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Chair: Mr. Joël Lightbound



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• (1640)

[*Translation*]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): Good evening, everyone.

I call this meeting to order.

Welcome to meeting number 123 of the House of Commons Standing Committee on Industry and Technology.

Today's meeting is taking place in hybrid format, pursuant to the Standing Orders.

Before we begin, I would like to remind all members and participants of the following important preventive measures. In order to prevent disruptive and potentially harmful audio feedback incidents that could cause injuries, all in-person participants are reminded to keep their earpieces away from all microphones at all times.

As indicated in the communiqué from the Speaker to all members on Monday, April 29, 2024, the following measures have been taken to help prevent audio feedback incidents.

All earpieces have been replaced by a model that significantly reduces the likelihood of audio feedback.

The new earpieces are black, whereas the old ones were grey.

Please use only the approved black earpieces. By default, all unused earpieces will be unplugged at the start of a meeting.

When you are not using your earpiece, please place it face down in the middle of the sticker on the table, as shown in the image there.

Please refer to the cards on the table for guidelines on preventing audio feedback incidents.

Finally, the room layout has been adjusted, as you can see, to increase the distance between microphones and reduce the risk of feedback caused by an ambient earpiece.

These measures are in place so that we can carry out our activities without interruption and, of course, to protect the health and safety of all participants, including the interpreters.

Thank you all for your co-operation.

Dear colleagues, before we begin, I'd like to talk to you about a budget-related topic.

We've received two budget requests. One is for the study we're doing today, which is on ELYSIS technology, for which we're ask-

ing for \$2,500, and the other is for the main expense budget, for \$500.

Is there unanimous consent to adopt them both?

[*English*]

Some hon. members: Agreed.

The Chair: I thank you for that.

[*Translation*]

Pursuant to the motion adopted on Monday, March 18, 2024, the committee is resuming its study of the Development and Deployment of ELYSIS Technology at Rio Tinto and Alcoa Facilities.

I'd like to welcome the Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry here with us today, as well as Mr. Simon Kennedy, deputy minister.

As everyone knows, the first hour of the meeting will focus on ELYSIS technology, while the second will be devoted to the 2024-25 Main Estimates. I would therefore ask you to adhere, as far as possible, to today's meeting schedule and to focus your questions on ELYSIS technology during the first hour of the meeting.

Without further ado, Minister, I yield the floor to you to deliver your opening remarks.

Hon. François-Philippe Champagne (Minister of Innovation, Science and Industry): Thank you, Mr. Chair.

Dear colleagues, it is a great pleasure to be here today.

Thank you for inviting me to speak on two important topics, one of which is the aluminum industry. I have to say that this industry is the pride and joy of the people back home in Saguenay—Lac-Saint-Jean, Mauricie, Quebec and across the country.

The second topic is the main estimates, about which I'm sure I'll be asked more general questions.

• (1645)

[*English*]

As I was saying, it's my pleasure to appear before this committee today to discuss the main estimates for fiscal year 2024-25 and to answer any questions on Canada's aluminum industry and some key investments. I must say that we have seen record investments in the aluminum industry in our country, so it's going to be good to talk with this committee and see what more we can do together.

The request we put forward in the main estimates is for \$11.5 billion, which includes funding for normal operations and also for program delivery for both the department and the portfolio agencies that we have. It also includes funding to continue the implementation of budget 2023 measures, as well as spending reductions under the refocusing government spending initiative that we have launched.

[Translation]

From the automotive sector to biomanufacturing, and from artificial intelligence to green and digital industries, we must ensure that Canadian companies remain at the forefront.

[English]

That's why our government has introduced tax incentives to encourage the adoption of clean technologies across the country. That's why we're making landmark investments in new industries, such as EV and battery manufacturing.

Colleagues will have seen that Canada is winning big in the world. I think we're becoming the reference when it comes to EV vehicles, and that is really thanks to our workers, who are the best in the world.

These investments are attracting attention from the major automakers and battery manufacturers around the world. In fact, you will have seen just last month that we welcomed the news that Honda Canada will be investing \$15 billion to create our country's first comprehensive electric vehicle supply chain.

I just want to say to colleagues that this is the largest investment by a company in Canada's history. It's the largest investment in Honda's history, and it's the largest investment in our auto industry since the creation of Canada—that was big news for everyone.

These investments are a strong vote of confidence in Canada. It's a strong vote of confidence in our skilled workers. It's also a strong vote of confidence in the ecosystems that we have been building and in the competitive business environment that we have created in this country.

[Translation]

My colleagues are well aware that Canadian companies are world leaders in carbon capture and hydrogen fuel cell technology.

[English]

That's why we will continue to support the adoption of made-in-Canada clean-tech solutions for the net-zero economy.

On the digital front, we are working to connect all Canadians, regardless of where they live, with high-speed access at affordable prices. We are also trying to balance digital innovation with trust and privacy through our digital charter.

[Translation]

In fact, Canada's Digital Charter, which you have right in front of you, will strengthen the protection of the privacy of Canadian citizens, and it will define new ways to frame the development and use of new technologies, such as artificial intelligence.

On the subject of artificial intelligence, the Pan-Canadian Artificial Intelligence Strategy is doing just that, helping leading Canadian companies reach new heights, attract the best talent and train our young researchers.

For your information, you should know that the Pan-Canadian Artificial Intelligence Strategy is the first strategy of its kind in the world. I can tell you that my colleagues around the world are hailing Canada's initiative and leadership in this field.

[English]

Colleagues will have seen that we have recently announced an historic investment of \$2.4 billion in artificial intelligence to keep our leading position. This is in what we call “computing capacity”. To make sure we have the best talent, we need to give them the tools to continue to have that leadership position. This support is earmarked to build and provide access to computing capabilities for Canada's world-leading AI researchers, start-ups and scale-ups. It will also, among other measures, help small and medium-sized businesses adopt AI solutions and support workers in dealing with this very new technology.

[Translation]

Dear colleagues, let me now move on to another very important subject, the Canadian aluminum industry, of which I am proud. As everyone knows, this industry is recognized worldwide.

I'm originally from Shawinigan, and the first aluminum plant in North America was set up in my region. It stayed there for a century. Most of my uncles even worked at the Alcan aluminum plant. It's an industry I know particularly well.

We're the world's fourth-largest aluminum producer and have been a strategic supplier to North America's industrial base for over a century. My colleagues in Saguenay—Lac-Saint-Jean, in particular, are well aware of this: the industry's contribution to our economy is considerable. We're talking \$3.45 billion and over 30,000 jobs last year alone.

I would say that today, the activities carried out in Saguenay—Lac-Saint-Jean are the largest in the world, if you exclude China.

• (1650)

[English]

As nations seek to catch up and reduce their carbon footprints, carbon-free aluminum will become an increasingly essential commodity.

[Translation]

This is why it's important to invest in technologies like ELYSIS, which is the subject of the committee meeting.

ELYSIS technology enables Canada to play its part in reducing greenhouse gas emissions on a global scale, while maintaining its competitive edge. ELYSIS technology represents the aluminum industry's most significant innovation in over a century. It's being done right here, by local engineers, talent and workers. It's the biggest aluminum innovation in 100 years, and it's happening in Quebec. So it's a source of pride.

This new technology has also led to a historic partnership between two of the world's largest aluminum producers, Rio Tinto and Alcoa. Canada is proud to be part of this great collaboration with both companies and, of course, the Quebec government. It's investments like these that will enable our country to lay a solid foundation for the decarbonization of the aluminum industry, which is the envy of the world.

When I talk to the major automakers, I see that they all dream of being able to source their aluminum here in Quebec.

[English]

For many of our strategic trading partners, the question is no longer “Why Canada?” but rather how and when they can invest in Canada. They realize that we have what very few countries have, and I call them the five pillars.

The first one is that we have a very talented workforce. I would say that we have the best workers in the world, and people recognize that. Canada is a big magnet for talent.

The second thing is that we have strong and growing ecosystems in the automaking industry, in EVs, in batteries, in aerospace and energy, and so on. We have been blessed with natural resources and resources that can build not only batteries but also semiconductors. I would say that when I talk to the OEMs, it's all about proximity: proximity to resources, market and the assembly line.

Third, we have abundant renewable energy. Quebec, in particular, has about 99%, and generally, Canada has about 80%, so if you want to decarbonize, Canada becomes the place of choice.

Finally, thanks to our network of trade agreements, we now have access to 1.5 billion consumers around the world. Canada is the only G7 country that has a free trade agreement with all the other G7 nations. I can tell you that when you say that to investors, they understand that Canada is the place to be in the 21st century.

To sum it up, together we're building Canada's future, a future that's going to be green, a future that is digital, a future in which our industries transform and gear up for a future we can all take part in and benefit from.

I want to say thank you for your time, and again, Mr. Chair, if you allow me, I just want to take the opportunity to thank our Canadian workers. I know people always ask me, what do investors ask you first? The first thing is about talent, and everyone recognizes we have the best workers in the world.

With that I'm happy to take questions.

[Translation]

Thank you, colleagues.

The Chair: Thank you very much, Minister.

I now give the floor to Mr. Martel.

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you very much, Mr. Chair.

Thank you, Minister, for being with us today. It's a pleasure to have you here.

Given today's new timeline, are you still convinced that the ELYSIS project will be successful?

[English]

Mr. Tony Van Bynen (Newmarket—Aurora, Lib.): I have a point of order, Mr. Chair.

I'm sorry, but the translation is not coming through effectively. I don't know if anybody else is experiencing that.

The Chair: It appears that it is fine here in the committee room.

Are you sure, Mr. Van Bynen, that your settings are correct, that you've selected English?

Mr. Tony Van Bynen: Yes.

The Chair: Let us know if it's still not working, and we'll try to make sure that IT reaches out to you to make sure that translation is working. It appears to be working here.

[Translation]

Mr. Perkins confirms that it works.

[English]

Mr. Tony Van Bynen: There seems to be an echo. I'm hearing your voices clearly, but I'm not hearing the translation voices clearly.

The Chair: Someone from IT will reach out to you.

Mr. Tony Van Bynen: Thank you.

[Translation]

The Chair: Thank you.

Mr. Martel, you may continue.

Mr. Richard Martel: Thank you, Mr. Chair.

Given the new timeline established for the ELYSIS project, are you still convinced that it will be successful? Some of us seem to doubt it.

Hon. François-Philippe Champagne: I'd say so, Mr. Martel. As you know, we practically share the region. In fact, my riding goes all the way to Lac-Bouchette.

What gives me confidence are the workers. I've met them on several occasions. I've done at least two or three announcements in the region. The human capital, the talent we have here, is unique in the world.

When two giants like Rio Tinto and Alcoa join forces, when giants like Apple invest in ELYSIS technology, when BMW wants to source in Quebec and get products from here, that gives me confidence.

Of course, when there's a new technology in a sector for the first time in 100 years, it's certain that timelines will change. However, our workers have confidence in this technology, and, if our workers have confidence, that gives me confidence.

• (1655)

Mr. Richard Martel: Minister, I would like to know if Canada has any guarantees as to the benefits it will derive from its investments.

Is Canada a shareholder, a partner?

Hon. François-Philippe Champagne: Canada has contributed to the ELYSIS project with investments in the order of \$80 million. For the benefit of those listening to us in Saguenay—Lac-Saint-Jean, I'd like to add that there's more good news to come in terms of help to further develop the technology. You'll understand that we can't do them all in one day.

The Quebec and federal governments are partners in the ELYSIS project. Rio Tinto and Alcoa have also contributed. Apple was one of the first investors.

On the other hand, we don't own any of the capital. If you're asking me if we have shares, the answer is no. We have, however, contributed public funds to move this technology forward.

Mr. Richard Martel: Is the consortium accountable to the Government of Canada at every stage of technology development?

Hon. François-Philippe Champagne: This goes further. I met with Rio Tinto's CEO at least once or twice a year. As you know, in June 2023 we signed a strategic agreement that covers almost the next ten years. There is a great deal of transparency in this regard.

For the benefit of the people who are listening to us in Saguenay—Lac-Saint-Jean, I would say that what gives me confidence is the fact that the process is out of the laboratories and that we are now planning to install a line of tanks.

As you know, Mr. Martel, when you go from a prototype to an industrial process and commercialization, there are obviously steps to follow.

However, you also know that Apple has decided to invest in the technology. I met with BMW Group representatives on February 21, 2023. All BMW factories in North America are now sourcing from Saguenay.

They're still big players in the industry. Apple and BMW have confidence in ELYSIS technology, and I have confidence in our workers.

Mr. Richard Martel: As I understand it, Canada will therefore be making further investments using public funds in the coming weeks.

When making these investments, does the government require that there be local spin-offs in Canada?

Hon. François-Philippe Champagne: Yes, there's always a clause encouraging companies to maximize local benefits. That goes without saying.

When we spoke with the CEO of Rio Tinto, he told us that half of the investments were in billet-produced aluminum.

For everything to do with the ELYSIS project, we always aim to optimize regional economic spin-offs.

That's why, when I visit Rio Tinto, I always meet with union representatives to make sure that it's the Saguenay—Lac-Saint-Jean region, and ultimately Quebec, that benefits from the company's social and economic spin-offs.

Mr. Richard Martel: Can you tell us how you're going to verify that there are local spin-offs?

Hon. François-Philippe Champagne: Mr. Martel, all the contribution agreements we establish provide for accountability. The company is therefore accountable to us.

Also, we meet regularly with Rio Tinto people. Every time we make an announcement, we hold a meeting. In fact, I think you were present at one of the announcements.

I have regular exchanges with the union president, local leaders, and now with Mr. Péresse, who has become the new CEO responsible for the aluminum sector.

I'm following the progress of the work. I'm also aware that after 100 years, there are bound to be adjustments to be made, even in the case of new technologies.

However, I assure you that there will be accountability.

Mr. Richard Martel: Minister, I'm going to end my turn to speak by telling you that aluminum, in Saguenay—Lac-Saint-Jean, is a very big project.

Are you going to demand that the first ELYSIS aluminum smelter be located here in Canada, which is a global hub when it comes to aluminum?

Hon. François-Philippe Champagne: Of course, this discussion is ongoing. You also know that there are two partners, Rio Tinto and Alcoa.

I think that what people are looking for is talent. I would venture to say that the talent that Canada has in aluminum was somewhat concentrated in Shawinigan back in the day. Now, it's certainly concentrated in Saguenay—Lac-Saint-Jean.

The people at Rio Tinto are very interested in what's next, and they know that the talent is right here in Saguenay—Lac-Saint-Jean, in Quebec.

Mr. Richard Martel: Thank you, Minister.

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

[English]

To pursue the discussion, I'll now turn it over to MP Arya.

I'll just take a moment to wish him a warm welcome to the committee. It's his first official meeting as a member of INDU, so I welcome MP Arya.

The floor is yours.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Mr. Chair.

Minister, thanks for coming.

I would like to commend you on consolidating the different research and development programs we had and starting the strategic innovation fund, which is doing quite well.

When I was elected in 2015, I told the first innovation minister—the name was changed from industry—not to use the word “innovation” in any sentence that does not have the word “commercialization”.

I want you to tell the committee whether commercialization is a focus when we give more funds to IRAP, SIF and any other R and D programs.

• (1700)

Hon. François-Philippe Champagne: I want to thank you, and, if I may, I'll add my words to the chairman's. Your involvement is a great addition to this committee. This is one of the very serious committees of the House.

You're quite right, and I think ELYSIS is a prime example of that. We went from something in the labs to something that we're trying to commercialize. This is exactly what we need to do in all technology. I agree with you.

Let me also say thank you to the officials I have. I just want to acknowledge Deputy Kennedy, who is with me. He has been helping me at every step of the way.

I think that the industrial policy of this country has taken a track like we've never seen before. Sometimes I go back to what C.D. Howe wrote in his time in the building that I sit in. We have really pushed the boundaries now of industrial policy to a new high.

I would say, if I come back to your question on ELYSIS, that Quebec has the largest smelter in the world, if you exclude China. The last one was in Iceland about 10 years ago. You have companies like Apple, if you can imagine, that would invest, and that is a testament to what we have achieved as a nation.

Mr. Chandra Arya: Thank you, Minister.

Thanks for the investment of \$2.4 billion in artificial intelligence and especially the \$200 million for industries in health care, agriculture and manufacturing to adapt and use AI in their operations. That's a good thing.

I'll come to the electric vehicle industry. “From Mines to Mobility...” Things are going quite well with the critical mineral industry. The time taken to implement a mineral exploration project is very long. I'm glad to note that, for one project, an environmental impact assessment strategy is taking place.

I also note that we have a lot of battery plants coming up and a lot of electric vehicle plants coming up, but people are not hearing much about the mineral processing aspect of it. As you know, China is the leader. I think 70% to 90% of the critical mineral processing happens in China. It is a tough business. Sometimes people think that it pollutes much more, but that is the critical part of the entire chain.

In relation to mining critical minerals, in relation to having battery plants and in relation to having electrical vehicle industries, can you highlight where we are with this particular key component in the chain of mineral processing, and what the plans are?

Hon. François-Philippe Champagne: Well, that's a very good question. That might also be a study for the committee in the future, when you've passed Bill C-27, because that is a very interesting part.

I'll give you an example. I was just in Washington recently, and in Nebraska over the weekend.

First, I'll tell you about cobalt—colleagues may know or not know. When I was in Washington, I asked my colleagues if they knew that there was only one refinery of cobalt in all of North America. Everyone was pretty surprised by that. I asked if they wanted me to tell them where it was. They said they guessed I was going to tell them even if they didn't ask. I said it was in Cobalt, Ontario. I asked them whether they knew how long it took to permit that. I said it took about a good part of a decade for that. I said to my American friends that it would probably be better if we worked together to scale, because what we need now is speed and scale. If they wanted to have theirs, it was going to take at least a decade. So, cobalt is a good example.

If I come back to the motion you had on Rio Tinto, you may have seen that now Canada is the largest producer of titanium in the world. We've displaced Russia, thanks to an investment by Rio Tinto, in fact, which invested close to \$1 billion in Sorel, which is a small town in Quebec.

Now, what do you do with the titanium? Imagine, now you can produce titanium powder, and with that powder, you produce 3D printing of titanium parts. With that, you can basically repair jets on aircraft carriers. That's just giving you an example of where we're making headway. However, I would say we need to work together—and this committee has a role in that—because it's all about speed and scale, like you say, to make sure we have a resilient supply chain in North America.

Mr. Chandra Arya: Thanks for mentioning titanium. Obviously, in addition to the applications you mentioned, it's greatly used in the aerospace industry, because of its light weight and other properties. Titanium is a very good addition to the Canadian industrial landscape.

The aluminum and steel industry always had a concern, but I've not gone in depth into this Rio Tinto investment. Hopefully, that's very good news.

I've had previous concerns. Several times I've spoken in the House of Commons of there being 100% foreign-owned companies in the aluminum and steel sectors. There was no capital addition. I know there has been modernizing. We have green steel; we've green aluminum, etc., but there has been no additional installed capacity during the last 20 years, although maybe now things are changing.

The steel and aluminum companies are not exporting beyond the North American market—that's my concern. We have the talent, as you rightly highlighted, and we have the natural resources; however, we have to go out to the world market.

On aluminum, if I'm not wrong, beyond the North American market, maybe they export some small portion to Europe, but I don't think they're exporting anywhere in the Indo-Pacific region. It's the same with the steel industry. If I can remember, the installed capacity of that industry has been around 17.5 million tonnes for the last 20 years. There is no growth in the installed capacity. I always say that economic security is national security. Is the 100% foreign ownership of these two critical sectors stalling our growth in the installed capacity?

• (1705)

Hon. François-Philippe Champagne: Well, I would say the great thing is that our vision was to be the green supplier of choice to the world when it comes to steel, aluminum, batteries, semiconductors and beyond. There's the fact that Rio Tinto have their largest installed base, if I recall correctly, in Canada. I know they have a number of assets in Australia. However, the fact is that they have invested, and this is for more than a century. Like I said, I come from a riding that had the first plant in the world, I think, of aluminum, and it was there for a century. Clearly they're long-term investors, to say the least.

I would say to you that now ELYSIS is bringing us to the next century, because now what I hear from the original equipment manufacturer, the automakers, is that they want green aluminum. I will bet you—and I hope it's going to be on the record—that people will move from electric cars to green cars. You don't need to take it from me, but take it from the CEO of Mercedes-Benz. Mercedes-Benz has a vision that in 2035, if you buy one of their cars, they will give you a certificate of zero carbon.

Obviously, what we're doing with Quebec and aluminum, and what we're doing in Canada is that we're putting ourselves ahead of the game, because if you want to be integrated in these long supply chains, you will have to have decarbonized. Thanks to the vision we had and the investments that we've been making with the company, now we're ahead of the game—a bit like we were on the ice. For me, we are betting on the future, betting on our people, our capacity to innovate. I can tell you that I've been on the site in Saguenay-Lac-Saint-Jean many times. Those are some of the best in the world. A generation of people have worked in aluminum, just like my uncles. Most of my family worked at the plant at the time.

[Translation]

The Chair: Thank you very much, Minister.

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

Mr. Mario Simard (Jonquière, BQ): Thank you very much.

Minister, I just want to correct some facts. You said that this was a new technology and that there hadn't been any for 100 years. In the field of aluminum, this is not exactly the case, since we went from Soderberg tank rooms to pre-baked tank rooms, and then to AP60 technology. So there have been many developments in this field. However, ELYSIS technology will enable us to significantly reduce the carbon footprint of the aluminum sector.

At home, Minister, aluminum is a constant topic of debate. I hold discussions with Quebec's Minister Laforest, which have been reported in the media.

In addition, we recently had a meeting with people from Rio Tinto in Saguenay—Lac-Saint-Jean. At the end of this meeting, the minister told us that there was to be an announcement in April on the ELYSIS project. We're there, and so is the Quebec government. The only thing missing is the federal government.

So I'm obliged to ask if the federal government is ready to make this investment. We know that ELYSIS technology will be installed at the Jonquière complex, in my riding.

Are you ready to make this announcement soon? Have you had any discussions with Mr. Péresse on this subject?

Hon. François-Philippe Champagne: Yes, absolutely, and I will invite you to be present at this announcement. You must understand, however, that I can't announce all the good news in one day, Mr. Simard.

We'll definitely be going to your area. My riding goes all the way to Lac-Bouchette. Your world is my world. We'll certainly be making that announcement. We're working hand in hand with the Quebec government and Ms. Laforest. You'll be with us for the announcement of this good news.

I'd say that ELYSIS technology is still a great revolution in the field. There have been others, but that's nothing compared to what this technology brings. In any case, what the CEOs of Rio Tinto and Alcoa tell me is that this is a major revolution.

• (1710)

Mr. Mario Simard: Yes, that's absolutely the case.

Hon. François-Philippe Champagne: The directors of these companies, like BMW's CEO, tell me that this is one of the biggest revolutions we've ever seen. These are people who know a thing or two about aluminum who are saying this.

Mr. Mario Simard: We should accept this.

I just want to clarify one point, because I like things that are crystal clear. So there will be a participation, which will be announced soon, of the federal government in the deployment of ELYSIS technology.

Is that right?

Hon. François-Philippe Champagne: Yes, we're going to do more, but we're already there. I started this in 2018—

Mr. Mario Simard: I'm aware of the \$60 million that was announced. I know all about it.

My time is very short, Minister, and you're very voluble. Can you just confirm that the government will soon be announcing its participation in the deployment of ELYSIS technology?

Hon. François-Philippe Champagne: Yes, I can confirm that.

Mr. Mario Simard: All right.

I'm delighted.

Hon. François-Philippe Champagne: I'm here to please you, Mr. Simard.

Mr. Mario Simard: That's excellent.

I'm still wondering if the federal government is also looking at secondary or tertiary aluminum processing.

There's someone back home who makes aluminum pylons for cellular tower construction, and his aluminum comes mostly from Malaysia, which is a problem. The extruded aluminum he uses comes from that part of the world, because the Midwest premium makes it very difficult to do secondary or tertiary processing.

Has the department ever looked into this issue?

Hon. François-Philippe Champagne: The problem with producing aluminum using ELYSIS technology is production capacity. I was even told that we should stop selling it, because we weren't producing as much as we were selling.

Mr. Mario Simard: Excuse me, Minister, but I'm talking about aluminum in general, not just that produced using ELYSIS technology. We're still using pots from AP60 technology and pre-baked pots.

It's the Midwest premium that makes it difficult to market aluminum, in Quebec as in Canada.

Has the department given any thought to ways of facilitating this?

Hon. François-Philippe Champagne: Yes, and I think one of the things we should all be pleased about, as Quebeckers, is the launch of major construction projects. I'm thinking in particular of Northvolt, which represents the biggest private investment in Quebec since the hydroelectric dams.

These major worksites, like GM's and Ford's, to name a few, will create demand, because we've brought Quebec into the automotive industry. That's the achievement we've made together, Mr. Simard. In my opinion, it's one of the greatest success stories in a century, because Quebec had no presence in the automotive industry. Quebec and Ontario are now part of it.

We will certainly work to move the Quebec aluminum sector forward.

Mr. Mario Simard: I understand, but when you look at the numbers, there's a lot less aluminum processing going on in Quebec and Canada right now than there was in the past. The Midwest premium is one of the main reasons for this.

I'd now like to take you elsewhere, Minister. People who work in the aluminum transformation sector here at home, particularly at the STAS plant, have been advocating an idea for over 15 or 20 years, namely the creation of an aluminum observatory.

They believe that this could greatly help the Saguenay—Lac-Saint-Jean region and the aluminum sector. It would allow us to have objective and neutral data, as is the case in the forestry sector. Today, I can tell you how much it costs to produce 100 cubic metres of wood and how it's made, but I can't do the same for aluminum, unless I consult the index used in the United States, which is the Commodity Research Bureau Index—also known as the CRU index.

Would you be in favour of setting up an aluminum observatory?

Hon. François-Philippe Champagne: First, I want to say to everyone listening that Mr. Simard has been a great advocate of this idea. I want to say that publicly.

I've discussed your idea with my colleagues in the Quebec government. The idea is known, but I don't think the consensus needed to move it forward is there yet. However, I know you've championed the idea, and I want everyone to be aware of that.

I'm listening to you, because I know you're an experienced man. You know the aluminum business. I've discussed it with my colleagues, but you'll understand that as a federal government, for this to move forward, we need to reach a consensus with the players in this field, including the Quebec government, which is obviously important.

Mr. Mario Simard: Thank you for your candour.

Earlier, Mr. Martel spoke about the timetable for the deployment of ELYSIS technology. Mr. Pécresse came to testify to the committee to tell us what we already knew.

When we look at Rio Tinto's annual reports, we see that the deployment of ELYSIS technology cannot take place, according to them, before 2030. We see that the retrofit won't happen at current plants using AP60 technology either. Forgive me for using the English word, it's a wink to Mr. Drouin.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): I don't use that word.

Mr. Mario Simard: The upgrade won't happen. People who had previously worked in this sector were telling me that the federal government could previously rely on an organization of independent scientists capable of doing this type of study.

Are there currently independent specialists in the federal government who can monitor the progress of ELYSIS technology?

● (1715)

Hon. François-Philippe Champagne: We have specialists within the federal government, of course. I'm thinking in particular of those who work at the National Research Council Canada.

We're talking about a disruptive technology, a brand-new technology. You'll agree with me, Mr. Simard, that when you change a process after 100 years, there are certain steps to follow. Right now, we've moved from laboratories to tanks.

And yet, the federal government has allied itself with the biggest industry players in the world. I've visited representatives of this industry with the people who invented the technology, or at least put it into practice. In the field of research, there are many elements of innovation and development.

I also spoke with Mr. Péresse and Rio Tinto's big boss, Mr. Jakob Stausholm. You don't have to take my word for it. Just look at the press releases issued by Apple or BMW. According to these industry players, as soon as BMW became a customer, the point of no return was reached.

The question at the moment is about production capacity, whether we're capable of producing more. When I'm asked this question, I always say that I'm the salesman, the one who acts for our workers. I go abroad and talk about it all the time. People tell me, however, that they need to be given time to produce the aluminum, because I sell more than they produce.

Mr. Mario Simard: Thank you, Mr. Champagne. We appreciate it.

The Chair: Thank you, Mr. Simard.

Mr. Masse, you have the floor.

[English]

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

Thank you for being here, Mr. Minister.

First of all, I really appreciate your recognition of workers. It's important that you do that. You've done that not just here at this committee; I've also seen you do that in public statements and so forth. Coming from a union environment myself, where the workers negotiate the work and are sitting down at the table.... We can support through public policy, but the skill set is there.

I really appreciate that. Some people like to take victory laps when things happen, and we should be focused on that and being attractive to the United States as well, fighting back on our auto jobs. I give you credit: We're on offence on auto for the first time in the 20-plus years I've been here. I appreciate that, because usually we're having to come and mop up a spill over something else. I do appreciate that.

I want to ask, though, about one thing I'm concerned about in the recent announcement. It's not the announcement itself, but we might have workers who can't afford the vehicles they're making. It's similar to the people working in the grocery stores who can't afford certain things that are on the shelves they are stocking.

The United States has incentives for electric vehicles at \$7,500 U.S., which translates to probably \$30,000 Canadian. No, I'm kidding. It's not \$30,000 Canadian. It's probably about \$10,000. So we have ours at \$5,000. On top of that, they have a used incentive for \$4,000. They're going to be very assertively getting the vehicles into the market.

It seems that we always have money for the companies and the corporations, but we don't have in the province of Ontario any subsidy in terms of an incentive for electric vehicle purchasing. Ontario has abandoned that policy. Ironically, the minivan made in Windsor can get upwards of \$15,000 to \$20,000 bought in the U.S.,

depending on where you buy it, whereas in Canada you can get only \$5,000. I've called for some reciprocity. We've talked about reciprocity in the auto sector, from bumpers to everything else. Do you have any thoughts on that? I've asked for this government to look at some sort of reciprocity for Canadian consumers.

Lastly, just to summarize, with the U.S. having a \$4,000 incentive to buy used, we could actually have a business, a cottage industry business, of shipping electric vehicles that are used out of Canada into the United States, lowering our target margins that we're trying to reach, because they'll be able to get incentives on the vehicles that are in the used market. Used vehicles are traded back and forth along the border on a regular basis. They will have a \$4,000 U.S. incentive, which is probably about \$6,000 Canadian. We could actually be losing some of our threshold target markets.

Hon. François-Philippe Champagne: Well, I want to say thank you, Mr. Masse, because when we talk about workers, we're on the same line; I think you and I have been acknowledging that. What makes Canada competitive today is that we have the best workers in the world. You're right—in every speech I give and in every announcement, I always thank them, because at the end of the day, it starts with them. As you know, if you don't have the talent.... It's the same thing with the aluminum and the same thing with cars.

I remember the first meeting I had with the chairman of Honda in Tokyo two years ago. I think I had a piece of paper that said that the Alliston plant was the best on this planet. I said, "Trust our people; they're the best." Then, obviously, two years later, he said, "I heard you being patient. That was patience well invested."

To your point, I think we started with incentives for electric cars. I just want to put in perspective that when I became Minister of Industry, you will recall that one of the first briefings I received was, basically, about preparing for the end of the auto sector in Canada and how we might follow suit with the U.K. and Australia. I must say that thanks to what we did together as a nation, we turned that around. I was looking, and I think since 2020—I just saw the data—we have had \$46 billion of investment.

You're right—you come from Windsor, and you've been fighting all your life for the workers. Do you remember when we used to be at the table and we were hoping to get something? Now, as you know, there is Volkswagen, with the first gigafactory outside of Germany. There's the largest investment in Honda's history. There are Ford, GM and Stellantis.

To your point, we started with incentives for the cars, and I'm happy to study those. If the committee wants to study other measures, we can do that. The other thing we're doing is trying to reduce the cost of the batteries, because at the end of the day batteries represent about 40% of the cost of an electric vehicle. By regrouping the supply chain in Canada, we're hoping to be able to decrease the cost and make greener batteries, so that the cars will be more affordable, because affordability is an issue.

• (1720)

Mr. Brian Masse: I appreciate all that, and I agree, actually. I still want a national auto policy. We're not there yet, but there's more policy than ever before, and we're not doing Hail Mary rescue plans.

Again, though with respect to consumers, what do we do? I can't wait for a study in this committee. You raised Bill C-27, and that's going to take a long time in this committee. In the meantime, I'm not sure the government grasps the seriousness of our EV charging ports' being deficient and incompatible. As well, incentives to U.S. consumers are outperforming those to Canadian consumers. These are big margins—\$5,000 Canadian versus \$7,500 U.S. With \$4,000 for used batteries, do you not think there should be at least a department or that the government should have some type of a plan there? If you look at other nations, even in Europe, we're way behind. There's money for companies but not for consumers.

Hon. François-Philippe Champagne: I would say that we started with money for consumers, and I think we've been part of the equation, to your point. I think we will always be there for consumers. For companies, I think, it is a great thing, because I think people, rather than just buying them, would like to manufacture them. As you say, this is a game-changer for our nation, because we used to get some of it, and now we are kind of the centre.

I hear you, Mr. Masse. I think we're on the same side on that. I'd say we would be happy to look at that if the committee wants to do a study after Bill C-27, because I still need your help to make sure we will protect people's data and have a framework on AI.

Mr. Brian Masse: It will be before that, probably.

Hon. François-Philippe Champagne: I hope not, sir.

Mr. Brian Masse: Well...

Hon. François-Philippe Champagne: A lot of people are expecting that.

Mr. Brian Masse: I don't want to get into a big debate on that or whatever, but I hope you will consider splitting the bill so we can get some of it done and through the House, but that's another thing.

In the time I have, I want to ask something quickly. There's a budget cut taking place. I don't expect you to have all the knowledge on this, and it's okay if you need assistance from your staff, but the Federal Economic Development Agency for Southern Ontario is losing 47% of its budget. That's in the estimates. It's going down by 47%. A lot of them are getting cut as well.

I'm just wondering where that is going to fall from, in terms of programs and services and so forth, because 47% is huge.

Hon. François-Philippe Champagne: Mr. Chair, I thought we were on Rio Tinto. Now that we have the question, we will be able

to answer, perhaps, in the second hour, if that's okay with you, Mr. Masse, so the officials can dig into that in the meantime.

The Chair: I think that's a great idea, Mr. Minister.

You're out of time, Mr. Masse, so that will give time for the officials to look for the answer.

Colleagues, I will remind you that the first hour was meant to be on Rio Tinto and the second on the main estimates. I've been very liberal in my interpretation so far.

Mr. Brian Masse: He opened it up with his statement.

The Chair: Let's try to stick to the topic as much as possible.

Mr. Brian Masse: Okay.

[*Translation*]

The Chair: Mr. Martel, you have the floor for five minutes.

Mr. Richard Martel: Thank you, Mr. Chair.

Minister, as we know, public investment to deploy ELYSIS technology will benefit large producers.

Will they also benefit Canada's small and medium-sized enterprises, or SMEs?

Hon. François-Philippe Champagne: I would say yes, but that it benefits a large portion of your constituents first and foremost. These investments are designed to keep jobs here, for generations to come.

Shawinigan had a sad history when it lost the Rio Tinto Alcan plant. I've always said that if I had to choose between being a Polaroid company or an Apple company, I'd choose Apple. And that's what we're doing right now.

On our side, there have been disinvestments. For my part, I'm not necessarily looking at investments in companies. When you choose a new technology, you're projecting yourself into the future. We're investing in the people where you live and where we live, rather than in companies. Indeed, beyond companies, there are individuals, families and an entire community.

As far as SMEs are concerned, they will certainly benefit from these investments. If I remember the figures published by Rio Tinto correctly, this company disburses several hundred million dollars a year in the greater Saguenay—Lac-Saint-Jean region, just to keep the plants running.

Projecting ourselves into the future ensures the sustainability of investments. For my part, I think the people back home are the winners. Those who are watching us today must be happy.

● (1725)

Mr. Richard Martel: As you know, Minister, the demand for Canadian aluminum is very high. We are hearing, however, that the aluminum is expensive and that it should cost even more in the future.

What will happen if China and other countries, whose costs are much lower than ours, flood our market?

I'd like to know how you view that possibility. How are we going to deal with it?

Hon. François-Philippe Champagne: That's a very good question, Mr. Martel.

We already produce the cleanest aluminum in the world. However, from what I understand, the best way to ensure the prosperity of families in Saguenay—Lac-Saint-Jean and all those involved in this industry would be to adopt these new technologies. The idea would be to continue to operate with what we have today, but while investing in the future.

As I mentioned, I had a situation where a plant that had not invested over the years had to close its doors after 100 years. For the people back home, it was a tragedy. I told myself that it should never happen again.

In Saguenay—Lac-Saint-Jean, we have AP60 technology and we will have our cells. The ongoing technological transition will be important. In a BMW advertisement, which you have probably seen, the manufacturer says that it will use our aluminum to build those vehicles in the United States.

We believe that this is an important show of confidence in what we are doing and in our workers.

Mr. Richard Martel: Can you assure us that our SMEs will be able to access the MnAl6 compound? Will our SMEs that handle processing be able to buy it? Since the demand is high, they are often the last to be able to get it.

Hon. François-Philippe Champagne: SMEs will certainly contribute to the project. As for questions related to the sale of that product, you should probably put them to Rio Tinto's CEO. I don't have access to their order book.

The idea behind all that is certainly to make this situation benefit the region, but above all to create long-term jobs. As I was saying, it's a matter of looking to the future and saying that we'll still be here in 100 years because we'll have the greenest aluminum in the world.

Mr. Richard Martel: Minister, you know, however, that primary aluminum production consumes a great deal of energy. Aluminum is now one of the critical minerals. It's critical to our consumption, and it will continue to be critical going forward. For us to produce aluminum using ELYSIS technology here at home, we'll have to use a lot more energy.

What's your take on the situation? You mentioned Northvolt earlier. You know that this is going to become a major challenge.

Hon. François-Philippe Champagne: Rio Tinto is certainly unique in the world in that it has rights to a river. You know as well as I do that these rights can be described as historic. I think they

date back to the time of Mr. Duplessis. The goal was to have our own dams to generate energy. You don't need to hear my testimony to understand Quebec's energy challenges. We are both of a generation that, in a way, believed that the hydro capacity was infinite. We are now waking up and realizing that it is limited and that choices have to be made.

Mr. Sabia, the CEO of Hydro-Québec, recently told us about significant investments in energy transmission, distribution and production. It is clear that we will have to invest in order to maintain our activities.

As I said today, workers are among the most important factors in ensuring competitiveness for Quebec, but so is renewable energy. Everyone who wants to reduce their carbon emissions comes to us. That is the case for Northvolt. The same is true for titanium production. People want to produce somewhere, and Quebec is the greenest province in North America. So we have a strong ability to attract.

There are discussions with the Government of Quebec to determine how we could provide support. The vote we included in the federal budget will help Hydro-Québec, a Crown corporation, to carry out projects that will lead to production.

Mr. Richard Martel: In order to make the best possible decisions, how do you keep abreast of the geopolitical situation, in real time, with regard to the aluminum sector?

Hon. François-Philippe Champagne: I am in direct contact with the head of Rio Tinto. We meet two to five times a year, if not six times. He's probably one of the people who texts me the most, and vice versa. So we have this special relationship that enables us to be in symbiotic mode concerning what will happen in the market, and concerning ways for me to help our workers and position Canada well.

According to what the head of Rio Tinto himself said, the company is doubling or tripling its investment in Canada. I think that is a major show of confidence in the people back home and in what the workers in Saguenay—Lac-Saint-Jean are doing.

Mr. Richard Martel: Thank you.

The Chair: Thank you very much.

Mr. Van Bynen, you now have the floor.

● (1730)

[English]

Mr. Tony Van Bynen: Thank you, Mr. Chair.

Minister, I know that we're only talking about investments in the millions of dollars, but dating that back to May 2018, I believe there's about \$80 million from the federal government, matched by the province and also by Rio Tinto. At that time, it was quite a substantial investment. Why did the government choose to invest in ELYSIS?

Hon. François-Philippe Champagne: Thank you, Mr. Van Bynen. It's great to see you. I hope the translation works fine.

Why? Because that was the technology of the future. I would say that when you're looking at what they're doing, it is, like I was saying, probably the biggest transformation in the industry in a century. As we did in AI, as we did in quantum, the place for Canada is to be at the leading edge of these new technologies, so that we can ensure prosperity for the next few generations. We knew that everyone was trying to decarbonize aluminum, steel and the production of semiconductors.

What we have achieved in that is creating an ecosystem in Canada that is conducive to investments. That's why you've seen that Bloomberg now ranks Canada first in the world, ahead of China, for the battery ecosystem, and also that Canada ranked third in the world in 2023 for direct investment. The first was the United States, the second was Brazil and the third was Canada. The fact that we've decided to be the green supplier of choice to the world has attracted record levels of investment.

The good news, Mr. Van Bynen, is that I have even more projects to announce, so Canadians listening tonight should be rejoicing, because there is more to come. Canada is attractive; we have the best workers, and we're going to push to make sure that we are the jurisdiction of choice in the 21st century.

Mr. Tony Van Bynen: It's great to hear that the strategy is bringing forward the investments that we're seeing today, but my curiosity is around how the government assessed the feasibility of the project going forward as they were making that investment analysis.

Hon. François-Philippe Champagne: I want to give credit to the deputy minister and our fine civil service. You know, we have some of the best people to do the due diligence. As you know, when you invest public funds, you have to go through a very rigorous due diligence process.

There are a couple of things that give us faith in the technology. There's the fact that we have two of the largest aluminum producers in the world, Rio Tinto and Alcoa, and that you have customers like Apple, which was part of the original program that was announced. The fact is that when we met the scientists behind that, they said that this is where the puck is going, and we're Canadians, so we like to go where the puck is going. When you put all that together with the fact that the company is investing significant amounts of money, that gave us the confidence—in addition to the due diligence that we did—that this was the way to go and the best way to protect jobs for generations to come.

Mr. Tony Van Bynen: I know that projects like this evolve over time, and we've seen some changes in the timelines. Has ELYSIS informed the government of the current timelines for deploying this new technology and scaling up?

Hon. François-Philippe Champagne: That's a very good question.

I know the committee had the privilege of getting the CEO of Rio Tinto Aluminum, Mr. Pécresse, here. When you move from the lab to the shop floor and you start scaling the production, obviously, I think, when you see these kinds of investments, which are

transformational, the schedule sometimes moves a bit depending on how quickly you can scale, but I have all the confidence that they will be producing on track as soon as possible, and you need to make sure, as you go through the different steps.... There's kind of a critical path to achieve what you want to achieve, and you need to make sure they're on that path. They have some of the best experts in the world. Like I said, you have two champions, the two largest—well, among the two largest—companies in the world, working together on that.

I think we have the best people to do that. I'm very confident. The exact timeline, as Monsieur Pécresse said, is very difficult, because you have new technology. This is a breakthrough after a century. This is not a small thing to achieve, but I know the destination is that we're going to be the first and the largest producer of green aluminum. I think we should all be proud of that.

Mr. Tony Van Bynen: It's great to see the sponsorship and the depth of the investors that have built the confidence. Is the government at all concerned about the delays this far, or do you feel like it's moving along as quickly as is reasonable?

Hon. François-Philippe Champagne: I think you've said it. I have confidence. I think it's moving as quickly as possible. All the feedback I received from the companies, from the workers I met, indicates that, so I have faith. You know, they already have customers signed up—some of the biggest ones, like BMW. They have Apple. They have all the incentives in the world to deliver.

Like I said, they even told me: “Minister, you keep talking about us around the world. Give us the time to produce, because you're selling more than we can produce now.” I think it's a great place to be, and we'll continue to support that, because I believe in the workers, and I believe in our being in a leading position.

• (1735)

Mr. Tony Van Bynen: Thank you.

[*Translation*]

The Chair: Thank you very much, Mr. Van Bynen. Your time is up.

Mr. Simard, you have the floor for two and a half minutes.

Mr. Mario Simard: Thank you.

Minister, I'm going to leave here with less weight on my shoulders. Based on what you said, the federal government will soon be involved in the ELYSIS project. If that happens and you are visiting my region, I will gladly offer you a beer from a microbrewery in Saguenay—Lac-Saint-Jean. Thank you for confirming the government's participation, which will please many people back home.

That said, the ELYSIS technology means that anodes are replaced much less frequently. That means fewer jobs. People and study committees have looked at this in Saguenay—Lac-Saint-Jean. They all came to the conclusion that the best solution for us was to ensure that those anodes are made and processed in Quebec. We understand that we can no longer produce aluminum as we used to and that we will not be able to maintain the number of jobs that were needed at the time.

With regard to the Canadian government's participation in the ELYSIS project, has any thought been given to making it conditional that the main components be made in Quebec, when possible, of course?

Hon. François-Philippe Champagne: I want to go back to your comment about jobs. I still feel the trauma caused by a plant that had been in our community for 100 years and had to close because it had become outdated. Choices were made.

I always say that it's better to be a company like Apple than a company like Polaroid when you want to maintain jobs. If we want to maintain jobs and create more, we have to make sure that we are on the cutting edge of technology.

I often tell people that the technological transformation is real. By analogy, I would say that it's the same thing in the automotive sector, which is moving from combustion vehicles to electric vehicles. There are transition periods, and it is preferable to prepare for them. I think that's the best way to look at it.

Mr. Mario Simard: I completely agree with you, and that can be planned. During these transformations, we must all be winners. If there is public participation in a business project, I don't think it is unreasonable to ask that, in return, the company—in this case, Rio Tinto—ensure that the components that will be used will be manufactured in Quebec.

Is that part of your consideration?

Hon. François-Philippe Champagne: That's always part of the consideration when major investments are made. It's the same thing in the automotive sector. It's always a matter of ensuring that commitments are made to promote regional economic development. I would be pleased to hear your opinion on that.

On that point, I think Rio Tinto is a good player. More than \$500 million a year is invested in the community to promote the region's economy and buying local. Of course, the company has to consider various factors in order to build these plants, but the desire to support the local community is definitely there.

Mr. Mario Simard: Thank you very much.

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

Mr. Masse, you have the floor.

[*English*]

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

Maybe we could ask the clerk to put a sign on the door to ask people to close it gently. It's probably hurting the translators as well. It's very, very loud. We're supposed to be doing this to help the translators, but I can only imagine what they're hearing through the door being.... Yes, they're looking at it right now. Thank you—could we just put a sign on the door?

At any rate, with regard to the incentives that are provided in aluminum, we had a situation in Windsor, and I did get a satisfactory response from one of your previous officials, but I want to follow up on this because I can't let it go. It's on Nemark, in Windsor, which was provided federal funds by the Province of Ontario and also the federal government under Navdeep Bains. What ended up happening is that we had the incentive go to them; they then took

that money, made a product for the auto sector and, basically, took that innovation to Mexico and closed down operations here. The union actually had to go to court to get back wages, and recently won. We funded the innovation in Canada, but they took it out and brought it to Mexico, and we lost all those jobs. Are there enough qualifiers in the incentive with regard to the aluminum project to ensure that we don't have any of that taking place?

• (1740)

Hon. François-Philippe Champagne: Listen, I can assure you now....

I just want to add to what Mr. Masse said, Mr. Chair. I was looking at the translators, who are doing a superb job, and I think they were praying for us to put a sign on the door, because that is a real issue that they were flagging to me—I could see them through the window.

Going back to the question of Mr. Masse, I think that what you will see today is that we are very much looking forward. I appreciate that I cannot really comment specifically on that transaction, because I don't have the details, but I can assure you that, in all the agreements we're doing, we're making sure we maximize jobs in Canada and the creation and retention of IP. I think we have become far more sophisticated in making sure that any public support is coupled with the right, I would say, undertakings to make sure we protect.... I think everyone realizes that the IP is key now, that we need to keep the knowledge and the IP. I can tell you that in all the agreements that I've seen, there's always a provision around IP, because we understand how crucial it is.

If you want more detail on that transaction, I would have to turn to the officials.

Mr. Brian Masse: I've raised it ad nauseam, because it has really affected many people. There were workers in their forties and fifties who missed out on their pensionable years, so it was really horrific.

They already took two pay cuts to keep the jobs in Canada. We came in with money, and we were assured that this wouldn't happen. I keep raising it, because I don't want that to happen to another community. I literally know the faces of the people. Try to get a job when you're 40 or 50 and have already taken \$10 off your wage two different times.

That's the end of my questions, Mr. Chair. I just don't want that to be a story for somewhere else.

[*Translation*]

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

I'm going to suspend for about two minutes. When we come back, we'll resume the meeting, and then we'll discuss the main estimates for an hour.

Thank you, everyone.

The meeting is suspended.

• (1740) _____ (Pause) _____

• (1745)

The Chair: Colleagues, I'll call the meeting back to order so that everyone can ask the minister questions.

I remind you that the second hour of our meeting is on the main estimates. Since the minister has already given his opening remarks, we will begin the first round of questions.

[English]

Rick Perkins, the floor is yours for six minutes.

Mr. Rick Perkins: Thank you, Mr. Chair, and thank you, Minister.

The month before you were appointed Minister of Industry, which was about 40 months ago, your predecessor in your government allocated another \$750 million towards SDTC, which the public knows as the green slush fund.

Is that correct?

Hon. François-Philippe Champagne: We would have to check the record, but one thing I would object to is that I don't think Canadians would say that.

If you're saying that, you're probably insulting 500 Canadian companies in the tech sector, but that's up to you, Mr. Perkins, because I don't think—

Mr. Rick Perkins: That's what the record shows on the budget.

During the 40 months that you've been the minister of the green slush fund, your ADM, Andrew Noseworthy, was at every single board meeting it had.

Did he ever report to you the numerous votes the board held on what they called “managed conflict”, in which they voted money to themselves and, in the case of Andrée-Lise Méthot, \$42 million to that Liberal appointee and to the company she had a venture capital interest in? Did that assistant deputy minister—I know it was before Mr. Kennedy—ever report to you about those? Some of it happened under Mr. Kennedy as well.

Hon. François-Philippe Champagne: For the record, I don't think Canadians would describe it the way you are.

One thing Canadians need to know, to answer your question, is that SDTC was created by an act of Parliament. I just want you to be aware of that. The Government of Canada does not control the board. The Government of Canada appoints a number of people on the board. They have their own board. They have their own chair. They have their own CEO, and that's why Parliament at the time wanted to make sure they would be independent.

Mr. Rick Perkins: With all due respect, even the board members—

The Chair: Mr. Turnbull has a point of order.

Mr. Ryan Turnbull (Whitby, Lib.): I know it's customary for members to have their time. I totally respect that Mr. Perkins wants to ask his line of questioning. I would just ask that the minister be allowed to finish his response. I think it's just due respect, when we

have ministers come before the committee, to allow them to finish their response.

• (1750)

Mr. Rick Perkins: [*Inaudible—Editor*]

The Chair: Mr. Perkins, you don't have the floor.

I agree, Mr. Turnbull. At the same time, I'll ask the minister to try to keep his answers brief, given that members have limited time, but I agree with your point.

Mr. Perkins, go ahead.

Mr. Rick Perkins: If you could, keep your answers to about the length of my questions, so that we can get through them in my limited time.

I will ask you this again, because the government you're a part of appoints eight of the board members, who hold the majority. They include Andrée-Lise Méthot. Your government appointed her. She actually voted on or had the board vote on \$42 million.

It's a simple question. Was any of that reported to you before it broke in the media?

Hon. François-Philippe Champagne: I would say just for the record, and for Canadians watching, that the Government of Canada does not appoint the majority. I would say that Mr. Perkins should go and read the law.

This is not an agency of government. This is a creation of Parliament. The Government of Canada does not appoint the majority of the board members.

Mr. Rick Perkins: You're refusing to answer the question.

Hon. François-Philippe Champagne: No. I'm educating you. It's different.

Mr. Rick Perkins: Were you—answer yes or no—informed about the votes at the board by your assistant deputy minister, who was at every board meeting, and that they were voting on money for their own companies?

Answer yes or no.

Hon. François-Philippe Champagne: What I am educating you about is the composition of the board, because Canadians who are watching need to know the facts. The fact is that this is a creation of Parliament. It's not an agency of the Government of Canada. The way Parliament wanted to do—

Mr. Rick Perkins: Was the money...?

Hon. François-Philippe Champagne: No.

That's just so you know the background, Mr. Perkins.

Mr. Rick Perkins: I know the background. I know how to read.

Hon. François-Philippe Champagne: I'm not sure. You were not in Parliament at the time.

Mr. Rick Perkins: It's easy to read the history of the thing.

It was a simple question, which you're refusing to answer. Obviously, they didn't inform you.

You froze the money because of the scandal that's going on. Is that correct?

Hon. François-Philippe Champagne: No. I did what any respectable manager would do. The first thing I did, when I was made aware of issues with SDTC, was suspend the funding. We also demanded the resignation of the board and the chair. We called for an investigation to make sure....

I was the director of ethics in my previous job before Parliament, sir. I know exactly what to do in those circumstances. We applied the best practice and—

Mr. Rick Perkins: You suspended the funding—

Hon. François-Philippe Champagne: —now we're co-operating with the Auditor General, as we should.

Mr. Rick Perkins: You're here with regard to the estimates.

You suspended the funding, yet the estimates that were tabled in Parliament for this fiscal year allocate another \$191 million to the green slush fund, which you have suspended because of suspicions about the corruption of the directors.

Why, as minister, did you go and try to get another \$191 million for this corrupt organization?

Hon. François-Philippe Champagne: I don't know which organization you're referring to.

Mr. Rick Perkins: The green slush fund. SDTC.

Hon. François-Philippe Champagne: Which one of the two are you referring to?

Mr. Rick Perkins: They're the same thing.

Hon. François-Philippe Champagne: I don't understand your question then, sir.

Mr. Rick Perkins: It's a simple question.

Why did you give another—

Hon. François-Philippe Champagne: I don't understand your question.

Mr. Rick Perkins: —\$191 million to SDTC?

Hon. François-Philippe Champagne: Tell me which entity you're referring to.

Mr. Rick Perkins: I did. It's SDTC. Why did you ask for another \$191 million?

Hon. François-Philippe Champagne: We need to make sure that while this company....

By the way, I am surprised by the nature of the question, because this is an entity. I hope you're going to have witnesses say what they did. There were 500 companies....

I'm sure there are some in Nova Scotia who would like to hear from you.

Mr. Rick Perkins: With all due respect, I asked some simple questions—

Hon. François-Philippe Champagne: I'm giving you a simple answer.

Mr. Rick Perkins: —and you've refused to answer any of them.

I'm going to move on.

How much carbon has the net zero accelerator fund reduced with the \$8 billion you've spent?

Hon. François-Philippe Champagne: How much do we produce? We don't produce carbon.

Mr. Rick Perkins: How much carbon has the net zero accelerator reduced as per its goal in the \$8 billion you've spent?

Hon. François-Philippe Champagne: First of all, if you want to talk about the net zero accelerator fund, it's a great thing. It has allowed us to decarbonize a number of industries in the country. We talked about aluminum. We talked about steel.

Mr. Rick Perkins: How much carbon has it reduced?

The Auditor General said in the report that was out last week that you don't track a single dollar or a single carbon emission. Are you telling me the department tracks it in a way the Auditor General can't find?

Hon. François-Philippe Champagne: He's not the Auditor General, by the way.

Mr. Rick Perkins: He works as part of the Auditor General's office. Perhaps I should explain that to you.

Hon. François-Philippe Champagne: What's the question again?

Mr. Rick Perkins: How much carbon did it reduce? It reduced nothing.

Why would you sign \$8 billion in contracts with taxpayer money and not track any of the carbon released by the net zero accelerator? That's according to the Auditor General's office, not me.

Hon. François-Philippe Champagne: The fund does not create carbon. I don't understand your question. The fund is about reducing carbon, sir—

Mr. Rick Perkins: The fund hasn't reduced any, according to the Auditor General's office.

Hon. François-Philippe Champagne: I would respectfully disagree with that.

If you look at the investments we made—

Mr. Rick Perkins: Will you table the documents that were distributed to the Auditor General?

The Chair: Mr. Perkins, you've asked the minister to use about as much time to answer as you take for your questions. You used about 35 seconds for your question.

Minister, if you want to answer, you can.

That's all the time you have, Mr. Perkins.

I'll give a bit of time to the minister for his answer, and then we'll move on.

Hon. François-Philippe Champagne: I think I've answered. We don't agree with all the conclusions. We said the report was focusing on one pillar. One of the other pillars is about the battery manufacturing ecosystem in Canada, and I would say that now, Bloomberg ranks us first in the world, ahead of China. If you remove politics from that, Mr. Perkins, you would say Canada is great. Canada has attracted more investments than we have ever seen in the auto sector, sir. That is the decarbonizing.

• (1755)

Mr. Rick Perkins: Are you saying that the Auditor General is political?

Hon. François-Philippe Champagne: We're talking about green steel and green aluminum. We're the envy of the world, Mr. Perkins. Let's be proud.

Mr. Rick Perkins: That's nothing to do with the net zero accelerator fund.

Hon. François-Philippe Champagne: Think about Michelin in your riding. Do you want me to talk about Michelin, a great company that I visited, which we supported?

Mr. Rick Perkins: I'm asking about the net zero accelerator fund. You called the Auditor General political on the net zero accelerator fund.

The Chair: Thank you, colleagues. We'll end it there. Thank you, Mr. Perkins.

I will now move it to Mr. Sorbara for six minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you Chair.

Welcome, Minister, and welcome, Mr. Kennedy.

Let's get back to the main estimates and the funds that will be used to invest in Canadian companies and companies that are coming to Canada to help grow our economy, especially in some exciting sectors.

Minister, I wanted to speak to the semiconductor industry. On April 26, you joined the Prime Minister to announce the federal government's \$59.9-million investment in the \$226.5-million expansion of the IBM semiconductor packaging plant in Bromont, Quebec, and to support R and D in quantum technologies.

Minister, why is investigating in this type of a project good for Quebec's economy, good for Canada's economy and good for the entire supply chain when it comes to high value-added manufacturing in the semiconductor industry?

Hon. François-Philippe Champagne: I'd like to thank Mr. Sorbara. For the record, he's one of our very best, having been on Wall Street and Bay Street.

One of the things Canadians may not know is that Canada packages and tests about 80% of all the semiconductors that are manufactured in North America. You would appreciate that part of my mission has been to make sure that Canada is integrated in this key strategic supply chain.

I even flagged at the time that I was thinking we should replicate what we've been doing between Detroit and Windsor to have this corridor between Albany and Bromont, because, in fact, if you look

at the CHIPS act in the United States and the investment they've been making, my point to our American friends is always about the resiliency of the supply chain. I said that they have their best ally, partner and friend just up north, which packages 80% of every semiconductor that is manufactured in North America, mainly in the United States.

When President Biden came to the House of Commons, he made the point that we have a very integrated supply chain when it comes to semiconductors. This was a great investment because, for us, it allowed us to keep our leading position. We want to make sure that we can be a trusted, reliable and significant partner to the United States. The fact that we invested to modernize... Packaging and testing is far more than what people believe. Packaging is not about wrapping. It's really how many semiconductors you can put on a wafer. It is the most advanced technology you can find in the world.

We're very fortunate that we have that capacity in Canada. The IBM plant was opened in 1972 in Bromont. By the way, it's the largest IBM packaging and testing plant in the world, and this is in Canada. The investment that we're doing to be able to have a very stable, integrated supply chain with our American colleagues is the foresight we need. We are doing that in semiconductors. We've done that in the battery ecosystem. We're doing that in aluminum. That's the way you build a growth plan for North America.

Mr. Francesco Sorbara: On a tangent, Minister, budget 2024 obviously made some major investments in artificial intelligence, which is really going to define not only Canada's economy but also the world economy, going forward, for decades to come.

On another tangent, though, and you can touch upon both, Minister, in your career you worked in Europe for a number of years and then came back to Canada. I have the privilege of being the chair of the Canada-Europe Parliamentary Association. Tomorrow is actually Europe Day, and we'll be celebrating that this evening.

As a part of ISED's 2024-25 departmental plan, we'll be strengthening our international scientific collaboration through Horizon Europe and the European Commission's nearly 100-billion euro research innovation funding program. Canada is now a partner in that.

Minister, through your international experience and now your experience as industry minister, can you expand on the opportunities that are available for Canadian companies, Canadian researchers, in partnering through Horizon Europe and our European friends and allies?

• (1800)

Hon. François-Philippe Champagne: This is a very good question. Thank you. This is something that all Canadians should be proud of. Canada is the only non-European country that has been invited to join Horizon Europe, which is largest R and D endeavour, I would say, research project, that you see in Europe. Canada has been invited to be part of that, which is a great thing. If you ask our researchers and scientists around the country, they will tell you to be part of that great endeavour. I think it's a program of around \$180 billion in research, and Canada is the only non-European country to be part of that. It's really good news for our universities across the nation, for our scientists and our researchers, because we're going to be able to pursue joint projects with our European friends.

You've seen in the last budget.... I always say that the science of today is the economy of tomorrow, and for us to be part of that is to build for the future. Our mission here as members of Parliament is to deal with today, but also to build for the future. What we did, for example, in the budget, where we had about \$3.5 billion around science, for me was really something that everyone should rejoice about in the country. We've been the government that has invested the most since 2016. You will remember we invested significantly. Now we're investing in AI; we're making sure that there will be \$1.8 billion for grants, for the different granting agencies in the country.

Also, we made sure there would be about \$800 million to support those who are doing their master's, Ph.D.s, and beyond. What you're seeing is Canada leading where it matters, which is in science and research. What we've done in the budget is a good indication of that.

The Chair: You're just out of time, Mr. Sorbara, thank you very much.

[*Translation*]

Mr. Garon, go ahead.

Mr. Jean-Denis Garon (Mirabel, BQ): Thank you, Mr. Chair.

Good morning, Minister.

Earlier, I heard you say when the microphone was off that you had found it difficult to hear my Conservative colleague take an unfriendly tone. I want to reassure you: This week, in committee, witnesses were subjected to even more deplorable remarks. I'm obviously not naming names.

That said, thank you for being with us for two hours. We have a number of good questions for you.

To your knowledge, how many companies build electric school buses in Quebec?

Hon. François-Philippe Champagne: I know of two, but there may be more.

Mr. Jean-Denis Garon: What are they?

Hon. François-Philippe Champagne: There's Lion Electric. I made an announcement about the second one, but I'm trying to remember the name. It will probably come back to me during the

meeting. As I get older, I don't know the names off the top of my head anymore.

Mr. Jean-Denis Garon: You're still young, and you may have a big career ahead of you.

Of those companies, how many manufacture electric vehicles exclusively?

Hon. François-Philippe Champagne: That's a good question. I think there is only one, Lion Electric.

Mr. Jean-Denis Garon: I'll give you a fictional scenario.

Let's say a federal fund for zero-emission transportation was announced a few years ago, it was put in place two years ago, and the launch of 3,000 projects was on hold, pending funding. Let's also say that the intermediaries, the transportation companies that want to buy electric buses, aren't able to agree with Ottawa on an acceptable amount in terms of profitability. Would you find that acceptable?

I understand that this would be the responsibility of the Office of Infrastructure Canada, but I know that you will agree to answer my question, as it is related to the industry.

Hon. François-Philippe Champagne: What I can say is that I have very active discussions with Marc Bédard, the CEO of Lion Electric, and with the Government of Quebec. We have a number of interlocutors on this file. We are first looking at how to ensure the long-term viability of Lion Electric.

As you know, I was part of the first Lion Electric announcement. We are in discussions with the company. The question is, where do we set the bar? There is a fund, but it is limited. If we provide a bigger subsidy, it means fewer buses. We are now in discussions with the Government of Quebec to find out which formula to use.

Mr. Jean-Denis Garon: I'm sorry, but I have to politely interrupt.

I know that Lion, among others, recently made a public statement. You know what the problem is: 3,000 projects are on hold. That fund has not delivered a single school bus in two years. Of course, we recognize everything you do for Lion and for the industry. You're active on this file. However, Lion Electric cut 150 jobs in November 2023, and another 120 more recently. Half of the orders of Lion Electric, which is a flagship company that will grow, depend on this fund.

Have you spoken to the Minister of Housing, Infrastructure and Communities? Sometimes, when the minister gets involved, things move forward, as you know.

• (1805)

Hon. François-Philippe Champagne: Mr. Garon, as I was saying, we are in active discussions with Lion's leadership, with the Government of Quebec and with my colleagues. I know this because I talk to them often. We are now studying the formula with Quebec—that is, what part is Quebec's and how this should be rolled out. I have had discussions with my Quebec City colleagues. We're all working on this. Minister Fitzgibbon and I have been working toward Lion's success from the get-go. We're there.

Now, we have to ensure sustainability. There are still challenges with this fund: The percentage that can be done, the amount available, the number of buses required and how it is divided by province. However, I would need more than five minutes to talk about it.

Mr. Jean-Denis Garon: Minister, how is it that a similar program in California makes it possible to release the money for the intermediaries who buy the buses in three months, while in Canada, we can't get the funds released at all? Is that how we make the transition? When a company buys a bus, it doesn't buy it for six months. The bus will run for 15 years.

Hon. François-Philippe Champagne: I would say that it is a little more complex than that. If you spoke to your colleagues in Quebec City, they would tell you how they want to use the portion of the fund that is allocated to the province. There are more elements to this, and I invite you to speak to your counterparts in Quebec.

Mr. Jean-Denis Garon: Is it Quebec City's fault?

Hon. François-Philippe Champagne: No, never. I am still working with Mr. Legault. It's no one's fault. We are currently looking at how the fund is accessible, how much of it goes to Quebec and how to use it best. It's a question of resource allocation. Discussions are under way with the partners, including Lion Electric, us and Quebec. This is being actively discussed.

Mr. Jean-Denis Garon: Let's stop there for a moment. I think you realize that sometimes committees serve to deliver a message. I think it's important to discuss the issue with the Minister of Housing, Infrastructure and Communities. I'm confident that the intentions here are good. In my neck of the woods, there's quite a bit of talk about Lion, and a lot of people are worried about this. That was my way of appealing to you, to get you thinking.

I have a bit of time left.

I imagine your binder there includes a page on copyright reform, since it's in your mandate letter. For years, Quebec's publishing community has been calling for the Copyright Act to be reformed, as promised. Despite being in your mandate letter, those reforms have yet to happen.

Educational institutions are not properly compensating authors. Artificial intelligence, or AI, is a whole other issue. I don't want you to list off everything you've done in the area, because I know it will burn up my time and you're good at that. Bill C-27 raises concerns about copyright. In particular, works that are used by AI systems have to be protected.

When will the committee see a bill containing copyright reforms? If we knew the legislation was forthcoming, perhaps it would motivate us to speed up our study of Bill C-27.

Hon. François-Philippe Champagne: We are in the process of looking at that with AI and copyright stakeholders, specifically. You're absolutely right that it's something many people are concerned about.

On a broader level, I can assure you that I've met with people in the sector to discuss the issue. I'm also discussing it with my colleague. There is a lot to consider. You have authors, on one hand, and universities, on the other, so we're trying to find a fair and equitable solution that works for everyone.

Mr. Jean-Denis Garon: I realize there's a lot of push-and-pull involved, but I want to get back to the real question: Are people working on drafting the bill as we speak? Has the process begun? Are you thinking about it? If you're discussing it with your colleagues, perhaps taking one step forward and one step back, are we going to see an election before we see the bill?

Hon. François-Philippe Champagne: We seldom take steps back. I think we are moving forward, but several interests have to be taken into account. If it were easy, it would already be done.

I encourage you to invite university officials as well.

Mr. Jean-Denis Garon: Are you working on a bill right now? Can the committee expect to see a bill?

Hon. François-Philippe Champagne: As I said, we are consulting stakeholders and talking to people in the industry. I encourage you to speak with all the players in the industry. I have a good grasp of the situation. We have to work with a range of partners on this. We have to hear everyone's perspective, and we want to find a fair and equitable solution. That's what we are working on.

The Chair: Thank you, Minister. At the rate things are going, we need time to finish our study on Bill C-27 before you bring us a new bill.

We now go to Mr. Masse.

[English]

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

Going to where I left off last time, the southern Ontario federal economic development agency is being cut by 47%. Tell me what's changing there. Forty-seven per cent is the steepest cut of all the agencies by far. There are a bunch of others, so what's happening there?

Hon. François-Philippe Champagne: I'll turn to the deputy minister because, thanks to your earlier question, we had a bit of time to look.

I'll just say that in southwestern Ontario, like Windsor—Mr. Masse, you would agree with me—the investment we've done with Stellantis and NextStar is generational. A lot of money has been going into the region. Thanks to you and the work we've done together, Windsor is not going to look the same, I would think, for generations because of that.

My point is that there's been a lot of federal money going to Windsor, but more specifically to your question, for the facts and the details on that, I'm happy to leave it the deputy minister to give you a more detailed answer.

• (1810)

Mr. Brian Masse: Sure. Thank you.

Mr. Simon Kennedy (Deputy Minister, Department of Industry): Mr. Chair, maybe I'll first note that there was a time when all the regional agencies were part of the industry portfolio, but that's changed. That agency is now the responsibility of another minister and deputy, so I wouldn't really be in a position to answer detailed questions.

We did look at this year's planning report from the agency, and it appears to be the end of a COVID emergency relief program, a fairly substantial one, so the budget is kind of returning to its longer-term run rate. That's in the documentation that FedDev has made available publicly, and we think that's what's happened here.

Mr. Brian Masse: That's fair enough. I'll try to follow that up as well. I just thought it was in our estimates here through the department. I'm just a bit worried, because tool and die mould making, and others that are sometimes forgotten, require long-term commitments. That's fine. We actually have done really well. We've got the Gordie Howe bridge just about done, an urban park, which I want next to it, and a whole series of things, but it's come with a lot of sweat equity and business case scenarios to prove it's worth it for the rest of the country.

The Canadian Tourism Commission is getting a small raise. The reason I'm asking about this is that since it moved to Vancouver, it's pretty well disappeared from Parliament here. Duty-free stores are being hit hard, and the traffic for American visitation is significantly down on the land borders. Air traffic is really way up, but land border traffic is way down. They moved to more international attempts to increase visitation, and that was at the expense of an American plan, so duty-free is suffering. Others are suffering.

Are there any thoughts of getting the Canadian Tourism Commission more active in its promotions to the United States, especially given that land border crossings are significantly down, not just in my region but in Niagara Falls and other places across the country? Tourism is being hit real hard from that. Again, airlines are way up, but car traffic is way down.

Hon. François-Philippe Champagne: I know.

I'll just say—the deputy may want to add to that—that tourism is one of the key economic sectors in many regions. I come from rural Canada. This is key.

To your point, we always need to make sure. It's an industry I believe very much in, and we need to support it. We've done that in the past. We'll continue to, but more specifically to your question, I may ask the deputy to give you the detailed numbers.

Mr. Simon Kennedy: Mr. Chair, I might suggest that we come back with a written response. I'd be very happy to do that. I don't have enough data myself to be able to answer that appropriately.

Mr. Brian Masse: That's fine. I'd rather do it that way anyway. I'm looking for suggestions on how to improve it. It's really hurting small and medium-sized businesses in particular. Again, air traffic's through the roof, but land border traffic is significantly down.

Quite frankly, when we moved it to Vancouver, I predicted it would disappear from this place in terms of importance. I might be on the record as asking the only question in this session about the Canadian Tourism Commission. That's how poorly it's now represented.

The other part of the estimates I want to ask about is the Competition Bureau. I was really happy to see they published their annual business plan. One of the things I've been working on is fraud prevention, and they're getting more into that.

I couldn't find it in the estimates myself, but is the budget being increased for the Competition Bureau? Thank goodness their role is changing to a positive, and needs more changing. Are they getting more resources with this budget?

Hon. François-Philippe Champagne: Thanks to this committee's support and the government's, we have made the largest reform in competition law, as you know, since its creation. I'm looking prior to my career as minister, but I would say enforcement is key. You can have any laws on the books, but at the end of the day... I think the most significant thing we did in 2023 was to provide a significant means to the commissioner. You even see public statements about him saying that was key. You can change the law, but what we need now is the means in order to achieve the mission we've given them, the market studies and all that.

I remember in 2023 it was tens of millions we gave to the agency. I don't have all the records in front of me, but I would think this is one of the largest investments we've done in the competition commissioner. Now, with the reform that we've done on competition, I think the nation will be much better equipped now to tackle competition issues.

Mr. Brian Masse: Again, could we follow up with more details? This file is huge. There's no file like the industry file on the Hill here, so I don't expect you to have all the details, but these are specifics I'm going after. We had the first fraud study here.

If I can follow up with this, though, is there any thought in terms of the use of regulations? With cellphones right now, it's unbelievable the amount of fraud that comes through your personal device. You pay for the personal device. You pay for the connection to it. The telcos still continually do a terrible job of blocking. The CRTC has put in some new policies, but they've not been effective. Even with the most recent cheque distribution for the carbon tax there was a fraud scam that came through as well.

Do you have any thoughts in terms of bringing more accountability to the telcos with regard to their allowance, and participation, quite frankly, in keeping the status quo, which is the abuse of people, especially seniors, persons with disabilities, and those not familiar with it, on fraud?

• (1815)

Hon. François-Philippe Champagne: I'd say a couple of things on that.

Certainly, we're always trying to find ways to promote consumers' interests, but you will be happy that in the last budget there was an issue around making sure there's no switching fee—the famous \$50 that we were seeing.

The other thing, I think, that is going to make one of the most significant differences is informing consumers that there might be a cheaper plan they would be able to choose. I think information is key. I'll give you my personal experience. People will say, the information is there, but most consumers don't check their plan on a weekly basis. The fact that they would do that, and now there would be proactive information and disclosure that there will be a cheaper plan or another option for consumers, I think means we're going—

Mr. Brian Masse: I appreciate that. Those changes are important, but I'm talking about their allowing fraud to be such a dominant part of their operations, and especially that it continues to exist. I guess I can ask for further follow-up on that as well. I appreciate that things have changed.

What about roaming charges? What about eliminating roaming charges in Canada from the corporations that are doing this? I mean, it's terrible if you live along the border. It's atrocious in terms of the difference between what we pay for roaming in the United States and other places. We're totally out of whack with those.

What's your opinion on the current context of the telcos when it comes to roaming charges and what they're doing to Canadians?

Hon. François-Philippe Champagne: We're looking at everything to make life better for consumers. I know that some plans today have waived roaming charges or reduced them, but the challenge we have in this country is that there are so many plans for consumers to know.

That's why, for me, information is going to be key to making sure consumers can apply market pressure. We will do our part, which we've done, as you've seen. You've seen that I've been probably one of the most active on this file. Think about the TTC in Toronto and making sure that two million people would have access to cell-phones.

We'll continue, though. If the committee has suggestions, I'm always happy to look at those. You've been a good partner in that to try to always to find ways for us to make life better for consumers.

Mr. Brian Masse: I think regulating roaming charges would be good.

Thank you very much, Mr. Chair.

The Chair: Thank you, Mr. Masse.

We'll now turn to MP Williams for five minutes.

Mr. Ryan Williams (Bay of Quinte, CPC): Minister, it's nice to see you again, sir.

The Deputy Prime Minister is on record as stating that companies are choosing Canada because we have a price on carbon. She said specifically that because of our policies, we're getting more investment in Canada, but after four years, sir, after COVID specifically, we're starting to see some data that really contrasts with that statement, specifically when we look at the Americans. We like to compare ourselves with our friends in the south and Mexico, but look at, for instance, Canada's GDP per capita. That's the amount of wealth that Canadians would hope to have. What we're seeing is that Canada's GDP per capita is going down, Mexico's is going up, and the U.S.A.'s is going way up. Neither of those nations has a

price on carbon. It's so bad that Mexico just became the United States' largest trading partner—a title that we used to have. We actually dropped to number three for the U.S.A. It goes Mexico, then China and then Canada.

Why do we not give relief to companies in Canada that want to compete, by ensuring that they don't have a carbon tax? A lot of these companies are trying to develop clean technology to compete and in order to create great paycheques for Canadians.

Hon. François-Philippe Champagne: I'm delighted that you asked that question. I think it's a great moment to celebrate Canada. In fact, if you look at foreign direct investment in the world, the United States was first in 2023, Brazil was second and Canada was third. If you put that on a per capita basis, we have been the champion in the world.

Just to correct the record for those watching at home, if you include goods and services, Canada is the largest trading partner of the United States. It's more than a trillion dollars. We are the largest market for 35 states in the United States. We buy more from and we exchange more with the United States than any country in the world, so I think we should celebrate.

The other thing you should be happy to see is that we have seen some of the most historic investments. Think about, for example, Dow Chemical. Dow Chemical has made the largest investment in 125 years of history, or thereabouts, in Fort Saskatchewan in Alberta. If you look at BHP Jansen in Saskatchewan, which was phase one, it was the largest project in BHP's history. Phase two was the second-largest project. That's \$21.1 billion that has been invested in Saskatchewan.

Just to finish, Mr. Williams, my point is that I think investors are voting with their feet. Take the fact that you had Honda recently with the largest investment in their history. There must be something good in Canada, sir, because otherwise these people would not put all their money here. I know it's about workers. I know it's about the ecosystem. I know it's about renewable energy, because we're winning.

• (1820)

Mr. Ryan Williams: Thank you, Minister, but the stats simply do not state that. When we look at investment announcements by private businesses, Canada has stayed flat. We talk about our productivity problem. We're not seeing businesses invest in their own companies, while Mexico is up 16% and the U.S. is up 31%. This is a made-in-Canada problem.

Look at companies in Quebec, for instance. We've had losses to Mexico: Bombardier, Gildan Activewear, Sherwood—which actually went to China—Fruit of the Loom, and Velan. All of these companies have offshored. When we look at the carbon tax, and we've talked to companies, they say they're being punished for that. We're just simply offshoring our emissions to other countries. We can look at Mexico, I think, which is exemplary right now. Even if you look at the Mexican peso versus the Canadian dollar, they're gaining on us. The peso is gaining on it.

Sir, I know you went to the White House correspondents' dinner. I think maybe you should have instead gone to the *informe presidencial* to learn a thing or two. What do we do to catch Mexico in this economic quagmire?

Hon. François-Philippe Champagne: By the way, I was in Nebraska over the weekend with the governor, Jim Pillen. You may ask him what he thinks about Canada—you may have seen it on social media—and what we have been doing.

Honestly, if you want to talk about Quebec, we landed the largest investment in Quebec's history. Northvolt has decided to invest. That's the largest investment in the province's history since hydro-electricity. Look at Volta, a Korean company that has invested close to \$1 billion to do a separator.

In a sense, Mr. Williams, I think the record speaks for itself. I will just tell you that Bloomberg—don't take it from me, because I know you're a man of the world—has now ranked Canada first, ahead of China, for the battery ecosystem for the next 30 years. That's not me. I did not even give them an interview. They came to that conclusion by themselves, but Canada is ahead of China for the next 30 years, according to Bloomberg. We've been winning, sir. We have just been celebrating. We should be looking at celebrating. Seize the moment. Let's celebrate. This is time to celebrate.

Mr. Ryan Williams: You want to celebrate. I have only so much time, though.

Minister, on October 5, 2023, you said grocery prices would stabilize in “days or weeks”.

Minister, I'm sure you're aware that when Canadians go to the grocery store, beef is up 30%, bread is up 14%, and baby food is up 26%. Grocery prices are staying stubbornly high, when you said that they would be stabilized or get lower.

Minister, when are grocery prices going to come down?

Hon. François-Philippe Champagne: I'm fighting every day for consumers, and I'm sure you would if you were in my position, because we know that the.... If you want to help—because people are watching at home—be on my side and push for a grocery code of conduct. Let's bring fairness and transparency.

That's what the Canadian Federation of Independent Grocers is asking. I'm still pushing to bring a foreign grocer to this country, because we know that more competition will bring better prices and better choices for consumers, and our reform of competition is the best way to make sure we have more stability in prices in this country. That's what Canadians want. That's what I'm fighting for every day.

The Chair: Thank you, Minister.

MP Van Bynen, the floor is yours.

Mr. Tony Van Bynen: Thank you, Mr. Chair.

Mr. Chair, I would like to stay with this theme around competition. In April, the Competition Bureau of Canada published its 2024-25 annual plan. I think it's called “Onwards and Upwards”, and it wants to strengthen competition for Canadians. It involves increasing proactive enforcement and leveraging amendments to the Competition Act to better protect Canadians from anti-competitive activity. Among other objectives, it wants to undertake what they refer to—and I heard you refer to it earlier—as a market study under the revised Competition Act.

Can you expand on that? The reason I'm saying that is that I hear from my constituents. There's concern about market dominance in finance, food, telecom, the tech industry and the petroleum industry, so will this start developing some strategies to improve competition in those areas?

Hon. François-Philippe Champagne: Mr. Van Bynen, thank you very much for raising a question that would interest most Canadians watching.

I can tell you that we were one of very few countries in the world that had a competition commissioner with no subpoena power. Our colleagues should listen to that. Imagine.

Basically, before we amended the law, the head of competition in this country could write a letter to a company and ask them to provide information. Then, some would say, “Thanks, but no thanks,” and that was basically the end of it. To me, that was one of the priorities we had, to give enforcement power.

Now, if you do a market study, you have subpoena power. If they say that they don't want to give the information, then we'll seek it through court. That is probably one of the most fundamental things, if we want to have a market study.

I look at Mr. Masse and Monsieur Garon, who are here. When we did the last one on grocery, it was all on a voluntary basis, but if you want Canadians, Parliament and government to have a view of a certain market, you need to be able to compel companies to provide information.

We would probably be the only country in the G7.... I can imagine. I'm a lawyer myself, and having an enforcement agency that knocks on your door and says, “Would you please give me information?”, is not what you need. That's what we changed.

I'll give you an example of other things we did that will go to Mr. Williams' question. It's well known that I've been talking to some foreign grocers to see whether we could bring deep discounters into this country to have more competition. Mr. Van Bynen, one that I met said that they looked at Canada a couple of years ago, but before we changed the law, you could have one of the major grocers with a store within a plaza, and because of the restrictive covenants, you couldn't have a store within five or 10 kilometres. Worse, even if they were to leave, no one could go there, so you would have these food deserts in Canada.

I can tell you, I was with the CEO of one large grocer in the United States. They have the wherewithal of billions of dollars behind them. They said that they had tried to lease 400 to 500 properties in Canada, and no one would lease to them. He said that now that we've changed the law and now that these restrictive covenants are illegal, they're going to be able to look again at the market.

Will I succeed? I don't know. Is it worth the effort? Definitely. Am I going to fight? Yes. That's the type of issue on which, thanks to Parliament, our government, and the vision of my colleagues, we've been able to make changes.

I was saying that, in reforming competition, this is probably the most important dividend we've created for Canada for generations to come, because those are fundamental pillars. Yes, you can attract investment, and you can do this and that, but when you have more choice, you have—usually, and we've seen it everywhere in the world—better prices and more options. That's what we want to see in every sector of our economy.

• (1825)

Mr. Tony Van Bynen: That's great. Thank you.

I know we've talked an awful lot about electric vehicles and the EV supply chain, but I'm also interested in other parts of our future and investing in the future.

Can you talk a little more about the critical investments that we're making in science and research and what that means for Canada?

Hon. François-Philippe Champagne: Thank you, again. You seem to focus on the big things.

Yes, definitely. I always say that the science of today is the economy of tomorrow. That's why, in 2016, we made record investments in science, and now you've seen \$3.5 billion in the last budget. I'll mention one: \$2.4 billion on AI.

Canada is already a world leader. We were the first country in the world to have an AI national strategy. We were the first country in the world, with the United States, to have a voluntary code of conduct. We want to keep that leading position.

Yoshua Bengio is a Canadian who has been recognized by *Time* magazine as one of the 100 people in the world who have great influence, and he is helping us. I would say to people on the committee that they should listen to his voice on Bill C-27, because he's world renowned. To maintain that capacity of leading, these investments in AI, the \$2.4 billion we've announced to have more computing power, and the agreement we recently signed with Nvidia

should give confidence to Canadians that we're going to continue to lead.

[*Translation*]

The Chair: Thank you.

[*English*]

Mr. Van Bynen, I'm sorry, but that's all the time you had.

[*Translation*]

It is now over to Mr. Garon for two and a half minutes.

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

Minister, I have a yes or no question for you because I know that's your style. Are you willing to send the committee a written breakdown by province of how much your government has invested in the battery industry?

Hon. François-Philippe Champagne: I believe that information is already public knowledge. What we're able to disclose publicly, we already have, as we did with the Government of Quebec and the Government of Ontario.

Mr. Jean-Denis Garon: I take it, then, that you won't be sending us that information.

Hon. François-Philippe Champagne: The information that we would happily provide to the committee is already in the public domain. As the committee and Mr. Masse know, the rest of the information is confidential because it's commercial information. We know that Quebec, Ontario and British Columbia have received investments.

• (1830)

Mr. Jean-Denis Garon: Thank you very much.

For my next question, I'd also like a short answer, since you're good at that. When will we see a national aerospace strategy? We've been waiting 20 years now. Whenever we meet with representatives from aerospace firms, they all bring it up. You're going to name every single thing you've done for the aerospace sector, and I appreciate that, but when are we going to get a national aerospace strategy?

Hon. François-Philippe Champagne: When I met with them—I believe you were with me—we said one would be coming, which is already a major step forward. As you know—

Mr. Jean-Denis Garon: We've been hearing that for 30 years.

Hon. François-Philippe Champagne: Fair enough, but I haven't been the Minister of Innovation, Science and Industry for the past 30 years. Otherwise, I'd be a good bit older. When I was appointed, I focused on the investment side. We can't spend all our time developing strategies. We have to take action as well—that's crucial. I often say that there are windows—

Mr. Jean-Denis Garon: I understand what you're saying, but tell me why all the aerospace companies are asking for the same thing whenever they speak to us. As you know, some of them are in my riding, in Dorval and in Longueuil. Here's what they say: "Investments are great, but without a national aerospace strategy to structure everything in a meaningful way, we're missing the most important piece, because we are not the third-largest aerospace hub in the world anymore."

Why are they saying that, when you are saying that your focus is on investments so the strategy can wait? When will we get a strategy?

Hon. François-Philippe Champagne: We are working on both.

I was just saying that, in the beginning, that's what we did because action was urgently needed. For example, we discussed green propulsion technology with the people at Pratt & Whitney Canada. I'm also speaking with the people at Héroux-Devtek, Airbus and Safran. You said we weren't the third-largest hub anymore, but I'd like to check on that. I think Montreal is still the third-largest hub after Toulouse and Seattle, but I'd be happy to look into it.

Mr. Jean-Denis Garon: You don't have a date, then, and you won't be bringing forward a strategy before your mandate ends.

Hon. François-Philippe Champagne: We are working on it, but at the same time—

Mr. Jean-Denis Garon: Eventually, you have to deliver.

Hon. François-Philippe Champagne: Yes, but at the same time, if you talk to those in the aerospace sector—

Mr. Jean-Denis Garon: They consistently tell us that they need a strategy.

Hon. François-Philippe Champagne: Yes, I'm pleased to do that, and that's why I'm telling them that there will be a strategy and that we are working on it—

Mr. Jean-Denis Garon: Again, my question is when we will see it.

Hon. François-Philippe Champagne: —but at the same time, we have to support investments.

Mr. Jean-Denis Garon: Thank you, Minister.

The Chair: Thank you.

We now go to Mr. Masse.

[*English*]

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

The website investontario.ca actually lists the Ontario investments for auto. It's a pretty good site, but it doesn't include all of Canada. I'll pass it on.

I wanted to ask about Statistics Canada, because they're often forgotten. At one point, back in the day, we had a minister who wanted to jail people for not filling out their Stats Canada stuff.

They have a 40% increase in their budget coming up this year. Is that because they're getting ready for another StatsCan...or are we adding something more robust to the information gathering?

A lot of people don't understand that Stats Canada can also determine what amount of money goes into your riding, depending on the measurements of poverty and a whole slew of different things, so it's an important one for MPs.

I'm wondering what's going on in Stats Canada with that type of increase.

Hon. François-Philippe Champagne: Thank you for the question. I'm very pleased you asked it.

I think it's to do more, because they're now going to be collecting a certain type of information, and we want to make sure they have the means to do it. Like we said, we're happy to get back to you more specifically on that.

The additional amount is to make sure they will have the means to collect this additional information that we have committed to collecting. I'm happy to get back to you with the specifics of that.

Mr. Brian Masse: That's fine. I don't expect it. I've been here for a while, and there's such a complexity to the files under Industry. I know I get into the weeds a bit with these things, but they're actually very important to our ridings.

Hon. François-Philippe Champagne: I may have some that would be of interest to you. I kind of remember them. The deputy will help me. They're around a census for agriculture and a general census, so the additional money....

We also said that in terms of grocery affordability, we need to collect more data, such as food price data. The additional support we're receiving in the budget is about giving Stats Canada the ability or the means to be able to collect additional information.

Mr. Brian Masse: That's excellent to hear, because it is important.

Lastly, and really quickly, Crown copyright in Canada is the distribution of public materials that are produced by the government. We haven't changed that since 1911. The law was actually enacted in 1909. The United States provides this information, as do the U.K. and every other commonwealth country. We are stuck and mired in a system that denies businesses, researchers and everyone the opportunity to have government- and taxpayer-generated information studies and data.

What is your position on Crown copyright? Can we work together to modernize it in Canada? I think 1911 is a bit too stale for us, and we're out of touch with our U.S. neighbours on this.

• (1835)

Hon. François-Philippe Champagne: Mr. Chair, when the committee finishes Bill C-27, we'll have ample time to look at all these questions. To your point, Mr. Masse, yes, I'm open to looking at that, to be honest. It's one of these things.

I may just say—and I know it's not Bill C-27—the last time we looked at privacy in this country was before we had Google, Facebook, Instagram and Twitter, so that's why I'm always coming back to the urgency of Bill C-27. I think folks watching at home would be surprised that, today, the law to protect our kids predates most of the social media that exists.

Mr. Brian Masse: I happen to have a private member's bill on Crown copyright that you're welcome to steal, and I won't call it fraud.

Some hon. members: Oh, oh!

The Chair: Thank you, Mr. Masse, for those wise words.

Now, we still have about five minutes left, so we'll go to Mr. Vis and Mr. Généreux, but please time yourselves accordingly. We have only five minutes.

Mr. Vis, go ahead.

Mr. Brad Vis (Mission—Matsqui—Fraser Canyon, CPC): Thank you, Mr. Chair.

Under the departmental plan, under “Companies, Investment and Growth”, the departmental result states, “Canadian businesses and industries are innovative and growing.” Why does the BDC report that Canada has 100,000 fewer entrepreneurs than it did 20 years ago?

Hon. François-Philippe Champagne: What I see in this country inspires me. The investment you said...I think we're talking about \$46 billion that's been invested since 2020. This is going to have a rippling effect all over. As you know, like you, I care about innovation in this country. I care about small and medium-sized businesses. They're 98%: That's the backbone of our economy. I think that, when you have these anchor investors, it's going to have a rippling effect in the country, and that's what we want to favour.

Mr. Brad Vis: Thank you.

The BDC also reports that in the early 2000s, three out of every 1,000 Canadians chose to become an entrepreneur; today that number is 1.3. I as well care a lot about Canadian businesses. That's why I'm so alarmed by Statistics Canada's reports of insolvency numbers of 58.8% year over year from February 2024. How do you respond to so many businesses shutting their doors in Canada?

Hon. François-Philippe Champagne: Well, I'm happy that I have an ally when it comes to businesses. I know your background, and it's great.

Let's remember we're at the back of COVID. A lot of companies and industries went through a very tough time. I think we have picked up, because we were there to support them, unlike other countries in the world. They see that we have their backs.

I can tell you that my focus is always on seeing how we can support the wealth creators in this nation, who create wealth but also jobs for many other Canadians.

Mr. Brad Vis: Thank you.

Going back to the “Companies, Investments and Growth” part of the departmental plan, what ranking would you give your department in respect to their primary goal of helping new start-ups and businesses innovate in Canada?

Hon. François-Philippe Champagne: I was recently talking with a number of folks in Toronto. There are two megatrends in the economy: decarbonization and digitization. I would say that when you go into the digital sector—AI, quantum and cyber—Canada punches above its weight, and we're going to continue to invest in these sectors of the future.

[*Translation*]

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Mr. Chair.

Minister, I have a colleague in the House of Commons who's fond of describing the Conservatives as the party that will eventually slash everything, across the board. However, the documents we received show that seven agencies in Canada are going to see their budgets cut by half a billion dollars, unfortunately. In Quebec, the budget of the Economic Development Agency of Canada for the Regions of Quebec is being cut by \$168 million.

In Quebec, a large number of businesses are declaring bankruptcy, the largest number in Canada, in fact. Owners of small and medium-sized businesses—which I, myself, am—are struggling right now because of how high interest rates are. In light of all that, what do you have to say to all those business owners who will unfortunately suffer as a result of your government's cuts?

Hon. François-Philippe Champagne: I would say that we have always been there for small and medium-sized businesses, and I think they know that. What's more concerning is the Conservative leader's response when I asked him whether he would support investments like the one we made in Northvolt, the biggest private investment in Quebec's history.

That's an important question as well. I have the utmost respect for you. You're an entrepreneur, a creator of jobs, but you need to ask why your leader didn't take a position on those investments, which brought Quebec into the auto industry. We're about the same age, you and I, and we'd have to turn the clock way back to pinpoint the last time a new industry was created in Quebec. We've just brought Quebec into the auto industry, and I'm still wondering, as are the people who follow our proceedings, whether your leader will support those kinds of investments. That is the question.

• (1840)

Mr. Bernard Généreux: Actually, people should be wondering why your department's operating budget is going up while investments in small and medium-sized businesses are going down. That is the question. Canada's productivity is among the worst in the world right now. The country has a real productivity problem, and the economic development agencies across Canada, including in Quebec, help businesses boost their productivity.

In spite of that, you're cutting the funding of those agencies by half a billion dollars, and Quebec's economic development agency is losing \$168 million of that, so I'm trying to understand the logic. You are at the helm of the department that is supposed to support small and medium-sized businesses when it comes to innovation and technology, especially smaller ones that are growing and looking to expand. As a result of these cuts, the economic development agencies won't be able to afford to help those businesses in order to boost Canada's productivity.

Hon. François-Philippe Champagne: As you know, the productivity issue is not new. We've been talking about it for at least 30 years, with many reports being written on the subject.

One thing that will help is AI. Helping small and medium-sized businesses adopt tools like AI will lead to better productivity. I saw that with Montreal's Mila centre. Guay Inc., which specializes in crane rentals, also comes to mind. AI technologies could benefit the food industry as well.

The more technology tools we have, the more we can help small and medium-sized businesses. I, myself, am from a family of business owners. Small and medium-sized businesses create jobs and collective wealth, and we want to support them every step of the way.

Mr. Bernard Généreux: Let's be clear, here. Cutting the budget of the Economic Development Agency of Canada for the Regions of Quebec won't help productivity in Quebec.

Hon. François-Philippe Champagne: If you look at the overall amounts, you'll see that Quebec received record investments. Take, for example, LM Wind Power, in the Gaspé, which is going to manufacture the largest wind turbines in the world. Consider our recent investments in AI, not to mention in Northvolt and Volta. It's rare to see investments like that being made in the regions. Like me, you're from a region. We are talking about a billion-dollar investment for Volta in Granby. That's not something we've seen often in our lifetimes, you or I.

Mr. Bernard Généreux: I agree with you, but you're turning your back on small and medium-sized businesses, and that's what troubles me the most.

Hon. François-Philippe Champagne: I don't think we are. We will always support small and medium-sized businesses. They make up 98% of Canada's economy. They saw that we were there for them during the pandemic. You know in your heart that we helped a lot of people. When you or I meet them on the street, they tell us so. They know that we were there to help them. A lot of people tell me that they would have gone out of business had we not been there. With history as our guide, we will continue to support small and medium-sized businesses, and I know that you believe the same thing in your heart of hearts.

The Chair: On that positive note, thank you, Minister.

That concludes our two hours with you to discuss the 2024-25 main estimates, and Rio Tinto and Alcoa. Thank you for being so amenable. Two hours is a long time to appear before a committee. We are always happy to have you.

We're going to suspend briefly, and then we'll spend the last hour discussing the 2024-25 main estimates with the department officials.

The meeting is suspended.

- (1840) _____ (Pause) _____
- (1850)

The Chair: We are resuming the meeting.

Good afternoon. We are now back.

[English]

We're here for the second hour on the mains with officials. We have Simon Kennedy, deputy minister.

[Translation]

We also have Charles Vincent, senior assistant deputy minister, industry sector, as well as Stephanie Tanton, assistant deputy minister. Lastly, we have committee regular Mark Schaan, who I'm sure missed us.

Thank you all for being here. We heard opening remarks from the minister earlier, so we can get right into the discussion.

Mr. Perkins, you may go ahead for six minutes.

- (1855)

[English]

Mr. Rick Perkins: Thank you, Mr. Chair, and thank you, everyone. I guess Mr. Schaan missed us, so he's back, even though we're not on Bill C-27.

I'd like to start, Deputy, if I could, again with the net zero accelerator. For the \$8 billion that has been committed to this, the environment commissioner, who is part of the Auditor General's office, said that the department doesn't track the per dollar value or the benefit of whether or not it's actually reducing carbon. What's your response to that?

Mr. Simon Kennedy: I'd like to assure the honourable member and the whole committee that we do, in fact, track GHG reductions. In fact, we have a very sophisticated process to actually work with companies to figure out what we think the reduction will be. There is a committee of federal experts in this field. We engage five external experts of various kinds. There's a pretty elaborate diligencing process to figure out for these large investments what would be the greenhouse gas reductions that we would be seeking.

In fact, in the case of large emitters, where we're investing actually to get rapid reductions in emissions, that's one of the business lines of the program. The funding we provide is tied to their reduction of emissions, and we have the ability to claw it back if they don't reduce. There's a whole follow-up and measurement and reporting infrastructure to make sure that happens. Just to answer directly, at this point of the projects where we have signed agreements, there are 11 megatonnes of reductions by 2030 that are contractually bound in the contracts we have signed.

Mr. Rick Perkins: The environment commissioner said only five of the 17 contracts actually contained a commitment to reduce carbon emissions. Is that correct?

Mr. Simon Kennedy: Just very briefly to provide a bit of context, most of the environment commissioner's report was focused on one particular pillar of the net zero accelerator. It was one of the concerns we had, frankly, and I had a lengthy discussion with the commissioner about his audit. The program actually has three pillars, and there are projects across the three pillars that have reductions in greenhouse gases. However, for reasons that you'd have to discuss with the commissioner, his main focus was on pillar one. When I'm talking about 11 megatonnes, I'm talking about the collection of projects across the—

Mr. Rick Perkins: I'm talking about the commissioner's report on pillar one, and most of the contracts don't have carbon emission targets. In fact, out of the 50 largest emitters in Canada, I think you have contracts with only three.

Mr. Simon Kennedy: We are in due diligence with multiple companies. I think there are nine that are currently in due diligence. I'm sorry—there are 10 large emitters in due diligence.

I think it's important for the committee to understand that these are very large projects, multi-billion dollar projects, and usually the strategic innovation fund, the net zero accelerator, is actually fairly early to the table. There are companies where we have already issued a letter of intent, where we're ready to engage further, and actually we're almost never the rate-limiting factor. Usually these corporations have other investors they have to line up. They have engineering studies to do, so in the case of—

Mr. Rick Perkins: I have limited time.

Mr. Simon Kennedy: It's just important to note that the commissioner's concern is that we have only two, but there are 10 more in active due diligence, where we have plans to make investments.

Mr. Rick Perkins: Thank you.

Moving on, you gave a speech to a small group in a law firm in Toronto—I think it was a small group—about Bill C-27. We requested a copy of the speech, which you kindly provided. It was a speech at a business leaders' breakfast in Toronto, and it was behind closed doors. In that speech, you said, when we talk about high-impact AI systems, we are focused on a few key areas. You go on to list the systems, which include “systems...that can really be used to shape and often narrow perspectives if not appropriately monitored”. What narrow perspectives are you going to use Bill C-27 to moderate content on?

Mr. Simon Kennedy: Just for clarification, I regularly get invited to speak to business groups and others. I try really hard to go out and talk to a variety of groups, so certainly—

Mr. Rick Perkins: With respect, I don't have much time, and I don't need a dissertation on how you approach speeches. I just need you to focus on answering the questions so I can get my questions in.

Mr. Simon Kennedy: It was mostly, I think, the suggestion that this was some sort of closed-door meeting. I just want to indicate that, as a practice, we try to get out and talk to the business community; that's the business we're in.

That was a document prepared by the department for virtually every kind of public setting where I'm asked to go and meet people.

• (1900)

Mr. Rick Perkins: What systems, and what narrow speeches? That's my question. You're off the topic. What speech are you trying to narrow and censor on the Internet through an AI bill and algorithms?

Mr. Simon Kennedy: I think what I'll—

Mr. Rick Perkins: You went on to say that you have to control misinformation and disinformation. You must have an intent about what you're going to do with that power to censor the Internet.

Mr. Simon Kennedy: Perhaps, if the chair will indulge me, I'll ask Mark Schaan to speak to this issue, because his area is actually working on the legislation in question.

Mr. Rick Perkins: It's your speech.

Mr. Simon Kennedy: As I noted already, this was a briefing note prepared by the department. I did not—

Mr. Rick Perkins: It was a speech—

The Chair: Mr. Perkins, please let the witness answer.

Mr. Simon Kennedy: I did not read the speech. Frequently, when I'm asked to come to talk to a breakfast, it's a Q-and-A session, and I talk off the cuff. I often get documents from the department that I read as an *aide-mémoire*, but I did not read a prepared text, so I can't ascertain whether that exact language was used. However, it's very unlikely, because I spoke off the cuff at the meeting. I'm happy to have Mr. Schaan speak to this substance, because his office prepared the document.

Mr. Mark Schaan (Senior Assistant Deputy Minister, Strategy and Innovation Policy Sector, Department of Industry): We have proposed to highlight a number of high-impact AI systems that would be subject to regulation and that would have obligations in terms of transparency, red teaming and some of the protections against potential harm and bias that would be put in place as a function of that. This specific reference is about the possibilities for some of these high-impact AI systems to be able to continue to highlight biased information to Canadians, so without appropriate protections from regulations—

Mr. Rick Perkins: Mr. Chair, for two and a half minutes I've been asking a simple question: What specific.... It's not that you're going to address bias. I know that. You've said that, and you've said it in the bill. What biases are you aiming at? To do this, you must have it. You said you're going to stop misinformation.

Mr. Simon Kennedy: Let's take a hypothetical example of a preferencing system that consistently shows content to young people that encourages them to engage in harmful behaviour and shows them information about how to harm themselves. That might be an example of a preferencing system that we would have serious concerns about because the algorithm is driving people who are still in development to consume content that is quite damaging to their health and well-being.

[Translation]

The Chair: Thank you, Mr. Kennedy.

Now it's over to Mr. Turnbull for six minutes.

[English]

Mr. Ryan Turnbull: Thanks, Chair.

Thanks to all of you for being here today; it's great to have you.

I note that many of us have mentioned grocery prices in previous rounds of questions. Obviously, competition is a really big part of our government's agenda to help stabilize food prices, but not only food prices. Certainly, there's consolidation in quite a number of industries in Canada that I think merits serious consideration when it comes to competition reforms.

Mr. Kennedy, maybe you could start by speaking generally about our approach to competition reform and how that's really going to help both stabilize and, hopefully, in the long term, provide more choice and lower prices for Canadians.

Mr. Simon Kennedy: Working closely with the commissioner of competition and the minister, obviously, we have tried to advance a fairly comprehensive set of reforms to competition.

A couple of examples that would be relevant not only to the grocery sector but also to others would be the ability of the commissioner to conduct market studies. As the minister talked about before, if there's a concern about behaviour in a particular industry and the commissioner wishes to study it, in the past, actually getting access to the data was entirely dependent on the voluntary participation of the industry players. Now there'll be much better power to go in there and do the study and shine a light on areas where there may be problems.

There were changes made to better get at the issue of so-called horizontal collaboration. In an industry, if you have players who are colluding, working together to reduce competition, that's illegal. For example, you have two grocery companies in the industry that get together. It wasn't, strictly speaking, a problem if you had people in two completely different sectors getting together—for example, landlords with restrictive covenants in their tenancy agreements.

That has been addressed by the reforms to the competition legislation.

There is now, I believe, a private right of action, so that parties that feel aggrieved—they are injured—can actually go to the tribunal and seek relief.

There's a whole series of reforms that have been made to, frankly, make it easier to get relief in the case of problems and to make it easier for the commission to go after examples of anti-competitive conduct.

We have removed the efficiencies defence. I think honourable members will know about that. Basically, in Canada, as a result of jurisprudence and so on, it had become an absolute right of defence. As long as your merger resulted in a more efficient outcome that outweighed the damages, that was an absolute defence you could bring to the table to justify your merger. Literally, prices could rise, consumers could be harmed, choice could go down in the market and workers could be let go. As long as the new enterprise was more efficient than the previous two, all of that was fine.

Well, efficiencies are no longer a defence that's available to companies.

There have been very significant structural changes made to the legislation. There's been a lot of commentary on that, so maybe I won't add further at this time, but I am happy to have us go into detail if there's a desire.

Thanks.

• (1905)

Mr. Ryan Turnbull: Yes, I am interested in what impact that will have in the short and maybe medium to long term. Certainly, it's hard to predict, but some of these changes have probably been contemplated for quite a while, and I know that quite a lot of consultation was done.

What I'm interested in is how quickly we will see the impact of these changes. I'm sure it's hard to predict that, but I wonder how quickly markets respond to the signals that go out there. I'm sure industry is paying attention to our proceedings, and certainly to the finance committee and our work.

Mr. Schaan was with us for many hours on Bill C-59, which made an additional round of changes to the Competition Act.

I'm wondering if maybe you can speak to the impact that will have and how quickly we will see the impact.

Mr. Simon Kennedy: I will turn to Mr. Schaan to maybe provide a bit more colour. However, I would maybe make two observations, just based on my civil service career to date.

I think there will absolutely be an immediate impact, but that impact may be, in certain cases, that things don't happen. It's counterfactual that there would be behaviour that we would have been concerned about that no longer will happen, because boards and companies, and the legal firms that advise them and so on, will advise that this is going to now be a problem. I think on a go-forward basis you're going to see fewer of some of the deleterious things we were worried about, because the law has been changed.

In terms of the structure of the economy and changes, obviously, that would take longer.

Mark may want to speak a bit more about what we might expect to see.

Mr. Mark Schaan: Just quickly, I'd say that it's a law of general economic application that applies across the entirety of the economy. It will modify behaviour as it relates to how people approach the overall actions they're going to take in areas in which competition has a really big bearing. That's things like mergers and acquisitions.

It also sets the rules for a number of these private rights of actions in terms of abuses of dominance, and some of the real concerns in the marketplace.

I think, as the deputy has noted, some of that's going to be immediate. We're going to have mergers that people will look at and say, "Well, under the new rules, I'm not sure that's going to happen."

Some of that will happen over the medium term—things like the increase to the look-back period for “killer acquisitions” in the digital space. This is adding the time period in which the bureau has the capacity to look back and say that that actually was a really important technology, and that was a major company coming to rout out competition by buying this up. That's the kind of thing that will have a more significant impact over the medium to long term.

Mr. Ryan Turnbull: I have a quick follow-up.

In terms of the strategic thinking and competition reforms, there are multiple rounds. They're not going to have all of the impact in terms of breaking corporate consolidation in different industries, but is there also another pillar of the strategy, to invest in smaller companies, to grow the economy from the base—or from the start-up—and scale some of those start-ups? Is that part of the strategy to increase competition?

Mr. Kennedy, could you speak to that?

Mr. Simon Kennedy: If we take groceries as an example, just as a practical matter we can kind of focus on one industry, and I would say that competition reforms were seen as an important step.

There has been work, as members know, on the grocery code of conduct to try to really mediate behaviour among the players in the supply chain. We think that the consumer sector and consumer advocacy in Canada have been an area that frankly hasn't had a lot of attention in many years—decades, in fact.

The ministry has made a fairly sizable reinvestment in the consumer rights and agenda side of the ledger. There's been a very significant increase in support for consumer groups. The minister has had a number of meetings with consumer groups in order to be out there basically shining a light on bad practices, naming and shaming and turning up the heat around consumer issues.

We have been working with the provincial governments. We've had a first meeting of ministers on this topic. There have been a number of meetings of senior officials. I have to say that it's been many years—I don't have the date—since consumer affairs ministers and senior officials have had these regular series of meetings.

I wouldn't claim that all of that has changed everything. It's just to say that on our relations with provinces and territories, which have a lot of the on-the-ground responsibility for consumer issues and so on when it comes to legislation, the code of conduct, the supply chain and our financing of the consumer sector, I would say that we've tried to take a multipronged approach in the grocery sector to bring some pressure to bear on the various players to act.

• (1910)

[*Translation*]

The Chair: Thank you.

It is now Mr. Garon's turn.

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

Welcome to the committee, ladies and gentlemen. Thank you for being with us today.

The minister told us earlier—and it came as no big surprise—that there wasn't a national aerospace strategy in the works. While we

recognize that constructive efforts have been made to support the industry's growth, we nevertheless believe that a national aerospace strategy is needed.

You certainly know that Canada recently announced sanctions in relation to titanium. The people at the aerospace companies explained that titanium is an important material, possibly even indispensable, and that finding a replacement in the very short term is quite challenging. As I understand it, titanium is used to make bolts, and it's very difficult to replace those components in the very short term. It would appear, then, that because of the sanctions Canada alone is imposing, the titanium that isn't coming here is still going elsewhere. With those sanctions, Canada is doing a good bit of damage to one of Quebec's flagship sectors, aerospace.

As the member for Mirabel, I'd like to know whether the aircraft manufacturers, namely those in Quebec, were consulted before the sanctions were imposed and whether Mr. Champagne's department was consulted beforehand.

Mr. Simon Kennedy: Thank you for your question.

On the issue of titanium, I can tell you that we are working closely with the Department of Foreign Affairs, Trade and Development and with the industry. We want to ensure that the policy change you're referring to allows for exemptions when necessary, so the industry can access those specialized products.

Mr. Jean-Denis Garon: If I understand correctly, your department is in favour of exemptions for aerospace companies, in particular, and you are working to that end.

Mr. Simon Kennedy: Yes. In terms of how the policy was developed, you're better off asking the Department of Foreign Affairs, Trade and Development, which is responsible for that. Our focus is really on making sure that the aerospace sector isn't negatively impacted. We are engaged in a meaningful dialogue with Global Affairs Canada to make sure that the measures don't impact the sector.

Does that answer your question?

Mr. Jean-Denis Garon: I actually wasn't trying to get you with that question. I was merely trying to raise the concern. It's an important sector, and it can sometimes seem as though decisions are made just like that. I wanted to hear your take on the situation, so thank you for that.

Now I have a quick question for the deputy minister responsible for Bill C-27. Under the bill, a new tribunal is being established, which the government says is necessary because the Privacy Commissioner's new responsibilities will result in more legal proceedings and things will get complicated. However, I can count on one hand the number of times the Privacy Commissioner's decisions have been challenged before the Federal Court, Federal Court of Appeal or Supreme Court. That casts doubt on the need for the tribunal. With the commissioner being given more tools to do his job, it seems as though the creation of this new tribunal might seek to undermine the commissioner's role.

I want you to understand why I'm raising the issue. As parliamentarians, we talk both behind the scenes and here, publicly, and we have questions. We know that the minister carried out consultations, so we want to find out which companies in the sector he consulted. Obviously, the committee hasn't met with those stakeholders, since we're having to work on this in a bit of a rush.

Can we, the members of the committee, know exactly which companies in the sector the minister consulted before bringing forward Bill C-27 and his countless amendments? Clearly, the original version of the bill wasn't up to par, unfortunately, even from the department's standpoint.

• (1915)

Mr. Simon Kennedy: The question was for me specifically, but I can provide a general answer or—

Mr. Jean-Denis Garon: You could also provide us with the list of people.

Mr. Simon Kennedy: I'd be glad to provide more information on our consultations. We certainly consulted extensively on the data-related components in Bill C-27. This is the second time a bill like this has been brought forward, so numerous discussions with a range of stakeholders have taken place.

Mr. Jean-Denis Garon: I'm asking because it's tough for us to know the environment we're working in. The bill has three parts. The officials here today are doing their best, but having a clearer sense of the environment we're working in may help us work more quickly.

Mr. Simon Kennedy: I understand. I can say a few things about the tribunal, if I may.

Mr. Jean-Denis Garon: By all means.

Mr. Simon Kennedy: I'll tell you what I think, and perhaps Mr. Schaan can provide more of a technical explanation.

The purpose of the bill is to establish an array of new requirements and mechanisms in relation to how data is used. The idea is to create an environment where companies have to adhere to much stricter rules around how they use data, including information relating to children.

The economy and how it functions also come into play. The goal is to create an environment where people can quickly access justice or answers when they run into problems or have questions. The reason for creating a tribunal—a fairly common tool in other fields—was to make sure that a group of people was available to deal with questions and concerns regarding companies' compliance with the legislation on a fairly quick basis.

Those wanting to challenge the tribunal's decision have the option of bringing the matter before the courts. The tribunal, for its part, is a way for people to get answers quickly. It's meant to give everyone assurance that a body is in place to examine all the facts and circumstances, and make a decision. I don't know whether that's a clear explanation, but that's the purpose of the bill.

Mr. Jean-Denis Garon: It helps.

Mr. Simon Kennedy: In our view, the changes proposed in the bill could lead to more people bringing legal proceedings against companies.

Mr. Jean-Denis Garon: Have you done an objective assessment on that? A few of the commissioner's decisions have been challenged in the past, but very rarely. Nevertheless, I have a second question. If the Minister of Justice appointed more judges, would things move more quickly?

Mr. Simon Kennedy: I don't know, but we believe that, going forward, demand for decisions may go up or decisions may be needed more often. The question is whether a mechanism like the tribunal makes for a more efficient process.

I can give you a more detailed explanation with the reasons why we believe a tribunal is necessary and why it's an appropriate mechanism. I'm not sure whether that's already been discussed with the committee. If so, I apologize. I know that Mr. Schaan has been here a number of times.

It is just our opinion, but we believe that the tribunal will allow for faster and more efficient decision-making. It also means that, when people have a problem, they won't always have to turn to the courts or the commissioner or Parliament. Those processes are very serious and time-consuming. With the introduction of much more stringent requirements for everyone and the creation of an array of new processes to protect people's privacy, we wanted a process that would be relatively quick.

• (1920)

The Chair: Thank you.

Go ahead, Mr. Masse.

[*English*]

Mr. Brian Masse: I looked up the competition reforms, and they are very good. The first time I raised that on committee here was in 2003 when James Rajotte was the chair. Sometimes I feel like *The Scream* represents my life here at committee.

It is important, so I'm really happy to see this stuff happening with the Competition Bureau. There are still things I want to see happen.

I want to make sure, though, budget-wise.... I didn't get a specific response. Do we know?

I really want them to have the empowerment necessary. They have some amazing people, by the way, in that organization.

Mr. Simon Kennedy: The amount they've received is \$96 million in new funding over five years. That is money that carries over from year to year. It doesn't show up as new funding in these estimates.

The commissioner is obviously the proper person to talk about this, but we work very closely together. They are still in ramp-up mode. They're still hiring, and they're still building out the capacity that the funding provided.

We were very happy, I have to say, even as officials, to see the bureau receive a pretty substantial increase in funds.

Mr. Brian Masse: Part of that is that we want to save taxpayers' money. There's always spending that takes place here. There are cuts and so forth.

What's often ignored in Canada is the market economy of being ripped off. Quite frankly, I've always said that Canada gets treated like a colony by some businesses. I could give a good example. In the auto industry—I know it's not your department; it's in Transport—under auto recall, United States citizens receive far superior treatment than Canadian consumers. I could go on and on with a bunch of different things.

I really believe that the Competition Bureau changes are critical for lowering costs for Canadians. I appreciate the work on that.

With that, I want to move to the grocery code of conduct, the voluntary one that's being proposed. Are resources being provided for that, or is it still being hatched? What is taking place? Why not go to something that's not voluntary? I looked at the voluntary one quite a bit four or five years ago, and they don't seem to be successful in other places.

I know there's a theory that we start with this and then go from there, but I'm at the point where I'd prefer to see some type of.... In the auto industry, we have incentive versus punishment if you don't follow through on what you're supposed to be doing.

Where is it? Is it getting resources? What do we have to look forward to, and are there any hooks to it for consumers?

Mr. Simon Kennedy: I have two quick comments.

One is, just in fairness, the code of conduct is led by the Minister of Agriculture, so my colleague over there, the deputy.... It would probably be inappropriate for me to trample all over her area of responsibility. I will say that we work very closely with the agriculture ministry. There is definitely still active work going on that we're involved in, and we have visibility on trying to drive the code of conduct across the finish line.

There is a measure of optimism that it will happen soon, but that is a process that's been under way for some time. There's been a lot of investment by provinces and by the industry itself. There's been an effort to see whether or not that will yield fruit. If it does not in some timely way, then there could be other ways to pursue the same outcome. For now, the agriculture ministry is managing that, and they might be in a better position to provide you with a bit more detail.

Mr. Brian Masse: That's fair enough; it's just that it touches on our department here, too, because you have to remember that this

industry cut pandemic pay the same day across the board after the lawyers talked to each other, which was technically allowed because the CEOs didn't talk to each other.

These are the people who fixed the price of bread. This is where the competition in industry comes into play, as the Competition Bureau was the one that brought that to light. I can't think of a lower point than when one of the basic staples for Canadians is used as a weapon against them with regard to price fixing.

That's why I don't have a lot of time for a voluntary code of conduct versus something with more enforcement. You're rewarding bad behaviour.

I'll leave it there for that. I do want to follow up with regard to telecommunications industries and the spectrum auctions that are coming up. Are there any further spectrum auctions? I haven't stayed on top of it, but are there spectrum auctions that are going to be coming up in the next year?

Mr. Simon Kennedy: There are definitely more spectrum auctions coming. There's a millimetre wave auction that is coming. The work is under way on that.

I'm looking over at my colleague Mark, who works very closely with our spectrum and telecom branch.

Go ahead.

• (1925)

Mr. Mark Schaan: There is, in fact, a millimetre wave consultation that's being held. There's also one on...I'm going to get the name of it wrong.

Mr. Simon Kennedy: You're doing what I was doing.

Mr. Brian Masse: I know it's hard. Again, this is a separate file.

Mr. Mark Schaan: It's a separate framework for essentially what we call unused segments of the sector, so those are the two spectrum frameworks that are still out.

Mr. Brian Masse: Yes, so the unused ones are.... Yes, exactly, that's something I've been after for a long period of time as well, to get them back into the system. So there will be that "use it or lose it" policy. Is that where they're coming from, or is it different?

Mr. Mark Schaan: It's different, so "use it or lose it" is part of the build-out conditions that are part of the ultimate result of a spectrum auction. When spectrum is actually auctioned, it then has conditions assigned to it, including licence conditions for what the build-out rate is and how quickly it has to be put in force. This is a separate framework that's for where you have essentially low amounts of spectrum, where you potentially want to put, for instance, like a network around a manufacturing facility or a farm field, and it's a separate band that is near the millimetre wave but essentially works in that space. I just can't remember the name of it.

Mr. Brian Masse: That's okay.

Actually, I'll finish with this, which is pretty important, because I know that some industrial parks have these pockets that don't have the service and the speed necessary for them to compete globally, which I've run into in a number of different areas.

Mr. Simon Kennedy: That is a specific area that we are interested in, and there's been a lot.... Obviously members will judge whether it's sufficient, but we have been really working hard to free up more spectrum. For example, we have residual auctions, like when there's spectrum left over that nobody bids on, we go back out and offer it to players and so on. We have a lot in this space. We'd be happy to share more.

[Translation]

The Chair: Thank you, Mr. Masse.

It's now over to Mr. Vis for five minutes.

[English]

Mr. Brad Vis: Thank you, Mr. Chair.

On the main estimates, it shows that Sustainable Development Technology Canada is getting \$191,380,000 and change. Isn't the green fund still under a ministerial order?

Mr. Simon Kennedy: I can turn to the CFO to add colour commentary if desired, but I can just assure the honourable member that there's been no new funding put into SDTC. The money that was referenced when the minister was here, the \$750,000, would have been the last capital injection. This would be money that's already in the fiscal framework and is probably just being reprofiled from one year to the next until a decision will be made ultimately as to what to do. It's not new funding.

Mr. Brad Vis: There was a new grant under the main estimates. It was line 374.

Mr. Simon Kennedy: It's more. There is funding that is available for the purpose—

Mr. Brad Vis: They're putting it aside, but they're not giving it yet.

Mr. Simon Kennedy: They're putting it aside, but that money has not actually been put out the door yet, yes.

Mr. Brad Vis: That's fair enough. Thank you.

It states in the main estimates that EV battery manufacturers are receiving \$236,846,000 and change. Where is that money going?

Mr. Simon Kennedy: This would be going to firms that have agreements under the strategic innovation fund for the purposes of

building a battery facility. As has been noted and as has been announced publicly—

Mr. Brad Vis: Thank you.

The strategic innovation fund also outlines \$2,380,000,000 and change. What I understood was that the money was for the construction of plants and the \$236 million I just referenced in the main estimates was going to be provided to the battery companies only once they produced the battery. Can you explain that discrepancy for me?

Mr. Simon Kennedy: I might have to come back with precision on this, but just to respond to your question, for a number of the EV manufacturers, there are two different agreements. There's one that is capital support to build the facility, which typically goes directly through the strategic innovation fund, so some of that you probably see in the estimates. Then there is funding through special contribution agreements, which are designed to mimic, in a sense, the IRA. There may be some money provisioned for that, but as the member noted, that would go out only if and when batteries are shipped.

Mr. Brad Vis: Can you provide a breakdown to the committee of those expenditures to date, please?

Mr. Simon Kennedy: Certainly, we could come back on that.

Mr. Brad Vis: Thank you.

Why does British Columbia get less money for economic development than other provinces?

Mr. Simon Kennedy: I maybe just would note—it did come up earlier—that the regional development agencies are actually no longer in the industry portfolio, and so there are actually separate ministers and deputy ministers accountable for those agencies. I totally appreciate the member's question, but it's not in our portfolio anymore, so I'm—

● (1930)

Mr. Brad Vis: Someone asked that before, I believe.

For the universal broadband fund, there's \$432 million and change. Can you provide a breakdown of which telecommunications company is receiving funds under the universal broadband fund, according to the estimates?

Mr. Simon Kennedy: We can come back on that, for sure.

Very briefly, as context, the estimates provide the allocations year over year. There are many infrastructure projects under the universal broadband fund, so this is the current year's funding requirements. It may not be going to specific new projects announced only this year. It's the flow of cash to support the broader program. We can certainly come back with the full list of projects and where they are across the country.

Mr. Brad Vis: I'd love to see that \$432 million before I vote on it. Thank you, Deputy Minister.

I looked in the internal services. I will note that it went from about \$190 million to \$184 million of expenditures, so you've had a \$6 million reduction in your internal services—that's good. If you were an auditor, where would you be looking for further savings in the operationalization of your department?

Mr. Simon Kennedy: That's a tricky question. The government has been very clear on its intent to have further expenditure restraint, which we obviously take very seriously—I personally take it very seriously. We want to be as efficient as we can in spending tax money, so we have to look in all of the areas of our operations, whether that's travel, professional services or, frankly, salaries. The government indicated that there will be a further reduction in head count. The management team is actively going over these very issues now, because my operating assumption is that we will be asked to deliver our mandate with less money and fewer people, and we're going to have to figure out how to do that.

Mr. Brad Vis: Thank you.

The department provided \$4.6 million for computers in schools. How many computers were provided to children?

Mr. Simon Kennedy: The computers for schools program has a storied history going back, I think, 30 years now, and there have been hundreds of thousands provided. I'd have to come back with the official statistics. It's a very efficient program that relies extensively on volunteers and donated—

Mr. Brad Vis: Mr. Chair, would the department be able to provide the number of computers?

The Chair: I think that's what Mr. Kennedy just suggested.

Mr. Simon Kennedy: Absolutely, yes. That's no problem.

The Chair: Thank you. On that note, Mr. Vis, that's all the time you have.

I now turn it over to MP Van Bynen.

Mr. Tony Van Bynen: Thank you very much, Mr. Chair.

I was certainly happy to hear about the universal broadband fund because, in my own community, the regional municipality used those funds to put a fibre optic backbone throughout the entire region. That made access to fibre optic broadband a lot more palatable in terms of pricing, because the suppliers of the last mile didn't need to put the backbone in—but I digress.

In the 2024-25 estimates, the National Research Council is requesting a total of about \$1.6 million. I see that its responsibility includes science innovation, which, according to the departmental plan, comprises scientific and technological knowledge advancement, innovative business growth and evidence-based solutions to inform government decisions. What are the priority research areas

for this year, and can you expand on the NRC's progress in those areas?

I ask Mr. Kennedy to direct that to whoever is appropriate.

Mr. Simon Kennedy: My proposal is to ask my colleague, the president of the National Research Council, to prepare an answer to the member's question. We'll be happy to table that at the committee. I apologize. I don't run the NRC directly, but they have an extensive list of priorities. They've actually gone through a whole priority-setting exercise in the last couple of years, so I think it would not be that difficult to come back with a fuller accounting of what they're focusing on, if that's okay.

Mr. Tony Van Bynen: In the process of doing so, I'm interested in this year's funding—how much the NRC would attribute to both domestic and international partnerships through the grants and contributions. I want to see how much we are investing here and how much we are investing externally, if that's possible.

Mr. Simon Kennedy: It's noted. We'll follow up with the NRC about those requests.

• (1935)

Mr. Tony Van Bynen: I shift, then, over to Statistics Canada. It's requesting \$736 million, an additional almost \$204 million compared to last year's estimates. The plan for the department focuses on the agency's continued modernization—and we heard about that in the digitization of service delivery—but how will Statistics Canada leverage large language models and generative artificial intelligence to deliver timely and reliable data? The reason I want to expand on that is that we're undertaking the study with Bill C-27, and I'd like to have an understanding as to how that might impact the government's plans, specifically through Statistics Canada.

Mr. Kennedy, I'll let you direct that too.

Mr. Simon Kennedy: I'll ask Mr. Schaan whether he has any information he'd like to pass on. I think that, to give a fuller answer that might satisfy the member, it might be useful to get the chief statistician to pull together a more detailed response, but I'm happy if Mark has any further elaboration.

Mr. Mark Schaan: I'll just quickly say that Statistics Canada has long been at the forefront of new models for utilizing technology to aid and abet the statistical system. It wasn't AI, but certainly their pioneering efforts in waste water as a means to be able to continue to understand both the use of drugs and the relative level of vaccines and pandemic incidents was novel.

They have continued to do that as well in the artificial intelligence space. I'd note that they've been active in discussions about how to potentially draw on those. I think we would be best to come back with a report from the acting chief statistician to detail exactly what that looks like, but I can say that they've been actively involved, including in the standards based around how to standardize information for the purposes of the use of artificial intelligence, including with the Standards Council of Canada as well as with a number of other dialogues around AI in the continued consistency of information we're gathering.

Mr. Tony Van Bynen: Thank you.

My final question is on the fact that the estimates include \$52.6 million to continue Canada's participation in the International Space Station until 2030. What will this funding mean for Canadian astronauts?

Mr. Simon Kennedy: I would say that we are, obviously, a partner in the International Space Station, and we're working closely with our allies on the plans to return to the moon. This is part and parcel of our responsibilities in that regard. I think it would probably be best if Lisa Campbell, the president of the agency, were to elaborate in greater detail, but, by confirming our participation in the ISS, I can confirm that it does help us secure it. It secures a flight for a Canadian astronaut to the station and sustained access to that particular environment.

I mean, in effect, if we want to keep sending our astronauts to the space station and participating, we have to help pay the bills, and that's what that funding is for. I think Lisa could probably talk at greater length about the specifics of where the funding goes.

Mr. Tony Van Bynen: Those are all my questions, Mr. Chair.

The Chair: Thank you very much, MP Van Bynen.

That concludes our round and the hour, so I want to thank the officials for joining us this evening.

Colleagues, before I adjourn the meeting, we have to vote on the estimates. I don't know if you want to do this right now. It's not very long, and it's a familiar process.

The first thing is that I would need unanimous consent to group them all together. Do I have unanimous consent?

Some hon. members: Agreed.

The Chair: Shall all the votes, less the amounts voted in the interim supply, carry?

ATLANTIC CANADA OPPORTUNITIES AGENCY

Vote 1—Operating expenditures.....\$70,390,767

Vote 5—Grants and contributions.....\$306,694,872

(Votes 1 and 5 agreed to on division)

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY

Vote 1—Operating expenditures.....\$21,698,804

Vote 5—Grants and contributions.....\$47,557,663

(Votes 1 and 5 agreed to on division)

CANADIAN SPACE AGENCY

Vote 1—Operating expenditures.....\$242,285,439

Vote 5—Capital expenditures.....\$80,059,782

Vote 10—Grants and contributions.....\$79,468,000

(Votes 1, 5 and 10 agreed to on division)

CANADIAN TOURISM COMMISSION

Vote 1—Payments to Commission.....\$115,967,712

(Vote 1 agreed to on division)

COPYRIGHT BOARD

Vote 1—Program expenditures.....\$4,045,082

(Vote 1 agreed to on division)

DEPARTMENT OF INDUSTRY

Vote 1—Operating expenditures.....\$618,058,710

Vote 5—Capital expenditures.....\$76,406,772

Vote 10—Grants and contributions.....\$5,243,950,500

Vote L15—Payments under subsection 14(2) of the Department of Industry Act.....\$300,000

Vote L20—Loans under paragraph 14(1)(a) of the Department of Industry Act.....\$500,000

(Votes 1, 5, 10, L15 and L20 agreed to on division)

DEPARTMENT OF WESTERN ECONOMIC DIVERSIFICATION

Vote 1—Operating expenditures.....\$41,478,066

Vote 5—Grants and contributions.....\$275,379,745

(Votes 1 and 5 agreed to on division)

ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC

Vote 1—Operating expenditures.....\$44,487,260

Vote 5—Grants and contributions.....\$266,261,739

(Votes 1 and 5 agreed to on division)

FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR NORTHERN ONTARIO

Vote 1—Operating expenditures.....\$15,173,274

Vote 5—Grants and contributions.....\$38,172,996

(Votes 1 and 5 agreed to on division)

FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO

Vote 1—Operating expenditures.....\$34,929,462

Vote 5—Grants and contributions.....\$190,020,359

(Votes 1 and 5 agreed to on division)

NATIONAL RESEARCH COUNCIL OF CANADA

Vote 1—Operating expenditures.....\$582,386,328

Vote 5—Capital expenditures.....\$152,061,000

Vote 10—Grants and contributions.....\$610,696,760

(Votes 1, 5 and 10 agreed to on division)

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL

Vote 1—Operating expenditures.....\$58,597,413

Vote 5—Grants.....\$1,318,171,508

(Votes 1 and 5 agreed to on division)

PACIFIC ECONOMIC DEVELOPMENT AGENCY OF CANADA

Vote 1—Operating expenditures.....\$29,134,464

Vote 5—Grants and contributions.....\$89,283,824

(Votes 1 and 5 agreed to on division)

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Vote 1—Operating expenditures.....\$44,248,882

Vote 5—Grants.....\$1,148,878,654

(Votes 1 and 5 agreed to on division)

STANDARDS COUNCIL OF CANADA

Vote 1—Payments to the Council.....\$21,397,106

(Vote 1 agreed to on division)

STATISTICS CANADA

Vote 1—Program expenditures.....\$648,221,726

(Vote 1 agreed to on division)

The Chair: Shall I report the votes, less the amounts voted in interim supply, to the House?

Some hon. members: On division.

The Chair: Thank you very much. On that note, thanks again to the officials.

The meeting is adjourned.

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