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Chair

Mr. David Sweet

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• (1535)

[English]

The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)): Good afternoon, ladies and gentlemen. *Bonjour à tous.*

Welcome to the eighth meeting of the Standing Committee on Industry, Science and Technology. Pursuant to Standing Order 81(5) we are examining supplementary estimates (B) 2013-14 and specifically: votes 5b and 10b under Atlantic Canada Opportunities Agency; votes 1b and 5b under Economic Development Agency of Canada for the Regions of Quebec; votes 1b, 5b, 10b, 55b, 60b, 65b, 70b, 75b, 80b, 90b, 95b, and 105b under Industry; and vote 5b under Western Economic Diversification. These were referred to the committee on Thursday, November 7, 2013.

In this regard, we have some witnesses before us, and I will introduce them right now: Marta Morgan, associate deputy minister, Department of Industry; Robert Dunlop, assistant deputy minister, science and innovation sector; David Enns, chief financial officer, corporate management sector; and Iain Stewart, assistant deputy minister, strategic policy sector.

I believe Ms. Morgan and Mr. Enns are giving opening remarks. Is that correct?

Ms. Marta Morgan (Associate Deputy Minister, Department of Industry): That's correct.

The Chair: I will go by the order on my agenda.

Ms. Morgan, will you begin, please.

Ms. Marta Morgan: I would be glad to. Thank you, Mr. Chair and committee members, for the invitation to speak with you today about Industry Canada's 2013-14 supplementary estimates (B). I'll make some very brief opening remarks and then I will turn it over to David Enns to take you through the supplementary estimates in a little more detail.

[Translation]

As you know, Industry Canada's mandate is to help make Canadian industry more productive and competitive in the global economy, which in turn improves the economic and social well-being of Canadians. Our supplementary estimates requests are being made in support of this mandate.

[English]

The estimates we are here to review today show an increase of \$101.6 million to Industry Canada's authorities, approximately half

of which is to deliver on budget 2012 and budget 2013 commitments.

I will explain where the increases fit into our high-level objectives as a department, and then David Enns will cover the individual items.

[Translation]

At Industry Canada, we have three strategic objectives for implementing our mandate.

The first is to ensure that Industry Canada's framework policies, on things like foreign investment, intellectual property and competition, among others, are modern and efficient. This creates marketplace conditions for economic growth, protects consumers and helps businesses respond to market changes.

[English]

To support this objective, Industry Canada is requesting access to royalties collected from intellectual property arising from research work at the Communications Research Centre and from the Industry Canada-owned corporate name search system at Corporations Canada.

Our second strategic objective is to promote innovation in Canada. This is accomplished by investing in innovative R and D projects, by supporting research, education, and innovation in post-secondary institutions, and by fostering collaboration among research institutes, universities, colleges, and the private sector.

To support this objective, Industry Canada is submitting three items. The first two are to deliver on budget commitments to continue to support R and D in the automotive industry through the automotive innovation fund, to attract international students to come to Canada for research institutes and graduate fellowships, as well as to support Canadian students pursuing short-term research opportunities abroad through the Mitacs Globalink program. Third is an item to accelerate funding that was slated for 2014-15 for the Bombardier C-Series R and D project, which will be completed this month.

[Translation]

Finally, the third strategic objective for Industry Canada is to strengthen the competitiveness of businesses and communities by supporting key sectors and industries, ranging from advanced manufacturing to tourism. To this end, Industry Canada is requesting funding to provide loans and support to young entrepreneurs through the Canadian Youth Business Foundation and to support initiatives under the government's youth employment strategy.

[English]

I'll conclude my remarks simply by thanking you for inviting us today and I'll turn it over to David Enns.

Mr. David Enns (Chief Financial Officer, Corporate Management Sector, Department of Industry): Thank you, Marta.

Mr. Chair, and committee members, I'm here today to provide you with a bit of the detail around the supplementary estimates, as Marta has indicated.

[Translation]

First, if I may, let me start with a little bit of background.

As you may know, supplementary estimates are the vehicle to seek authorities for items that could not make it into the main estimates due to the timing of their approval, such as budget commitments. They also serve to provide information on changes in forecasted statutory spending during the fiscal year and finally to transfer funds between appropriations or departments when cost-sharing initiatives have been agreed to. Industry Canada has items that fall into each of the three categories.

• (1540)

[English]

As Marta mentioned, our supplementary estimates show an increase of \$101.6 million, the majority of which is to deliver on budget commitments. This will bring the department's total authorities to a little less than \$1.3 billion, which is a 15% reduction from last year's authorities of \$1.5 billion. Approximately two-thirds of this amount goes to grants and contributions to support key industries and regions. The remainder goes to the department's operating and capital budgets.

[Translation]

Now let me walk you through some of the more important items. You will find them on pages 2-54 and 2-55 in the English document and pages 2-70 and 2-71 in the French document.

[English]

First, you'll see \$25.7 million requested to finalize the Bombardier C Series R and D project this year. It is important to note that this is not new money. The funding had been slated for next year, but Bombardier will complete the project this month, and this is to reimburse them for eligible costs that they have incurred as per the original contribution agreement. Next year's main estimates will be reduced by a corresponding amount.

There is \$24.5 million requested for the reinvestment of receipts from repayable contributions. An important aspect of Industry Canada's funding model is that it relies in part on royalty repayments from legacy contribution programs that were collected in the previous year. This funding is accessed on an annual basis through the supplementary estimates, and that is what we are doing here.

For the automotive innovation fund \$11.9 million is requested, following the announcement in January 2013 to renew the program for another five years at \$250 million. The funding you see here is strictly to fund agreements that have already been reached. It is the first request in that overall envelope.

[Translation]

There is \$10 million requested in support of the government's youth employment strategy. Industry Canada's role in that strategy is to support approximately 1,300 youth internships per year in community access sites, allowing young Canadians to develop the vital skills and work experience needed to make a successful transition to the workplace.

[English]

There is \$8.5 million requested to support operational requirements, because of a decline in the repayments to which I referred a minute ago. Industry Canada can access up to \$33 million in such repayments. Last year, \$24.5 million was collected, and the department had been authorized to seek funding for the shortfall whenever repayments were below that threshold. We are doing that here now.

Marta mentioned Mitacs. Six million dollars is requested to attract highly skilled students to Canada and to provide Canadian students with international R and D experience abroad. This support was announced in budget 2013.

There is \$3.5 million requested for the technical work experience program, which offers students and recent graduates in information technology programs professional experience in refurbishing computers. This initiative is also in support of the government's youth employment strategy.

There is \$2.1 million from royalties from intellectual property. Half of this amount is from a computerized circuitry system owned by Industry Canada that allows individuals and companies to compare a proposed corporate name or trademark with a database of existing corporate bodies and trademarks. The department is permitted to reinvest those revenues in that program. The other half comes from the Communications Research Centre Canada, which licenses intellectual property as a result of the research done by its scientists.

As I mentioned, supplementary estimates are also used to provide information on changes in statutory appropriations, so you see an item here for \$9 million for the Canadian Youth Business Foundation. Statutory items are for information only. They are not voted upon, but they appear here.

[Translation]

And finally, Supplementary Estimates is also the mechanism through which departments can transfer funds between votes and between departments on cost-shared initiatives. You will see a handful of them adding up to a net total of \$594,000.

[English]

That concludes my presentation. I hope that sheds some light on the supplementary estimates that you have before you.

We'd be happy to answer any of your questions.

The Chair: Thank you very much.

We're going to go with five-minute rounds until the time is exhausted.

Mr. Lake.

• (1545)

Hon. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): I imagine time will go by fairly quickly. I'm going to use the opportunity to focus on some questions regarding the bullet points that you mentioned in your speech, in order to get a little more information, if I could.

Interesting to me is this Mitacs Globalink program. You talked about \$6 million there. I don't know whether any of you could describe that program for taxpayers who might be listening today or might read this online later. What are they getting for the investment in a program like that?

Ms. Marta Morgan: I'll ask Rob Dunlop to take this question.

Mr. Robert Dunlop (Assistant Deputy Minister, Science and Innovation Sector, Department of Industry): Thank you, Mr. Chairman, for the question.

It was announced in budget 2013 that additional funding would be provided to Mitacs to bring some absolutely top-flight foreign students into Canada, provide them with an opportunity to do internships here in companies and other institutions to develop roots, and also to send some Canadian students abroad to have an experience working in another country and to add to their human capital for when they join the workforce.

The plan is to have 2,100 new internships as a result of this announcement and 180 graduate fellowships. We would ramp up to that over three years. It covers a variety of disciplines.

Hon. Mike Lake: I could ask more about that, but I think I'll switch to the automotive innovation fund. I remember that when I was first named parliamentary secretary after the 2008 election, at least one of my colleagues in the room was on a committee that looked at the auto sector and some of the challenges facing it at the time.

Could you speak to the rationale behind the fund and to the reasons that make it so important? As you mentioned in your comments, it was just recently replenished.

Maybe somebody could speak to that.

Ms. Marta Morgan: I'd be glad to speak to it.

The automotive industry is a very important industry in the Canadian economy. It employs about 480,000 Canadians and represents 10% of manufacturing GDP. Manufacturing as a whole is also a key part of the Canadian economy. It represents about 12% of GDP, but it really accounts for almost half of the country's business R and D and a significant proportion as well of Canada's exports. Within that envelope, automobiles constitute one of the largest sectors.

The automotive innovation fund is a fund that allows the government to contribute to innovation and to research and

development in this industry, which assists the industry to renew its plants, to upgrade, and to ensure the long-term viability and footprint of the Canadian automobile industry.

Hon. Mike Lake: Could you elaborate on the health of the Canadian automotive industry relative to industries in other countries?

Ms. Marta Morgan: Overall, what we saw in the Canadian industry was an obviously very difficult recession for the automobile industry in North America and globally. What we have seen over the last couple of years is that the sector overall is doing much better. In terms of direct employment, we have more than 115,000 Canadians employed in Canada. Interestingly, the automotive industry itself also has a very strong cluster of parts manufacturers. In the auto parts sector in Canada alone, we have more than 750 businesses.

What we have seen over the last few years coming out of the recession is that the industry is now starting to reinvest in the next generation of vehicles and the next generation of manufacturing, now that the market is starting to pick up. We have seen this in Canada most recently with Ford and its investment in its Oakville plant, which the government was able to support through the AIF.

The Chair: Thank you very much, Ms. Morgan.

Now we will go to Ms. Charlton for five minutes.

Ms. Chris Charlton (Hamilton Mountain, NDP): Thank you, Chair.

Thank you very much to departmental officials for being with us today.

Five minutes isn't a lot of time, so I'm going to focus my questions just on one area. I'm particularly interested in the Investment Canada Act.

There have been newspaper stories recently saying that Alberta Premier Alison Redford and former industry minister Jim Prentice are being critical of the uncertainty we have created in this country because of the treatment of the Investment Canada Act. I come from Hamilton, where U.S. Steel bought Stelco. My colleague from Sudbury has witnessed the purchase of Inco by Vale. Workers are as concerned if not more concerned than the premier and the former industry minister.

I want to ask about moneys that were earmarked for enforcing the undertakings that have been made under the Investment Canada Act. For example, in Hamilton we know that production employment targets weren't met.

I don't know what the enforcement mechanism is and how much we spend on it, what funds are earmarked for the office of the director of investments, and what funds are earmarked for review of foreign takeovers under national security considerations.

I'll just start with those three questions for now.

•(1550)

Ms. Marta Morgan: By way of introduction, I would note that foreign investment is very critical to the Canadian economy, and this is recognized by Canada. When we look internationally, we see that we have one of the more open foreign investment regimes among countries. Recently there have been a number of changes to this regime related to state-owned enterprises and national security, to ensure that the regime is aligned with Canada's interests while promoting investment.

With respect to your specific questions about the allocation of resources, I'd have to get back to you with the exact figures, because I don't have them on the tip of my tongue. We have an office that is responsible for—

Oh, here we go. I just got it here.

Ms. Chris Charlton: This just in.

Voices: Oh, oh!

Ms. Marta Morgan: There is \$1.6 million a year—

Ms. Chris Charlton: —for which function?

Ms. Marta Morgan: —that goes towards reviewing transactions as they come in. That is for a group that is responsible for reviewing any transactions as they come in, for assessing and providing advice on the undertakings that are provided in those transactions, and for following up on those undertakings, as well as for providing general policy advice around the Investment Canada Act.

Ms. Chris Charlton: Just as a follow-up, and I'm going to use the example of U.S. Steel in Hamilton, when the government takes a company to court for non-compliance with the agreement it had made with the Government of Canada, are those court costs covered by the \$1.6 million as well, or are they actually covered by the Department of Justice?

Ms. Marta Morgan: They would be covered generally by our legal budget. We have a legal budget within the department that would cover our legal activities. In some cases we would reallocate internally or between ourselves and the Department of Justice to fund court cases, if we have something unusual in any particular year, such as the U.S. Steel case.

Ms. Chris Charlton: That would be in addition to the regular enforcement.

Ms. Marta Morgan: Yes.

Ms. Chris Charlton: Could I ask you about one other type of expenditure, then?

I wonder how much money is earmarked for making the act more transparent, since there have been discussions in the House. I think a motion was passed that we would review the Investment Canada Act. I think at the time it had the support of all parties; regardless, it passed in the House. How much money is earmarked for that?

Ms. Marta Morgan: Well, we prepare an annual report on the Investment Canada Act, which is published on our website. The costs of preparing that report are taken care of within the overall budget and are the responsibility of the office that has all of these general responsibilities related to the act.

Ms. Chris Charlton: I'm going to switch topics completely to try to sneak in one last question.

This is with respect to the anticipated end of the chrysotile asbestos industry. Why do requested funds for operating expenditures to support the economic transition of communities affected by that end represent, at \$300,000, just 16% of the total requested amount of \$1.9 million?

Ms. Marta Morgan: I believe that is a question that would be better asked to CED-Q, which is the regional development agency in Quebec that would be responsible for that. They have their own deputy minister and minister.

Ms. Chris Charlton: Okay, thank you.

The Chair: Thank you very much.

Now we go to Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you, Chair.

I'd like to thank our guests for being here this afternoon.

As much as I think that the estimates are always interesting, I think the supplementary estimates (B) are even more interesting, because they really—

An hon. member: You need to get out more.

Some hon. members: Oh, oh!

Mr. Ed Holder: No, but I do. I say this within a limited scope and with clear proof that there's no Mensa test to become a member of Parliament.

Let me ask a question of you, Ms. Morgan.

You talked about the objectives at Industry Canada. One thing you talked about was requesting access to royalties from various intellectual property items arising from research. One thing that I have a particular interest in, simply because I used to own a legal search firm as part of my past, is what Mr. Enns discussed in his point eight, the intellectual property associated with that research for basically name searches and all.

I guess what I'm trying to understand, if you could help me, is this. Royalties are revenues; that's how I define them, but you're looking for \$2.1 million to expand research.

That's what I think you said, Mr. Enns.

Help me square that, so I understand why on the one hand you have a revenue generator but that it isn't covering itself and/or needs more money for investment into research in intellectual property. Can you help me understand that better, please?

•(1555)

Mr. David Enns: Sure. The item you're referring to is for software or a system that permits people who are searching for a trademark or the name of a company to access that themselves.

The way the arrangement works is that this is done by a third party who uses our product, and they pay for the intellectual property. That revenue we receive is then reinvested in the maintenance and improvement of the product. That's how it works.

That's an arrangement that has existed across the Government of Canada since the 1990s. Departments are permitted to reuse revenues that are generated in the course of—

Mr. Ed Holder: I'm really good with that part.

Mr. David Enns: Okay.

Mr. Ed Holder: I don't mind that you receive royalties for that purpose, because I know third parties do charge out for that. I guess what I'm trying to understand is that you don't do this on a cost recovery basis, it sounds like. It still sounds like it costs more, because of the updating of research and all, than the revenues, than the royalties you receive. Is that correct?

Mr. David Enns: No.

Mr. Ed Holder: Okay, then help me understand.

Mr. David Enns: The revenues are deposited into the consolidated revenue fund, and then we seek them back through the estimates process.

Mr. Ed Holder: That's what this process is.

Mr. David Enns: Right.

Mr. Ed Holder: Are you breaking even or are you making some dough on this? How's it going?

Voices: Oh, oh!

Mr. David Enns: We're breaking even.

Mr. Ed Holder: I want to know if I paid too much when I used to own that company. That's what I'm curious about.

Mr. David Enns: It's a break-even service and—

Mr. Ed Holder: It's a break-even service.

Mr. David Enns: —the company then.... There are fees for the people who use it, obviously. That's how the companies—

Mr. Ed Holder: You recover those royalties through the supplementary estimates (B).

Mr. David Enns: Yes.

Mr. Ed Holder: That's why I like them, because then I can see the flow. I didn't realize that this is the process you use.

I have another question, if I may.

Again, Mr. Enns, you made some comments at the opening that these supplementary estimates are worth just over \$100 million, still under the cap, if you will, of the allowable amount of your authority.

One of the things you said, though, that I thought was interesting was about what you would do as it related to the Bombardier CSeries. It was that you needed some \$25.7 million, but that what you would do as a result of capturing it in the supplementary estimates (B) is reduce the main estimates as a consequence.

Is that a typical practice? How exactly does that work?

Mr. David Enns: It's not uncommon. The lingo on that would be a "reversed reprofile", whereby money, instead of being reprofiled into a future year, is brought back from a future year into this year. Next year's main estimates that I mentioned will reflect a decrease in that program.

The issue there is it aligns the payment to Bombardier for the eligible costs they've incurred under that program. They've advanced

the work, but the payment will be made when they need it, because the project is completed.

Mr. Ed Holder: That's typical with that kind of a project, I presume—

Mr. David Enns: Yes.

Mr. Ed Holder: —in terms of how you recapture and then....

Mr. David Enns: Exactly, and for many of the programs we have, or the contribution agreements we negotiate, we try to align them to the timing of the investment cycle of the company or the organization we're assisting. Sometimes that involves reprofiling money. Most often it's into future years, but on occasion it's reprofiled in the reverse.

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

Thank you very much, Mr. Holder.

We'll now go to Madam Sgro.

Hon. Judy Sgro (York West, Lib.): Thank you very much, Mr. Chair.

To the witnesses, thank you very much for being here and helping us through these today.

The government talks about price parity with the car prices in the U.S., of course, which continue to be much lower. Can you tell me how much money is being spent to try to address that imbalance in the auto sector and other sectors?

• (1600)

Ms. Marta Morgan: The government has recognized in the Speech from the Throne that there is an issue with respect to geographic price discrimination, but broadly speaking, and has included a commitment in the Speech from the Throne to take further action to address that.

With respect to the auto industry, we are working to understand better the dynamics in the auto industry. Auto pricing is complex, in part because prices are highly negotiable. This can be a function of the kinds of promotions on offer, the vehicle model and extras people want, etc., and whether they are paying cash or leasing at that time of year. I would note as well that Canada is an important producer of automobiles, so as noted before, we do support innovation in that sector.

With respect to the exact amount of funds we're spending on this, the government announced in the Speech from the Throne that it will look at taking action in this area. We're still working on what kinds of proposals we might put forward to do that, so I don't have an exact

Hon. Judy Sgro: You don't have any exact amounts, right there.

Ms. Marta Morgan: We have an office at consumer affairs within the department that looks at general consumer issues. We also have an automotive branch that looks at the competitiveness of the automotive industry and the dynamics of that industry. We wouldn't break it down into one specific policy issue within our departmental budget.

Hon. Judy Sgro: What is Industry Canada's advertising budget?

Mr. David Enns: We don't have an advertising budget, per se. The advertising envelope is managed by PCO.

Hon. Judy Sgro: Do you know what that amount is?

Mr. David Enns: No, I don't offhand know what the overall advertising budget is.

Hon. Judy Sgro: I would appreciate it if you could let the committee know at a later date.

I have a further question on the issue of the youth employment strategy. What is the total budget? You reference here \$3.5 million. The program has been there since 1993, so what has the total budget been on the youth strategy?

Mr. David Enns: The youth employment strategy is an initiative under HRSDC, which is responsible for the overall framework. The items you see here in the supplementary estimates are only those Industry Canada portions, which are for those two initiatives in the supplementary estimates.

Hon. Judy Sgro: In previous years, how much has it been for your section?

Mr. David Enns: I'm not sure what the exact figures were in previous years. This is very much in line. We seek these moneys every year. They don't roll over. We have to come back every year in the mains or the supplementary estimates. This would be very much along the same line.

Hon. Judy Sgro: I want to go back to the auto issue, which is an important issue for all of us. You reference on the \$11.9 million that some of the funds go towards department costs for due diligence, site visits, audits, and other such administrative activities.

How much of that \$11.9 million goes into that?

Ms. Marta Morgan: I would just note that the \$11.9 million is the first installment on a \$250 million commitment by the federal government to extend the automotive innovation fund over a five-year period. It's really only this year's piece of what will be an initiative going over a five-year period. The \$11.9 million is money that would go towards the Ford Oakville project announced in January by the Prime Minister.

Hon. Judy Sgro: On the NSERC, what process do you use to determine which research and development projects should receive a grant under the college and community innovation program?

Mr. Robert Dunlop: That's a competitive process with peer review. That's how the funds are allocated.

The Chair: Thank you very much.

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

Mr. Mark Warawa (Langley, CPC): Thank you, Chair.

I would like to continue with similar questioning that Ms. Sgro had regarding youth. You touched on the youth employment strategy. How has that program changed? It has been around for a number of years, and it's a very important program. You said that you seek the funding every year and it's been similar funding. Has the program changed, or has it been similar over the years?

• (1605)

Ms. Marta Morgan: This program has been similar over the years. There are two components to it.

One is related to the computers for schools program, where federal computers are refurbished and then provided to schools. As a part of

that, youth are provided with the opportunity to learn skills, to work on those computers, and to do a lot of the technical work to refurbish those computers. That is part of it.

The other part is related to community access sites, libraries and that sort of thing, that may have public access to computers. There are opportunities and internships for youth to provide technical support and that sort of thing, as an adjunct to those sites.

Those programs have existed for many years and have remained substantially the same.

Mr. Mark Warawa: Thank you.

My next question refers to what you were speaking on, the refurbishment of used computers. You touched on a \$3.5 million request to support the technical work experience program offered to students and recent graduates to refurbish computers. Is this the same program that you were just referring to?

Ms. Marta Morgan: Yes.

Mr. Mark Warawa: The computers are coming from where and going to where? Also, is this in partnership with any of the provinces?

Mr. David Enns: Yes. They come from federal government departments. They come from the provinces and other non-private sector sources.

Mr. Mark Warawa: This is funding the hardware primarily, and then the software, and updating the computers so they are usable through the different school systems. Is that correct?

Mr. David Enns: Exactly.

Mr. Mark Warawa: Are the people doing this recent graduates from tech schools, then?

Mr. David Enns: Yes, and it's a fundamental part of the program, this work experience that these people get in doing this.

Mr. Mark Warawa: Are there some provinces that are not participating in this?

Mr. David Enns: No.

Mr. Mark Warawa: It's right across Canada. Okay.

Could you touch briefly on the \$6 million for Mitacs? That was for attracting students to Canada and also for Canadians experiencing international R and D.

Ms. Marta Morgan: I'll let Rob take that.

Mr. Robert Dunlop: Certainly.

I think it's a very exciting program. We recognize that in Canada we'll never be more than about 4% of the world's research and knowledge, so building strong links with people in other countries and having those people who are going to be leaders in their own countries spend time here is a great way of developing those networks. This program has them working in private Canadian firms, again developing those networks, and of course, because Canada is a wonderful place, a lot of those people will end up staying here too.

The purpose of this is to make sure that we have an opportunity to offer those kinds of experiences to people from other countries. Also, as I said at the beginning, there's a component here for Canadians to have an experience in another country.

Mr. Mark Warawa: What age group are we talking about? Are we talking about university graduates or tech schools again?

Mr. Robert Dunlop: This is primarily...it's a university program. There's a component for people who are undergraduates, and there are also graduate fellowships.

Mr. Mark Warawa: Okay. What countries are we partnering with on this?

Mr. Robert Dunlop: There are countries that we've been dealing with primarily, but we're not limited. China, India, and Brazil have been very active.

Mr. Mark Warawa: Thank you.

The Chair: Thank you, Mr. Warawa.

Now we'll go to Mr. Thibeault.

Mr. Glenn Thibeault (Sudbury, NDP): Thank you, Mr. Chair.

To the witnesses, thank you for being here today. I know this has to be difficult with so many of us asking questions on so many different areas within the ministry. So with that being said, Ms. Morgan, earlier you mentioned the office of consumer affairs. Would you or one of your officials know offhand what the budget is for the office of consumer affairs through Industry?

Ms. Marta Morgan: Yes. We have \$2.7 million in the office of consumer affairs.

Mr. Glenn Thibeault: Excellent. Thank you.

From September 2013 to March 2014, Industry Canada has allocated \$8 million for ads related to the government's more choices campaign, while the Department of Public Works has allocated an additional \$1 million. I know that we can't necessarily speak to the Public Works piece, but where would that \$8 million for ads in the more choices campaign be in relation to this?

• (1610)

Ms. Marta Morgan: First, I just realized that I didn't give you the complete picture. We also have \$1.7 million in that office of consumer affairs in a sort of grant program that provides grants to consumer organizations around the country for their work.

With respect to your second question, David noted earlier that the advertising budget is managed corporately within the Government of Canada. Reports on that are published annually through the annual report on government advertising, which is published by the Department of Public Works and Government Services. That provides a full accounting of all the advertising that's done, including the advertising that would be done on wireless telecommunications.

Mr. Glenn Thibeault: Can you clarify that for me again? Are you saying that the \$8 million from Industry Canada really isn't coming from Industry Canada?

Ms. Marta Morgan: Well, every year the Privy Council Office works with departments to develop a Government of Canada advertising plan that supports the priorities identified in the Speech from the Throne and the budget. An overall funding envelope is approved by Treasury Board and redistributed to the particular departments involved that year.

Industry Canada will receive its share of the funding through subsequent estimates and reports on spending through the public accounts. Information, as I just noted, is also provided in Public Works and Government Services Canada's annual report on government advertising.

Mr. Glenn Thibeault: I guess what we're seeing here, then, Mr. Chair, is that the office of consumer affairs is getting just over \$4 million, but this government is spending \$8 million on ads. We don't have enough boots on the ground, so to speak, when it comes to protecting consumers, but we'll spend ads on it.

In relation to some of the campaign's contents, we're seeing that the policy is stating that it's going to increase rural and remote wireless coverage, when in fact I believe the rules in the auction, which is what I'm speaking to here, governing the rural rollout only require successful bidders to build out capacity in pretty much Canada's 10 largest urban centres to meet the rural rollout requirements.

Would that be correct?

Ms. Marta Morgan: Just as a little background on spectrum, wireless companies require spectrum in order to compete effectively in the market. The government has had a spectrum policy since 2008 to make spectrum available in such a way as to promote competition, investment, and availability of services to Canadians across the country.

In terms of the spectrum auction that's coming up for the 700 spectrum, this spectrum is a particularly valuable spectrum. It goes through buildings, it will go into garages, and it also goes really far. It has properties that make it particularly appealing to companies offering these services, including companies offering services in rural areas.

The rules for this auction, because of its quality, actually include the first rural deployment conditions of their kind in Canada. They include rules that are specifically related to the use of the spectrum in rural areas.

The government has also recently stated, the minister recently made an announcement, that it will only renew spectrum licences when all licence commitments are met so that other companies wanting to invest, for example in rural services, can do so. If a company has spectrum and they haven't been using it in rural areas, that spectrum will be taken back and repurposed to companies who do have a business plan that involves providing services in rural areas.

The Chair: Thank you very much, Ms. Morgan.

Thank you very much, Mr. Thibeault.

Madam Gallant.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman, and through you to our witnesses.

What are the reasons underlying the changes to the National Research Council of Canada that we announced in the 2013 federal budget?

Mr. Robert Dunlop: Mr. Chair, yes, the National Research Council was asked to reorient its activities as a research technology organization, working primarily with partners, primarily private sector, but other public sector organizations as well, to focus on research that is directed towards a specific end, and in that respect take on ambitious projects that maybe private companies wouldn't normally do, looking beyond the short term through the involvement of the resources of the National Research Council to do that.

They've announced projects on, for example, the genomics of wheat, working with a variety of partners kind of longer term, involving the private sector, involving other public sector organizations on a very important issue for food security.

Similarly, they've announced that they're working with a variety of partners on printable electronics, which is a new area of research with great potential application, based on an assessment that there is potential for specifically that industry in Canada.

Those are a couple of examples of the kinds of projects that the new NRC is focusing on.

•(1615)

Mrs. Cheryl Gallant: How far along is the transition to providing support and services, based on market and industry demand?

Mr. Robert Dunlop: This is exactly the process they're going through now. There has been a very large change in management systems, in the kind of reach out they have to do. They have to develop the relationships with the companies, which calls for new kinds of people. The president of the National Research Council, John McDougall, has been very active on that.

As I say, we see the change with the announcements of these new programs and activities. That's an ongoing activity right now.

Mrs. Cheryl Gallant: Is the NRC engaging the stakeholders or just announcing new programs?

Mr. Robert Dunlop: The announcement is the last stage. The first stage is using their network, and the IRAP network is one example of that, right across the country, knowing what companies are working on, reaching out, and trying to put together a consortium of similarly interested companies and institutions to define a project and commit resources.

The last stage is the announcement. An awful lot of work goes in before, because you want to have clear objectives. You want to have milestones. One of the objectives here is that if a project isn't reaching its milestones, it would be terminated. It is very much a private sector approach in that regard, but it's only the last stages. The progress we've seen is the fact that there have been a number of announcements of projects that have gone through all of that already.

Mrs. Cheryl Gallant: I keep hearing about this government concierge service and how it's supposed to help small businesses navigate through the suite of programs available.

When is this going to be up and running? How is it going to help small business achieve better access to the programs and the services they need?

Mr. Robert Dunlop: Actually, Minister Rickford announced the launch of the service formally on December 2.

The NRC has the service now in place and it will be ramping up. The intent is that by reaching into the national network of the National Research Council, no matter where a small business is, they will be able to access information about what's available and how they can best navigate government.

Mrs. Cheryl Gallant: Does the Natural Sciences and Engineering Research Council of Canada have performance indicators to measure the impact of grants to support the partnerships between the educational institutions and local companies in relation to innovation?

Mr. Robert Dunlop: Yes, Mr. Chair. All of the activities of NSERC are subject to an evaluation framework of one sort or another, specifically on the partnerships program, which has released a progress report on the activities. It demonstrates the growing number of companies that have taken part in these programs over the last couple of years, and then, of course, to be followed up with a more formal evaluation when a bit more time has elapsed.

As I said, we've released an interim progress report to demonstrate the impact to date.

The Chair: Thank you, Mr. Dunlop and Madam Gallant

Now on to Mr. Stewart for five minutes.

Mr. Kennedy Stewart (Burnaby—Douglas, NDP): Thank you, Mr. Chair.

Thank you to the witnesses for coming today.

I'd like to continue with Ms. Gallant's questions about the National Research Council.

I was looking at the Treasury Board Secretariat figures, which say that in 2008 the NRC had 4,590 employees. In 2013, the Treasury Board reports that the NRC now has 3,525 employees, which is about 1,000 fewer employees. I'd say that's a fairly massive cut over that period of time.

I'm wondering what kind of employees have been let go.

•(1620)

Mr. Robert Dunlop: I wouldn't be able to answer that right now. We'd have to get back to the committee, Mr. Chair.

Mr. Kennedy Stewart: Great. So we could have some kind of accounting of that.

Treasury Board does break down the types of employees who work at the NRC, and I'm wondering whether this is a cut across the board or whether it is a particular segment of the NRC that's being laid off. I've also heard that there have been more employees laid off, but different types of people hired on. When we had Mr. McDougall here earlier in the spring, we asked questions about this, and we were told we'd get a full report. We haven't seen much on that.

Mr. Chair, I'm just wondering if that is something that could be tabled, in terms of looking at the employee distribution within the NRC.

I'll continue on this line of questioning because it's quite puzzling to me. There has been an increase in some of the budgets at the NRC. It's been highlighted. There's an increase in funding for the NRC in some areas, but it's also letting 1,000 employees go.

I'm wondering where this money is being spent if it's not being spent on labour. Is it being spent on advertising? Where would the extra funding be spent? For example, is it being spent on contractors? Are they letting full-time staff go and bringing in contractors?

Is there anything you can help me with in terms of allocation of budget?

Mr. Robert Dunlop: Mr. Chair, a lot of the variability in the budget at the National Research Council is the budget of the industrial research and assistance program, IRAP. That was doubled by the government several years ago. The major increase you've seen in the overall budget is not on the internal operations of the National Research Council but the program to help industry. The internal operations are much more stable.

All government institutions have had some reductions, and as I was saying in the answer earlier, with the reorientation of the organization, they've also had to change the kinds of activities their employees are engaged in.

Mr. Kennedy Stewart: Thanks. I have one more question.

Ms. Gallant mentioned the 1-800 concierge service. I'm wondering if you could give us a ballpark figure on how much is being spent to launch and continue this. Could you maybe give us some detail of what it entails, other than a website and a phone number?

Mr. Robert Dunlop: I might need the "this just in" service on that. I'm trying to go on memory and numbers have never been my strongest part of memory.

The service is really meant to be value-added. The great strength of the National Research Council and IRAP is that the people who are there are people who are experienced in business. They're experienced researchers; they're not just providing the kind of information that's available on a website.

What this service is meant to do is make sure that the small business gets plugged into the right people, that they know the system. They're also working with other organizations that provide similar types of services, so to the extent possible, they don't get the runaround. Putting it at IRAP, the real objective here was to get them in touch with experienced people who've been through developing a small business, who've developed a technology, and allowing that value-added, which oftentimes is more important than the money, to be brought to bear.

Mr. Kennedy Stewart: Mr. Chair, I'm aware we have very low BERD investments and I understand we need to get small and medium-sized businesses investing in R and D, but I'm just wondering, if there have been such massive layoffs, and there has been no increase in the administrative budget, how is this shifting happening internally? That's why my direct question about the costs on this service is important to me.

Mr. Robert Dunlop: We can certainly provide the number. I don't want to guess.

Mr. Kennedy Stewart: Okay, thank you very much.

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

Thank you very much, colleagues.

I apologize in advance for my long statement, but it's required.

INDUSTRY

Department

Vote 1b—Operating expenditures.....\$36,742,410

Vote 5b—Capital expenditures.....\$1

Vote 10b—The grants listed in the Estimates and contributions.....\$55,051,488

Federal Economic Development Agency for Southern Ontario

Vote 55b—The grants listed in the Estimates and contributions.....\$19,830,000

National Research Council of Canada

Vote 60b—Operating expenditures.....\$53,939,454

Vote 65b—Capital expenditures.....\$1

Vote 70b—The grants listed in the Estimates and contributions.....\$6,872,943

Natural Sciences and Engineering Research Council

Vote 75b—Operating expenditures.....\$728,509

Vote 80b—The grants listed in the Estimates.....\$14,159,739

Social Sciences and Humanities Research Council

Vote 90b—Operating expenditures.....\$461,803

Vote 95b—The grants listed in these Estimates.....\$6,498,108

Statistics Canada

Vote 105b—Program expenditures.....\$36,574,832

(Votes 1b, 5b, 10b, 55b, 60b, 65b, 70b, 75b, 80b, 90b, 95b, and 105b agreed to)

ATLANTIC CANADA OPPORTUNITIES AGENCY

Department

Vote 5b—The grants listed in the Estimates and contributions.....\$4,273,621

Enterprise Cape Breton Corporation

Vote 10b—Payments to the Enterprise Cape Breton Corporation pursuant to the *Enterprise Cape Breton Corporation Act*.....\$1,085,000

(Votes 5b and 10b agreed to)

ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC

Vote 1b—Operating expenditures.....\$1,184,988

Vote 5b—The grants listed in the Estimates and contributions.....\$49,288,977

(Votes 1b and 5b agreed to)

WESTERN ECONOMIC DIVERSIFICATION

Vote 5b—The grants listed in the Estimates and contributions.....\$13,673,333

(Vote 5b agreed to)

The Chair: Shall I report the votes and supplementary estimates to the House?

Some hon. members: Agreed.

The Chair: Thank you very much. We're going to suspend for a moment and then we'll have a new tranche of officials. I believe that will be at the end and we'll continue on with clause-by-clause study. We'll suspend for five minutes.

• _____ (Pause) _____

•

• (1630)

The Chair: We're back, ladies and gentlemen.

Our great officials who we had yesterday are back. I believe that at the last meeting I was just trying to sneak in LIB-6 when somebody said, "aren't we supposed to adjourn at 5:30". With that in mind, and making sure we're all on the same page here, we'll go to LIB-6.

Ms. Sgro, did you want to say something to that?

(On clause 45)

Hon. Judy Sgro: Mr. Chair, the amendment deals with the statutory damages idea. Witnesses stated that Bill C-8 may result in increased litigation and enforcement actions. Well, if this proves correct, some of Canada's smallest companies or retailers may find themselves in a position where corporate finances dictate the vigour with which they are able to pursue damages. Consequently, inclusion of statutory damages in clause 45 of Bill C-8 may be worthy of consideration. Amendment LIB-6 would accomplish that.

Again, I'm just going back to the issue. We don't have a simplified procedure. We've opted to go a different way. I can understand all of that, but the issue of statutory damages seems to be a logical one, because there's an awful lot of small companies out there that are going to have real difficulty with the lawsuits and the costs, and so on. This is an idea that we've heard from our witnesses and that would help accomplish exactly what it is you're trying to accomplish with Bill C-8, I think, in a more affordable way.

Would the officials like to comment?

The Chair: Madame Quach, did you have a comment?

[Translation]

Ms. Anne Minh-Thu Quach (Beauharnois—Salaberry, NDP): Yes.

According to the experts we have heard from, I think that adding the damages would disrupt the balance achieved through Bill C-8. In fact, it would be especially harmful for parallel imports and consumer choice. I don't think the experts said to include the damages.

Could the officials tell us something about that?

[English]

The Chair: Go ahead with a comment, Mr. Halucha.

Mr. Paul Halucha (Director General, Marketplace Framework Policy Branch, Department of Industry): Sure.

The effect of the amendment would be to establish a new system of statutory damages, with a mandatory minimum of \$1,000 and a maximum of up to \$100,000. Statutory damages were not included in Bill C-8, and I would note the following consideration around statutory damages.

The amendment would have the effect of limiting the discretion of judges. Currently, judges have full discretion, based on the evidence provided to them in specific court hearings, to make a determination on what damages are appropriate. I would just quote the Trade-marks Act, which states:

Where a court is satisfied, on application of any interested person, that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of injunction and the recovery of damages or profits...

Courts are using this discretion now, and we expect that they would continue to do so should Parliament approve Bill C-8.

The Chair: Madam Sgro, go ahead.

Hon. Judy Sgro: I have one short question.

Judges have that ability, but small businesses don't know whether they're going to get reimbursed for their expenses. I've got several quotes of cases at the office where \$32,000 or \$35,000 was spent on litigation and all that was awarded was \$3,200, as an example. If small businesses are going to be encouraged to do what's necessary to protect their goods, they have no guarantee that the judge is going to give them anything more than a couple of thousand dollars, and litigation is expensive.

Mr. Paul Halucha: I absolutely agree that litigation is expensive.

I'd note as well that statutory damages with a range of \$1,000 to \$100,000 still would provide judges with discretion, ultimately, to make a determination on the appropriate level of damages. To the extent that there's a cost incurred on a rights holder or small business seeking damages, it's still at the discretion of the court. It would just be a question of having it limited.

On the other side of it, it could create circumstances where damages could be awarded beyond what is reasonable. This is a hypothetical situation, but you could have a circumstance where one ball cap was the extent of the counterfeit goods. If somebody was taken to court for that offence, then the minimum damages available to the court would be \$1,000, which would be beyond what is reasonable.

As well, it's really important that judges would have the full evidence. They would have a much better sense of what the full evidence was in specific circumstances. It would be very difficult for the state to establish statutory damages taking into account all of the different variables that a judge would have in a specific circumstances on specific cases.

●(1635)

The Chair: Mr. Ryan, go ahead.

Mr. Michael Ryan (Senior Analyst, Copyright and Trademark Policy Directorate, Department of Industry): I would add that, at this point, the courts do have the authority to award those litigation costs as part of the damages. The actual damages pursuant to their trademark has been some set value, but in addition, court costs can be awarded, including those attorney fee costs, as part of that. That also mitigates those costs with respect to pursuing the litigation itself.

Hon. Judy Sgro: I have one short question to that answer, Chair.

Have you tracked any of those to see how much is being awarded and how small they appear to be?

Mr. Michael Ryan: We have.

In recent years, within the last year or two years, we've seen a significant increase in the size of damages being awarded by the courts. This includes damages such as punitive damages, so, looking at the bad faith or bad behaviour of the proven-in-court counterfeiters or infringers. We're looking at those types of costs.

As well, courts have looked at the issue with respect to the lack of evidence. In the cases where you're dealing with somebody who doesn't provide records or doesn't maintain records, the courts themselves have instituted a type of damages to accommodate that situation, to address those. While they might demonstrate that they've made efforts with respect to showing their harm, but because of the activity of the infringer those activities or evidence aren't available, courts have been making judgments with respect to those cases as well.

The Chair: Thank you very much.

(Amendment negatived)

(Clauses 45 to 55 inclusive agreed to)

(On clause 56—*Replacement of “utiliser”, etc.*)

The Chair: We have amendment G-12.

Hon. Mike Lake: This is a very technical grammatical change in the French, I believe, so maybe I could get the officials to explain it.

Mr. Michael Ryan: This is actually a consequence of a previous motion with respect to clause 22 relating to the civil provisions. In this case, we are updating the French language across the board in clause 56, replacing the French term “*utiliser*” with “*employer*”. However, because of the modification of the motion previously agreed to, this no longer needs to be applied to section 20 of the Trade-marks Act.

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

Are there any other comments?

(Amendment agreed to)

(Clause 56 as amended agreed to)

(Clauses 57 and 58 agreed to)

(On clause 59)

The Chair: We have amendment PV-1. I have a suspicion that's why Ms. May is here.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Chair, I am here because you invited me. I'd like to say on the record that I've rarely sat at a committee table where I look around the room and see nothing but friends. I want to acknowledge that I'm grateful to see you all here and that I have nothing but goodwill towards all assembled; however, I need to put on the record that I object to the motion that was passed by this committee and that the so-called invitation to me and other members in my situation amounts to coercion and denial of our rights to put forward substantive amendments at report stage.

That said, I'd like to propose an amendment which I think would be very helpful to this bill. It would be to delete said subclause 59(1), particularly lines 8 through 12, to delete the incorporation of offences under the Copyright Act in section 42 into the Criminal Code, where they would be found in section 183.

To put it simply, Mr. Chair, what I'm objecting to, and what I hope my amendment could correct—and I have a couple of grounds of concern here—is the insertion of essentially a civil offence into a criminal section of the Criminal Code, essentially creating increased

opportunities for wiretaps into an offence for which I don't believe wiretapping is appropriate.

Particularly, Mr. Chair, I refer to the Supreme Court decision in *R. v. Tse*, which identified that electronic surveillance is a last resort, and only in cases of investigative necessity. The way the Copyright Act has been...and these provisions and these amendments we have before us in Bill C-8 incorporate things that are in, I think, a fairly vague swath between private use and commercial scale. In previous conversations on other amendments, we've had discussions about how many Coach purses before you're caught under the act, how many items that you should have known were being passed off in violation of copyright, and so on.

Wiretapping is a particularly invasive mechanism of the state, and inappropriate, as you can see from the kinds of offences that we're now inserting, such as these offences relating to infringement. The act deals at section 183 of the Criminal Code with high treason, sabotage, hijacking, sedition, using explosives, threats, providing for terrorist purposes, hoax—terrorist activity, perjury, and luring a child.

In any case, we're not suggesting that offences under copyright are all right. We're just suggesting that the investigative rights of invasion of privacy of a wiretap offence don't belong there. We also suggest that we don't need to make it a further offence. I wonder if this committee had taken note of other sections of the Criminal Code that already deal with these areas.

I'm surprised that they're not incorporated into Bill C-8, but under section 406 of the Criminal Code, we have making it a criminal offence to engage in forgery of a trademark. We also have, under section 432—and I'm going quite fast because I know I only have a minute—an offence—

• (1640)

The Chair: Excuse me, Ms. May, but you can slow down for the translators.

Ms. Elizabeth May: Thank you, Mr. Chair.

[*Translation*]

My thanks to all the interpreters.

[*English*]

There are other offences in the Criminal Code that are already on point to copyright, and I'm wondering why Bill C-8 isn't taking those on board rather than having them stuck under this act under which, I'm concerned, some of the offences are rather vague regarding permission to wiretap.

Section 408 of the Criminal Code makes it an offence to forge trademarks or trade descriptions, and section 432 of the Criminal Code speaks to the issue of videotaping in a movie theatre without permission what is on the screen, which is, in other words, pirating films.

Those are sections of the Criminal Code which I think could have been more appropriately used under Bill C-8. From our reading of Bill C-8 and the insertion into the Criminal Code of offences under Bill C-8, we have now an overly broad and ill-defined set of offences that are not inherently criminal, although there are criminal activities under trademark already covered in the Criminal Code, and they would insert lesser crimes into a series of wiretapping capabilities where they don't properly belong.

I think that covers my point, Mr. Chair. Thanks for the latitude so I could speak while breathing.

The Chair: Thank you, Ms. May.

I'll exhaust the comments from the members before I go to the officials.

Ms. Charlton.

Ms. Chris Charlton: Thank you very much, Chair.

I kind of wish we had heard some testimony on this. We heard none, which isn't very helpful to me at this point. I know that some of the clauses in the bill would require that any wiretapping happened with the oversight of the courts. I expect that the court oversight would be balanced. By that, I mean that the courts would account for the exceptions under the Copyright Act in their deliberations. We also know that the Criminal Code already has safeguards in place to protect privacy, including reporting and notification requirements and a limit on the use of powers only as a last resort.

All of that being said, it's still not clear why this measure is required in the context of Bill C-8. No witnesses testified about this, either raising concerns or asking for those kinds of powers.

While those of us on this side of the table support Bill C-8, we do agree that this clause of the bill could have impacts beyond the scope of anything that was presented here at committee. For that reason, I'm going to be supporting amendment PV-1.

•(1645)

The Chair: We'll go to the officials now.

Mr. Paul Halucha: The amendment seeks to limit the tools available to the police who are investigating offences under the Copyright Act. As a result, the RCMP would be unable to seek judicial authority to conduct a wiretap as part of a criminal investigation involving the production of, for example, thousands of infringing DVDs, Blu-rays, or CDs for commercial distribution.

As indicated in earlier testimony before the committee by the RCMP, organized crime groups are diverse, and investigations normally involve many forms of contraband. The amendment would also create a differential treatment regarding the tools available for law enforcement investigations of copyright and trademark counterfeiting crimes.

Ms. May listed a number of the high crimes in the Criminal Code that are found in those provisions around wiretapping. I haven't done a formal count, but I think it's in the range of 150 to 200. Many of the provisions, which are quite close to the criminal provisions being created through Bill C-8 for copyright and trademarks, are already included in the Criminal Code, for example, forgery, theft, fraud,

uttering or making counterfeit money, and smuggling. So there is an analogous set of offences that are in the act.

The proposal in Bill C-8 is effectively to add the two new criminal offences. It'll be clear that no civil offences are being added into the Criminal Code.

With regard to the issue of safeguards, which was raised, there are no new safeguards added in Bill C-8 regarding wiretapping. The safeguards are actually quite comprehensive and are already spelled out in the Criminal Code. There's no narrowing or expanding of wiretap provisions as a result of Bill C-8. In the act, we've established new criminal offences for trademark violation and, on the criminal side, for copyright, and in both cases, we're simply providing the RCMP with a warrant and sufficient evidence, with all of the safeguards in the Criminal Code in place, so that with a judge's concurrence they can seek a wiretap. This is undertaken in extraordinary circumstances. The RCMP reports publicly on the number of wiretaps it seeks. You can find that on Public Safety's web page. That's done in a very small percentage of overall investigations. I think the numbers range over the last five years from about just over 100 to the low 90s.

The Chair: Thank you, Mr. Halucha.

Do you want a rebuttal, Ms. May?

Ms. Elizabeth May: Thank you, Mr. Chair. I appreciate that.

I'm not suggesting that by inserting the new offences under Bill C-8 into the Criminal Code we've reduced the threshold for obtaining a wiretap, but what we've done is insert an offence that is at this point still vague. It could, on my reading, and also that of a number of lawyers who would like to have testified to the committee—taking Ms. Charlton's point—but weren't invited.

In particular I've been in touch with Howard Knopf of Perley-Robertson. He was involved as counsel in at least part of the Laurier Office Mart case, where a very minor offence, something like 332 dollars' worth of photocopying, ended in a costly court battle, particularly costly to the small family business that was involved.

Those kinds of offences could be caught under this provision to allow wiretapping.

I'd further submit that because government amendment G-7 has changed the threshold of *mens rea* to make it clearer that a person—and I think it was a good amendment. I thank the government members for bringing in G-7. But with the provision of G-7, to make it clear that a person actually has to have known that what they were doing was an offence, as opposed to knowing the particular sections of the act, and so on, we've reduced the threshold of *mens rea*. It even reduces further the need to treat this as a proper case for needing the investigative tool of wiretapping.

You would think English wasn't my first language, Mr. Chair.

• (1650)

[*Translation*]

I am a bit tired.

That said, I think this provision is one too many.

[*English*]

We don't need it. It inserts wiretapping opportunities where law enforcement won't need it, and the nature of offences could include very trivial offences, such as in the Laurier Office Mart case.

The Chair: Seeing no other comments from members, Mr. Halucha, do you have anything additional to add?

Mr. Paul Halucha: No, sir.

(Amendment negatived [See *Minutes of Proceedings*])

The Chair: Shall clauses 59 to 62 carry?

Some hon. members: No.

Ms. Chris Charlton: Can we deal with clause 59? We dealt with amendment PV-1, but we didn't deal with the clause as a whole.

The Chair: Sure.

(Clause 59 agreed to)

(Clauses 60 to 62 inclusive agreed to)

(On clause 63—*Order in council*)

The Chair: We have amendment G-13.

Hon. Mike Lake: Can we go to the officials quickly?

Mr. Michael Ryan: This is a consequential amendment with respect to the civil amendment that was adopted. The contents originally from section 21 have a new home in section 22. We're just updating the reference from section 21 to section 22.

(Amendment agreed to [See *Minutes of Proceedings*])

(Clause 63 as amended agreed to)

The Chair: Shall the short title carry?

Some hon. members: Agreed.

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill as amended carry?

Some hon. members: Agreed.

The Chair: Shall the chair report the bill as amended to the House?

Some hon. members: Agreed.

The Chair: Shall the committee order a reprint of the bill as amended for the use of the House at report stage?

Some hon. members: Agreed.

The Chair: Thank you very much, ladies and gentlemen.

The meeting is adjourned.

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