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Chair

Mr. Dan Ruimy

Standing Committee on Industry, Science and Technology

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• (0845)

[English]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Good morning, everybody. This is meeting 164 of the Standing Committee on Industry, Science and Technology. Pursuant to Standing Order 81(4), we are studying the main estimates of 2019-20.

With us today is the Honourable Navdeep Bains, Minister of Innovation, Science and Economic Development; along with John Knuble, deputy minister.

Thank you all very much for coming in today.

Sir, you have up to 10 minutes.

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

I'm glad to be back here again. It's nice to see a lot of familiar faces, and some new faces in the committee as well.

I'm here with my very able and capable deputy minister John Knuble, also referred to as “Mr. Newbly”. Either way, he's very capable.

Mr. Chair, remember you called him that last time?

The Chair: I got it right this time.

Hon. Navdeep Bains: I appreciate the opportunity to meet with you on this occasion, as you mentioned at the outset, with regard to the tabling of the 2019-20 main estimates.

It's my intention to share with this committee the details of the continued implementation of our government's innovation and skills plan. That's what's reflected in the budget, and the estimates as well.

[Translation]

My comments will be brief. I want to allow the maximum amount of time for questions.

[English]

However, before I go further, I'd like to thank this committee for its ongoing review of the Copyright Act as well as its invaluable efforts and reports on the Canadian manufacturing sector; innovation and technology; intellectual property and technology transfer—which was very helpful for us when we unveiled our first national IP strategy—and broadband connectivity, of course. Your committee has also studied Bill C-25 and Bill C-36, as well as Canada's anti-

spam legislation. Long story short, Mr. Chair, our government greatly values these contributions. They have helped shape our innovation agenda.

We are well on our way to accomplishing our goals, but we know there is much left to do. That is why I am here today to discuss the proposed budget allocation of \$8.6 billion in the 2019-20 main estimates for the ISED portfolio and to answer any questions that you may have. I am seeking your continued support as we advance the innovation and skills plan.

Allow me to provide some examples of what's in that budget, particularly in the main estimates.

One issue that's very important to us, and that many of you are aware of, is CanCode. To develop the digital economy, our CanCode program has helped more than one million students learn digital and coding skills. It's more than simply coding. It's about collaboration. It's about teamwork. It's about preparing young people for the jobs of tomorrow.

Budget 2019 seeks to provide an additional \$60 million over the next two years. Because of that initial success, we've allocated additional funds to help another million young students gain new digital skills. It's not only about the kids; it's also about the teachers. We're empowering many teachers to learn how to teach how to code as well so they can provide additional opportunities for future generations.

Broadband is another area that's very important and that's come up often in the many conversations this committee has had, and of course in our travels across the country.

To ensure we have the infrastructure to put the skills to use, which I just highlighted with regard to CanCode, budget 2019 proposes \$1.7 billion for high-speed Internet access.

I look forward to working with my colleague Minister Jordan to implement this funding. Our government is committed to this initiative. It complements the connect to innovate program that we launched a few years ago, and we were able to leverage a billion dollars' worth of support in total through that program.

The next item I want to talk about is superclusters.

[Translation]

We've supported the creation of five innovation superclusters. These superclusters will strengthen key sectors of our economy, which will attract international investment.

[English]

In doing so, these superclusters are building innovation ecosystems that bridge the gap from idea to commercialization to growing global firms. It's really about creating this ecosystem. I think you'll find this stat very important as well. Superclusters are expected to create 50,000 jobs and to grow Canada's economy by \$50 billion over the next 10 years. This is really about growth and jobs, and about continued global leadership for Canada when it comes to our innovation economy.

Complementing this initiative, we are providing new sources of capital for large-scale innovation projects, as well. One such project that is very important to highlight, and that impacts many of our communities, is the strategic innovation fund, SIF. Through the SIF, we have announced contributions of \$1.2 billion, leveraging investments of \$15.3 billion. We not only are making these investments but also have seen significant leveraged dollars. We're expected to create, again, tens of thousands of jobs. These range from, of course, the automotive sector, which is very critical to our economy, to the aerospace sector to food processing to digital technologies.

If you're counting, that's more than 100,000 jobs from just those two initiatives. I'm talking about superclusters and SIF. I just wanted to highlight some of those key initiatives in my opening remarks as well.

I also want to take this opportunity to talk about the recently launched digital charter, which is central to the next phase of our innovation and skills plan. Under the digital charter, individual privacy and business innovation are complementary, not competing, priorities. This approach supports an environment in which business models that rely on leveraging data for growth put an even bigger premium on trust. This is really about creating and building trust in the digital world. Trust and growth should be mutually reinforcing principles. You can't have one at the expense of the other.

● (0850)

Our government's investments under the innovation and skills plan are working. Since October 2015, Canada's economic growth has led the G7 and unemployment is at a record low.

By building on Canada's competitive advantages—the most highly educated workforce in the world, unrivalled access to global markets and low costs for doing business—companies are growing in Canada, coming to Canada and investing in Canada.

Let me give you a quick snapshot. I'm an accountant; I like numbers. In 2018, we saw the highest levels of venture capital investments since the early 2000s. It was \$4.6 billion. That's clearly an indication of how we're turning a corner. We're seeing additional investments—particularly late-stage investments—in companies that are scaling and growing. Foreign direct investment grew by nearly 60% as well, which is really important to know.

We're seeing nearly twice as many Canadian companies on their way to the billion-dollar mark, which is a true sign of global competitiveness. We call them unicorns. How do we create more Shopifys? How do we create more large-scale companies that are growing and creating jobs? Right now, we have 20 in the pipeline that are well on their way to doing that.

Canada has become one of the world's best places to live and do business. We saw that recently at two conferences. Collision in Toronto and C2 Montreal highlighted again how the world is coming to Canada to take advantage of all the opportunities here.

Our world-class workforce and cutting-edge infrastructure is attracting investment and opportunities.

[Translation]

Our government is committed to building a strong and innovative economy that benefits all Canadians.

[English]

Once again, I thank this committee for its work and for giving me this opportunity to speak today.

I'm happy to answer any questions you may have.

The Chair: Thank you very much, Minister.

We're going to jump right into questions.

Mr. Oliver, you have seven minutes.

Mr. John Oliver (Oakville, Lib.): Thank you very much.

Thank you very much, Minister, for joining us this morning and for that presentation.

The first area I wanted to ask about is the innovative superclusters initiatives. For my riding of Oakville, this was a huge announcement. We have many advanced manufacturing concerns in my riding. There's food, innovative nuclear, aerospace, and of course, I'm home to Ford Canada and Ford's largest manufacturing plant in Canada. It's a really important area.

The one thing I heard from all the stakeholders working in this area of advanced manufacturing was what you said about the goal here, which is to go from an innovative idea to invention to commercialization to globalization, and assisting our homegrown Canadian manufacturers through that cycle into global competitiveness.

My first question is around that. Can you give the committee an update? Where are you in terms of the rollout? How do you see the supercluster initiative progressing? Maybe give us some highlights from British Columbia and from Ontario of what's happening in this area.

Hon. Navdeep Bains: I think it really speaks to a key part of our innovation skills plan, which is around growth and jobs, of course, and also creating a collaboration in the culture of innovation.

We had a very competitive process when it came to the superclusters. Many companies, organizations and academic institutions partnered up to put forward their proposals. Ultimately, we selected five. One that really stood out was advanced manufacturing—the one that you highlighted—or NGen as it's called and as it's being marketed presently. It's a supercluster that really has brought together some key areas of strength in manufacturing. We have a footprint that's reasonably strong at 10%. It needs to not only maintain that level, but to grow now.

This supercluster is really focused on advanced manufacturing, 3D printing and skills. They have a concierge service where they are upskilling and re-skilling individuals to understand that as technology evolves and changes, so do the functions and the roles of individuals who use this technology. They need the skills and upgrading as well. It's a really big play on talent and people.

As you highlighted, the digital supercluster has not only moved from a strong governance model, but ultimately now has announced projects as well. You will see projects coming forward in the coming weeks that highlight collaboration where data strategies are shared, where intellectual property strategies are shared and where collaboration will take place, particularly between the larger and smaller companies. How to integrate the supply chains was also a key desire of our programming.

It's also really interesting to note that when we are out there trying to attract foreign investments, many of them are talking about these superclusters because it allows companies that are new to Canada, for instance, to automatically connect into an ecosystem where they can leverage relationships and really be part of some interesting collaborations.

It's across the country. We'll see investments in the ocean supercluster in a timely manner, as well as in Scale AI for artificial intelligence.

As I mentioned in my opening remarks, we are very confident that we'll hit a minimum of 50,000 jobs. We think that we will exceed that, but that's a very minimum benchmark in the coming years.

● (0855)

Mr. John Oliver: Great, and the 50,000 job count in advanced manufacturing or across those types of skills is enormous. Those are high-quality, well-paid jobs that are going to support Canadians for years to come.

On the B.C. digital supercluster, can you speak to some of the outcomes and what's been achieved there?

Hon. Navdeep Bains: Absolutely. I was there when we announced the projects in British Columbia. British Columbia is taking a lead when it comes to superclusters, unveiling its projects first. What's really exciting is using data for good. One area that this digital supercluster is focusing on is health care. There were numerous companies that were announced as project winners that looked at using data for early diagnosis of diseases using artificial intelligence and big data.

That really speaks to why we also unveiled the digital charter as well. We want to build trust in this area. We want people to have confidence in their personal privacy and in their personal data. Not only do we need to generate more data, but we will need to use it in a thoughtful way to get positive outcomes.

The B.C. digital supercluster really focused on health care. They're focusing on health care and forestry, two areas that are important to British Columbia, but really across Canada. They announced projects in early stages at companies that really looked at early diagnosis of diseases, particularly cancer, which, as you know, is a challenge for many Canadian families and many people around the world.

Not only can we see these projects succeed in Canada, but I'm confident that these projects and these solutions can ultimately be exported to other jurisdictions and help other people as well.

Mr. John Oliver: I noticed in the 2019-20 estimates that there was a decrease in the appropriations requested for the innovative superclusters initiative after a really large launch the year before. I'm assuming that you're busy getting things implemented.

What does success look like? How will your department monitor progress? What are the measures and marks that we look for? Obviously the 50,000 job count is an important one. How will you monitor the development of these?

Hon. Navdeep Bains: We have a robust governance structure. The first thing we wanted to do, as we put forward these superclusters, was to really create an environment for small businesses to have a strong voice, for academic institutions to have a strong voice and obviously the main partners as well. The goal is to make sure that we really promote collaboration.

The key success markers, of course, are the contributions to the economy, \$50 billion to GDP growth, and that's going to be something we'll track very closely. The job numbers matter, and we're going to be tracking those very closely as well, but also how much IP is generated. We're an intangible economy now. It's really about intellectual property and making sure that the IP that's generated is done in a manner that provides maximum benefit and that the benefits remain here in Canada. That's really important to us, and we'll be keeping an eye on it.

We're also looking at data strategies, privacy protection and making sure the data that is generated is done in a way that still protects privacy. Particularly in health care, that data needs to be anonymous and needs to be protected. That's really critical.

Then, of course, I would say the other area that's really important to us is the promotion of diversity. This has been a priority for our government. We want to see the metrics diversity in every aspect in terms of the workforce but also diversity in implicating smaller businesses. This is something critical to integrating the supply chain.

Something my deputy minister has talked about often is how we help smaller businesses tap into the superclusters so they can scale and grow. I mentioned in my opening remarks that there are 28 companies that are on their way to becoming unicorns. A lot of them are also implicated in these superclusters as well. How can we accelerate that growth? We're keeping an eye on that as well.

• (0900)

The Chair: Thank you very much.

We're going to move to Mr. Albas.

You have seven minutes, sir.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Minister and Deputy Minister, thank you for your ongoing commitment to this country.

Minister, off the top, I do think it's important that we have someone to deal with financial responsibility before the committee and answer questions on the estimates. In the second hour we have some officials. I'm sure they're very talented, but I would just ask you, right off the top, since the deputy minister is also an accounting officer, if you would ask him to please stay for the second hour.

Hon. Navdeep Bains: Well, the deputy can speak to his schedule.

Mr. John Knubley (Deputy Minister, Department of Industry): Yes, I'm happy to stay for the second hour.

Mr. Dan Albas: Thank you, sir.

Minister, you've mentioned your so-called digital charter. Why should any Canadian trust your government to have their best interests at heart?

Hon. Navdeep Bains: It's the role of government to create conditions to protect citizens. Our government takes that very seriously. Not only did we put forward a digital charter that engaged Canadians, this charter is not something that was done in the last few weeks or few months. We've been engaging Canadians over the past year. We've done thorough consultations with academics, experts and businesses.

The idea is that these principles we put forward should also be put into action. We proposed changes to our privacy legislation, PIPEDA, to demonstrate this charter in action. The fundamental goal is to build trust in this digital economy. Survey after survey indicate people have less trust when it comes to their personal data and privacy online. I think it's the role of government to really step up and create conditions that help rebuild some of the trust that's been eroding with a lot of the platforms and with digital technology.

Mr. Dan Albas: Minister, on the trust that's eroding, let's start off with using the correct language. This is not a charter. It's a set of

vague guidelines with no legislative authority. Why exactly did the Prime Minister announce these new guidelines in France and not in Canada? What exactly are you trying to hide from Canadians? Why not do it here in the Parliament of Canada where you could have the press gallery, and you could have members of Parliament asking questions right from day one?

Hon. Navdeep Bains: First of all, you are asking questions—

Mr. Dan Albas: From day one.

Hon. Navdeep Bains: We're not hiding. From day one, as you know, the Prime Minister was in Paris. We all supported the Christchurch call for action. At that meeting, he also indicated that we would be coming forward with a digital charter. No specific principles were highlighted there. When I came to Canada the following week, I made an announcement where I clearly articulated the principles within the charter here in Canada, spoke to Canadian media, engaged with Canadian businesses and other community members to talk about these principles. We're far from hiding. We've actually been open and transparent about our commitment to building trust and dealing with a lot of issues around privacy.

As I mentioned, the changes being proposed to PIPEDA, for example, talk about the fact that people should have more control over their data and should be more empowered. How have we done that? We have significant enforcement mechanisms in place to make sure that companies are held accountable, that companies take privacy laws seriously. We provided clear language guidelines around consent, because there are these complicated user agreements that individuals sign off on that create challenges that we've seen. Cambridge Analytica, for example, comes to mind.

We've also said it's about transparency. If an ad pops up, for example, on your screen, you have the right to know how that particular ad popped up. Transparency, control, enforcement—these are examples that all provide greater tools for individuals to be more empowered and make it very clear that privacy is important, and so is control over their data.

Mr. Dan Albas: On the subject of transparency, when exactly do you plan to pass this new set of guidelines into law? The session's over in a matter of weeks. Isn't this just an election ploy?

Hon. Navdeep Bains: We're governing, so every day we're going to come forward with policy proposals. We're going to continue to move the agenda forward. We're not going to stop governing. Wherever the opportunity presents itself in the next few weeks, next few months, we're going to continue to advance this agenda.

As you know, there's a limited runway in the House of Commons with our legislative agenda, so it's whenever the opportunity presents itself. We owe it to Canadians to continue to govern. We owe it to Canadians to continue to put ideas forward. Anything we do now until the election you'll put through the lens of "it's an election issue", but that's going to happen six months before an election, eight months before an election, a year before an election. Would you propose—

Mr. Dan Albas: Okay. Minister—

Hon. Navdeep Bains: —that we would not put politics forward?

Mr. Dan Albas: —you said specifically in the media that you hope to see these in your platform. So you can try to come back from that comment, Minister—

Hon. Navdeep Bains: No, I can elaborate on that if you'd like—absolutely.

Mr. Dan Albas: You've publicly said that this will be in there. Have you not just admitted that there is not time to implement anything legally in this Parliament, and aren't you campaigning, going across the country, making these pronouncements on the public dime?

• (0905)

Hon. Navdeep Bains: I made those remarks because when I was asked about a timeline, I said, "Look, if we can't get it into the legislative agenda, then clearly this would be something that we would have in our platform." If we're fortunate enough to earn the trust of Canadians, then it would be in our second mandate.

Mr. Dan Albas: I question you about the timeline as well.

Hon. Navdeep Bains: I think transparency is very important, and I was transparent with my colleagues in the media as I am with you.

Mr. Dan Albas: Minister, your proposed guidelines refer to protecting the data of Canadians. It was your government that created a data harvest program that would have compelled banks to collect Canadians' confidential financial information without their knowledge or their consent. Why should anyone trust you about protecting their data?

Hon. Navdeep Bains: When it comes to the pilot project that you're referring to by StatsCan, we were very clear that it needs to be done in a thoughtful way. More importantly, StatsCan does great work. It's a great organization. We need good quality, reliable data. For example, if you look at the decision made by the previous Conservative government, when it came to the long-form census, 1,600 communities did not receive good quality, reliable data. We don't want to repeat those same mistakes, so we're very confident in the role of StatsCan and the work that it does. This pilot project was put on hold because of the issues that you have raised.

Mr. Dan Albas: One of your guidelines is, "Canadians will have control over what data they are sharing, who is using their personal data and for what purposes, and know that their privacy is protected."

Minister, does that apply to data held by government, or government bodies like StatsCan?

Hon. Navdeep Bains: I mentioned in my remarks, when I talked about the digital charter, that we're going to be updating and

modernizing StatsCan as well. You'll see changes reflected in that as well. This also pertains to commercial activities, so PIPEDA—

Mr. Dan Albas: I'm asking specifically about government bodies, Minister. Please focus. Will your so-called digital guidelines apply to StatsCan, yes or no?

Hon. Navdeep Bains: Absolutely.

Mr. Dan Albas: Minister, have you approved any other large-scale data collection activities from Canadians through private companies, whether mandatory or not?

Hon. Navdeep Bains: I am very proud of the fact that we have reintroduced the mandatory long-form census. That's a decision that our government was very happy with, because it provided good quality and reliable data.

When it comes to the operational matters regarding StatsCan, the chief statistician is ultimately responsible for the operations of how it collects data.

Mr. Dan Albas: He is supposed to inform you when there's a change, though.

Hon. Navdeep Bains: It has to be clearly consistent with the legislation that exists and the principles that are highlighted.

The Chair: Thank you.

Mr. Masse, you have seven minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair, and thank you, Minister, for being here.

Unfortunately, your legislation didn't make the Canadian chief statistician independent. That has continued to undermine Canadian confidence, given the antics of collecting the data information from the banks.

I want to move to page 3 of your presentation.

Minister, you mention the creation of 100,000 jobs under two programs. What is the name of the study that gives these results that there will be 50,000 jobs created, for example, in the supercluster over the next 10 years? Where was it published, who did the actual study, what was the sample size and what was the methodology of the study? Lastly, where is it available?

Hon. Navdeep Bains: These pertain to the business plans that were proposed by the superclusters through a competitive process. We had technical experts and senior public servants look at those proposals. We also had—

Mr. Brian Masse: I'm not asking for a business plan. You're making an—

Hon. Navdeep Bains: If I can respond, I would be more than glad to follow up.

Mr. Brian Masse: I want the study, though. Thank you.

Hon. Navdeep Bains: Yes. I'll get to it. You have to allow me a quick opportunity to do so.

We had senior civil servants look at the technical aspects of it from different departments, because—as I highlighted—these super-clusters range from agriculture to advanced manufacturing, digital, artificial intelligence and oceans, for example. We also had third party consultants come in and evaluate the business plans to look at the modelling and the numbers. I can say with a high degree of confidence that the numbers I presented are extremely conservative

Mr. Brian Masse: Where is the study available, then?

Hon. Navdeep Bains: Where is what available?

Mr. Brian Masse: All that information you mention and the list of the third parties.

Hon. Navdeep Bains: I would be more than glad to make the business plans available.

Mr. Brian Masse: Are they available right now?

Hon. Navdeep Bains: Superclusters have put forward their business plans, and all that will be made publicly available.

Mr. Brian Masse: The reason I have concern about that, Minister, is that it's a significant allegation, really, of 100,000 jobs being created. The problem is that we don't have any of that information and data.

I'll shift to where I'm going with this, which is with regard to Crown copyright. Again, we have an example where we have a minister of the Crown coming here, making—I guess—an argument about the creation of jobs from materials, but we have no access to any of that information.

In 2017, over 2,000 Canadians independently called for the elimination of Crown copyright. During our copyright submissions here, there were over 200 organizations that called for the elimination of Crown copyright. For more than four decades, there have been Parliaments—in 1981, 1985, 1993 as well another Parliament—calling for the abolishment of Crown copyright.

There have been continued delays of public information and Crown materials with the transition to the digital platforms that have taken place, and in fact, we're losing not only that information but our heritage, because some of this material is being destroyed. This feeds our democratic deficit and economic disadvantage, because the U.S. does not have Crown copyright.

We do have a report coming forth. Your government decided to go ahead with an order in council for Matty Moroun, a private American billionaire, to provide a new border crossing in my riding, without any stipulations to the local community and without any type of public input or even involvement.

Will you commit to moving on Crown copyright in any form necessary to abolish this procedure that's blocking Canadian innovation, access to information and democracy? The reason I point it out in your materials that you submitted here today is because there is valuable information that could be helpful. I'm not saying your business plan was not effective. However, none of that is available. Will you, then, do what's necessary? I have Bill C-440 and

you can steal it. It has been done before in the past. Will you commit to abolishing Crown copyright before the next election?

● (0910)

Hon. Navdeep Bains: Thank you for your intervention and your passion on this issue.

You and I have talked about this on several occasions when you proposed the bill. We talked about it in the House of Commons and in the lobby as well.

You also mentioned in your remarks that there is a study that the committee is doing. I highlighted that as well, and the Copyright Act and the proposed changes as well, so I'm not going to prejudge the outcome of the work that your committee is doing. I look forward to the recommendations that you put forward, and I look forward to acting on those recommendations. I'm also aware that the heritage committee is also looking at copyright-related issues, so I'll work very closely with my colleague Minister Rodriguez as well to see what appropriate steps we can take to address some of the issues you've highlighted.

Mr. Brian Masse: I'll leave this for you. You used it for a private American billionaire to provide him a new bridge. I'm hoping that you can actually look at the government tools available for abolishing Crown copyright, because our time is winding down here in Parliament.

Can I move to automotive, then, Mr. Minister?

Hon. Navdeep Bains: Yes, absolutely.

Mr. Brian Masse: In some good questions, Mr. Oliver noted that in fact we've seen our footprint shrink over North America with regard to production and output. Mr. DesRosiers had that in a recent article. However, in a quick recap, we looked at General Motors with \$300 million in a plant in Orion Township, close to Windsor, Ontario, close to me; \$1.8 billion in six U.S. manufacturing states and theatres; \$1.4 billion announced again additionally on top of that. They also talk about 20 new all-electric vehicles globally by 2023 with none of them planned in Canada right now, so zero out of 20 planned for Canada. They have an investment in Brazil of \$2.7 billion, and they've expanded that from the previous investment, so it caps at about \$4 billion put in.

The reason I ask is that Fiat Chrysler announced \$4.5 billion in investment in Detroit, a few kilometres away from the Windsor plant that is losing a third shift right now.

I wrote you back on February 27, 2019, and I'll provide you with a copy of that as well. I'll give you credit. Your ministry and your department has been very good at getting back to me over the last number of years, but you've yet to respond to this, and this is calling for a specific auto action team. I have support from the chamber, from the unions, from other auto suppliers and groups, to specifically go after that Detroit investment. Could you please respond to that now? I've been waiting since February 27, and since that time we've not only had the dust-up related to the Pacifica being left out for the incentive. I'm glad that's done; it's not the exact one I want, but thank you for at least listening and doing that. Most important is that we're losing a third shift.

The Chair: He hasn't given you any time to respond, but we'll give you a brief time.

Hon. Navdeep Bains: Okay, I will be fairly brief.

Again, I come from an automotive background myself, so I fully appreciate the issues raised by my colleague. The Pacifica, as he mentioned, is part of the rebate program that we proposed in the budget, as well, to counter the cuts made by the Ontario government, which were hurting sales and production in Canada.

We have seen record investments in the automotive sector since 2015, over \$6 billion. There have been certain challenges in certain communities. You talked about Oshawa. We recognize those challenges and we continue to work with the automotive suppliers and the automakers to see how we can bring additional investments to Canada.

As I highlighted in the House of Commons, Mr. Chair, in the first three years of our mandate, we've seen more than 11,500 net new jobs created in the automotive sector, full-time jobs, versus the previous Conservative government, which saw 20,000 jobs lost before the recession even hit. We're very proud of the fact that we've turned the corner when it comes to the automotive sector. We've seen additional investments. More can be done and more will be done. That's why the strategic innovation fund is very important to help provide that tool that we need to bring some of those investments.

● (0915)

Mr. Brian Masse: Please consider support for the proposal we put toward you.

The Chair: Thank you.

We're going to move to Mr. Jowhari for seven minutes.

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

Good morning, Minister. Welcome to our committee.

In your opening remarks, there was an area that I am seeking your help to help Canadians demystify. You mentioned that there are economic strategy tables created. To average Canadians, if you ask them, "Do you know about the economic strategy tables?" they're going to say, "Well, excuse me...what?" I understand this is one of the elements of the government's innovation platform. Could you help demystify this, and tell us what they are, what they focused are on and how they're addressing the challenges that the innovation group is facing?

Hon. Navdeep Bains: One of the premises of how we develop policy is that we have to engage stakeholders and communities, and we have to engage Canadians as well. This is nothing new. When we developed the innovation and skills plan, we had a long, thought-out consultation process to really understand where the gaps were, what the challenges were and where the opportunities were. Similar to developing policies going forward, economic policies, we put forward economic strategy tables.

The six areas were digital, clean resources, clean tech, health and bioscience, advanced manufacturing and agriculture. The reason why these were selected was that industry played a leadership role in determining that this was where the growth opportunities are, this is where we can see the economy going forward, where Canada is well positioned to succeed internationally as well. These strategy tables were comprised of people from those different sectors from a variety of backgrounds: experts, people who run businesses, people who advise businesses and Canadians from a consumer perspective as well. We covered all different aspects and came forward with a bunch of recommendations in these strategy tables.

Many of those recommendations were implemented in the previous two budgets, particularly the last budget and the fall economic update. For example, there was the capital cost allowance issue where we made it easier for businesses to write off the capital cost allowance so that they can compete with investments that were being made in other jurisdictions.

Work-integrated learning was a big issue that was presented in our budget where the private sector is stepping up as well.

The global skills strategy is an immigration pilot project that has become permanent based on their recommendations, because they want Canada to attract not only great Canadian talent but global talent as well.

The objective of this economic strategy table is to develop policy ideas with industry, businesses, with people who understand the real issues on the ground, and work with them to come forward with solutions that can see growth in the economy. I highlighted in my remarks that we have seen over one million jobs created by Canadians in the economy, and we want to continue to create conditions for Canadians to succeed going forward. The economic strategy tables create conditions for success. I've just highlighted some of the policy proposals that they put forward.

Mr. Majid Jowhari: Yes, thank you.

Can you help me understand how those six tables or industries were shortlisted from a broader list of industries?

Hon. Navdeep Bains: We went out to industry, we engaged business and asked them where they saw the growth opportunities and which sectors, which areas, potentially represent opportunities for us, not only within Canada but internationally as well. It's very difficult to always land on one sector versus the other, but ultimately these specific tables really reflect the true diversity of our economy and where we had enormous export potential as well.

● (0920)

Mr. Majid Jowhari: How does that line up with the concept of the supercluster and the SIF program that we have?

Hon. Navdeep Bains: There's a great deal of alignment. This is basically a new smart industrial policy where we are creating innovations skills plan, as I highlighted in my remarks. But if you look at the superclusters in the areas of growth, they are very consistent and very similar to the economic strategy tables. If you look at the strategic investment fund and the investments we've made they are very consistent with these areas of growth. Of course, this represents the growth that we have seen in the economy because our government policies and programs are well aligned with where we are seeing industry growing. We are really making smart investments to continue to see growth in the coming years.

Mr. Majid Jowhari: Is it fair to say that we are almost creating a triangle between the industry tables, the superclusters and the SIF program? One develops a policy, the other one supports the industries on the ground, the leaders, and then the SIF is basically providing the right funding to the right organization.

Hon. Navdeep Bains: I would say that's a very accurate description and they are all connected. Our policies and programs are well thought-out. They are well integrated. The idea is to avoid overlap but to complement one another and to create synergies and opportunities amongst different programs and initiatives so we can continue to see growth, and you articulated that very well.

Mr. Majid Jowhari: How does the SME fit into this? I understand the policy because they would be part of the consultation process, but how would they benefit from it? Over 95% of the businesses in Canada are small businesses—

Hon. Navdeep Bains: In fact, 98% of businesses are small and medium-sized businesses. You're absolutely right that this is the backbone of our economy. The economic strategy tables had strong representation from small and medium-sized businesses. We had strong voices at the table to make sure that any proposals that came forward also benefited them as well—work-integrated learning, global skills in terms of the skills aspect of it, and agile regulations to look at how we can streamline the process for small businesses.

Mr. Majid Jowhari: What are the next steps for the economic strategy tables?

Hon. Navdeep Bains: We continue to engage and work with them. As you know, the innovation and skills plan is not a one-year initiative. It's not a one-program, one-set-up policy. It's a consistent, ongoing effort by our government to really grow the economy. We need to continue to engage industry. We need to continue to engage academia and particularly small and medium-sized businesses. They'll continue to remain engaged and provide us with feedback on how we can continue to improve conditions for businesses to succeed and seek growth in jobs created in the Canadian economy.

Mr. Majid Jowhari: Thank you.

The Chair: We'll go back to you, Mr. Albas. You have five minutes.

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

Minister, you mentioned in these digital guidelines the importance of transparency and maintaining privacy. You also suggested that these new guidelines should apply to government entities like StatsCan. Can you please tell Canadians that their data, such as banking and credit information, has not been collected by the government without their awareness or their consent?

Hon. Navdeep Bains: Can I tell them what?

Mr. Dan Albas: Can you tell them exactly that their data, such as financial information and banking and credit information, has not been collected by the government without their awareness or their consent?

Hon. Navdeep Bains: Are you referring—

Mr. Dan Albas: You said earlier that privacy includes control and consent.

Hon. Navdeep Bains: —to the pilot project?

Mr. Dan Albas: Yes.

Hon. Navdeep Bains: As you're aware, the Privacy Commissioner is looking into this matter. He'll make a determination of where we were in this process, what this meant in terms of privacy, and any of the issues that you're speaking to.

Mr. Dan Albas: Minister, you previously just said to this committee that your digital guidelines will apply to any government entity, including StatsCan, and yet you're abdicating the decision to go ahead with the pilot project to the Privacy Commissioner.

Hon. Navdeep Bains: No, I'm not. I'm saying that currently the Privacy Commissioner is looking into the matter.

Mr. Dan Albas: Well, then, why would the Privacy Commissioner need to look into the matter further if you've committed to Canadians that they have complete control of their information—control and consent?

Hon. Navdeep Bains: The digital charter was unveiled just a few weeks ago, and the Privacy Commissioner started looking into this many, many months ago.

Mr. Dan Albas: The Information Commissioner has started talking about shutting down a consultation on data flows between provinces and whatnot because of your new digital guidelines.

Hon. Navdeep Bains: Are you talking about cross-border—

• (0925)

Mr. Dan Albas: I know, but what I'm saying, Minister, is that if you say these digital guidelines apply, then why would it be up to the Privacy Commissioner to decide whether or not StatsCan can go ahead? Are you not saying—

Hon. Navdeep Bains: I'm not saying he's going to decide. I'm saying he's looking into the matter.

Mr. Dan Albas: But what's the point of him continuing to look into the matter if it's not going to go ahead?

Hon. Navdeep Bains: He's going to examine exactly the issues you raise with regard to the pilot project, what was going on with the data, how that data was going to be anonymized, and issues of collection. All those matters are being examined by the Privacy Commissioner.

Mr. Dan Albas: I know it's being examined, Minister. Again, you have said that Canadians should have control and they should have consent over their information.

Hon. Navdeep Bains: Correct.

Mr. Dan Albas: Then why should StatsCan be able to go through with this pilot project?

Hon. Navdeep Bains: Any decision that StatsCan makes has to be consistent with the StatsCan act. They have to follow the StatsCan act.

Mr. Dan Albas: They also do need to inform you as minister.

Hon. Navdeep Bains: Yes. We talked about that last time. You asked me specifically about this pilot project, and I said I was made aware roughly at the same time that you were made aware and the public was made aware.

Mr. Dan Albas: I would just hope, Minister, that StatsCan would be listening to this conversation and would not proceed. I think it's important that Canadians know that their information is theirs.

I'll pass the rest of my time over to Mr. Lloyd.

Mr. Dane Lloyd (Sturgeon River—Parkland, CPC): Thank you.

Thank you, Minister and officials, for coming.

Minister, my question is on a similar vein. You noted that the StatsCan collection of private banking information is on hold. Are there any plans to move forward, after the election or before the election, with collecting Canadians' banking data?

Hon. Navdeep Bains: As I mentioned, this is a pilot project that has been put on hold. The Privacy Commissioner is looking into the matter. We'll see what recommendation and feedback we get from the Privacy Commissioner. We'll make sure that any steps that are taken take into consideration any of those proposed changes.

Mr. Dane Lloyd: So you're not ruling out continuing with this pilot project in the future?

Hon. Navdeep Bains: What I'm fundamentally saying is that we need good quality, reliable data, but we need to do it in a manner that protects people's privacy. That's the way we should proceed.

Mr. Dane Lloyd: Thank you, Minister.

I'm sure you're aware that in 2016 there were news reports that the Liberal caucus research bureau paid a Cambridge Analytica associate \$100,000 for a collection of information from Canadians.

I'm wondering if anything in your digital charter or digital guidelines takes into account the possible abuse of Canadians' data in this manner. Is your department taking action on this file?

Hon. Navdeep Bains: I'm responsible for PIPEDA, which oversees commercial activities. The changes I propose relate to commercial activities, not non-commercial activities.

Mr. Dane Lloyd: Okay. It's very important when we're looking at things such as election interference, which the digital guidelines do bring up, that we hold our political actors accountable on these matters as well.

Hon. Navdeep Bains: Absolutely, and you may recall that my colleague Karina Gould talked yesterday about how we can hold platforms more accountable for fake news as well, and for the spread of hate online, for example, or extremism or terrorism.

You'll see in the coming weeks and months that this is really a cross-government approach. Many of my colleagues will speak to the different aspects of the charter and how we're really improving privacy, safety and security for Canadians.

Mr. Dane Lloyd: Thank you.

The Chair: We're going to move to you, Mr. Sheehan. You have five minutes.

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

Before I begin, I'd be remiss if I didn't thank you, the rest of the committee and all members from all parties for the support of the steel and aluminum industry and the tariff lift. The minister referenced a few of the studies and things we've done.

I remember standing with many of you and with your predecessor down in Washington, with a real Team Canada approach. I appreciate that, Mr. Chair.

In that same vein, Minister, you were in Hamilton about a year ago when the government announced \$2 billion in aid for the steel and aluminum industry, including \$250 million from the SIF, which you referenced during your remarks.

Could you confirm to the committee that the support from this government will continue for the steel and aluminum industries? Although the tariffs are lifted, they're still recovering. Could you please touch on that?

Hon. Navdeep Bains: It was a very important day for Canada. It was a very important day for our economy when we announced that these tariffs had been lifted, both the tariffs imposed by the Americans and our response. You may recollect that we responded very quickly, dollar for dollar, to these unjust and unfair tariffs imposed under section 232 by the administration under the guise of national security.

Above and beyond that, we also put forward a \$2-billion support package, which you highlighted. This is to say that until we resolve this issue with the tariffs, we need to continue to support the sector. That was through financing through BDC, particularly for smaller businesses, and also through EDC, to help a lot of the steel and aluminum companies to export and to make sure they had financing.

Also, \$250 million was allocated through the strategic innovation fund. The goal there was to help our businesses, particularly our producers, to be more competitive. Of that \$250 million, close to \$180 million has been committed already for different initiatives and projects. Some have been announced, and we'll continue to announce the remaining ones going forward.

To answer your question more directly, we absolutely will continue to support the steel and aluminum sectors. They're a critical part of our economy. They employ tens of thousands of people directly and tens of thousands of people indirectly in communities across the country. We're very optimistic about the future of the steel and aluminum sector.

● (0930)

Mr. Terry Sheehan: Thank you very much. We appreciate the investment of \$90 million for Algoma Steel in the Soo.

Switching gears a bit to CanCode, you referenced this during your remarks. I have two sisters in northern Ontario who are principals, one at a high school and one at a French immersion elementary school up in Wawa. I was looking at the stats for northern Ontario and saw that 2,500 teachers in northern Ontario have accessed CanCode in 160 communities.

Perhaps you could give us some comments about CanCode and some of the funding over the last couple of years for the nation, and some of the benefits that you see coming forward as well.

Hon. Navdeep Bains: One of the key challenges we have is that we want to promote lifelong learning but we also respect provincial jurisdiction when it comes to K-12 education. Recently in Ontario, for example, we saw many cuts to education by the provincial government. One of the areas we felt we needed to invest in was digital skills and digital literacy for young people. It reflects the jobs of today, and ultimately the jobs of tomorrow as well.

We worked with not-for-profit organizations to build capacity that could be utilized by different schools across the country. The uptake has been phenomenal. As I indicated in my remarks, over one million kids have been exposed to coding and have learned different coding skills, which is really important. We've also empowered teachers by making sure they get the necessary tools to teach kids.

We've impacted a lot of rural and smaller communities that are dealing with a lot of challenges with high-speed Internet connectivity. This type of investment in coding has helped those communities as well. We've had a particular focus on indigenous people and girls. We're seeing the tech sector evolving. There's greater participation of women, but far less than the percentage of the population, so we need to make sure we see greater balance and diversity in our tech ecosystem.

Investments in coding are designed to do that as well, targeting younger girls to make sure they are provided more exposure to opportunities to promote STEM—science, technology, engineering

and mathematics. This has been a very successful program. That's why we added another \$60 million in our budget for coding. You've seen the estimates as well, to help an additional one million kids to be exposed to coding going forward. We do this in a way that protects and preserves the provincial jurisdictions' responsibility when it comes to education. We're very proud of the fact that this is part of our overall commitment to the innovation and skills plan.

You can't have innovation without skills. The global skills strategy, the work-integrated learning, the concierge services I talked about and the supercluster, mid-career training grants for people who want to go back to school. All this is designed to make sure that we invest in our number one resource, which is our people, to allow them to succeed going forward, particularly where enormous transition is occurring due to technology.

Mr. Terry Sheehan: Thank you.

The Chair: We'll go back to you again, Mr. Albas, for five minutes.

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

Minister, in number nine of your guidelines, freedom from hate and violent extremism, the Prime Minister has obviously been talking a lot, referring to protecting Canadians from hate, violent extremism as well as disinformation. I believe no one here defends hate speech. All Canadians deserve to feel safe in their communities and online.

How will you enforce this measure? How will you monitor these platforms while also protecting free speech?

Hon. Navdeep Bains: Free speech is absolutely essential. It's part of our Charter of Rights and Freedoms. This is why I became a Liberal. This is core to our democracy and what it means to be Canadian.

At the same time there are clear limitations to that when it comes to hate. For example, we see newspapers and broadcasters that hold themselves to account when it comes to not spewing that kind of hate on their platforms. Clearly, these digital platforms that have emerged also have a responsibility. We are all very aware of the 51 individuals who were killed in Christchurch, New Zealand. That prompted this call to action where the Prime Minister was at pains to say that platforms need to step up.

If they have the technology to bring people together, to connect people and they are investing in AI and all these different technologies, they need to deploy those technologies to prevent those platforms from being used as a means to disseminate extremism, terrorism or hate. That's what we're trying to do as the government, to apply pressure to these platforms to hold them to account. Those platforms recognize that they need to step up as well. That's one key mechanism of how we want to deal with this.

● (0935)

Mr. Dan Albas: In the last Parliament we passed legislation—your party supported it—to ensure that the promotion of terrorism via website is against the Criminal Code. I'm sure no business like Facebook or others would want to be criminally liable.

But Minister, there's a practical component here; 300 hours of YouTube videos are uploaded every minute; 350 million photos are uploaded to Facebook every day.

How do you intend to monitor and regulate this huge body of material?

Do you intend to hire half of Canadians to monitor the other half?

Hon. Navdeep Bains: No. I think we need to invest in technologies, in solutions that can deal with these issues. There's no doubt that 90% of the total data that has been generated has occurred in the last two years. Clearly vast amounts of data are being generated. You've highlighted some examples through YouTube and the pictures that have gone online as well. We need to recognize that this is going to happen. The platform that generates, that allows for this type of data to be generated, that allows for these types of videos to be posted, also has a responsibility to use technologies, to use human resources where they think it's appropriate and to find solutions to these challenges.

I'm confident they will be able to do so. When you speak to these technology providers, these platforms, these experts, they recognize they can and must do more to prevent their platforms from being a means to promote such hateful stuff.

Mr. Dan Albas: Minister, the sites that we are speaking about right now—Facebook, etc.—are some of the major web giants. The Internet has billions of pages that government cannot possibly monitor, short of a massive Internet firewall like they have in China. In China, the government sees everything that people get to see, reviews everything that people get to see and pulls it down. I think it's a reasonable question: How, practically, will these guidelines be implemented?

Hon. Navdeep Bains: As I indicated, it's really up to the private sector to step up, and if they fail to do so, we'll look at what options are available. That's what my colleague Karina Gould said. The status quo is unacceptable. We cannot fall for the trap where the platforms have said, “We're simply a platform, we can't control what”—

Mr. Dan Albas: I'm not talking about the minister.

Hon. Navdeep Bains: “We're not the original content providers and therefore we can't be held accountable.” That kind of hands-off approach has allowed for online hate to proliferate in a manner that's really been disturbing to many people. I have an 11-year-old and an eight-year-old and I know and you know as well that you have to be very careful when they're navigating online that they're not exposed to these types of elements on these platforms.

Mr. Dan Albas: Minister, we can talk about what we're here for—

Hon. Navdeep Bains: I think we all recognize it's really important to take action.

Mr. Dan Albas: —I have children as well—but the specific question I asked you was: Outside the large Facebooks and Googles

of the world, there are billions of other pages offering content. How do your guidelines apply to that? Give me a practical answer. You said you've been working on some of these guidelines for years. I would hope you'd have a better answer than just saying Facebook will take care of it because we told them to. What about those small websites around the world that Canadians could have access to? You've said here, “free from hate and violent extremism”. How does that work? How do you practically implement that?

Hon. Navdeep Bains: Again, leadership matters.

The Chair: You have no time, but be very brief, please.

Hon. Navdeep Bains: I think government stepping up matters, and I think the private sector stepping up and providing solutions also helps.

Mr. Dan Albas: Thank you.

The Chair: We're going to move to Mr. Morrissey.

Welcome to our committee.

Mr. Robert Morrissey (Egmont, Lib.): Thank you, Chair.

Minister, I want to focus on the strategic innovation fund, which you referenced in your opening remarks. Last summer, you had the opportunity to tour a number of businesses in my riding that benefited from this particular fund, both in the aerospace sector and in food processing, companies like MDS Coating Technologies, StandardAero Summerside, Summerside Seafood Supreme and Royal Star Foods. These investments have been critical to allowing P.E.I.—the smallest province—to have the strongest economic growth in the country.

You referenced 100 million new dollars in budget 2019. Could you elaborate? Do you see the program continuing as it has been, or do you see an opportunity to take the program in different directions or to simply reinforce what has been successful?

● (0940)

Hon. Navdeep Bains: We want to redouble our efforts on what has been successful. The strategic innovation fund has been a tool that's helped generate tens of thousands of jobs—more than 65,000 jobs. We've approved more than 46 projects. Through the program, we've made direct investments totalling \$1.2 billion, which have helped leverage the \$15.3 billion that I mentioned in my opening remarks as well. This has benefited all aspects of the Canadian economy. Obviously, the automotive sector and the aerospace sector have done well, but so have other parts of the economy that are really important.

In particular, in P.E.I., which you're very familiar with, there was a BioVectra announcement. This announcement will help create and maintain 450 jobs, so this is a significant footprint. This investment will really help, and we invested \$37.5 million, which will help leverage an additional \$110 million.

These are the types of investments we want to see. Our goal going forward is to work with industry to find additional opportunities.

Mr. Robert Morrissey: Minister, over previous Conservative governments, a number of the economic bodies responsible for development in Atlantic Canada saw significant cutbacks in their budgets. Since you've been minister, we've been able to continue to invest and to add investment opportunities with a suite of programs for which you are responsible as minister. Could you speak briefly to the growth in the budget for ACOA primarily? This is a major part of federal economic development in Atlantic Canada. It's important that all regions of the country, not just particular areas, have an opportunity to grow.

Hon. Navdeep Bains: That's a really good point. I'm responsible for other regional development agencies and it is an enormous point of pride because there has been enormous growth in all these regions. There are still some challenges, but ultimately we are turning the corner and we're headed in the right direction.

Since we formed government, from 2015, we've seen investments in all the regional development agencies of \$1.2 billion. All the regional development agencies have seen their funding go up and it has been substantial in terms of the investments we've seen.

For example, in ACOA, as you mentioned, we've seen \$170 million worth of additional funding since we formed government. That's in sharp contrast to the previous government, the Conservatives, that cut \$51.7 million. They had a minister from Atlantic Canada, but it didn't really work out well for them because they lost \$51 million. Now they have a government that believes in that region and has outstanding representation and we've seen significant investments.

That is applicable right across the board. I would also highlight the WD, which also saw substantial investment, because we know the unique challenges that are faced out west. These regional development agencies are growing. They're making additional investments, creating conditions for success and building those partnership models that allow more jobs to be created.

The Chair: You have 30 seconds.

Mr. Robert Morrissey: Small businesses that operate in rural parts of the country, primarily in Atlantic Canada, are frustrated with their inability to access reliable Internet. Our government has made significant investments in expanding this, but still there are significant gaps.

Could you speak briefly on how we're going to address this issue that, if we do not, will slow the growth in rural parts of the country?

Hon. Navdeep Bains: The focus is on high-speed Internet connectivity. It's not about connectivity, but high-speed Internet connectivity. We introduced the connect to innovate program, which provided fibre to the backbone support for many of these communities. Now, to complement that, in the last budget we'll be going to the infrastructure bank, the CRTC proposal on funding, and also a universal broadband fund that we propose that will invest billions of dollars across the country and really provide opportunities for those communities to get access not only to Internet, but to high-speed Internet connectivity.

In some cases where fibre is not an option, we have low-earth orbit satellites that will provide that high-speed connectivity option. The technology is pretty phenomenal, because the latency issue is dealt with and it's at an affordable cost point as well.

• (0945)

The Chair: Thank you very much.

We'll go to Mr. Masse for the final two minutes.

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

How much was collected by your government from the steel tariffs on the U.S., the dollar-for-dollar tariffs?

Hon. Navdeep Bains: I'll have to double-check with Finance. I don't know the exact amount.

Mr. Brian Masse: It's over \$1 billion.

With regard to the spectrum auction, there has been actually over \$10 billion collected over a decade for that. Do you know how much has been invested from that money, or has it gone to the general treasury?

Hon. Navdeep Bains: My understanding is that it goes to the general revenue.

Mr. Brian Masse: My point is that there's capital available there.

In closing, though, I want to give you an opportunity to revisit your digital bill of rights. I tabled one in motion M-175. I know you've said you're interested in trying to table some of your initiatives in the House or getting some things moved. You mentioned that today.

Hon. Navdeep Bains: Yes.

Mr. Brian Masse: There's an open door for that.

I'll give a quick example and let you finish, because it is important. It's related to the issue of hate and other online issues.

A lot of this goes to algorithms that the larger companies, such as YouTube and others, have that can identify hate speech, and so forth. There has been pressure to increase them and their use. They've done it with regard to terrorist materials that have been posted on their platforms. It has been less assertive when it comes to racism and hatred and other types of things.

What will your plan do to improve, or will it? Are there other government initiatives to step up expectations on these global platforms and their algorithms, which actually can reduce some of the content that is clearly not only just offensive, but criminal in some cases?

Hon. Navdeep Bains: First of all, there's a clear recognition that our digital charter reflects consultation not only with Canadians, but with parliamentarians as well. You and I talked about the proposal that you put forward. There were some great ideas that we adopted, so thank you for your efforts in that area as well.

In terms of transparency, that's one of the issues we are trying to deal with, with regard to PIPEDA and algorithms. When certain material does pop up, there needs to be a clear understanding of how that happens. I think that level of transparency will deal with some of the issues you talked about with regard to racism and hatred, and terrorism and extremism that we see online.

One of the areas that didn't get talked about is data monopolies. I sent a letter to the Competition Bureau to look at that.

Brian, I know that's something that's important to you as well.

Mr. Brian Masse: Yes.

Hon. Navdeep Bains: Many of my colleagues here on the Liberal side have also highlighted this. How do we get a level playing field? What are the barriers to entry when it comes to data and the data that has been accumulated by a few? What does this mean for a competitive marketplace?

We look forward to unveiling some of these changes in a timely manner, and I look forward to working with you and others to make sure that we implement the changes to PIPEDA and possibly the Competition Act and the Statistics Act as well. All this is designed to demonstrate that the digital charter is going to be a guiding principle for future legislation programs and policies.

Thank you.

The Chair: Thank you very much, Minister.

Thank you to all our committee members for another respectful dialogue today.

We are going to suspend for two minutes while we get our officials back online.

● (0945)

(Pause)

● (0950)

The Chair: We're back.

We have with us from the Department of Industry, Mr. Knubley, deputy minister.

Thank you again for staying with us.

From the Department of Industry, we have Lisa Setlakwe, senior assistant deputy minister, strategy and innovation policy sector; Philippe Thompson, assistant deputy minister, corporate management sector; Mitch Davies, senior assistant deputy minister, industry sector; and Andrea Johnston, assistant deputy minister, Innovation Canada.

Thank you all for being here. As there are no presentations, we are going to go right into our questions.

Mr. Jowhari, you have seven minutes.

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

Welcome to the department.

I'm going to start with you, Mr. Knubley.

Based on table 1 of the document from the Library of Parliament, there are a number of federal agencies that have received more funding or requested more funding. I would like to go through a

couple of them specifically. I looked at the percentages, and I went across. The department that's apparently requesting the highest percentage is the Canadian Northern Economic Development Agency. It is asking for \$63.5 million. That's an increase of about 122%. Can you expand on that one?

I have a number of them, so I can quickly go through them.

Western Economic Diversification Canada has a 106% increase. Then the Federal Economic Development Agency for Southern Ontario has a 40% increase. National Research Council Canada has a 17% increase. Finally, the Social Sciences and Humanities Research Council of Canada has an 18.3% increase.

If you could cover those so that I don't have to keep interrupting you, that would be good.

● (0955)

Mr. John Knubley: I'll do my best. Maybe I'll just go to the top first and then let some of my colleagues help me out.

Overall, in terms of the main estimates, \$8.6 billion is identified for the department and portfolio; \$2.9 billion is for the Department of Innovation, Science and Economic Development; and \$5.7 billion is for the portfolio.

In terms of the department, there's actually an increase of only \$3.3 million. That reflects a wind-down of the PSI-SIF program, which is the infrastructure program for colleges and universities. That's \$640 million. Then there's an increase on the departmental side of \$643 million related to steel and aluminum. From budget 2018, there is particularly CFI, DRI and the IP strategy. From budget 2019 there are young Canadians, digital strategy and broadband. Then there are some transfers that specifically relate to procurement, BCIP.

In terms of the portfolio, there's an increase overall of \$791 million. You identified a couple of RDAs, I think in the case of CanNor the big increase relates to IDEANorth, which is a program, and there's an increase. There's an announcement in the budget of \$75 million, so that is reflected in the main estimates.

Mr. Majid Jowhari: Sorry, what is the program about?

Mr. John Knubley: It is about promoting economic development in the north and building capacity around R and D in that particular area, which of course has special challenges in the north.

Mr. Majid Jowhari: Okay.

Mr. John Knubley: You identified WD as well. In budget 2019, \$100 million of new money was announced for WD, and their increase in the main estimates relates to two things: that \$100 million of additional funding as well as, I believe, \$44 million that was set aside for Churchill and the initiatives related to Churchill.

Mr. Majid Jowhari: Okay.

Mr. John Knubley: You raised the National Research Council. I believe the increase in the main estimates relates specifically to IRAP and the increases in the funding in budget 2018.

Mr. Majid Jowhari: There is also social science?

Mr. John Knuble: SSHRC, again, I think was in budget 2018, and the government made very significant investments relating to fundamental science. There's an increase related to SSHRC in that regard.

Mr. Majid Jowhari: Finally, southern Ontario got another 40% increase, another \$73 million. What is that focused on?

Mr. John Knuble: The issue with FedDev Ontario was that basically their funding had come to an end. In budget 2018 and budget 2019 that was replenished, and therefore the main estimates reflect that re-establishment of their funding.

Mr. Majid Jowhari: Okay.

Thank you. Those are the questions I had.

The Chair: We're going to move to Mr. Albas.

You have seven minutes.

Mr. Dan Albas: Thank you, Mr. Chair. I'd like to thank the deputy minister for making changes to his schedule to accommodate the committee, and also thank the officials. Thank you for what you do for our country.

Deputy minister, just in regard to your official capacity as an accounting officer, can you confirm with the committee that in terms of Treasury Board policies, when it comes to your employees and your direct departments, you're following all policies?

• (1000)

Mr. John Knuble: To the best of my knowledge, we are.

Mr. Dan Albas: Okay. Thank you.

I'd like to move to a few questions we have with regard to some of the policy development of your department. I'm sure many of the funds from the estimates here are supporting that.

We've heard nearly universal opposition to the hexagon model for determining eligible communities, yet the government is sticking with it. Why not change to a model that actually works for rural Canadians?

Mr. John Knuble: Well, in the case of broadband, as the minister identified, there are a number of commitments in budget 2019 that include a top-up to the connect to innovate program, a new program that will be launched, a \$750-million initiative by the CRTC. There will be money available through the Infrastructure Bank of Canada. We are working to coordinate all of these initiatives and to ensure they are done collectively and based on evidence that we will all share.

One of the issues in the area of broadband is of course the mapping that's done, which uses this hexagon model. We continue to refine that. As you may be aware, there was an Auditor General report on these issues. I think we are following up and responding to some of the recommendations in there, which are to increase transparency of the mapping, to look at other tiers related to the mapping and to ensure that these hexagon models work effectively.

Lisa, do you want to add anything?

Mr. Dan Albas: I do have a few other things here. Maybe in a moment she can jump in, because I'm going to continue talking about this.

Mr. John Knuble: I'm happy if she jumps in, in a moment.

Mr. Dan Albas: Deputy, you've mentioned the Infrastructure Bank. That's a model where private industry will be expecting a large return. I think it's very cold comfort for rural remote communities to have even the perception that they might attract that. Also, that organization hasn't even set up its policies. It's only approved one loan.

I'd really like us to focus on your department and the CRTC. The CRTC has actually made public that it agrees with the hexagon model. There are whole communities that are not eligible for ISED or CRTC funding because in the corner of a single hexagon there may be one home wired up. Now even though other homes don't have any service at all, you and the CRTC say this grid is all okay; let's move on to the next.

So again I ask: Why is the government remaining behind the hexagon model when it basically eliminates large swaths of rural and remote communities?

Mr. John Knuble: This is a very good question. Again, the reason I'm referring to all of the programs is that what we're trying to do as we move forward is to use the different programs and the bank to address different areas.

I suspect you know the overall target is 50/10, and we are moving between now and 2030 from the 85% level to as close to 100% as we can. In order to do that, we actually need to use different tools.

I think what the CRTC is doing is addressing areas that really are remote and trying to focus on those. I think then we will look at the other instruments, which include connect to innovate, our new program, as well as the bank to try to fill in the other elements of the map, if you like, that go from 80% to 100%.

Mr. Dan Albas: But again in terms of the hexagon itself, Deputy Minister, I've met with small Internet providers that have said your funding does not apply because in one small corner of a large area where there's a large number of users, if one household has received connectivity, they assume that the whole hexagon does. This is a real oversight.

Mr. John Knuble: So that's the CRTC's decision and that's the way it is proceeding. We are examining our other programs. I would suspect that we are not going to use the same criteria in other programs.

Mr. Dan Albas: Well, again the Auditor General pointed out—

Mr. John Knuble: And again, we are very sensitive to the issue of the small service providers and we've been talking to them and consulting them on how to move forward.

•(1005)

Mr. Dan Albas: But again, Deputy Minister, you say that we all have this target for minimum upload/download speeds, and yet you have a policy in this government that makes it so you can't be nimble and quick and respond to these things. I think it's a little disingenuous when we have your minister coming here and saying that universal access is part of his digital guidelines, and then suddenly on the flip side, you have a policy like the hexagon, which is actually making it more difficult for people in rural and remote areas to be able to get connectivity. I think that's a real shortfall, and I really would encourage my colleagues to write letters and to show their support for a change to this policy, whether it be at the CRTC through a legislative change through government or from the government's own policy for their own programs.

Mr. John Knubley: To clarify, though, the CRTC has decided that, when using the hexagon, which maps all elements of the Internet activity, in its own individual program, if it has that one user, then it is not an area that is remote. But that is a specific condition of its program.

Mr. Dan Albas: Okay.

The Chair: Mr. Masse, you have seven minutes.

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

I want to follow up a little bit with Crown copyright, not specifically, but indirectly to a successful thing that took place in the estimates, increasing the Copyright Board of Canada's financial capabilities. This was good news, I think. I want to find out how it's going to be followed up because, in brief, the Copyright Board has been known to not be able to meet deadlines or at least have quick turnarounds with decision-making. And similar to Crown copyright, where we heard a universal frustration with regard to that issue, was the Copyright Board's incapacibilities to respond adequately to artists and even disputes and so forth. Even people on both sides were saying they just couldn't get a decision.

The good news is there was an increase in the budget, if it is for the improvements to turnarounds. Could you maybe give me an update as to how that's going or if there's going to be measuring of this? I just find this is low-hanging fruit and hopefully will bear some good results.

Mr. John Knubley: My understanding is that their budget overall is \$4.2 million. I think there was a 30% increase in the main estimates.

A number of steps were taken by the government to address some of the issues you raised, specifically, ensuring that the chair and vice-chair are in place, and that there are new processes to try to respond to the backlog in terms of their practices.

Mr. Brian Masse: Is it possible, as this particular sitting Parliament winds down, that a response to the chair about the implementation of that could be disseminated amongst members? Whenever you can, update this and send it to the chair. I'm interested. It was under Bill C-86 that the changes were enacted. The budget includes some increases. I would think that all members here might be interested in seeing how that's progressing to the Copyright Board. We're going to continue to receive a lot of advice from people who are interested in this matter.

Mr. John Knubley: Sure, we'll be happy to do that.

My colleague, Philippe, has something to add.

Mr. Philippe Thompson (Assistant Deputy Minister, Corporate Management Sector, Department of Industry): Yes. The increase in the budget for the Copyright Board is \$900,000, and it's for the intellectual property strategy.

Mr. Brian Masse: I'd really appreciate that. I think that would be good.

I would like to move to the Canadian Space Agency. I know there were some increases with regard to that, but right now, there's a decision-making process. We've been participating in the Hubble telescope, and the Webb as well, but we're not part of the next one. Are there decisions about that? Have there been budgetary allotments to allow them to participate in that?

As well, there are going to be some new initiatives on core component designs and partnerships. I'm just wondering whether the Canadian Space Agency is receiving support to do more work, in terms of outreach, and how Canadian companies can engage in international competitions for project procurement.

You may not be able to answer this now. It might be a bit too specific, but I'm curious, in terms of the budgetary allocations for the Canadian Space Agency, whether those include more comprehensive support for them to win contracts for Canadian companies, or to be engaged themselves in competition for joint initiatives.

•(1010)

Mr. John Knubley: The government has announced, in the last year, its commitment to the space sector, of \$2.6 billion overall, and a strategy in support of that. A big part of that was the commitment to the lunar gateway project, which involves, of course, robotics, and the next generation of Canadarm.

In terms of SME development, the space agency does have some small programs, which we complement in the Innovation, Science and Economic Development space. It tends to be a combination of the Canadian Space Agency and ISED, which work with the SMEs to help them respond to procurement opportunities.

Mr. Brian Masse: There's been increasing stress on Canadian consumers with regard to competition issues. I didn't notice any improvements to the Competition Bureau, from the estimates. I was wondering why that wasn't considered, especially given that we've had a ruling from the CRTC, with regard to Canadians being affected by the predatory practices of the telcos—pricing, engagement with consumers and so forth. I think their decision is still another 10 months away. I believe they announced that it would take a year to decide on the penalties for that. Has there been anything allocated to the Competition Bureau I may have missed that would enhance their capabilities to deal with—

Mr. John Knubley: No funding has yet been allocated. However, this is an issue that the Competition Bureau is examining in some detail. It is doing that in consultation with other OECD countries. There's a committee it's a part of, which is looking at the digital issues. I was in Paris at the release of the OECD study on digital, and competition policy is a big part of that.

I understand, as well, that the Competition Bureau is holding a consultation—an event. It may be right about now, or early in June, when it is spending two days with stakeholders, looking at these issues.

Mr. Brian Masse: Thank you.

The Chair: We're going to move to Mr. Hardie.

You have seven minutes.

Welcome to our committee, Mr. Hardie.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Thank you very much, Mr. Chair. I am really impressed with how deep a dive the colleagues who are on this committee full time can do on this. I'm a visitor, so my questions will be a little bit more high level.

I wanted to talk about the rollout of program funding. In your ministry and others, you're a catalyst. You say, "Here's the program; here's the money" and then you wait for people to take it up. I'm surprised, actually, that my colleagues haven't asked you what that take-up has been. The question that quite often comes up with other infrastructure is whether the money is going out the door. What can you speak to in terms of the take-up of the programs that you're offering?

Mr. John Knubley: I would say that our department and portfolio and other government departments are all working to implement the innovation and skills agenda as quickly and effectively as possible. There are four components to that. One is around people and skills. You heard the minister talk earlier about the CanCode program and our STEM initiatives. It would also include the global skills strategy, where there has already been immediate action to, for example, provide a two-week period in specific sectors for visas to be approved within that two-week period. That's particularly important to the IT sector. That's block one, if you like.

Block two is around technology and science. There has been a huge investment in fundamental science of \$10 million and Minister Duncan will have an opportunity to speak to you about those investments in program superclusters.

•(1015)

Mr. Ken Hardie: Yes, we're making these dollars available, but it also requires organizations and companies, etc., to step forward and

say that they want to participate. My question was more about the level of participation.

Another way of looking at this is this: What is your situation with respect to lapsed funding? When you come to the end of a year, are you turning money back over to the government or is the take-up there for what you're offering?

Mr. John Knubley: I'll let Philippe Thompson, my CFO, talk to the lapsed funding issue. Let me say, broadly, that we're very proud in the department about the take-up. We've really reached out and engaged in initiatives. In the area of SIF, we have 44 projects and \$1.2 billion.

We've launched the superclusters and they are about to announce a series of projects where businesses are coming forward in collaborative ways to promote ecosystem developments. We have these programs in the area of fundamental science that are also moving forward.

Philippe, do you want to talk about the actual lapse?

Mr. Philippe Thompson: In the strict term of expenditures, the department has been going on a higher tangent over the last few years. We went from \$800 million in expenditures in 2015-16 and we reached \$1.8 billion last year. We are expecting to spend \$2.2 billion this fiscal year.

In terms of the lapses, we are currently anticipating a public accounts lapse of \$846 million. Of that lapse, \$4.9 million is for the operating budget of the organization. It is less than 1% of the budget of the organization, which is pretty good.

We are expecting a lapse of \$1 million or 12% on the capital budget. In terms of the grants and contributions budget, it's \$841 million.

That being said, we remain committed to spend all the grants and contributions funding that have been provided to the organization. We rarely lapse the funds. We profile those funds into the future years. We are, of course, honouring the budget commitments and ensure the programs are delivered effectively with the best value for Canadians.

All this funding that is in grants and contributions has been re-profiled and approved.

Mr. Ken Hardie: That's good to know.

In recent news, there has been a 60% lift in direct global investment in Canada and investor confidence in Canada is growing faster than most other countries. What conditions have made that happen?

Mr. John Knubley: I would say the following. In terms of the traditional approach to industrial development, there has been an emphasis on creating the right macro framework and then creating the right tax regime to incent research and development among firms and that sort of thing. That is the policy that we have basically followed since 1995.

What has happened in the last four years is really an elaboration and a greater emphasis on direct programming so that we are investing, using programs like SIF and superclusters, to directly target specific microeconomic results that we would like in the economy.

This is something that is being done by all governments. What I would say, to give you a sense of where Canada stands on this, is that Canada had always been, in the OECD countries, an outlier in terms of the balance between tax and direct programming. That is to say we used, almost exclusively, tax measures like SR and ED to promote research and development.

What's happened over the last four years with the innovation and skills plan is that the balance has moved much more in line with more direct programming. I think an increase of about 40% has been around direct programming.

This is something that is not unique to Canada. In fact, many countries have been re-examining what the right balance is between tax and direct programming.

Mr. Ken Hardie: What about Canadian investment? Again, foreign investment seems to be picking up, but are there still barriers to Canadian investment, either in terms of ability and willingness to take risk or the ability to use insurance funds, etc., to make investments beyond what has traditionally been made?

Are there initiatives to basically free up more money, especially some of the dead money? Four years ago, the Governor of the Bank of Canada said there was \$600 billion in dead money just sitting there in corporate treasuries not working. Have we managed to coax some of that out?

• (1020)

The Chair: Be very brief, please.

Mr. John Knubley: I'll just highlight two aspects. One is the issue of venture capital. There have been a series of investments by the government in the area of venture capital that have required matched funds. If you look at the data and evidence around venture capital, today we have much more money available in that space, partly as a result of these programs, but partly because the companies stepped up and matched the funding.

Mr. Ken Hardie: Thank you.

The Chair: Mr. Albas, you have five minutes.

Mr. Dan Albas: Thank you.

I just want to say, on the concept of dead money, that unless someone is hiding it in their backyard or under their mattress, when you put money into an institution, it is then loaned to other people. I've just got to keep hitting on some of those things, Mr. Chair.

To the deputy minister, I'll talk about something that is probably more germane to your file. Could you let the committee know the status of the 3,500 megahertz clawback? Last I heard, people in the sector were expecting to hear something soon. Is that accurate?

Mr. John Knubley: Yes, the sector should hear something soon.

And the minister would say the same thing.

Mr. Dan Albas: I would assume that the planning for the 3,500 megahertz is quite in the advanced stages, correct?

Mr. John Knubley: Yes.

Mr. Dan Albas: The last time we discussed this, you said you were going to do your darndest to make sure people in the rural areas were not clawed back. I guess we'll wait and see.

Could you tell us—

Mr. John Knubley: [*Inaudible—Editor*] 600 auctioned as well.

Mr. Dan Albas: What is the time line for the tier 5 consultations, and would it be possible for that consultation to finish prior to the announcement for the 3,500 megahertz auction?

Mr. John Knubley: That's an issue I'll come back to. I know the tier 5 consultations are ongoing. I don't actually know when we would be reporting on that.

Mr. Dan Albas: When would you come back to us?

Ms. Lisa Setlakwe (Senior Assistant Deputy Minister, Strategy and Innovation Policy Sector, Department of Industry): We know. I just don't know at this moment. I could get back to you today on what the timelines are for the tier 5 process.

Mr. Dan Albas: Is it possible to have that directed to the chair?

Ms. Lisa Setlakwe: Yes, absolutely.

Mr. Dan Albas: Okay, I do appreciate that.

I'd like to unpack the issue of the connect to innovate program because I believe a lot of Canadians are wanting answers.

Deputy Minister, can you provide further context as to how it is possible that a majority of applicants for a program that closed in 2017 have not been notified?

Ms. Lisa Setlakwe: I would say a couple things on that.

One is that we have a CTI top-up where we're hoping to be able to use some of those applications. As for the negotiation process with the ones that are live, there's quite a bit of readjustment of an application, so if they come in with an application and there are competing applications, then we have to negotiate what's in and what's out. That has often liberated money and allowed us to fund other projects. The main answer is just that there was still the possibility that some of these projects could get funded, so we didn't want to close the door entirely to them.

Mr. Dan Albas: Can the department not take the perspective of the people who are applying? Oftentimes, you have townships, counties, municipalities or first nations communities that just need an answer because if they can't apply and receive funding under your program, they may want to proceed on their own. Two years passed without any status updates. Was no one in the ministry ever even tasked with contacting the applicants? I heard someone on the other side say that they probably heard the same kinds of questions.

Mr. John Knubley: I think the [*Inaudible—Editor*] there's still opportunity for these groups, and my understanding is that our officials have had ongoing discussions with groups.

Mr. Dan Albas: But when you have over 500 groups that have applied—

Mr. John Knubley: Do they prefer to hear the “no” or to carry on conversations about the opportunity to be funded?

Mr. Dan Albas: Deputy Minister, to be fair—

Mr. John Knubley: Thank you for that.

Mr. Dan Albas: —if someone applies for it, the idea is that they would have a reasonable answer.

You could say, “No, not in this first round. We are expecting other funds, so if you would like us to keep you in status, please let us know.” That way you would not be having a program that is so ill-managed.

Deputy Minister, you were before the public accounts committee in regard to the Auditor General's report on this program. There were a lot of design issues. This happened under your minister, on your watch.

•(1025)

Mr. John Knubley: As I recall, we testified that in fact the program, which was reviewed by the Auditor General before it was even delivered, actually attained a reach of 900 communities as opposed to 300 communities.

Mr. Dan Albas: Okay, well—

Mr. John Knubley: Indeed, our coverage was in fact much more successful than ever anticipated.

The Chair: Thank you very much.

We're going to move to Mr. Sheehan.

You have five minutes.

Mr. Terry Sheehan: Thank you very much for your presentations.

My question is to Lisa, the senior assistant deputy minister of strategy and innovation policy. If this isn't correctly directed to you, you can redirect it.

I asked the minister about some CanCode comments and whatnot. Specifically, do you know how many projects have been funded with the CanCode money? Do you have any specifics on the number of projects or perhaps dollars? I'd just like some more examples.

I used the northern Ontario example because I had access to the guy from Science North, and he gave me the number of teachers, the number of communities and the number of students in northern Ontario. Specifically, are there any numbers that you would have at your disposal in particular, and what kind of impact is it having on Canadian students?

Mr. John Knubley: I'll let Lisa speak to the impact more broadly.

The number of programs funded is 21 not-for-profit organizations since the program launched in 2017. From June 14, 2017 to March 31, 2019, the Government of Canada has invested \$48.1 million for the delivery of those 21 CanCode projects.

Lisa, talk more generally about CanCode and what it brings to Canadians.

Ms. Lisa Setlakwe: In total with this investment we will have reached a million students and 61,000 teachers, so it's huge. I can share one very small personal anecdote, which is that my daughter participated in this kind of event with a number of others with her—it was a girls' day. The large majority of them reported that they didn't know that this was what coding was. They didn't know how much fun it was. The exposure to people who just don't know about this is significant and it just opens up a door for them that they would not have likely opened up without the offering of this sort of thing.

The federal government has made significant investments. We've announced an additional \$60 million to continue these kinds of activities. I can say that the provinces and territories are also undertaking similar activities. It's really moving us in the direction and it's getting to that younger cohort because it's harder to make the transition midway through a career or whatever. The impact that it's having is significant.

The teachers, by the way, are extremely thankful for it as well, because they're in the classroom and there is demand for it. The students want to receive this kind of training and teachers, up until now, have not had the capacity to do it, so now they do.

Mr. Terry Sheehan: John, of the \$90 million I referenced—the investment in Algoma Steel—\$30 million was SIF funding, and \$60 million came from a regional economic development agency. It wasn't FedNor, it was FedDev, just because of the sheer size of it.

Mr. John Knubley: Yes, that's correct.

Mr. Terry Sheehan: So \$30 million was the previous announcement that just was never acted on because Algoma went into CCAA and then there was a new \$30 million.

Can you explain to me and to the people of northern Ontario why FedDev is involved in funding things in northern Ontario?

Mr. John Knubley: I think the simple answer is that FedDev received the allocation for the steel dollars and that's why they covered it.

•(1030)

Mr. Terry Sheehan: When I look at the estimates, FedDev has a significant amount of money in there and that money is being used, not only in that area, but also in other areas. Is that a correct statement?

Mr. John Knubley: Yes, totally.

Mitch, do you want to elaborate on that?

Mr. Mitch Davies (Senior Assistant Deputy Minister, Industry Sector, Department of Industry): Just as a precision, it's an advanced manufacturing initiative that FedDev was responsible for and it covered all of Ontario. It was set up that way to provide a kind of analytical support. They also worked with the department to analyze these investments. They're large-scale investments, as was the investment, of course, in Algoma.

Mr. Terry Sheehan: Yes.

Mr. Mitch Davies: It was essentially set up that way so we could deliver the kind of outcome we're trying to achieve with the kinds of companies and sophistication that they have, but obviously it made it available in all of Ontario. But that's a legacy initiative and a specific circumstance. In almost all our cases, projects in northern Ontario are funded by FedNor.

The Chair: Thank you.

We're going to move to Mr. Lloyd.

You have five minutes.

Mr. Dane Lloyd: Thank you, Chair.

Thank you to everyone for being here.

An issue that I want to focus on today is related to the strategic innovation fund. I have some questions about how this program works. I noted in my constituency that there was a significant investment in Kuwait's Petrochemical Industries Company and Pembina Pipeline Corporation's joint polypropylene plant venture, which represented about 1% of the total capital cost of the project.

I'm going through other projects that are listed under the announced projects list on the strategic innovation fund, and I note that the average investment on the projects is in the 25% to 50% range of the project.

When making decisions on these matters, when some projects are getting 1% funding and other projects are getting 25% to 50% of the total project cost funded through SIF, is the department taking into account the feasibility that these projects will be able to pay back those loan funds over 15 years, or is it just accepted that many of these companies won't be able to ever repay the funds that they are loaned by the government?

Mr. John Knubley: I'll let Andrea speak to this. She's the leader of the strategic innovation fund program.

The general answer, though, is that each project is considered on its own and assessed with careful due diligence in terms of all the issues that you raised.

Ms. Andrea Johnston (Assistant Deputy Minister, Innovation Canada, Department of Industry): That's right. Each one is assessed on its merit, based on public, economic and innovation benefits, and that's how we calculate the SIF contribution.

In terms of repayability and non-repayability, our standard is repayability. In the event that there's a significant public benefit, such as significant employment in a certain area, greenfield investment, a large number of co-ops and a large number of R and D collaborations, we can start to look at some partially non-repayable projects, but in general the standard is repayable contributions.

Mr. Dane Lloyd: Do you have any data to indicate how successful the repayment schedule is on these programs on average? Are companies repaying the government for these programs, or has the government had to take losses on any of the repayments or delay the repayment schedule? What's the general trend we're seeing here with SIF and other related programs under this portfolio?

Ms. Andrea Johnston: The strategic innovation fund was announced in June 2017, so we don't have a long history of repayability, because we're still in negotiations on the contribution

agreement. Every commitment in the contribution agreement is an obligation on the company.

It's not only repayability, it is jobs created, it's their R and D collaborations, it's the co-ops they create; we take those commitments seriously. In the event that they're not meeting the contribution agreements, we will have to work with them on the best path forward for repayment.

Mr. Dane Lloyd: I think you'll know that the government didn't just start providing loans for companies in 2017; they've been doing it for decades. If you go to the predecessors of the SIF program, how successful has the government been generally in recouping investments similar to SIF in the recent past?

Ms. Andrea Johnston: All applicants have been in repayment mode.

Mr. Dane Lloyd: That is positive for taxpayers to hear.

Here is my other concern. I was speaking to one of the local mayors in our area. Obviously we're very excited about the foreign investment that groups such as the Canada Kuwait Petrochemical Corporation, Dow and Inter Pipeline and other groups are making, considering the low costs of propane in Alberta due to our not being able to transport it outside of our borders because of a lack of pipeline capacity.

There is a bit of concern that we have 20 or so projects. Are all projects being considered? We're very concerned that winners be chosen. We want to know that equitable factors are being taken into account when choosing which companies get funding.

Please comment on that and also, if you can answer, on whether, if the funds in SIF are tapped out but there are other companies just behind the deadline and all the funding has been given out, there is any mechanism to top up the funding to ensure that there's equitable treatment for companies in the application process.

• (1035)

Ms. Andrea Johnston: Well, as you know, in the recent budget we received an additional \$100 million for CRIN, which is the Clean Resource Innovation Network. We're in early discussions with those companies, many of them located in Alberta. We expect to have a fairly solid project pipeline out of that \$100 million, going forward.

As I mentioned, the strategic innovation fund is a high-demand program. We have to assess the projects on their merits as they go in through the application process. We have about \$1 billion in interested applicants, so from our viewpoint, we have a strong pipeline of proposals. Again, we measure them based on the innovation benefits, the economic benefits and the public benefits to Canada.

Mr. Dane Lloyd: Thank you.

The Chair: We're going to move to Mr. Oliver.

You have a very quick five minutes.

Mr. John Oliver: Thank you. I'll be following up on Mr. Lloyd's questions about the strategic innovation fund.

I notice there was an increase of about \$279 million in the departmental plan. There was a focus on two important areas: data application in the health and biosciences sector and automation in digital technologies for the agriculture and agri-food sector. I heard in your answer to Mr. Lloyd some of the criteria that you bring to bear on the decision on who gets the grants and how they're awarded—or the loans, depending on the structure.

I'm curious. How do you, at the departmental level, prepare for that? These are complex, very technical applications, often dealing with very unique science or unique innovation. How do you prepare at the departmental level so as to ensure that you're doing a rigorous independent review and that the right people are awarded?

Mr. John Knubley: I'll just compliment Andrea on the work she does. We do have five different strains within the strategic innovation fund. They are all targeted at different things. I'll let Andrea explain that if she wants.

When we do our due diligence, we typically do a lot of outreach with other experts, both in the private and public sector, so that we understand what their specific opportunities are with individual projects.

Ms. Andrea Johnston: You specifically mention health and data. That's under stream 4, where the government launched a challenge to industry. We had several strong applications come forward and we just recently announced the two winning applicants.

Mr. John Oliver: How do you prepare, at the departmental level, to do the reviews?

Ms. Andrea Johnston: In order to make that assessment, we use a whole-of-government approach, which includes departments. We draw particularly on the technical expertise of IRAP in the National Research Council. In this case, we also had four expert advisers who provided input on the applications and enabled us to make an informed decision moving forward. That's under the collaborative networks process, where we use outside independent evaluators to inform our decision.

In general, however, we use the technical expertise that's within the departments—whether it be NRCan, AAFC or the NRC, in terms of IRAP.

Mr. John Oliver: Thank you.

I was a bit curious because one area that's of interest to me is innovative nuclear energy. I know there is some quite innovative work happening in Canada. It's in new fields; it's not in the

traditional CANDU area. It's in some new science, such as salt ionization and different strategies, which looks really promising for renewable energy and would put Canada back in that nuclear energy leadership role.

This is brand new. It's brand new globally. Really, there are very few companies dealing in this space. How, then, do you prepare yourself for that kind of innovation that is not just domestically, but globally unique?

Ms. Andrea Johnston: It's a very exciting area because, as you say, Canada has the potential to be leading in this area. ISED has been working very closely with Natural Resources Canada, AECL and the regulators to get a better understanding of the technologies and their applicability in the Canadian market, as well as the global market.

From there, we make a decision going forward as to the companies that have applied under the strategic innovation fund.

• (1040)

Mr. John Oliver: Great. Thank you very much.

The Chair: The final two minutes of the day go to Mr. Masse.

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

I'll go quickly over to the Federal Economic Development Agency for Southern Ontario. There is a 40% increase over the previous years. Is there any particular reason for such a large increase? Was there something in the previous year that did not get spent that was reallocated, or is it just an overall increase of 40%?

Mr. John Knubley: The short answer is that they had actually had an allocation and had basically committed all their funds, so that in 2019-20, \$258 million in total funding is anticipated through the main estimates. That's compared to \$187.1 million in the previous one. The reality is that they're really being replenished and topped up in terms of their activities.

In terms of the specifics, this includes tourism and the Canadian experiences fund. I think that's the main new element, as I understand.

Steel would be driving that number up as well because of FedDev, and that advanced manufacturing program referred to earlier would be delivering steel.

Mr. Brian Masse: On the tourism front, one of the shifts we saw from the Canadian Tourism Commission was away from North American visitation to concentrating on international visitation. Is this tourism initiative because the numbers are down with regard to the border in southern Ontario and in the Niagara region—where I'm from—and others, where we have seen...?

Really, this started through the Vancouver Olympics, when the Canadian Tourism Commission was moved out to Vancouver. It disappeared from the face of the earth here in Ottawa. It is now in Vancouver.

We've seen our travel tourism from the United States become increasingly challenged. Is part of what's happening here to try to localize and make more incentives for tourism to bring those numbers back up?

Mr. John Knubley: As a deputy minister and having worked in a region, I've seen how important tourism can be for communities. I see a lot of good things happening here.

Specifically, Destination Canada had traditionally been oriented to identifying new markets and advertising orientation to new markets

for Canada, which of course continues to be a priority for Destination Canada.

What's happening with this new initiative is that it has also recognized that we need to build specific initiatives domestically to promote tourism within Canada. The regional development agencies do activities in this area. However, what's being added into this is funding for Destination Canada to focus on the domestic market itself.

Mr. Brian Masse: Thank you.

The Chair: On that note, thank you again for appearing today. I appreciate your time and your answers to your questions.

Thank you all.

The meeting is adjourned.

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