



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Industry, Science and Technology

INDU • NUMBER 086 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, November 28, 2017

—
Chair

Mr. Dan Ruimy

Standing Committee on Industry, Science and Technology

Tuesday, November 28, 2017

• (1200)

[*English*]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Welcome, everybody, to meeting number 86 of the Standing Committee on Industry, Science and Technology.

Today we have, pursuant to Standing Order 81(5), supplementary estimates 2017-18. We have the Minister of Industry here to present to us and to answer some questions for us. Without any further delay, Minister Bains, you have up to 10 minutes.

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development): Thank you very much, Chair and honourable colleagues. It's great to be here on the 86th, you were saying, official meeting for this committee.

The Chair: Yes.

Hon. Navdeep Bains: I'm glad to be back again. Let me take this opportunity to acknowledge my officials who will be here to answer some of the more difficult questions. As per previous practice, I will take some of the easier questions.

I also want to welcome four new members who have recently joined the committee. It's great to see a lot of new faces on the committee. I want to say from the outset that the work you do here is really crucial in informing, shaping, and advancing public policy. This committee has been particularly helpful to my department and to me personally during my time as the minister responsible for innovation, science and economic development.

[*Translation*]

The recommendations from your study on the Canadian manufacturing sector will promote skills, innovation, and market access. I can assure you that our government is working hard to implement your recommendations.

[*English*]

Just last week the committee tabled in the House its report on intellectual property and technology transfer. We discussed this when I was here last time. I can assure you that we are studying your recommendations very carefully. They will inform our deliberations as we move forward on a national intellectual property strategy in the new year.

Finally, I would like to thank the committee for its current work on reviewing Canada's anti-spam laws. Your report will assist us in improving this very importance piece of legislation.

Today I appreciate the opportunity to meet with you on the occasion of the tabling of the supplementary estimates (B) for 2017-18. In doing so, I am seeking approval for spending to address priorities announced in the budget, in particular promoting innovation. Despite a challenging global climate, Canada's economy continues to exceed expectations. In fact, according to the International Monetary Fund, our economy will be the fastest growing amongst G7 nations for this year and the second fastest growing for next year. As you know, the growth benefits Canadians, and we've seen incredible gains in the number of jobs created in the economy. In fact, the Minister of Finance has said on several occasions in the House of Commons that when our government took office, the Canadian economy created over half a million jobs.

[*Translation*]

This pace of growth did not happen by chance. It happened because our government has been making responsible investments that have resulted in better jobs and opportunities for Canadians.

[*English*]

Many of these investments are reflected in the supplementary estimates that we are discussing here today. Mr. Chair, you will remember very clearly in 2015 we changed the industry portfolio's name to better reflect its mandate and how it supports the Canadian economy. It's an honour for me to be the first official Minister of Innovation, Science and Economic Development.

We also brought the regional development agencies into the portfolio. This helps us better align and provide support to Canadians across the country, while at the same time recognizing the regional differences. Reflecting the broader mandate of the newly named department, we introduced the innovation and skills plan outlined in the budget. That was a key feature in our budget. It is a bold, forward-looking plan to invest in research, technology, and commercialization. That's how we will position Canada as a world leader in innovation.

As the minister responsible for ISED, I'm proud that we have a great story to tell about the real progress being made in delivering our innovation mandate through the \$1.26-billion strategic innovation fund, which consolidates and simplifies existing business innovation programming into one single fund, while expanding support to the dynamic and emerging sector. This is really about diversifying the economy and looking at areas of high growth.

[Translation]

Under the Innovation Superclusters Initiative, the government will invest up to \$950 million over five years to support business-led innovation superclusters in areas where Canada has the potential to lead.

[English]

Meanwhile, the newly established Innovation Canada is a very important collaborative platform led by ISED as well. It will make it easier and faster for Canada's innovators and entrepreneurs to access government programs.

Also reflected in the supplementary estimates is another budget 2017 initiative, innovative solutions Canada, a new procurement program modelled on the best practices of a U.S. program, called SBIR, to support Canadian innovators and entrepreneurs.

We also announced our economic strategy tables, which support innovation in advanced manufacturing, agrifood, clean technology, digital industries, health and biosciences, and clean resources. We actually have strategic focus on areas where there's high growth. Six industry leaders will chair these tables. I look forward to the opportunity to speak about that.

Our government has also launched the global skills strategy, which is speeding the entry of top talent with specialized skill sets and global experience to Canada. With the talent comes the money. If we truly want to succeed and grow, we need to focus on people and talent.

What's more, we are rolling out a whole suite of programming to continue to develop our digital economy and give all Canadians the opportunity to participate.

• (1205)

[Translation]

Because digital literacy for all Canadians means that no one is left behind, no matter where we live, what our abilities are, or how much money we make.

Programming includes Connect to Innovate, which brings broadband Internet access to rural and remote communities across Canada.

[English]

Under this program, we've already announced investments that will connect, with high-speed Internet, all 25 communities in Nunavut plus communities in Quebec and northern Ontario.

Another program that is really worthwhile to highlight and that is part of the supplementary estimates is CanCode, which will invest \$50 million over two years to help young Canadians from kindergarten to grade 12 prepare for the jobs of today and tomorrow. This is complemented by the digital literacy exchange, where we're investing almost \$30 million over five years to support the teaching of basic digital skills.

We're doing all of this because we know that access to the digital economy for Canadians is a key component of the innovation and skills plan. Digital literacy is really important. I have my personal biases. I have two young daughters, and I know that in order for

them to succeed, they need to be up to speed when it comes to digital literacy skills.

Another critical feature is continuing to build a clean economy. As you know, this is a priority for our government. The Minister of the Environment and the economy go hand in hand. That's really important, and that's why ISED is focused on making Canada a global leader in clean technology. This is an industry projected to be worth trillions of dollars globally. Canada needs to claim its share of that market now. We need to really take advantage of those growth opportunities. That's why we're continuing to fund clean technologies through Sustainable Development Technology Canada, SDTC. This is one of the changes in the machinery of government. It previously existed with Natural Resources Canada and was moved into ISED to demonstrate more support for this initiative.

In the budget we also provided \$2.3 billion to help Canadian clean technology grow and expand, including \$600 million in new financing through the Business Development Bank of Canada, \$800 million through Export Development Canada, and \$400 million to recapitalize, as I mentioned, SDTC. It's a suite of initiatives to really focus on the opportunities in clean technology.

Finally, let me mention our support of Mitacs towards meeting its goal of providing 10,000 paid internships per year. I just made the announcement yesterday. There was a significant level of investment from the federal government, of \$221 million over the next five years. This program has been very successful so far. They have a great track record. They had 21,000 paid internships in the past, and they supported 19,000 other students in training as well.

Mr. Chair, I just wanted to highlight these key initiatives. I look forward to the opportunity to address any questions the committee may have on supplementary estimates (B) or any other questions they might find pertinent.

Thank you very much for the opportunity.

The Chair: Thank you very much. We're looking forward to some good Qs and As here.

Ms. Ng, you have seven minutes.

Ms. Mary Ng (Markham—Thornhill, Lib.): Thank you, Minister, for coming to talk to us about what the government has been doing, particularly on your file.

I would be interested to have you talk to me a little bit more, given the investments we are making, around the innovative companies and start-ups in particular. We've heard about their ability to scale. Tell me what the government is doing, and tell me how the investments that are being made there will help the start-up companies to scale.

Hon. Navdeep Bains: It's a very good question, and thank you very much for that. Particularly in your riding in Markham, you see a lot of these ICT companies that are scaling up and growing. From our perspective as a government, there are really three areas of focus for an innovation and skills plan. The first one I alluded to in my remarks is talent and people. This is about promoting lifelong learning. It's really critical; if you talk to any company, the first issue they talk about is talent and people. It's an issue that not only Canadians talk about, but if you look internationally as well, it's the number one issue. This is why so many companies are investing in Canada. That's why we have made significant investments in education, in training, and in lifelong learning as part of our innovation skills budget.

The second area is the focus on technology and technology adoption. Compared to our U.S. peers, we are falling behind, particularly in the SME sector. We are focusing on many initiatives to promote more technology adoption and are making big bets on certain technologies, such as artificial intelligence, quantum computing, and digital. These are horizontal platforms that have enormous opportunities to impact very many different sectors. That's why we are focused on that through research funding and commercialization.

The third pillar you alluded to in this innovation and skills plan is really about scaling up companies. We are a start-up nation; we're really good at starting up companies. You and I may recollect that during our Ryerson days, the digital media zone, DMZ, at Ryerson University was a good incubator for starting up companies and creating the opportunity for individuals to bring their ideas to market, but now the question is how we help them to scale up and grow.

One of the initiatives I want to highlight is innovative solutions Canada. This is a procurement initiative by the federal government to be a marquee customer, to say that we're willing to be a marquee customer, especially for companies when they go abroad. Often they're asked whether they do business with the Government of Canada. If they say yes, that opens up many more doors. We want to use government's purchasing power. We spend \$18 billion on procurement. If you take away defence, for example, we still spend \$9 billion on goods and services, so we have enormous opportunity exclusively at the federal level to support Canadian companies that are scaling up.

Another initiative is superclusters. One of the key features of this is not simply about the large anchor firms, but really about the supply chain and the small businesses that want to scale up and grow. When they work with large companies, they get the mentorship, the know-how. They understand how to build capacity internally. That knowledge transfer, that supply chain integration between the large and small firms is another example of scaling up. We're really focusing on areas of high growth. That's why we identified in a very strategic way six areas of growth. We have chairs for those six strategy tables.

Really, that's the government's focus. It's first on people, then on technology, and then on making sure companies can actually scale up through our being a marquee customer and our connecting them with large firms. That's our approach when it comes to scaling up companies.

● (1210)

Ms. Mary Ng: Thank you.

I'm going to split my time with my colleague, Mr. Baylis.

Mr. Frank Baylis (Pierrefonds—Dollard, Lib.): Thank you, Mary.

[*Translation*]

Thank you for being here today, Mr. Bains.

I have some questions about the superclusters. As you know, the aeronautics sector is very important in Quebec. We are now seeing the emergence of artificial intelligence technology in that sector.

I would like to know what impact the planned \$950 million investment will have on these superclusters.

Hon. Navdeep Bains: Thank you for the question.

You are correct in saying that artificial intelligence is very important, especially in Quebec. In my opinion, and the member can confirm this, all the superclusters have an artificial intelligence component.

[*English*]

It's such an important platform, especially in the aerospace sector. There's such enormous opportunity. This is a non-partisan issue, and I'd like to give the previous government kudos as well. Since 2005 and up until now, there has been close to half a million dollars' worth of investment in artificial intelligence. Some of that started with Mr. Martin's government and continued on with Mr. Harper's government. Then we really stepped up under Mr. Trudeau's government, most recently with the \$125 million for the pan-Canadian framework for artificial intelligence.

The logic is very simple. We have great strengths in Montreal, Vancouver, Toronto, Waterloo, and Edmonton. We have pioneers in artificial intelligence like Rich Sutton. We have Geoffrey Hinton from U of T. We have Yoshua Bengio from Montreal. Too often we compete against each other. The objective of our government is to determine how we can actually collaborate our AI, artificial intelligence, initiatives and our power to bring people together so they can work together as opposed to fighting for resources and competing against one another.

That's what we're seeing in the supercluster initiative, the *supergrappes* initiative. It's really about collaboration, and I think there are enormous benefits in that area, particularly in the aerospace sector.

● (1215)

[*Translation*]

Mr. Frank Baylis: Excellent.

I have a question about the Connect to Innovate program. There have been some investments...

[*English*]

The Chair: There's a fire alarm, so we are suspending.

•(1215) _____ (Pause) _____

•(1240)

The Chair: In the interests of time, we'll rejig some stuff.

In conversations I had outside, I learned the minister is able to stay an extra 15 minutes max. The challenge will be that we won't be able to get him back because we're so close to the end of the session, so we want to be able to move forward with this.

The Liberals had six minutes. Maxime, we'll give you six minutes, and Don, we'll give you six minutes. Then we'll divvy up the rest of the time appropriately.

[*Translation*]

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

Hon. Maxime Bernier: Thank you, Mr. Chair.

I would like first to read a motion for which notice was given and which I would like the committee to consider. The motion is as follows:

That the committee review the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act, and the Investment Canada Act; and that the committee invite relevant stakeholders to appear before the end of 2017 in order to provide members with information about the impact on pensioners of companies involved in bankruptcy proceedings such as Sears Canada and U. S. Steel.

We will discuss this later.

Thank you.

•(1245)

[*English*]

The Chair: Thank you.

Hon. Maxime Bernier: That being said, Minister, thank you very much for being with us. I really appreciate that.

First of all, I know you have had some questions about my favourite corporation, Bombardier. As you know they received \$372 million, not as a grant but as a contribution that must be reimbursed. You will have the authority and responsibility to approve the transaction between Airbus and Bombardier. Do you know when you'll issue your recommendation about that transaction?

Hon. Navdeep Bains: As you know, I'm the minister responsible for the Investment Canada Act. When they present a notification of a particular transaction, we will go through a rigorous and robust process under the Investment Canada Act to advance Canada's national interests.

Hon. Maxime Bernier: I appreciate that. Maybe it will be in the best interests of Canada and our country if you have a condition about that authorization, if you can ask Bombardier to reimburse the contribution they received, because it was for a Canadian corporation and now it's going to France and Airbus.

We asked you to make public the deals that you have with Bombardier or GM or another corporation, but you said it's a private agreement between you and the department and these corporations. So we didn't see the details of the reimbursement of these contributions. Is your position still the same?

Hon. Navdeep Bains: It's a very thoughtful question because as you know, taxpayers' money is very important. We want to make sure we get a good return on investment.

Similarly, you may recollect during your tenure in government the \$350 million that was disbursed by the previous Conservative government. The same disclosure requirements are applied here, which is that they're commercially sensitive. We're mindful of the fact that on one hand we want to be open and transparent with taxpayers, but at the same time, we do not want to compromise the commercial sensitivity of the transaction.

Hon. Maxime Bernier: Yes, you're right. I understand that.

When I was Industry minister in 2006 and 2007, I had that discussion with my department about that being public. We were successful, and all the contributions and reimbursements while I was the Industry minister were on the website of Industry Canada. But after that, when I was promoted to foreign affairs minister, the department decided to shut down that website. But it was the same contract. I just want to let you know that under the contract that you signed with these corporations, you can make that public on the website. I did it at that time. That would be good for Canadians to know.

That being said, I'm against corporate welfare and big grants to corporations. I know that the counter-argument to that is to say that other countries are doing it so we must do it if we want to be competitive. Why not try to sign a new agreement between aircraft manufacturers and countries to limit state aid in the aerospace sector? We had that kind of agreement before, and it was very useful. I think we must review that kind of agreement to limit state aid between countries that have aircraft manufacturers, because we cannot compete and give subsidies like other countries are giving to their manufacturers like Boeing.

I know it's not in your mandate letter, but it would be great if you could ask your department to look at that and be a leader in that in discussions with your counterparts in other countries. Do you think you could look at this?

Hon. Navdeep Bains: This is where I think we fundamentally disagree. I think we are in a global innovation race. I do believe other jurisdictions are stepping up in a meaningful way to support key sectors. The loan, the repayable contribution, that we had for Bombardier, for example, is really focused on research and development, and especially in the aerospace sector, which is highly intensive in research and development.

This sector employs over 208,000 Canadians from coast to coast and contributed \$28 billion. We just need to be mindful that we have a level playing field. When other jurisdictions are stepping up for their aerospace sector, we in Canada must be strategic and thoughtful.

In a perfect world, you're right that no government would be involved, but that's not the reality, and we have to be mindful of that reality, because these are good quality jobs that, on average, pay 60% more than other manufacturing jobs. They are good quality jobs, and it's about research and development and being competitive relative to our international peers.

• (1250)

Hon. Maxime Bernier: I know that there are very good jobs, but also in my riding, I have small business people who have very good jobs, and they pay their employees very well, but they don't receive subsidies and grants and contributions like that. For me, the fair thing would be to abolish all that and lower the tax for all businesses, the big ones, small ones, and medium-sized ones. That would be the thing to do, and at the same time, negotiate an agreement with other countries that are manufacturing aircraft in their countries to limit this kind of contribution.

We disagree on that, and I understand that.

Do you have a—

That's it? Okay.

The Chair: You have two seconds.

Hon. Navdeep Bains: Very quickly, I do want to echo the comments about the importance of supporting small and medium-sized enterprise as well. One of the benefits of these investments is the 800 suppliers that also benefit.

As you know, when you were in government, and support was given to the automotive sector, it was to support the supplier base, the dealerships. It's the same thing with the aerospace sector. It's not only the large anchor firm but the 800 suppliers that also are supported by the activities in the aerospace sector, and that benefits many small and medium-sized enterprises.

The Chair: Thank you.

Mr. Davies, you have six minutes.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you, Mr. Chair.

Thank you, Minister, for being with us today.

Minister, in your opening remarks, you mentioned that the Canadian economy has created half a million jobs since your government took office in 2015. Do you have a breakdown of those jobs between full-time and part-time?

Hon. Navdeep Bains: That's a good question. My understanding is we do have the breakdown. I can get the breakdown for you momentarily, but a good percentage of them are full-time jobs.

Mr. Don Davies: Do you know what that percentage is?

Hon. Navdeep Bains: I'll confirm the exact percentage momentarily.

Mr. Don Davies: Thank you.

Second, Minister, as we saw last week, the U.S. Federal Communications Commission, FCC, announced its plans to slash net neutrality rules, which were put in place in 2015 to ensure a free and open Internet, which is, of course, a key component for innovation and commerce in the future.

Can you confirm, Minister, your government's commitment to net neutrality in Canada, and let us know if you've had any conversations with your U.S. counterparts to communicate your concern?

Hon. Navdeep Bains: This is a very important issue. This issue is critical not only to our economy and innovation, as you articulated, but also to our democracy. Having an open Internet—and individuals should have the ability to have access to information without prejudice—is critical. Freedom of choice is essential.

That's why I came out very quickly to reaffirm our government's support for net neutrality. We also are very supportive of the CRTC framework on net neutrality, and we will engage, and we are going to continue to work with, not only the U.S., but other partners and allies to promote an open Internet, because it's essential for finding new solutions.

In my opinion, it's no longer a luxury. It's essential, and it is absolutely essential for our democracy as well, because so much information is shared online, and people should have the freedom to choose the content they want without any prejudice.

Mr. Don Davies: The NDP very much agrees with that, but, Minister, have you actually communicated that to your counterpart in the U.S. yet?

Hon. Navdeep Bains: At an official level we have. I'm looking forward to the next opportunity I have face to face with my counterparts in the U.S., but we clearly articulated our viewpoint in a very firm manner to our U.S. counterparts.

Mr. Don Davies: I want to move to superclusters. We understand that Industry Canada is using a \$950-million fund to help the supercluster initiatives. Are there specific industries being targeted? Has the government identified regional geographic areas for funding?

Hon. Navdeep Bains: This is really industry led. This is about us saying, "Look, we want to use our ability and our power to convene, to bring key actors together, industry, academia, and civil society. This is an open and fair competition. We want the best ideas and proposals to succeed."

We had over 1,000 businesses participate, 350 organizations, and over 100 academic institutions as part of that. We received well over 50 proposals. We did a short list of nine, and to answer your question specifically around geography, those nine proposals reflected initiatives across the country. This demonstrates that innovation is happening everywhere, that it's not only in the big cities or with the traditional players. Other jurisdictions really stepped up, and we saw that in Atlantic Canada, Quebec, in the west, and in Ontario. It was great to see those initiatives put forward, and they do reflect not only great ideas but also the geography of Canada.

• (1255)

Mr. Don Davies: Thank you.

My colleague Mr. Bernier tabled a motion about bankruptcy laws and their effects on workers. I don't think any modern industrial strategy can fail to take into account the interests of the workers who are critical to the success of any industrial strategy. As we saw with some famous bankruptcies like Stelco, Nortel, Sears, etc., workers who have deferred their wages in pensions and severance pay are losing that money. Will your government support proposals that would put workers and pensioners before secured creditors in our bankruptcy and insolvency laws?

Hon. Navdeep Bains: This again is something we have seen just recently with Sears, and this debate has emerged in a more meaningful way again. There was a debate that took place prior to that with Stelco and Nortel, and we're very mindful of that, especially of the impact this has on families and workers. You're absolutely right. This impacts many communities, especially Sears, for example. Their retail network is enormous in Canada, and it impacts a lot of communities.

We, as you know, are carefully looking at the NDP proposal, and there's a Bloc proposal as well. We're willing to examine and see what we can do to move forward on that. One thing we cannot and should not underestimate is the importance of the CCAA process. This allows companies that are in dire financial stress to have the opportunity to restructure and come out, and usually this preserves jobs.

Right now with Sears, for example, that process is still taking place, but in the meantime, Service Canada is engaging with those workers and families who are going through difficult times. Eighty-two sessions have taken place. We're very much on top of it. We're engaged, and we're looking forward to working with the NDP and the Bloc on this matter, and any other political party, to see if we can make any positive steps in this area.

Mr. Don Davies: Thank you.

How am I doing for time?

The Chair: You have 30 seconds left.

Mr. Don Davies: Quickly, Bill C-45, the cannabis legislation, just passed in the House. Sort of perplexingly, there's a ban in Bill C-45 on the importation and exportation of recreational adult-use cannabis products. There's no such ban on medicinal products. Given that the global industry for cannabis can be multiple billions of dollars, and it's an innovative, technological, intellectual property-laden industry in which other countries will start copying Canada, would you be a voice at the cabinet table for relaxing that so Canadian entrepreneurs can actually get first market access in this highly innovative and burgeoning lucrative field?

The Chair: We're out of time. If you want to—

Hon. Navdeep Bains: I'll be very quick.

Our priority as a government, and my priority—I have two young girls—is keeping marijuana out of the hands of young people, and keeping the profits away from criminals and gangs. That's really been the focus, so I must confess that this is an issue I haven't thought about, because those are the two priorities that really consume my attention.

The Chair: Thank you very much.

Here's what's going to happen. We have a very short period of time, so there are going to be three Liberals at two minutes each, two Conservatives at two minutes each, and Don at two minutes.

Let's go.

Majid, you have two minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Minister, for coming in.

I want to focus on the strategic innovation funds of \$1.26 billion, and the other \$200 million in addition. Can you quickly help me understand why you created this fund, how you envisioned it to be different from the funds that were allocated to innovation before, and what you're trying to accomplish?

Hon. Navdeep Bains: Again, this is just being very thoughtful about the role of government. We recognize that other jurisdictions are stepping up in terms of attracting investments and growing their companies.

The objective of this fund was to consolidate the traditional funds from aerospace and auto and open it up to all sectors so there is more competition. That way we will get better proposals, better return on investments, and more jobs that are created here in Canada. That's the objective.

Right now, we have a lot in our pipeline in terms of proposals. That was the objective. We wanted to identify areas of high growth. Those could be in agriculture, for example. Those could be in advanced manufacturing. Those could be in clean technology. Those could be in clean resources, for example. That's the objective of the fund, to open up to high-growth markets, particularly high-growth sectors.

Mr. Majid Jowhari: The pipeline, as you said, is full now. When do you anticipate some of these funds being allocated to the...?

Hon. Navdeep Bains: Some of these discussions are taking place, but I anticipate we'll be making three or four announcements, possibly before the end of the year, and will continue to make more announcements in the new year as well, in the first quarter. The objective was not only to re-establish this fund very quickly after the budget but also to really market it to industry very quickly, and the response was overwhelmingly positive. We are now just being very strategic about what we want to do. We want to make sure we do our due diligence, but we will be making our announcements very quickly.

● (1300)

Mr. Majid Jowhari: My last question is on supplementary estimates (B). You are allocating about \$50 million to the strategic innovation fund. Is there any special area that this is going into?

The Chair: You're out of time.

Mr. Majid Jowhari: No worries. Thank you.

Hon. Navdeep Bains: No, that's part of the general fund.

Mr. Majid Jowhari: Okay. Thank you.

[Translation]

The Chair: Mr. Bernier, you have two minutes.

[English]

Hon. Maxime Bernier: Thank you very much.

Minister, the Governor of the Bank of Canada said a couple of months ago that he was very happy with the proposal you made during the election and your commitment to the Canada child benefit. He said it's very good because it prompts consumption and is a good stimulus for the economy. Do you agree with him on that?

Hon. Navdeep Bains: I think there's real anxiety, frustration, and challenge for many families that are having difficulty dealing with rising costs, and at the same time, dealing with the challenges around growth of their income. This support has been very helpful to those families in need.

Hon. Maxime Bernier: You agree, then, that this benefit is helping Canadians and prompting consumption.

Hon. Navdeep Bains: It's definitely helping families. I hear from many people in my community about the rising costs of food and basic needs around books for school. In terms of raising kids, I have two young girls and I know they have high expectations when it comes to clothing, food, and supplies, so this has been very helpful to many families.

Hon. Maxime Bernier: Okay, but the problem with that is that it's coming from a deficit, and we don't see when you will balance the budget. Also, prompting consumption is not what we must do to stimulate the economy. We have declining private sector investment in Canada. It's when the private sector invests that we have real economic growth, because the growth we have right now is with a deficit and debt and it is not sustainable in the long term.

Private investment has gone down by 18% since 2015. We rank second lowest among 17 comparable industrialized countries. That's a big worry. The best thing to stimulate the economy must not be to prompt consumption but to have policies that will prompt and help entrepreneurs by lowering their taxes. I hope that as industry minister you will be able to speak with the finance minister to make sure that he will lower taxes for every entrepreneur and not try to find winners or losers.

Hon. Navdeep Bains: Again, that's a really good point. I will say, very quickly, that we have reduced the tax rate for small businesses from 11% to 9%. We introduced the innovation and skills plan, which is all about focusing on training and helping companies scale up. We're really focused on growth, productivity, and competitiveness.

The Chair: Thank you.

Lloyd, you have two minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, and thank you, Minister, for being here.

I have a question around Mitacs. In our last study on intellectual property, we talked about Mitacs and possibly expanding that to include colleges, as well as universities as it currently stands. Do you have any opinion on that?

Hon. Navdeep Bains: Yes. I think your study was very helpful in that. As I mentioned right at the outset of my remarks, the discussions you had with me and our department were very helpful. Colleges are now part of the Mitacs program, and they can benefit from that funding and those internships.

Mr. Lloyd Longfield: Terrific. I'm a college grad and I have three daughters who are college grads, so on behalf of college grads, thank you for the attention to colleges.

Hon. Navdeep Bains: That's wonderful.

Mr. Lloyd Longfield: On the supplementary estimates, we have the Canada 150 research chairs program and 25 research chairs being

created. Is there an area of priority around research chairs, either geographically or by sector, that you are focusing on?

Hon. Navdeep Bains: Yes. Obviously we are focused on areas such as artificial intelligence, quantum technologies, and regenerative medicine. This is something on which I work very closely with Minister Duncan. As I said, we represent 0.5% of the world's population and we have 2% of the publications, so we punch well above our weight. We want to continue to do so, and that's what this funding represents. It represents our commitment to science as part of the overall innovation agenda.

Mr. Lloyd Longfield: It's great to see that the Social Sciences and Humanities Research Council is included both within your portfolio and that of Minister Duncan. Social innovation is as important as other innovation.

How do agencies participate in the PromoScience program that has also been announced, with the \$3.5 million in the current budget?

• (1305)

Hon. Navdeep Bains: That's a good question, and I will ask my deputy to speak to that.

Mr. John Knubley (Deputy Minister, Department of Industry): Minister, I'll have to get back to you on that. The PromoScience program has been launched and a series of initiatives have been identified, but I don't have the specifics.

Mr. Lloyd Longfield: Terrific. Thank you for being here.

The Chair: That's bang on in terms of time. Thank you.

Matt, you have two minutes.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Great, thank you.

Thank you, Minister, for being here.

I'm going to throw a bunch of questions at you, and hopefully you can answer them all here.

When will we hear more about the superclusters?

What's your role at the table for NAFTA? In particular, we're seeing a lot of companies choosing the United States right now and leaving Canada. Hopefully you're there.

Also, in your supplementary estimates, we saw the Canadian Space Agency. It's at \$12.8 million. They get an additional \$8.6 million. This seems like a very small amount if we intend to have any role up there at all in the RADARSAT Constellation mission.

Last, some of your comments relating to where we are in the economy.... You have two young girls; I have two young girls. That's why we do these jobs. I'm more concerned that we're leaving a massive deficit for their generation. I'm hoping you're a champion at the table in making sure that we're not doing that to their future.

Thanks.

Hon. Navdeep Bains: Thank you, and I'll be very brief with my response as well.

You asked when the supercluster would be made public. The goal is sometime in the first or second month of 2018. We just received the applications for the second round on November 24. We're going to do our due diligence and evaluate those applications and hopefully make this announcement in early February.

My role at the cabinet table is to be a strong voice for business and for Canadian workers, particularly when it comes to NAFTA. We want to make sure we advance Canada's national interests, and I've been very clear about that both in private and in public.

With regard to space, I'm really glad you mentioned this. We are very proud of the investments we've made in space. That's \$379 million in the first budget for the International Space Station and the ongoing commitment to 2023-24. In the last budget, we introduced \$89 million for quantum encryption technology with our international allies. We're working on a space strategy, which will hopefully have more funding and initiatives to support space. We launched an incredible recruitment campaign and had two astronauts on Canada 150. That was a point of pride.

Mr. Matt Jeneroux: From Alberta.

Hon. Navdeep Bains: There's an infrastructure deficit, a health care deficit. We want to make sure we have a holistic approach when it comes to the economy and not only focus on the challenges around debt and deficit but also growth and jobs. That's what we're trying to do.

The Chair: Thank you very much.

We continue our lightning round with Terry for two minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Minister, thank you very much for your presentation.

As the chair of the northern Ontario caucus I'd be remiss to not thank you for the increase in the funding for FedNor in the 2017 budget.

In my opinion, regional economic development agencies are a great equalizer, creating fairness for Canadians from coast to coast, because you should be able to live wherever you want and create opportunities. What role will regional economic development agencies be playing going forward?

Hon. Navdeep Bains: They'll play a very prominent role. That's why they are mentioned as part of the title, Innovation, Science and Economic Development. The roles of the regional development agencies have been elevated. Not only have we put forward strategies, for example, the Atlantic growth strategy, and we're working through FedNor to have a strategy for northern Ontario, but we've also increased funding, so there are more resources for diversification and job creation, focusing on the Internet and connectivity, for example, in some of these rural and remote communities. We're proud of the fact that we've increased funding for ACOA, CanNor, CEDQ, WD, and renewed the mandate for FedDev. That just highlights how important RDAs are to our economic agenda.

Mr. Terry Sheehan: Very quickly, superclusters have been asked about and you mentioned where they're going. One thing about the superclusters is they were oversubscribed in northern Ontario especially, but it had people talking for the first time in many cases. What are we going to do with the people who aren't short-listed?

Hon. Navdeep Bains: We're going to have a pathway initiative. We're going to look at what other programs and initiatives exist and how we can continue to work with them to continue to promote that collaboration. In some cases, that collaboration and conversation is still taking place, which is really part of the success of this initiative to bring people together. At the same time, we wanted to be very focused. We wanted to have a competitive process, and we want the best ideas to emerge and set an ambitious agenda for Canada when it comes to superclusters because it's great for Canadian companies, and it's great for global investment as well.

• (1310)

Mr. Terry Sheehan: Thank you very much.

The Chair: Thank you very much.

You have the final two minutes, Mr. Davies.

Mr. Don Davies: Mr. Minister, as I'm sure you agree, the NDP has long believed that Canada's automotive industry is a key driver of our economy. It represents about 10% of GDP, about 13% of our total merchandise exports, and it employs over half a million Canadians directly and indirectly. Can you highlight briefly what your government is doing to retain and attract new automotive investment in Canada?

Hon. Navdeep Bains: I started my career at Ford Motor Company of Canada.

I'm very familiar with the automotive sector. Under our government, I'm very proud to say that we've secured 2.6 billion dollars' worth of automotive mandates, the big one being the Ford investment. The key feature is that, not only are we getting mandates to build cars, but we're getting mandates to build the cars of tomorrow. With the investment in autonomous and connected vehicles, there's \$500 million that Ford invested.

It's really about securing that footprint in Canada. You talked about the 500,000 jobs, both direct and indirect. It's also the focus on technology. In order to do that, we launched a global skills strategy program to allow car companies, and other sectors as well, to have access to top Canadian talent and global talent, so they maintain their R and D centres here in Canada. That's where a lot of these connected autonomous vehicle initiatives are taking place.

The reality is that people don't talk about horsepower anymore when they talk about vehicles. They talk about software power. We want to be a leader in this area. We'll continue to work with car companies to get additional mandates going forward.

Mr. Don Davies: As we note, it's also a global industry.

I'm a little uncertain about your government's position on the TPP. We know the rules of origin particularly in automotive are of concern to Canadian manufacturers. We hear that Japan wants to have 70% of their parts secured from cheap production countries.

I'm wondering whether that concerns your government. Will Canada sign on to a TPP that has that kind of provision in it?

Hon. Navdeep Bains: Make no mistake that rules of origin is an important issue not only in TPP, but with respect to discussions under NAFTA as well. We are going to make sure that we fight vigorously to have thresholds that make sense to maintain an integrated supply chain in North America.

When it comes to the TPP, we need to make sure that we have a deal in place, if we proceed down that path, that will protect the automotive sector.

The Chair: Thank you very much.

I want to thank everybody for—

Mr. John Knubley: Chair, I just have further information on PromoScience.

As you identified, the \$3.5 million in budget 2017, is part of a ramp-up of the NSERC program on PromoScience. This program is dedicated to supporting non-profits in the support of stem cells. I think the additional funding is particularly targeted to women in science and indigenous youth.

Mr. Lloyd Longfield: That's what I wanted. Thank you very much.

The Chair: Thank you.

Go ahead, Don.

Mr. Don Davies: Mr. Chair, could I ask Mr. Knubley to send to the committee the percentages that the minister referred to about full-time and part-time jobs that have been created since 2015? It's fine if he just sends that by post to the committee.

Mr. John Knubley: Yes, we'll do that.

As I've said, what we have here is that, since November 2015, 507,600 jobs have been created, but I don't have the breakdown for full-time or part-time jobs.

The Chair: Please forward that to the clerk.

I want to thank everybody for collaborating to get through this. Unfortunately, there's not much that we can do.

I would like to thank the minister and his partners for sticking around for an extra 15 minutes.

Mr. Knubley, thank you very much. Ms. Setlakwe, thank you very much.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <http://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : <http://www.noscommunes.ca>