have left?

The Chair: One minute.

Mrs. Kelly Block: Given that I only have one minute, Mr. Chair, I would like to table a motion that I put on notice on Wednesday. I don't want to take much of the committee's time to debate the motion. Everybody has had a chance to see it.

I did hear the concerns and questions that were expressed in our last committee meeting about the previous motion, and I withdrew that motion. I believe this new motion takes into account those concerns, and hope that it would be adopted quickly.

Thank you very much, Mr. Chair.

The Chair: Thank you, Mrs. Block.

The motion is in order, and it is open for debate.

I will now ask Paul to assist me. If there are any speakers, please indicate by raising your hand virtually or getting our attention, and we will put you on a speakers list.

We have Mr. MacKinnon first, and then Mr. Drouin.

Mr. MacKinnon, please go ahead.

[*Translation*]

Mr. Steven MacKinnon (Gatineau, Lib.): Thank you, Mr. Chair.

My thanks to Mrs. Block for recognizing our concerns. I also thank her for introducing a notice of motion.

I am inclined to support her initiative, but I wonder whether we can ask her to amend the timeline in her motion slightly, given that the people who are going to compile the information are those who are deeply involved in the current effort. I propose we add a few weeks, maybe one or two months, so that they can respond to her quite exhaustive list of information requests.

[*English*]

The Chair: Before I ask Mrs. Block to respond, I'll go to Mr. Drouin for his comments.

Mr. Francis Drouin: Mr. Chair, my colleague, Mr. MacKinnon, just expressed the same concerns I have. I don't need to speak. Thank you.

The Chair: Mr. MacKinnon, are you proposing a friendly amendment?

Mr. Steven MacKinnon: Friendly is in the eye of the beholder, Mr. Chair, but yes I am.

The Chair: Mrs. Block, can I get your response, please?

Mrs. Kelly Block: Thank you very much, Mr. Chair.

I recognize there is a lot of work the folks who would be compiling this information would need to do. I think the resources are there. We're not asking for anything that could not be provided within the time frame we've put forward. As I said, I took into consideration the concerns that were raised. The motion does not include emails, which I understand take some time to sort through.

I would just say that I think the timing is important, given our summer meetings and the need to be able to have this information in front of us before those meetings.

• (1225)

The Chair: Even without a date, Mr. MacKinnon, I take it from Mrs. Block's comments that she is not in agreement with your proposed amendment.

I do not see any other hands up wishing to speak on this. If that is the case, we will go to a vote.

(Motion agreed to: yeas 10; nays 0)

The Chair: We will now continue with our line of questioning.

We now go to Mr. MacKinnon for five minutes, please.

Mr. Steven MacKinnon: Thank you so much, Mr. Chair.

[*Translation*]

My thanks to all our witnesses.

I thank them for presenting the views of their members, their industries and their companies.

[*English*]

My question is going to be principally, as you would imagine, reflecting the department I represent, the construction industry. I know we've spent a lot of time thinking about how we manage through this crisis and how we manage to emerge from the crisis. I would simply point out, colleagues, we have had a remarkable run of operating safe and secure work sites. I say that, of course, in the knowledge that we need to continue to be vigilant, but the federal construction projects, and construction generally, have been operated in a safe manner. I think history will record that even in the worst days we were able to maintain the very important project on Parliament Hill in operation.

I want to thank Madam Van Buren and her membership for their leadership in proposing protocols and measures respecting the safe operation of construction sites.

My question will be for Madam Van Buren.

I know your statement contained some information on this, but perhaps you could give just a few seconds on some of the costs you're encountering, some of the unexpected or important measures I know you're having to adopt that are going to represent cost overruns or cost magnification for the industry as we go through the COVID pandemic.

Ms. Mary Van Buren (President, Canadian Construction Association): Thank you very much for this opportunity to speak.

We have had a very strong partnership with PSPC and with many government departments. We appreciate that. On behalf of our 20,000 members, we are very appreciative of the steps that have been taken to date by Parliament to help Canadians and businesses during this COVID-19 crisis.

As you've said, the safety of our workers and our communities was always the number one priority as we worked through the pandemic. I think we've shown that we were very resilient and moved quickly to continue to deliver on the projects. Some of those costs would include, of course, all the PPE, including the masks as well as the sanitation. In some cases projects were delayed, so we had to extend the leasing, which led to financial costs.

In terms of physical distancing, we could have fewer people on the work site than we normally would—one person per truck, for example. We could have only a certain number of people in an area for a certain amount of time and we would have to look at the sanitation of equipment, pre and post. There are numerous costs that have been incurred by the industry, in terms of both productivity and hard costs. Our ask is that the government, which we know is a responsible and fair owner, will reimburse us for these costs on federal projects.

Normally these sorts of things would be treated at the end of the contracts, but for some of these federal contracts, that could be 12 months to three years from now. Many of our contractors are very small. Seventy per cent of our industry consists of small and medium-sized enterprises. Getting them this cash is very important now as we lead into the ramp-up and we help Canada get back to economic recovery.

• (1230)

[Translation]

Mr. Steven MacKinnon: Thank you very much, Ms. Van Buren. I greatly appreciate your collaboration during this pandemic. As Mr. Wilson said for the manufacturing sector, the construction sector has traditionally been able to help us get out of an economic crisis like the one we are experiencing now, or the one a decade ago.

I would like to hear your view on stimulating the economy through construction projects and infrastructure. What is the industry's perspective, as you see it? How significant will it be as we move out of this economic crisis?

[English]

The Chair: Madame Van Buren, could we have a brief answer as well, please?

Ms. Mary Van Buren: Of course, investment in infrastructure is the economic enabler, and we know that regardless of the sector, whether it's manufacturing, tourism or retail, it all depends on hav-

ing excellent infrastructure that connects businesses to communities. We've seen with multipliers in the past that every dollar invested in infrastructure returns about \$1.35 to the country. If you look at the number of people employed, we're talking about 1.5 million Canadians. We represent 7% of GDP, so a healthy construction industry—

The Chair: Thank you very much. Madame. I'm going to have to stop you there because we have limited time. If you have additional information, I would ask that you respond as quickly as possible in writing to our clerk, who can then distribute your full answer to all committee members.

We'll now go to our next round of five-minute questions.

[Translation]

Mr. Barsalou-Duval, you have five minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

My first question goes to the Canadian Manufacturers & Exporters.

Since the crisis began, the Bloc Québécois has been asking the government for all kinds of measures, changes, modifications, and new programs to allow taxpayers, the public at large, but also companies, to keep their heads above water in these these difficult circumstances.

One of the measures that the Bloc Québécois asked for was the good old fixed costs subsidy. Certainly, companies have variable costs like staff salaries, but companies often stop paying those variable costs if they are not active. However, it must continue to pay its fixed costs. We saw that it was necessary to provide significant assistance for those fixed costs and we very much regret that the government provided very little.

In fact, the only measure that the government provided was the Canada emergency commercial rent assistance. This restricted assistance targets only mortgaged property and monthly rent to a total of less than \$50,000. That is quite limited, and, on top of that, the owners have to be in agreement.

Is that frustrating for the manufacturers and exporters in Quebec, who often need major facilities and a lot of space for their activities?

[English]

Mr. Mathew Wilson: Thank you for the question.

You mentioned two things, and I'll add a third. On the lease program itself, frankly, the feedback we've received from our members is that it's not really relevant, for a variety of reasons. It's too small, and it relies on the landlords themselves to apply for the funding and then eat the 25% losses.

We're suggesting instead that the money, just as in the wage subsidy program, should go directly to the tenants, and then the tenants can pay the landlords that way.

We think the program has been designed backwards. We've communicated that, and hopefully we'll see some adjustments on it. It needs to be bigger and targeted at the tenants rather than the landlords.

The other piece you didn't mention, which was mentioned by others, is the absolute cost of operating safely. The extra barriers that are put in place and the PPE that's required, based on new government guidelines and regulations, are incredibly expensive. Even the ability to continue social distancing and operating at the same time means things like break rooms can't be used the same way they used to be.

There are a lot of additional costs, such as on-site testing for temperatures and things like that, which some of our members are doing. We need some type of support for that, in addition to the training of the executive and the staff. We need some help on those fixed costs in those areas for sure.

• (1235)

[*Translation*]

Mr. Xavier Barsalou-Duval: I am pleased to hear what you have to say in this regard. Your remarks are very enlightening, I feel. I also feel that it is not too late for the government to act. We are seeing bankruptcies and job losses pile up. We have not come out of the crisis and I feel that companies still need help along those lines.

My second question goes to the Canadian Construction Association. During this crisis, we have heard a lot about supply problems and the importance of buying locally in order to help our companies to continue to operate and to keep their heads above water. In terms of the recovery, we hear a lot about infrastructure and construction. Infrastructure projects are going to be built.

If we embark on these infrastructure programs, do you believe that it is important for there to be sufficient local content for society to really benefit from it economically?

[*English*]

Ms. Mary Van Buren: Thank you for the question.

CCA has communicated what we believe are important principles in economic stimulus. One of those is that they have to be sized properly. We are not looking for three \$5-billion projects. We believe they have to be appropriate to all regions across Canada, all sizes of businesses, whether small or large. They also need to have all sectors involved, whether that's road building, maintenance or building towers.

What we're really looking for is a very balanced approach that is also coordinated with the local municipalities and the province so that the projects that are delivered meet the needs of those communities.

The Chair: Thank you very much.

We'll now go to Mr. Green for five minutes, please.

Mr. Matthew Green: Thank you, Mr. Chair. Once again, I have to thank the previous speaker for teeing me up on this one.

For those who don't know, I'm the very proud member for Hamilton Centre. Here in Hamilton, for the last 15 years, we've

been working toward a significant infrastructure project in the development of LRT, which would spur thousands of jobs and economic development for the construction of low-rise residences, condos and so forth.

I'm wondering what role the member from the Canadian Construction Association feels that public infrastructure projects related to urban infill and best practices of transit nodes and corridors might have in the recovery post-COVID in restarting the economy.

Ms. Mary Van Buren: Thank you for the question.

It's critical. We know that Ontario has something like \$7 billion that has not been committed through the Invest in Canada program, which is a very important program. It's not even new money; it's already money that's been earmarked there.

Again, that goes to how the federal government and the Government of Ontario can work together, in your case, to make sure that the investment is made, those jobs are happening and the quality of life is improved for Ontarians.

Mr. Matthew Green: As it relates to the job force, what impact does this pause have on the labour force that's being trained as apprentices and trained in the skilled trades to be able to backfill an aging-out demographic of workers?

• (1240)

Ms. Mary Van Buren: Attracting skilled labour to the aging workforce is a priority for the entire industry. We have many apprentices already in that stream who are looking for employment. You are right that continued delays mean those apprentices are delayed in their training, which takes quite a while. You can't just make these people expert overnight, so it's very important that we continue the investment in apprenticeships and look for opportunities to continue to train them.

Mr. Matthew Green: Where do you see those opportunities? I'm concerned that if there's a second wave, a second stall, we might lose a cohort of skilled trade workers. What are you hearing in the industry about ways we might be able to utilize this time to our best ability to ensure that we have a diverse and newly trained workforce?

Ms. Mary Van Buren: We are very proud of our track record in safety. We believe that given the culture we already have and our demonstrated ability to conduct construction projects safely by prioritizing our communities and workers, we should be well positioned should another COVID-19 spike unfortunately hit. Our goal is to continue to train.

We have a campaign ready to go on construction as diverse and inclusive. It was delayed because of the pandemic, of course, but it's certainly a priority. It's to encourage women, indigenous people and new Canadians to join our industry in well-paying jobs, and they can link purpose with their careers.

Mr. Matthew Green: I'm certainly proud of the work that's happening here in Hamilton Centre with community benefits networks. Industry, the labour unions and the general public have come together to plan and plot this out.

In your opinion, is the pandemic going to induce pent-up demand? Do you anticipate there's going to be a boom, or is there so much economic uncertainty that projects are being taken off the table at the moment?

Ms. Mary Van Buren: There is an important mix between what the private sector and various governments are doing, so we are monitoring private-level investment.

We heard anecdotally that the private sector has cancelled numerous contracts. We're continuing to follow up on that. That's why it's so important for the federal government to maintain its leadership role in investment in infrastructure.

Mr. Matthew Green: We floated the idea of a home energy retrofit program to help offset the demand on fuel for the economy of sustainable urban development. What role could your association play in more sustainable urban development?

The Chair: Please give an extremely brief answer, if it's possible.

Ms. Mary Van Buren: We'd be happy to participate in any way we can.

Mr. Matthew Green: That's appreciated.

Thank you so much for your time today. I appreciate your answers.

Ms. Mary Van Buren: Thank you.

The Chair: Thank you for your brevity, Ms. Van Buren.

We'll now go to our four-minute round of questions, starting with Mr. Aboultaif, for four minutes.

Mr. Ziad Aboultaif: Good afternoon.

Ms. Bamford, my first question is for you. I know you're from the manufacturing sector. I worked in that sector for about 11 years. I understand that we have such a disadvantage: Our productivity is not great, and policies don't help to give us a competitive advantage, at least to produce for the local market rather than exporting product overseas.

Now we're on the verge of allowing suppliers to come forward, and you mentioned political interference in selecting suppliers. I've heard some complaints from small and medium-sized companies about how favouritism is given to major ones, especially for sole-source contracts and so forth.

Now we're at another stage, which is awarding licences for manufacturers to produce product. As far as I understand, we should have opened the door for smaller companies everywhere in the country to come forward, and given them the opportunity to produce product that we're going to need for a long time.

Do you believe there is political interference in awarding licences in manufacturing, and specifically for PPE?

Ms. Jocelyn Bamford: I'm going to also ask Catherine to comment on that, but I believe we need clear... There's no transparency. There's no explanation for how those first five very large contracts were awarded and what the criteria for the sole-source awards were. There is a lack of small to medium-sized businesses being awarded when we, in the small to medium-sized space, can very

rapidly provide parts and pieces. We can change on a dime. We're very nimble. We didn't see that.

In addition, with regard to infrastructure projects, I just want to mention that I have a picture here of a pipe within an infrastructure project in Scarborough. A water main being put in. Stamped on the pipe was "Northwest Pipe", which is a company in Virginia. Canadian small to medium-sized companies are shut out under the "buy America" policy, but Canadian infrastructure projects have no issue buying pipe from places in the United States. We could produce that pipe here and we could coat it here.

I know Catherine has some comments on that, so I'm going to defer to her.

• (1245)

Ms. Catherine Swift (Special Advisor to the Board, Coalition of Concerned Manufacturers and Businesses of Canada): Thanks, Jocelyn.

We were listening in on the early part of the presentation from the Department of Industry government officials, and I think the example of the N95 masks that came up was a classic example. It was a sole-source contract. Again, the transparency and accountability are not there. Nothing personal to the bureaucrat involved, but he couldn't answer your questions as to when these masks were going to be delivered. This is, of course, a pretty crucial piece of PPE.

Small to medium-sized firms always have trouble accessing government programs like this because of the massive amount of paperwork, bureaucracy and so on. That's always a challenge, particularly now, and everybody's trying to do things really fast, so that doubles the issues here.

Again, if there can be transparency and accountability...because there's none. In the case of this N95 company, the bureaucrat could not answer when there would be masks, so I think that was a classic example.

Mr. Ziad Aboultaif: I received—

The Chair: Thank you very much, but unfortunately, Mr. Aboultaif, we're completely out of time.

We'll now go to Mr. Weiler for four minutes. Go ahead, please.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair.

Thank you to all the witnesses for joining us today. I have a number of questions related to the construction sector here.

What proportion of businesses in the construction sector have now reopened and have been able to rehire their employees, given that several provinces and territories have now eased the lockdown measures?

Ms. Mary Van Buren: I don't have those statistics, but would be happy to look into getting them to you.

I think part of the question is also around productivity, so even if workers are fully coming back, there's still a productivity gap, as we've said, because of things like sanitation. We've heard it takes up to one hour per worker per day as workers are coming in, getting screened, cleaning hands and cleaning tools, etc. That is still an inhibitor.

Mr. Patrick Weiler: Absolutely.

I'll pick up on a number of my colleagues' questions.

What type of construction projects do you see as having the largest impact in creating jobs and leading to more long-term positive economic impacts for our country?

Ms. Mary Van Buren: Again, one of the things that we've asked for is a 25-year commitment to infrastructure from the federal government to avoid booms and busts and also to minimize quick knee-jerk reaction. We think that would be very helpful in setting priorities.

If you look at the Canadian infrastructure report card that we published last year, you'll see that we've assessed the seven asset classes of infrastructure. If you look at roads and bridges in particular, they are in quite a sad state of disrepair. That's certainly one area, but going back to a previous question, it's very important that infrastructure investment be spread out across the country to all sizes of firms and to all regions so that as many people as possible can benefit in building Canada and in bringing clean water, education, hospitals, etc.

Mr. Patrick Weiler: Thank you.

As the lockdown measures ease, how do businesses in your industry ensure the health and safety of their employees and customers?

• (1250)

Ms. Mary Van Buren: That is their number one goal, and that has been a culture for many years. Adapting is not new to us.

The industry was extremely collaborative and came together and shared all kinds of best practices. As you can imagine, best practices were changing daily, sometimes hourly. CCA itself has a whole page of resources. We worked with the federal government as well to create a protocol, as Parliamentary Secretary MacKinnon said, and this is continuing; it's very collaborative. We will make sure we will do what is necessary for our workers and their communities and families.

The Chair: Mr. Weiler, if I can interrupt, I notice that Ms. Swift has raised her hand. I think she may want to comment, if it's all right with you.

Mr. Patrick Weiler: Yes, absolutely.

Ms. Catherine Swift: On the infrastructure project issue, I wanted to briefly add that right now, federally and in many provinces, there are restrictive bidding requirements, often limited to firms organized by a particular set of labour unions. That is frequently the case. This largely shuts out small and medium-sized businesses, because they are the ones that, for all kinds of good reasons, are not unionized companies, and yet they're fully capable and fully tax-paying businesses. A lot of research shows those kinds of restrictive, closed tendering requirements bump up the cost of projects by

as much as 40%. At a time when everybody's broke after this crisis, it would be a very sensible policy to open up tendering to all qualified businesses.

The Chair: Thank you very much.

We'll now go to Mr. McCauley for four minutes, please.

Mr. Kelly McCauley: That's great.

I want to thank all the witnesses.

Ms. Swift, it's great to see you. I enjoy your advocacy for small business and your tweets, so thanks very much.

With the limited time we have, I'm going to introduce the motion we submitted last week regarding calling PSPC, etc., to appear as witnesses for the estimates review.

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

Colleagues, Mr. McCauley's motion is in order, and it is debatable and amendable. We will open up for debate. If you have a comment or a question, please raise your hand.

Mr. Kelly McCauley: There is one thing: I realize the timing is difficult because of other things, so my suggestion is that we leave it up to the clerk to try to arrange the meetings. This is not necessarily to have the ministers appear before us, but at least the deputy ministers and other appropriate people as witnesses.

The Chair: Thank you, Mr. McCauley.

The clerk and I have been discussing the possible timing of this. As you know, we have meetings scheduled for next week and the week after. If we were to have a discussion on the supplementary estimates next week, we would probably have to cancel one of those meetings; however, there's a possibility we might be able to schedule a supplementary estimates discussion on the June 16. I will leave it up to the committee members.

If you have comments you would like to make, please raise your hand.

The Clerk: Mr. Green would like to speak, Mr. Chair.

The Chair: Mr. Green, please go ahead.

Mr. Matthew Green: When they take it to the committee of the whole, I want to make sure that as a committee we've had a first crack at it, and not just some kind of overture. It's a priority of this committee. It's the work we're mandated to do, and I think it should be a priority for questioning at this moment.

The Chair: Thank you, Mr. Green.

Again, I'm telling the committee things they already know, but the four-hour discussion on June 17 is the only opportunity, unless there's a motion such as Mr. McCauley's, to look at the supplementary estimates before that.

Are there any other comments besides Mr. Green's before we vote on Mr. McCauley's motion?

I see none. We will call the vote.

(Motion agreed to: yeas 10; nays 0 [*See Minutes of Proceedings*])

The Chair: Mr. McCauley, we'll go back to you. We have five minutes left in our meeting, and I did not dock your time because of the—

• (1255)

Mr. Kelly McCauley: Thanks. I'll yield my time to my colleagues so that they can ask their questions, since I've used up enough for this.

The Chair: Thank you very much. That's very kind of you.

We'll now go to Mr. Jowhari for four minutes, please. This will be our last intervention.

Mr. Majid Jowhari: Thank you, Mr. Chair, and thank you MP McCauley.

Thanks to all the witnesses.

I have a couple of quick questions for Madam Bamford.

First of all, thank you for your testimony. It was quite informative.

Can I ask you what type of membership your coalition benefits from?

Ms. Jocelyn Bamford: We have over 300 primarily small to medium-sized businesses, but we've been attracting more medium-sized businesses. We are a grassroots organization. We don't have any full-time employees. We're all just business owners. We do this on a voluntary basis because we think small and medium-sized businesses are so important to this country and—

Mr. Majid Jowhari: Absolutely. I would like to also echo that SMEs are the backbone of this country. Thank you for advocating on their behalf.

You mentioned that you had the feeling that most of the consultation by the government was done with the NGOs, with very little small and medium-sized business owners' involvement. Have any of your 300 members been involved in any sort of consultation at any jurisdictional level, whether it's federal, provincial, municipal or regional?

Ms. Jocelyn Bamford: I would say that during the last four weeks—probably even the last six weeks—every week we've been on a federal committee, a provincial committee or even at the municipal level. One of our members is involved at least once a week, if not a couple of times a week, in sitting on various task force committees.

The concern we have is that we represent a small voice. We should represent a big voice, because we're the ones doing the heavy lifting. We're the ones who are still working and we're the ones who contribute to every program and policy. Everything that happens happens because of private enterprise.

Mr. Majid Jowhari: That is totally understood.

I believe you mentioned that you're part of the SME sector, with 90 employees in Scarborough. Congratulations, and thank you for your support during these times.

Have any of your members, or has your company, benefited from any of the government programs that have been announced at any level, whether federal or provincial, such as the wage subsidy or the CERB or—

Ms. Jocelyn Bamford: Often I will refer to small and medium-sized businesses as the forgotten middle child. It just seems that for so many programs, we don't qualify. I didn't even qualify.... We've hired four summer students who are graduating and who are going to college next year. Two are indigenous students, and there was no program.

We went to our MP, Shaun Chen, who has tried to be helpful. There was no money left, and we understood that MPs had the ability to assign summer students if there were extra dollars. We did go to him to see if we could get support for our summer students, and there were no resources.

Mr. Majid Jowhari: If I have some time, I have a question on the testing. You mentioned that rapid testing is critical to SMEs.

What are your thoughts on the involvement of all levels of government in testing and in mobilizing the testing?

Ms. Jocelyn Bamford: It needs to be faster—

The Chair: Madam Bamford, we're out of time. We do have to adjourn at one o'clock sharp. Could you please present to our clerk as quickly as possible an answer in writing to Mr. Jowhari's question? We would appreciate that very much, and that will then be distributed to all of our committee members.

To all of our witnesses, thank you so much for being here with us today. Your testimony has been extremely informative and helpful. We thank you for that.

Colleagues, I wish you a safe and happy weekend.

We are adjourned.

Opening Statement

Mitch Davies

Senior Assistant Deputy Minister

Innovation, Science and Economic Development

Canada

**Appearance Before the Standing Committee on
Government Operations and Estimates**

Ottawa, Ontario

June 5, 2020

CHECK AGAINST DELIVERY

Canada 

Mr. Chair and members of the committee, I am pleased to be here today to discuss the government response to the COVID-19 pandemic.

Along with other federal departments and agencies, Innovation, Science and Economic Development Canada has been working to advance Canada's COVID-19 Economic Response Plan.

This plan is providing direct support to Canadian workers and businesses, as well as additional measures to meet liquidity needs of Canadian businesses and

households.

A major element of ISED's work has focused on mobilizing Canada's industrial and research response to COVID-19.

Since the Prime Minister's call out to Canadian businesses on March 20, thousands of businesses have reached out to offer their expertise and capacity. Of those businesses, we know of more than 700 from across Canada that have retooled to supply PPE.

These firms have pivoted toward making face shields, masks, gowns, ventilators and hand sanitizer to help save lives and keep frontline health care workers safe.

And you will recognize some of these businesses. They're household names like hockey equipment manufacturer Bauer, clothing companies like Stanfield's and Canada Goose, and even General Motors Canada, which is retooling its Oshawa assembly plant to help produce masks right here in Canada.

This shift has allowed us not only to respond to the need for protective equipment but also to keep many Canadians employed and contributing to the challenge of keeping Canadians safe.

To make industry's transition to COVID-related production as seamless as possible, we are leveraging our industry and innovation programming – such as the Industrial Research Assistance Program, the Strategic Innovation Fund, Innovation Superclusters, Innovative Solutions Canada and many other programs.

These programs were put in place to help Canada's innovative companies grow and are now helping businesses turn the tide against COVID-19.

For example, in the last two weeks, Innovative Solutions Canada challenges have inspired new sources of technology for point-of-care test kits for COVID-19 as well as much-needed mask components.

Mr. Chair, in addition to working with businesses, our department has been supporting Canada's world-class scientists and researchers in fighting COVID-19.

An investment approach has been established to support the development of a safe and effective vaccine and to ensure that Canadians have access to treatments as soon as they are available.

We are also investing in research that will help rapidly detect, manage and reduce the transmission of COVID-19.

The ultimate goal: delivering a vaccine and other treatments so Canadians can return to their lives, getting the economy moving

again, and paving the way for a strong rebound in the aftermath of this disease.

As part of these efforts, on April 23, the Government launched a national medical research strategy to fight COVID-19.

This 1-billion-dollar investment includes new funding for vaccine development, the production of treatments and new measures to track immunity to the virus across the population.

It adds more vaccine development funding for VIDO-InterVac and the National

Research Council of Canada's Human Health Therapeutics Centre, as well as funding for genome sequencing efforts through the Canadian COVID Genomics Network, or CanCOGeN, led by Genome Canada.

It also includes 600 million dollars through the Strategic Innovation Fund to harness the power of Canadian innovators and help support vaccine and therapy clinical trials and create biomanufacturing opportunities.

And it includes nearly 115 million dollars for the Canadian Institutes of Health Research

to help support more research on medical and social countermeasures.

Mr. Chair, as I said at the outset, Canada's COVID-19 Economic Response Plan is providing direct support for employers and their employees.

That includes the Canada Emergency Wage Subsidy, which is keeping more Canadians employed by covering 75 percent of their wages.

For smaller businesses, that includes the Canada Emergency Business Account, or CEBA, which is providing interest-free loans of 40,000 dollars with up to 10,000 forgivable if paid back before the end of 2022.

Of course, it's not just small businesses and their employees who are bearing the brunt of COVID-19's effects. That is why, for mid-sized businesses, loans of up to 60 million dollars have been made available through the Business Credit Availability Program.

And, for large employers, the Large Employer Emergency Financing Facility, or LEEFF, was established to help these businesses and their suppliers to remain active during this difficult time, positioning them for a rapid economic recovery.

Mr. Chair, let me close by addressing economic recovery.

Gradual and careful restarting of the economy will proceed in a co-ordinated manner, based on the best available public health guidance. This requires a co-ordinated approach involving all orders

of government – while recognizing the unique situations and circumstances in each region.

A big part of this effort will be supporting sectors with numerous different challenges and needs.

To help set the stage for the recovery of Canada's economic sectors, the Government has established the Industry Strategy Council.

The Council will leverage Canada's Economic Strategy Tables, where business

leaders can share their experiences and perspectives to support the Government's approach to combatting COVID-19 and help lead our way to recovery and renewed growth.

In response to the unique pressures related to the pandemic, new Tables are being added, representing the retail and transportation sectors.

They will join our existing complement of Tables representing the advanced manufacturing, agri-food, clean technology, digital industries, health and bio-sciences,

resources of the future, and tourism and hospitality sectors.

This collaborative approach will allow the Government to engage the incredible expertise available across all sectors and industries to chart a sustainable course ahead.

And because time is of the essence, the Council will meet on an accelerated schedule to identify and understand the sectoral pressures that are playing out across our economy.

For example, addressing workforce disruptions, re-establishing supply chains and building confidence are some of the key challenges that can be addressed through this work.

Mr. Chair, as our historically strong industries grapple with the effects of COVID-19, Canadians are looking for leadership at all levels.

I want to also acknowledge the tireless work of our industrial and research sectors.

Now more than ever, we need to work closely with all stakeholders to ensure our economy remains resilient – and we will continue to do so for the benefit of all Canadians.

This concludes my remarks, Mr. Chair.
Thank you for the opportunity to speak with your committee today.

My colleagues and I would be pleased to answer your questions.



Statement by the Canadian Construction Association
Re: **The impact of COVID-19 on the construction sector**

Presented to: House of Commons Standing Committee on Government Operations and Estimates
Friday, June 5, 2020 12:00 – 13:00 p.m. (EST)

Presented by: Mary Van Buren, MBA, CAE
President, Canadian Construction Association

Thank you, Mr. Chair and honourable Members of Parliament.

My name is Mary Van Buren, and I'm the President of the Canadian Construction Association. I'm here today representing over 20,000 of our members from across Canada – general, civil and trade contractors as well as suppliers and other professionals working in, or with, Canada's institutional, commercial and industrial (ICI) construction industry.

On behalf of our members, we appreciate the steps that have been taken to date by Parliament to help Canadians and businesses during the COVID-19 crisis.

Since the pandemic hit Canada, the construction industry has come together to do its part to protect workers, their families and communities. The health and safety of workers has always been and remains our number one priority.

In collaboration with our members, PSPC and Health Canada, we developed national standardized health and safety protocols, which have been widely promoted and regularly updated. These stringent protocols have been put in place by our members across Canada to help minimize the spread of coronavirus so that work could be continued safely. The industry is very proud of its role as essential service providers.

At the same time, our local companies and associations have also been supporting their communities and healthcare workers with donations of PPE, free hot lunches, funding for urgent care clinics and food bank drives. We're very proud of the work they're doing in their communities.

This culture around caring for our communities and giving back is based on the value systems of the small and medium-sized, family run businesses that make up over 70 per cent of the construction industry.

It is these companies that are still struggling despite some of the helpful emergency measures implemented by the federal government.

Even with operations impacted by such things as supply chain disruptions and increased cost of materials, our members have continued to work on federal projects throughout the pandemic. COVID-related worksite health and safety expenses were also unbudgeted and represent a significant productivity cost, as firms implement physical distancing requirements and sanitization procedures – all while dealing with staff shortages.

The industry is eager to step up and support the federal government in its efforts to rebuild the economy. For this to happen, these firms need to first survive.

That is why, on behalf of our members, CCA is urgently asking Ottawa for cost reimbursement on current federal projects. Businesses need this support now, not at the end of projects, which could take months or even years to settle. This is about fairness.

Under this industry-specific emergency COVID-19 cost reimbursement program, CCA is recommending that eligible costs be reimbursed by up to five per cent of the contract value as a starting point, subject to the program being adjusted as the duration and full impact of COVID-19 becomes clearer over time.

We believe that extensions of time and fair compensation for reasonable costs incurred for federal construction projects, supported by sufficient documentation from the contractor, would alleviate some of the financial pressure on construction businesses.

As we look to recovery, we are concerned that federal government programs may not be available or accessible at the time when firms need access to capital to ramp up their operations to work on stimulus projects.

It can take several months from when a project has started to when the general trades and subtrades get paid for their work. This is typical in a construction project timeline. When we add to that, the slowdown that started in March with increased project costs, the balance sheets of the mom-and-pop

type firms are likely not going to be in good shape come August and September. They may not be able to afford to complete the projects they've already committed to; and also have the working capital necessary to finance the start-up of new projects.

If lenders don't change their credit criteria, or if lenders are reeling from losses in hospitality, tourism, or retail, normally sound construction businesses may not be able to access capital. Stimulus investment must also be tied to capital availability.

The construction industry employs 1.5 million Canadians and contributes 7 per cent of the gross domestic product. As we head into the recovery phase from COVID-19, made possible thanks to the leadership of all levels of government and all Canadians doing their part, investing in infrastructure is a proven strategy. It yields social benefits, creates jobs, provides training for apprentices and helps to build and maintain important public services. There are hundreds of critical projects that are already in progress or need to be maintained. Many of these are essential to the well-being of our citizens and support the delivery of essential services like water, energy, transportation and health care. Again, it's the smaller firms—the manufacturers, the suppliers, the trades—that will finance the materials, fabrication and labour as projects ramp up.

Extended federal government backstopping may be required over a longer period of time. In any economic stimulus, we believe some principles should be followed hand-in-hand with any liquidity support.

The first being that federal departments need to continue to work together with provinces and municipalities to eliminate red tape and make project money flow as quickly as possible to get people back to work.

Secondly, there must be balance across sectors and across regions of Canada, as well as in the size of firms, so that we don't have just one or two \$5-billion projects, but instead projects for people to participate in at all levels over an 18-month period.

We also need to have clear and consistent rules for COVID-19 and for access to PPE that does not detract from the needs of frontline workers.

And finally, as I said, we need flexibility in dealing with COVID-19 federal project costs and delays, and on the types of projects that would qualify under the Investing in Canada plan.



Canadian Construction
Association
Association canadienne
de la construction

A cost reimbursement program applied to current federal projects, combined with a well-considered recovery plan for the future, will ensure the construction industry can play its full role in supporting a strong economic recovery. It will allow us to absorb some of the displaced workers from other industries as well as provide well-paying jobs for millions of Canadians already working in the industry.

An investment in infrastructure is an investment in Canada and our communities, and the construction industry is willing and able to partner with the government.

We remain committed to helping our country re-build its economy and improve the quality of life for all Canadians.

Thank you for the opportunity to address the committee on these important issues. I would be happy to answer any further questions on behalf of the Canadian Construction Association.

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