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Chair: Mr. Joël Lightbound



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• (0815)

[*Translation*]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): I call this meeting to order.

Welcome to meeting number 137 of the House of Commons Standing Committee on Industry and Technology.

Before we begin, I would like to ask all participants to consult the small card and take note of the guidelines for the use of earpieces and microphones. This is about the health and safety of everyone, especially our interpreters.

Pursuant to the motion adopted on Thursday, September 19, 2024, we are pleased to welcome the Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry, to discuss his mandate.

Welcome, Minister. It's good to see you again.

The minister is accompanied today by officials from the Department of Industry: Francis Bilodeau, acting deputy minister; Mary Gregory, associate assistant deputy minister, industry sector; and Benoit Tessier, director general, automotive, transportation, digital and industrial skills branch.

Minister, you know the drill. You will have five minutes, but we will be generous with the time allotted for your opening remarks. We will then move on to the question period.

Without further ado, you have the floor.

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

Thank you for welcoming me to your committee.

I would also like to thank Mary Gregory, Francis Bilodeau and Benoit Tessier for the work they do in the department.

Mr. Chair and members of the committee, it is a great pleasure for me to appear before you today. As always, I am honoured to appear before you, as the work of this committee contributes significantly to Canada's industrial and technological future.

I am pleased to be able to report today on the progress we have made together so far to achieve the many objectives of the mandate given to me by the Prime Minister.

You will recall that when the Prime Minister asked me to take on the duties of Minister of Innovation, Science and Industry in 2021, I knew that this was a major challenge, at a time when our economy

was in the midst of a radical transformation. I accepted the challenge with enthusiasm, knowing that we could seize generational opportunities in the economy of the future, i.e., a digital and decarbonized economy.

Our work is mostly aimed at fostering an innovation ecosystem that allows us to move from an idea to developing a concept and then a product. We are working to establish an ecosystem that puts Canada at the forefront and able to seize generational opportunities in the 21st century economy.

I have said it before and I will say it again here: we have everything we need to succeed in the 21st century. We have the talent; we have strong ecosystems, from aerospace to biomanufacturing to energy; we have the critical minerals to make not only 21st century batteries but also semiconductors; we have ample renewable energy; and, finally, we have access to most of the world's major markets with over 1.5 billion consumers, which puts Canada in a very advantageous position.

As you've seen recently, Canada has attracted what I would call a "historic" investment from Dow Chemical in Fort Saskatchewan, Alberta. Then there is Volkswagen and Honda, who will be investing \$19 billion in St. Thomas and elsewhere in Ontario. This is the largest private investment in Canadian history.

We are keenly aware that Canada's innovation ecosystem must be world class to ensure our long-term prosperity. That's why, as you've seen, we've invested, more than any government in Canadian history, in various initiatives related to research and science.

For example, we have added more than 1,000 new Canada research chairs, increased funding for the granting councils and provided better support for early-career researchers. We have also implemented national strategies that are bearing fruit today. These are national strategies for artificial intelligence, quantum technology and, of course, life sciences, which have enabled us to position Canada at the forefront of the major technological advances of the world.

These strategies will inform our collective decision-making as a society and help us make scientific advances in these new strategic areas while maximizing economic benefits across the country.

Innovation is at the heart of a cleaner, greener economy, and we also know that, in this area, transportation will be a key factor. That is why we are going to step up our efforts to support the transition to electric vehicles and build a battery industry supply chain that is second to none in this country.

I am pleased to note, as you well know, that Bloomberg now ranks Canada as the number one country in the global EV supply chain, which in 2023 enabled us to attract over \$40 billion dollars' worth of investments in the automotive industry of tomorrow. That means that we have ensured the prosperity and work of hundreds of thousands of auto industry workers for generations to come.

I would also like to draw the committee's attention to the progress we have made together on modernizing the legislative framework for foreign investment. I think this is an important milestone, and I want to thank all members of the committee for their work on this.

There's also the Competition Act. I think that over the next few decades, Canadians will see the importance of the work that has been done by the committee in overhauling the Competition Act in this country and updating legislation in the areas of privacy and artificial intelligence data protection, which is still being studied by this committee.

Recent amendments to the Investment Canada Act to improve the transparency and efficiency of the national security review process have, as you know, two objectives.

First, they increase the confidence of Canadian businesses and foreign investors who want to invest in Canada.

• (0820)

Second, they strengthen Canada's ability to act more swiftly and decisively when investments threaten national security. As we know, economic security and national security are one and the same in current times.

Furthermore, the significant amendments to the Competition Act will put an end to anti-competitive mergers and collaborations that result in less choice for consumers. Of all the work done by your committee, these amendments are probably one of the milestones that people will remember for a long time. We know that we want less concentration, more competition and, obviously, better prices for Canadians.

I recently met with European Commissioner Margrethe Vestager. She said that Canada had succeeded in making the act the foundation for more competition in the Canadian economy.

Finally, we also want to strengthen privacy legislation. To that end, the digital charter implementation act, 2022 aims to maintain Canadians' trust in the handling of personal information in the digital realm. It also creates an important new risk-based framework for AI systems in Canada.

Artificial intelligence is another critically important area which was discussed with French President Emmanuel Macron on his recent visit to Canada.

Later today, I will be talking about it at an important summit taking place in Toronto, the Elevate Festival. As you know, Canada is a leader in responsible AI.

However, the real value of all of these initiatives is to improve the lives of Canadians on a daily basis, from coast to coast. I am thinking of the generations of workers in the auto industry in Windsor—I know this is going to warm the cockles of my friend Brian Masse's heart. These people are going to build the electric vehicles of tomorrow.

I'm also thinking of farmers in Saskatchewan who are going to use artificial intelligence to improve their crop yields while reducing their water consumption. Then there are the researchers in Quebec who will develop new therapies to protect the public and improve the quality of life of our seniors.

In closing, innovation is the way forward in a rapidly changing global environment. Thanks to the dedication of our team, the important contributions of this committee, the innovative spirit of researchers and the Canadian public, I am confident that we will be able to meet the challenges of the 21st century and position Canada as a leader. I always say that it is thanks to the talent, expertise and excellence of our workers that we are able to attract investments like the ones we have seen.

Mr. Chair, thank you for your time this morning. I am able to stay for a little while and I will be pleased to answer my colleagues' questions.

The Chair: Thank you, Minister.

Let's get the ball rolling. I shall give the floor to my colleague Mr. Perkins for six minutes.

[*English*]

Mr. Rick Perkins (South Shore—St. Margarets, CPC): Thank you, Mr. Chair.

Thank you, Minister, for coming. It's always a pleasure to have you here.

It'll be a lot easier today. I know how enthusiastic you are, but if you can actually try to answer our questions, it would be more helpful for everyone, including the translators.

Telesat, which you know is majority-owned by U.S. investors, is a company that your Liberal government has spent over \$5 billion on since 2019 to try to connect rural and remote Canadians to the Internet with low-earth orbit satellites. There's only one small problem: It doesn't have a satellite network that connects anyone to the Internet.

In 2021, six months after you became minister, you gave \$1.4 billion of taxpayer money to Telesat, a large portion of which was a loan—a very big loan. How much of that loan has been paid back? Just give the number, please.

Hon. François-Philippe Champagne: I'm very proud of the work of Telesat and of the workers at Telesat, I must say. Telesat is a Canadian company. We're proud of what they're doing.

I can assure you that the investments.... I would say, Mr. Perkins, just to be clear, that we're making money out of these loans. We have a return on the investments that we have invested in—

● (0825)

Mr. Rick Perkins: Minister, how much of that...? I have limited time.

With respect, Minister, I just asked for a—

Hon. François-Philippe Champagne: Do you want me to answer or not? I don't know.

Mr. Rick Perkins: You haven't answered. I asked one simple question, not for an explanation of what Telesat does.

I asked a question. That question is quite simple. Give a simple answer.

How much of the \$1.4 billion investment and loan—the loan was almost an \$800-million part of it—has been paid back since 2021?

Just give the number or the percentage. You can do either one.

Hon. François-Philippe Champagne: Let's be clear. It's your privilege, Mr. Perkins, to ask the question. It's my privilege to answer.

Mr. Rick Perkins: I would like you to answer.

Hon. François-Philippe Champagne: My answer to you is that I am proud of what Telesat is doing. I am proud of the loan that we have granted them to have a large constellation—about 198 satellites—that will offer coverage to Canadians. Importantly, for our national—

Mr. Rick Perkins: I didn't ask about that.

With respect, Minister—

Hon. François-Philippe Champagne: Sir, if you're going to interrupt me every time I try to answer your question, then it's not going to go well today for you.

Mr. Rick Perkins: Mr. Chair.

The Chair: Yes, Mr. Perkins.

Minister, please try to be succinct in your answers and to the point.

Mr. Perkins.

Mr. Rick Perkins: I will come to your latest announcement. I asked about the \$1.4 billion, so the answer, obviously, is that zero has been paid back.

You also had, at that time, in 2021, \$650 million allocated for equity as well as for warrants. How much taxpayer money have you spent right now in warrants on that 2021 option?

Hon. François-Philippe Champagne: Listen, I'm happy to get back to you with the specifics, but what I think Canadians are concerned about is making sure that we have, for national security reasons, a very broad coverage when it comes to telecom in the Arctic. I can tell you that the LEO satellites—the low-earth orbit satellites—that are going to be put in orbit by Telesat are going to be key for NORAD modernization and in enabling NATO allies to protect the Arctic and the north.

I would say, Mr. Perkins, that using the federal government balance sheet in order to support Canadian companies is a smart way to do things, because, in this case, in the loan we have provided, we're actually making money. We're making money, because we borrow at a lower rate than we lend the money. Therefore, Canadians will be making money while protecting national security, and it will ensure that there will be coverage in the north and the Arctic.

Mr. Rick Perkins: Let's talk about that \$2.1-billion loan that you just announced on September 13. It's a 15-year loan that gives interest relief, essentially, with no interest payments for the first five years. At the rate that you set in the contract of 4.7% plus the overnight repo rate, that's about a 10% interest rate at current rates. That's over \$1 billion of interest in the first five years that you're forgiving to Telesat, and you said you'll get goods in kind. What goods in kind are you getting for \$1 billion?

Hon. François-Philippe Champagne: We're getting satellite coverage to protect our national security, sir. I would say that we're making money. That's why I think Canadians.... There are a lot of people watching at home—

Mr. Rick Perkins: You're not making money if you're forgiving the interest.

Hon. François-Philippe Champagne: Sir, if you allow me to—

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

Hon. François-Philippe Champagne: You're making a statement; I'm telling you facts. That's the difference between you and me.

Mr. Rick Perkins: I read the loan agreement. I don't know if you did. The loan agreement has interest relief for the first five years.

Hon. François-Philippe Champagne: It's math 101, sir.

Mr. Rick Perkins: There's no interest being paid.

Hon. François-Philippe Champagne: If I borrow at 2% and I lend at 10%, then I'm making money.

Mr. Rick Perkins: You can't make money if you're not collecting the interest.

The Chair: Mr. Perkins, please.

We can't have.... Just for the interpreters, it doesn't work if I have both of you speaking at the same time.

Mr. Perkins, I'll let you go with your question, and then, please, let the minister answer.

Mr. Rick Perkins: When you relieve the interest for five years and when they don't have to pay it, how are you making money?

Hon. François-Philippe Champagne: Sir, I'm borrowing at a lower rate than I'm lending at. I'm getting warrant, and I'm getting a network coverage for telecom in this country to protect our national security. For anyone who's done math 101, if you borrow at the lower rate and you lend at a higher rate.... Don't just take it from me, sir—

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

Hon. François-Philippe Champagne: Do you want me to answer?

Mr. Rick Perkins: [*Inaudible—Editor*] for the first five years. That's borrowing at a government interest rate, and then it's costing you money.

In terms of warrants, how much are you going to spend on warrants—and for people watching, a warrant is the right to buy equity to bail out the company with a lack of cash flow—to bail out this company, which, after this loan, will have \$5.1 billion of debt and will have a market capitalization of \$900 million.

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

Mr. Rick Perkins: My question is this: How are you saying that you're going to make money, when you're giving the interest away for nothing?

Hon. François-Philippe Champagne: For Canadians watching, it's very simple; I borrow at 2%, and I lend at 10%. You don't need to take it from me—

Mr. Rick Perkins: You're not collecting it, though.

Hon. François-Philippe Champagne: Sir, do you want me to answer? If you want to make statements, I'm happy to—

Mr. Rick Perkins: You're not listening.

The Chair: Mr. Perkins, please let the minister answer, and then that will be all of the time you have for your questions.

Mr. Perkins, please....

Minister, you have about 25 seconds to answer.

Hon. François-Philippe Champagne: Okay, for Canadians watching at home, if I borrow at a lower rate and if I lend at a higher rate, then I'm making—

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

Hon. François-Philippe Champagne: Mr. Chair, I don't know how you want.... I'm happy to listen to him. I like his statements.

• (0830)

The Chair: Mr. Perkins, you know the rules of this committee. If you don't have the mic, you're not to be speaking over someone else, over a witness we've invited. You've asked your question. I'm giving the minister time to answer, so please—

Mr. Rick Perkins: I've asked the question three times, Mr. Chair, and he has not answered it. He's giving me an answer that's not related to the question.

The question is this: In the first five years of the loan, you are giving interest relief. No interest has to be paid in the first five years. How are you making money when you say there's no interest being paid?

That's part of the contract. I don't think you've read the contract, since it says that there are goods in kind, with no interest charged in the first five years of a \$2-billion loan. That's the equivalent of \$1 billion of interest relief to this company.

The Chair: Now, Mr. Perkins, you've had more than your time. I'd appreciate it if you let the minister answer. I don't want any interruption.

Minister Champagne.

Hon. François-Philippe Champagne: Mr. Chair, I appreciate that.

Folks who watch at home, it's very simple. You borrow at a lower rate; you lend at a higher rate. You make the difference in between. In addition to that, we're getting warrants, which are basically subscription rights to make sure that Canadians benefit from the plus value that we've created. In addition to that, we are building a network of satellites to make sure that people have telecom coverage in the north. That's going to help our national security. It's going to help transmission of data when it comes to the northern passage for maritime operations and also for aviation.

We're going to be building.... Honestly, I think Mr. Perkins should celebrate, because we're going to have the largest factory in the world. The largest factory of its kind in the world is going to be in Canada, to produce satellites. We're going to produce two satellites per day in Canada.

You should be proud of what we're doing for Canadians, because this is Canada leading in the 21st century. Not only will we be protecting our national security, but we also will be smartly using our balance sheet to support Canadian workers, and in addition to that, we're going to be building two satellites per day. You should be celebrating, sir.

The Chair: Thank you very much, Mr. Minister

MP Gaheer, the floor is yours.

Mr. Iqwinder Gaheer (Mississauga—Malton, Lib.): That's great. Thank you, Mr. Chair.

Thank you, Minister, for appearing before the committee. I apologize. Usually at this committee we let the witnesses answer the questions. I think it's a bit early, so we haven't had our morning coffee.

Mr. Rick Perkins: I have a point of order.

The Liberal member doesn't speak for me, so he doesn't get to apologize for anything for me.

The Chair: That's not a point of order. That's a comment. However, I'll say that I appreciate that you actually asked to speak and didn't interrupt while another member or participant was speaking. I'll take that as a positive.

MP Gaheer, you have the floor.

Mr. Iqwinder Gaheer: Thank you, Mr. Chair.

Minister, I want to ask about the global auto market. We know that this market is rapidly changing towards electrification, and we know that the federal government is positioning Canada to be a leader in that space.

Ontario, the province that I'm from, has traditionally accounted for 90% to 95% of the Canadian automotive market, the manufacturing GDP. However, we know that every corner of this country has something to offer the Canadian EV ecosystem. Thinking particularly of your home province of Quebec, in this instance, can you highlight how the federal government is attracting EV-related investments to Quebec?

Hon. François-Philippe Champagne: I'm very pleased that you're asking the question, because Canada is really... When I started as Minister of Industry, a number of commentators would say that this was the beginning of the end of the auto sector, because we're living in a world where we have a shift, a generation shift. We've been doing cars in the same way for 100 years, and now we're planning for the next 100 years.

There are two ways to look at that. We could have looked down, or we could have rolled up our sleeves. What we did is roll up our sleeves, and we've been able to attract, you know, generational investment, even investment in Mr. Perkins' province. You know, in Nova Scotia, Michelin has been making record investments. Your point is that now the auto sector is spread across Canada. Michelin and Nova Scotia are now also part of the larger automotive industry.

In Quebec, what we have achieved is that we have made Quebec enter into the automotive industry. We landed some of the largest investments from Ford and GM. What they're doing—which is called cathode active material—is going to serve not only the plants in Canada but also the plants in the United States, so we're putting Quebec at the centre of this new value chain that we have in North America.

We also got Northvolt to decide to invest, and Northvolt's vision is to make the greenest battery in the world. Obviously, it chose a jurisdiction that has a lot of renewable energy, close to 100%.

I would say that Canadians should be proud. The workers who are watching and our friends at Unifor and others, if you look at what we've achieved, look at that. You know, the largest gigafactory of Volkswagen outside of Germany is going to be in Canada. The largest investment in Honda's history—75 years of history—is in Canada; it's \$19 billion of capital expenditure. This is a watershed moment for Canada. You're looking at companies like Stellantis, and we're going to be there next week. Stellantis has mostly completed its plant in Windsor. Windsor is never going to look the same, and Mr. Masse can testify to that. You know, it's not only an industry but also the rebirth of a city. It's giving hope. It's about op-

portunities, about possibilities. It's about Canada winning in the 21st century.

Think about that. Bloomberg,—not me but Bloomberg—said that Canada is leading, ahead of China, in the battery ecosystem for the next 30 years. I think that, as Canadians, we should celebrate. That's why I was saying to Mr. Perkins and others to celebrate Canada. Let's talk about possibilities. We are winning on the world stage. Five years ago, no one was talking about Canada in the electric vehicle world. Now if you go to Seoul or Tokyo, you'll hear them talking about Bécancour, Windsor, St. Thomas and Kingston. Honestly, I think that what we have achieved is seizing generational opportunities. Those who are winning are families. Those who are winning are workers. Those who are winning are rural communities, which will see a brighter future.

● (0835)

Mr. Iqwinder Gaheer: That's amazing. I've actually spoken to some of those families in Windsor. It's really been a revitalization of that entire city. When we look at some of the world-class investment in the EV sphere that the government has been able to attract, as you mentioned, in St. Thomas or Windsor or Brampton or Nepean, we begin to understand why Bloomberg has recently cited Canada as the premier global destination for attracting FDI in the EV space.

Can you talk about what are, in your opinion, the competitive advantages Canada has that make it so attractive as an investment market?

Hon. François-Philippe Champagne: It's people. It's all about people. I remember one of my first discussions with one of the CEOs in the automotive industry. Obviously, as a lawyer, I already had the answer to my question—it would serve a lot of people well if they followed that—but I asked him, “What plants are the most productive in the world?” Obviously, Canadian plants are the most productive. Our people, our workers, are the best in the world.

It starts with talent. When you have talent, everything is possible. That's why, in every announcement I do with the Prime Minister, the first thing I always do is thank the workers for their excellence, for their expertise and for their dedication. Only when you have a talented workforce can you attract generational investments. It's something to build a plant. It's something to bring the technology. What makes it special is the people.

Therefore, I think the biggest advantage, as I said, is the talent we have. It's the strength of the ecosystem we have. It's the critical minerals and I would say the proximity to resources, assembly lines and markets. It's the renewable energy we have and its access to market. I would say that, in a world fraught with challenges, stability, predictability and the rule of law are in high demand and in short supply. Therefore, when you have investors who are deciding where to put their money, just look at where they have decided to put it. They've put it in Canada. For them, the world is their oyster. They could put these investments anywhere they want. They chose Canada.

Again, I think Canadians should rejoice that in the economy of the 21st century, whether it's steel, whether it's aluminum, whether it's automotive, whether it's life sciences or whether it's energy, we're attracting a record level of investment. We should be proud as Canadians that we're leading in the 21st century.

Mr. Iqwinder Gaheer: Great. Thank you.

[*Translation*]

The Chair: Thank you, Minister.

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

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

Good morning, Minister. Welcome to the committee.

I will try not to interrupt you too much, but I can't guarantee it.

On August 13, the U.S. Department of Commerce announced a substantial increase in countervailing duties on wood. I'm going to reveal my Saguenay roots by telling you that I grew up in northern Quebec. I am therefore extremely aware of what is happening in the forest industry.

The crisis in this industry has been going on for decades. Twenty per cent of the wood exported by Canada comes from Quebec. Almost 50% of the amounts that are currently being disputed and withheld in the United States stem from Quebec exports. Quebec's forestry regime was rejigged a few years ago, precisely to avoid this sort of problem following statutory tariff reviews.

The Americans, who, I have to say, are acting in bad faith here, have time and litigation on their side.

Even if we ultimately win, businesses affected by this crisis will find themselves in a precarious situation and will struggle to invest and increase their productivity because of the lengthy litigation proceedings. You know that, being a lawyer.

Jobs in the regions are at stake. Solutions exist, however. Obviously, we can negotiate free trade agreements. I know you want to protect supply management and put pressure on senators. That approach can be used to fight countervailing duties as well. However, in the short term, what you and your department can do is develop an emergency aid program to help these businesses deal with costs in a timely manner.

I'll ask you my usual question: when will an announcement be made?

• (0840)

Hon. François-Philippe Champagne: Thank you for your question, Mr. Garon.

You raise a very important issue that has been around for a long time.

You know that I come from Mauricie, more specifically Shawinigan—you might know another politician who hails from there, too. It is the centre of the pulp and paper industry, which, along with the forestry sector, are the beating heart as well as the major economic drivers of the community where I live. It's the same going up to La Tuque and further north.

The softwood lumber dispute has been going on for decades. Along with Ms. Ng, we are looking at ways to present an assistance program to our American partners and various producers—to answer your question specifically. We're looking at innovation. We're looking at how we could use fibre in various applications. We are using the Finnish model as inspiration.

Mr. Jean-Denis Garon: I'm going to interrupt you there, if I may.

These businesses need help quickly to be able to deal with tariffs that are causing difficulties right now. Cheques are sent out to help out the auto and satellite sectors. However, for many other sectors, such as the softwood lumber industry, the government seems less quick to help a company survive and grow.

Are you prepared to swiftly implement an assistance program for the businesses that are having to pay these unfair tariffs right now?

Hon. François-Philippe Champagne: Mr. Garon, as I was saying, we have always been there for people in the forestry industry—you know that. I talk to them regularly.

What I was describing to you is not only the current situation but also what we are looking at, in terms of innovation, with a number of manufacturers and people in the sector. I was going to say that we're looking at Finland and Sweden, because we need to push the forest industry towards using resources in new ways.

When I was young, there was a wood pile next door. We chopped up a lot of it, and the resource was transformed—

Mr. Jean-Denis Garon: Minister, I'm going to move on to another topic, with all due respect to the wood pile next door.

These businesses obviously need an assistance program, but, as I understand it, it's not being considered.

I'd like to talk to you about Bill C-27, Minister. You've spoken publicly on this one, so I think we can broach the topic.

You said that this was an important bill that was being blocked by the opposition parties. The committee reached out to you about this. The bill is very clumsy, but it is still an important bill. It has three parts. It's not an omnibus bill, but it has a lot of components.

Even though the government is a minority one, it would be possible to get the ball rolling again by resolving an issue that is contentious here, namely the creation of a tribunal that three opposition parties do not want. You could split the bill in two and replace the tribunal with another solution.

We hear that work is being done. You have spoken publicly on a proposed solution to replace the tribunal. What leadership are you personally taking on this issue?

Hon. François-Philippe Champagne: First, I would like to come back to the wood pile, Mr. Chair. It was to say to Mr. Garon how much I care about the industry—

• (0845)

Mr. Jean-Denis Garon: Mr. Chair, we're no longer talking about wood—

Hon. François-Philippe Champagne: I'm getting there, Mr. Garon. I can't speak any faster. You asked me not to speak too quickly in order to facilitate the interpreters' work.

In closing, I can tell you that I've been tracking the industry for a long time.

I took the liberty of talking about Bill C-27, and I will continue to do so. You'll hear me do it again this afternoon. I'm going to talk about the work of the best researchers in the world, like Dr. Yoshua Benjio, because I think it's a cry from the heart. Commissioner Vestager even said that Bill C-27 was an interesting and necessary framework. Canada is showing leadership at the international level.

I will now answer your specific question about the tribunal, Mr. Garon. I know you're eager to hear my answer.

Mr. Jean-Denis Garon: We're always eager to hear your answers, Minister.

Hon. François-Philippe Champagne: You're going to get one.

It's true that we are examining that. I heard what the opposition parties were calling for loud and clear. The fact remains, however, that in Canada's national interest and beyond the demands of the parties, we have to regulate AI. I'm saying it, the experts are saying it and the industry is asking for it.

I'm proposing that we find a way forward together. I know you're a man of reason, and I know you care about this issue, as is the case with Quebec, but in the interest of the AI ecosystem in Quebec, listen to Quebecers who are telling you that Canada needs a regulatory framework.

We are happy to work with the Bloc Québécois.

The Chair: Thank you very much, Minister and Mr. Garon.

We now go to Mr. Masse for six minutes.

[English]

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

I fortunately have to stay here for the moment. I have a couple of obligations to take care of.

Real quick, on Bill C-27, you were prancing about the Montreal area, blaming the committee for holding the bill up. We've had to

issue a letter to you. I hope you've seen the letter with regard to the concerns expressed.

Do you have anything to report back to us with regard to your position on the tribunal?

I thought that we actually worked fairly well together as a committee to come up with a plan to at least see if we can get over the hurdle of the tribunal.

My question, quite frankly, is, do you regret your public relations strategy of, basically, blaming the committee here for the bill and the problem right now?

Second of all, are you still open to splitting the bill, so we can get the issues related to the one section of the bill through? We may not get the second part, on artificial intelligence, through.

Hon. François-Philippe Champagne: Let me be clear that I do not regret the comments I made, because you should have seen the frustration of Canadians who wanted to see an AI bill. This was part of the science community, experts in the country, and industry. We need to have an AI bill for Canada. My voice was mild compared with what people were telling me we needed in this country.

That being said, Mr. Masse, I'd be very happy and open to looking with you to find a way. I know that in a minority Parliament, it's the art of the possible that we need to reach. I'm glad that you're willing to work with us. As I said, this is not about political parties. This is about Canadians wanting something. It's about experts. I'm not sure if you need to listen to many more people than the father of AI, Yoshua Bengio, who says we need regulation. We want to move from fear to opportunity. In order to do that, we need to build trust and we need to have regulations. I think this is well established across the world. We want to be a leader in responsible AI.

I heard you on the tribunal, and I know your position. I take it to heart, because I trust you and I value your opinion. With my officials, we're looking at ways that could accommodate you and the comments that we received from the Bloc. I appreciate the work you're doing.

Mr. Brian Masse: Okay. Well, again, if we're going to get past this, hopefully there'll be at least some observance of what the committee is actually doing. We are hearing different things as well.

I want to switch topics to EVs really quickly. We're winding down our EV incentive for consumers in this country. Doug Ford cancelled the EV incentive from the Province of Ontario. If you have a Windsor-built minivan, it'll get support from the British Columbia government. It won't get it from the Ontario government, where it's built. In the United States, they have significantly more incentives for EVs.

What's your plan to deal with this in terms of lowering costs for consumers with regard to the EV incentive? That's one thing that has been uniting the industry, the workers and so forth. What's your plan to deal with that?

Hon. François-Philippe Champagne: I appreciate the comment, Mr. Masse. I'm glad that Windsor will now see a rebirth like never before with the Stellantis investment and that we have given hope back to a community, to thousands of workers. Windsor will be the centre of the rebirth of the automotive sector. I'm pleased to see what we've done with Stellantis.

Now, to your question, obviously it's good to work on the industrial side to make sure that we build these electric vehicles in Canada, but we need to work on adoption. I think that's what your point is. We need to make sure that we have adoption. We've seen what's going on in the United States. We've been working with provinces. I would agree with you that governments—that's governments with an "s"—still need to work to make sure we have greater adoption. We have the opportunity of a lifetime to be front and centre of the automotive industry in the 21st century.

I'm glad to say, Mr. Masse, that a lot of that will be in Windsor. I know you had that at heart with the unions to work with us to make that a reality. The fact that Stellantis will probably be the first plant that will be fully built should make us rejoice. This is a tangible outcome of our outreach to them, and investments, but it also means opportunities and possibilities for workers for generations to come.

• (0850)

Mr. Brian Masse: Specifically, though, is it not a little humiliating in the sense that the U.S. government right now, the federal and also most state governments, support building an EV vehicle in Windsor more than your current government and other provincial governments? The incentives don't line up. They're quite significantly smaller, and you're sunseting those investments.

Specifically, is your government out of providing an incentive for the purchasing of EV vehicles in Windsor and other domestic players?

Hon. François-Philippe Champagne: I would say, Mr. Masse—I know members are interested—I think we have made historic investments in the automotive industry. I think very few people would disagree with that. What we had to do at the time was to make sure that we had a level playing field with the United States and make strategic and targeted investments to make sure we landed these big investments. You will remember, Mr. Masse, that you and I were talking about whether these investments would ever come to Canada. Now we have landed north of \$40 billion of investment, a fair amount in Windsor.

As I said, the federal incentive program is still in place. We have been there with the manufacturers to make sure that Canada gets its fair share. You will remember that when I started, Mr. Masse—you've been following that industry for a long time—there were commentators who were wondering if that was the end of the industry. Now people are talking about the rebirth of the industry for 100 years. What we have achieved together is quite remarkable. That's the strength of Canadians, of workers, of our sheer will to do

great things together. I hope Windsor will inspire the nation on what we can do together.

[*Translation*]

The Chair: Thank you, Minister

Thank you, Mr. Masse.

It's over to Ms. Rempel Garner. Please go ahead.

[*English*]

Hon. Michelle Rempel Garner (Calgary Nose Hill, CPC): Minister, your government has given billions of tax dollars to Telesat, a low-earth satellite Internet company that has no low-earth satellite Internet network and connects no one to the Internet. You said that the reason you gave a satellite Internet company that has no satellite network and connects no one to the Internet billions of tax dollars since 2019 is because it promised to connect Canadians to the Internet in 2024. It's 2024. Is it fair to say that zero Canadians are connected to the Internet via Telesat Lightspeed?

Hon. François-Philippe Champagne: Well, Ms. Rempel, it's a delight to be in front of you this morning.

For the folks watching at home, because there are many, I just want to say that we have not "given".... We've provided loans. Canadians understand the difference between a grant and a loan. A loan you make money on. We're making money on the loan we've provided to Telesat, which is really what Canadians.... They're making money on that.

Hon. Michelle Rempel Garner: Thanks, but you've given billions of dollars, so it's fair to say that you gave money to a satellite company that doesn't have a satellite network to connect people to the Internet and zero people are connected to the Internet with those billions of dollars. It's zero, isn't it? That's the number of people who are connected, after billions of dollars.

Hon. François-Philippe Champagne: If you look at the evolution of LEO satellites in the world, you will see that you first need to raise the money so that you put them in orbit. Then you provide connection. It's the same thing, by the way, with all the American firms that did that with federal funding.

What we're saying is that we're using our balance sheet by giving a loan. We're not "giving" it. We're lending money, so we're making money on that to provide the network, so that we can connect people.

Hon. Michelle Rempel Garner: It's a great point, though, because you say that you've "loaned" it money. You loaned it money in 2021, and again, it had no satellite network. It said that it would connect people to the Internet by 2024—about 40,000 people, I think—but no people are connected to the Internet. You just gave it \$2 billion more.

I mean, call me crazy, but why would you give more money to a satellite Internet company that doesn't have a satellite network to connect people to the Internet when it hasn't connected people to the Internet?

Hon. François-Philippe Champagne: Well, it's very, very simple. First of all, giving and lending are different. Canadians know this, because they pay interest on loans. In this case, the Government of Canada didn't give anything. We loaned money; we make money. The Government of Canada makes money.

The way you do it is that first you lend money to a company. It's the same thing in the United States, by the way. I can go to all the companies that have launched satellites if you want. I'm happy to do that.

• (0855)

Hon. Michelle Rempel Garner: No, no, no. I just have to say, you have a great pitch.

Hon. François-Philippe Champagne: You put the satellite, and then you provide communication. That's how it works.

Hon. Michelle Rempel Garner: Then it's like you're giving people tax dollars to make money, yet the company doesn't have satellites and doesn't sell Internet to Canadians, so how would it pay it back?

Hon. François-Philippe Champagne: Let me—

Hon. Michelle Rempel Garner: No, no, no, it's okay. I want to go back. How many people are connected to the Internet today, after all of these billions of dollars? It's zero; isn't that right?

Hon. François-Philippe Champagne: Let me start that back.... It's very simple. You lend money, so the government makes money. You lend money to a company. The company puts the satellite in orbit, and then you provide communication.

Hon. Michelle Rempel Garner: Is this what the company told you?

Hon. François-Philippe Champagne: It's exactly what happened in the United States. The alternative is to outsource that to foreign firms. Canadians don't want to outsource their national security, so that's why we're going to be doing exactly that.

Hon. Michelle Rempel Garner: That's a great point; it's a foreign firm. This company that you gave billions to is 36% owned by an American fund. Actually, according to American filings, American investment funds own about 63% of it. The board chair is American. Is that what you define as Canadian?

Now you're paying an American fund that doesn't have satellites to deliver Internet services, and it hasn't connected anyone to the Internet. You bought its pitch, because you're giving me its pitch. You just gave it more money, and it hasn't connected anybody to the Internet.

Hon. François-Philippe Champagne: Listen, I love that discussion.

I guess, Mr. Chair, maybe we can have experts come here to explain a loan and a grant. They're kind of different things.

The Government of Canada did not give anything. The Government of Canada is making money from a company because you use

your balance sheet by borrowing at a lower rate and lending at a higher rate. Canadians are making money—

Hon. Michelle Rempel Garner: They're not selling any products, though, right?

Hon. François-Philippe Champagne: —and we're going to be making two satellites per day in Canada. The largest satellite factory in the world is going to be in this country. You should be celebrating Canadian innovation, Canadian manufacturing, Canadian workers. We're going to lead the world.

Hon. Michelle Rempel Garner: However, you're not concerned about giving money to a company that has launched no satellites after five years and has connected no one to the Internet. This suggests that it can't make any profit to pay back the loan, but I digress.

Part of this loan.... You're actually giving money to Elon Musk's company, SpaceX, to launch these non-existent satellites. Why are you okay with giving Elon Musk's company all of these millions of dollars but not allowing or encouraging Canadians to access existing satellite services with other companies? It's all going to American companies. I mean, God bless America, but you—

Hon. François-Philippe Champagne: I'm trying find.... I happen to know that you criticized me at the time with Elon, but now you're criticizing me for favouring a Canadian company, so—

Hon. Michelle Rempel Garner: No, no, I'm just saying what you said in the media.

Hon. François-Philippe Champagne: —I'm criticized on both sides now. I'm just trying to get it.

Hon. Michelle Rempel Garner: No, no, no, you're going on both sides here.

I'm just trying to clarify. You're giving billions of dollars to a company that doesn't have satellites and has connected no one to the Internet, because it's a Canadian company. However, it's owned by Americans, and it's launching satellites it doesn't have with Elon Musk's company. This is a good deal for Canadians, is it?

Hon. François-Philippe Champagne: Listen, I love that discussion, sir. Do I have time to answer, Mr. Chair?

The Chair: Yes.

You're out of time, Ms. Rempel Garner, but I'll let the minister respond for about 30 seconds.

Hon. François-Philippe Champagne: Canadians watching at home, we're giving nothing. We're providing a loan. We're making money from the company. The company is going to launch 198 satellites to provide communication to ensure the national security of Canadians.

At the same time, we should be happy. We'll have the largest satellite factory of its kind in the world. We'll be producing two satellites per day in this country. Workers, the industry...everyone is rejoicing that Canada is going to lead in the aerospace industry of the 21st century while we're going to be making money for Canadians.

[Translation]

The Chair: Thank you.

Mr. Van Bynen, you may go ahead for five minutes.

[English]

Mr. Tony Van Bynen (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

The purpose of this meeting is to talk about your mandate letter, Mr. Minister. While some members here are still debating whether or not climate change even exists, the rest of the international community is pivoting towards a net-zero economy. We know there are tremendous environmental and economic risks associated with inaction on the climate file, but there are also tremendous economic opportunities available to countries that are willing to be ambitious and to seize this unique moment.

Your mandate letter includes a direction “to create more jobs and achieve long-term economic and industrial transformation towards a low-carbon future”. Why do you view this as an essential part of promoting Canadian innovation and productivity?

Hon. François-Philippe Champagne: If you look at the state of the world, there are two megatrends in the world: decarbonization and the digitization of the economy. With regard to decarbonization, I think we're doing very well. We've attracted record investment, for example, in aluminum. Actually, the smelter of Rio Tinto in Saguenay—Mr. Généreux and Mr. Garon would know very well where it is—today is going to be providing green aluminum to the BMW and Audi plants in the United States, so we should know. It's in Quebec, so you should be proud that the smelter will be providing green aluminum to the North American auto industry.

We're doing the same thing in steel. Just yesterday, I was with Dofasco, and we were talking about its plan to green...and to reduce CO2 emissions by millions of tonnes. Do you know why that matters? It's because, in the world of the 21st century, the economies that decarbonize are going to win. You don't need to take it from me. Just look at, for example, the CEO of Mercedes-Benz. The CEO of Mercedes-Benz has been very vocal that by 2039 he would give you a certificate of zero carbon in a car if you were to buy one of his cars. That means that the whole industry is going to decarbonize. Those who invest in green mines, electric mines, green steel and green aluminum are going to win in the economy of the 21st century.

That's what we did with batteries, as well, to build an ecosystem where we're going to be able to supply the economy of the 21st century, which is going to be decarbonized. At the same time, we've been investing in the digital economy, because we understand that the role of AI in quantum is going to be fundamental.

I would say that Canada has never been in a better position, because in this world where you need to decarbonize and digitize with more automation, robotization and productivity, which are going to be linked, that brings prosperity. If you look at the scheme, these two megatrends are bringing prosperity and addressing productivity in this country. That's why I'm saying that the investments we've made are going to create and sustain jobs and are going to put Canada in a place to win in the economy of the 21st century. I think that's one of the greatest achievements, because the responsibility

of members here is not just to care for today. We also need to plan for tomorrow and for the years and decades to come.

I think that we've been able to seize a generational moment, which happens only once in a lifetime. Where do you have breakthrough technology like AI and quantum? Where do you shift after 100 years of how you've been making cars to another way of making cars? The way we could have done it is to step back, but the way we did it is to be ambitious, to seize the moment. I remember that yesterday the president of Shopify said that what he wishes for is a more ambitious Canada. I say that at every speech I give. I say to seize the moment and to be ambitious. That's what we need to do. That's why we are, and that's why we win.

● (0900)

Mr. Tony Van Bynen: We talked about digitization, artificial intelligence, etc., but properly harnessed and regulated, artificial intelligence has the potential to be one of the greatest technological transformations of our age, and the emerging Canadian ecosystem is one of the best in the world.

From your conversations with experts, stakeholders and others, what is their vision of how Canada can continue to cement its position as a responsible global leader in AI?

Hon. François-Philippe Champagne: Well, I'm happy you asked the question. By the way, Canada was the first country in the world to have a national AI strategy. We were also the first to have a national quantum strategy. We were the second in the world to have a voluntary code of conduct on AI, and obviously, we were, I think, the first or the second jurisdiction in the world to introduce a bill to regulate AI. I think that's what members of this committee care about.

We need to move from fear to opportunity, and in order to do that, you need to build trust in society. The way you build trust is through regulation, so that people understand what AI is going to do for them and that we're not going to let the genie out of the bottle. We're going to make sure that whatever innovation there is will be responsible and in service of humanity.

Canadians want to be in the forefront of innovation—I'm going to be at one of the biggest summits a few hours from now, in Toronto. At the same time, they expect us as regulators, as legislators, to make sure that it's responsible, that it's going to serve them and serve humanity, and that there are guidelines. That's what I hope we can achieve with this committee.

Mr. Tony Van Bynen: Thank you.

[Translation]

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

Thank you, Minister.

Mr. Garon, it's your turn for two and a half minutes.

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

Minister, you said earlier you didn't regret your comments that the opposition parties were holding up Bill C-27. You also said that the industry was getting frustrated, that it was even angrier than you are. I take it you care about what the industry and civil society have to say.

When it comes to AI, copyright is another issue, specifically reform of the Copyright Act, which is full of holes. No copyright reforms have been proposed in relation to AI. There are groups of stakeholders who want to sit down with you and have their voices heard on the issue of copyright enforcement for visual productions and the copyright exceptions for universities.

I realize that you don't regret your comments, but it's as though one of your ears is a bit more blocked, depending on who's doing the talking.

When will we see Copyright Act reforms?

• (0905)

Hon. François-Philippe Champagne: First, I want to say that we are looking closely at copyright issues as they relate to AI. I agree that we have to protect copyright. That applies not just to Canada. It's a best practice internationally.

Look at it as a heartfelt plea. I know the committee may have felt targeted, but it was a heartfelt plea.

Montreal is home to companies such as Mila and Scale AI. When we get an opportunity to meet with experts and researchers like Yoshua Bengio, we have to listen to them. Frankly, if there's anyone we should be listening to, it's him, in my view. He's an expert not only in Quebec, but also internationally. He's also on the UN Secretary-General's Scientific Advisory Board.

Mr. Jean-Denis Garon: Minister, I have only a minute left.

Hon. François-Philippe Champagne: I think we need to listen to him. When someone like him is giving us guidance, we know which direction to take.

Mr. Jean-Denis Garon: I know you understand how valuable our time is.

I asked you a question about reform of the Copyright Act the last time you appeared before the committee. You said that you were working on it, that you were consulting the stakeholders and so forth.

I want to believe you, but when we talk to the groups who are trying to meet with you and make you understand the issue, they tell us they don't get the feeling that progress is being made.

I appreciate that your making a heartfelt plea, but you are the minister. As minister, you can also bring forward bills. Anyone can make a heartfelt plea. Forty million Canadians can do the same. When it comes to introducing legislation, though, you're the person who can do that. You set the agenda. If we're here again in 10 years, will we get the same answer?

Hon. François-Philippe Champagne: I introduced Bill C-27. All you have to do is look at the pace at which things are moving. Sometimes you have to put out a plea and mobilize civil society—

Mr. Jean-Denis Garon: Bill C-27 doesn't amend the Copyright Act, Minister.

Hon. François-Philippe Champagne: No, but you were asking me whether it counted.

Mr. Jean-Denis Garon: I asked you about copyright.

Hon. François-Philippe Champagne: Society's heartfelt plea matters.

On the issue of copyright, I've always said that we need to take into account the interests of both sides. I'm just as attentive to the education sector as I am to the copyright community. As we've always said, we are examining the issue carefully. I meet with a lot of people, and a lot of things have to be done at the same time.

That said, I am listening, and I'm trying to find the right way to move forward on a complex issue.

Thank you for raising it.

The Chair: Thank you, Minister.

We now go to Mr. Masse for two and a half minutes.

[English]

Mr. Brian Masse: Mr. Minister, one of the key elements to investment is infrastructure redundancy. We have the Gordie Howe bridge coming online very soon. As you know, the Ambassador Bridge will be allowed to carry hazardous material from the state of Michigan over the bridge, which has the fire department opposed, the police association, the CBSA union, the City of Windsor, other businesses and so forth. The hazardous material will require extensive interventions, including escorts to get across the bridge, but this can actually be done safely in months to come on the Gordie Howe bridge.

I've raised this to you. What have you done since then? This will actually deter investment into Ontario. One leak alone on the Blue Water Bridge shut down the bridge down for nine hours. That was just a leak, and they had the proper containment systems in place.

What is being done, with this October deadline coming up, with regard to haz-mat, environmentally and also economically?

Hon. François-Philippe Champagne: Mr. Masse, I want to thank you for raising this very important issue. I know that you asked a question in the House. I think we owe you a more fulsome answer. I will say that to you this morning.

I talked to my deputy minister to make sure we work with Transport Canada. As you know, it's more a Transport Canada issue in terms of regulation, but I know you're raising something important. I know you're raising something that requires attention.

You also mentioned Gordie Howe. I want to thank you as well, because you were with me at the time when I was, I think, Minister of Infrastructure, to make sure that we have communities on both sides of the border and to seize the moment of that project and create something that I think the community is happy with. This will be the largest crossing in North America.

On that, Mr. Masse, I was saying to the deputy minister that we should come back to you with the civil service to make sure we provide you with a more fulsome answer on the very important topic you've raised this morning.

Mr. Brian Masse: Okay. I appreciate that, and that's fair and fine, but the deadline is coming.

Again, the toxic materials are not just in regard to the danger to the environment and ecosystem. They also will complicate bridge traffic in operations for just-in-time delivery of various industries.

With that, thank you.

• (0910)

The Chair: Thank you, Mr. Masse.

We have about five minutes left. I'll split it between the Conservatives and the Liberals. Two and a half minutes each will go to both Mr. Perkins and Mr. Badawey.

Mr. Perkins, the floor is yours.

Mr. Rick Perkins: Thank you, Mr. Chair.

Minister, the CEO of Telesat, who is a close personal friend of the new Liberal finance minister, Mark Carney, was given over 800,000 shares in Telesat in 2021.

Are you aware of that?

Hon. François-Philippe Champagne: I don't understand your question. You're referring to people who don't have the capacity that you referring to.

Mr. Rick Perkins: You don't understand that the CEO was given 800,000 shares of his own company...?

Hon. François-Philippe Champagne: I do not understand the comments you made before about the finance minister.

Mr. Rick Perkins: I'll move on, then, since you don't seem to be aware of the CEO's compensation when you gave him \$2 billion recently.

Are you aware that because of your announcement and the stock appreciation, he has another 360,000 shares that are now in the money? The total of all that value is \$21 million that's gone up for the CEO, Daniel Goldberg, since your announcement.

Are you aware of that?

Hon. François-Philippe Champagne: You know, about the CEO, I would hope that you care as much about the workers for whom we are providing a future in building two satellites a day. You focus a lot on one person as opposed to on workers in the industry, Mr. Perkins. I think you should see that as a way for us to protect national security. For you not to acknowledge that we are going to have a whole network of LEO satellites in Canada....

I think Canadians watching at home are wondering why you would focus on one and not on them.

Mr. Rick Perkins: I'm sure they're wondering why Liberals are enriching themselves to the point of \$21 million on a company that isn't paying back any of the \$5 billion of loans that you've given them. When you made this latest \$2-billion bailout announcement, you said that it was making the sector flourish, but isn't it really just making carbon tax Carney and Liberals' bank accounts flourish?

Hon. François-Philippe Champagne: Mr. Perkins, I have a lot of respect for you, because you're a man of honour, but I don't think Canadians and democracy are well served by comments like that and by saying things that are not factually correct, sir. I think Canadians watching at home—

Mr. Rick Perkins: I don't think it's well served by Liberals—

Hon. François-Philippe Champagne: I respect you—you're an honourable member of this House—but I don't think spreading things like you're doing now and the lies are helping, sir.

Mr. Rick Perkins: —enriching themselves at your government's expense and taxpayers' expense.

The Chair: Mr. Perkins, let the minister answer. The general rule is that we give as much time for the answer as it took for the question.

Minister, you still have a few seconds left, and then we'll—

Hon. François-Philippe Champagne: I am happy to answer any questions, sir, but I think every member in this House, me included, should be honourable and think that we're here to serve democracy and Canadians. Spreading facts that are not accurate is not helping democracy.

Mr. Rick Perkins: Being honourable is answering the questions when you're asked in a parliamentary committee, and you're not answering our questions.

The Chair: Okay, Mr. Perkins, I would also appreciate.... I've heard comments referring to people by some sorts of funny names.

Hon. François-Philippe Champagne: We're not in kindergarten.

The Chair: This is for a playground or the House of Commons, but not for the committee, okay? I would appreciate it if we stuck to more decorum in this committee.

MP Badawey.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chairman.

Minister, the Prime Minister and you recently made a \$1.6-billion announcement on an investment in the city of Port Colborne. Asahi Kasei Corp. is a leading supply chain partner with Honda. My question is going to lead to and go a bit more in depth with respect to supply chains, both binationally and internationally.

Can you speak about the investments that you and your team are making to strengthen productivity, as well as about superclusters—like the EV superclusters across the country—as in the announcement that was just made in the city of Port Colborne?

The coordinated and strategic approach you have taken has led to strengthening regional integration; enhancing cross-border coordination, as well as resilience and competitiveness; a bilateral approach, sometimes even leading to an international approach; strengthening the resilience of supply chains; diversifying sources; joint capital investments; a coordinated binational strategy that encourages joint investments in, for example, transportation, technology, workforce development, and environmental and trade standards; an opportunity to harmonize environmental and labour standards within our supply chains; and finally, future-proofing against disruptions, focusing on creating contingency plans and adopting frameworks to ensure that not only our country but also the countries that we partner with can respond quickly to unforeseen challenges.

Hon. François-Philippe Champagne: I just want to say thank you.

All of those watching, you've been instrumental in landing that big investment in Port Colborne. I'm glad to see Port Colborne as part of the big supply chain we've built.

You have also reminded me of something in my role as co-lead of Canada-United States engagement. There are three things that always come to mind when you talk to our friends down south and that really matter for Canada.

The first thing is security. I think today was a lot about that, and I'm happy about the question from the Conservatives because it highlighted the investments we've made to protect our national security, to protect the north and the Arctic. I can tell you that this resonates with our American partners.

The second thing that I would say resonates with our American partners is supply chain resiliency. Coming out of COVID, those global supply chains are becoming more regional. I remember recently being with one CEO in the United States who said, “Do you know what I like about you in Canada? If things go wrong, I can truck stuff to Canada. If it goes really wrong, I'll put it in the back of my car.” That just highlights the role of the key strategic supply chain that we've built between Canada and the United States.

It is the same thing for semiconductors. Canadians should be proud that 80% of all the semiconductors manufactured in the United States—packaged and tested in North America—are packaged and tested in Canada; it's 80% of all of them. That is the strategic nature of the supply chain we have.

The last thing is a growth agenda for North America. I can tell you that this is bipartisan. When I talk to Republicans, they say, “We love you. You talk business.” When I talk to Democrats, they say, “We love you, because you're aligned on policy.”

What you are highlighting is, I think, what we have been able to achieve as Canadians. It's not about me. It's about us, as Canadians, and what we have achieved, thanks to your work as the members of this committee, the work of parliamentarians and this government.

We have seized the opportunity of a generation, and now who is benefiting? It's communities like Port Colborne. It's Mr. Masse from Windsor and our colleague Irek from Windsor. It's communities like St. Thomas and like Baie-Comeau, in my neck of the woods. You're changing the industrial landscape of this country. It's never going to look the same, because we seized the moment and the opportunities.

I so wish—because I know my time is over, Mr. Chair—that this could be a whole-of-Parliament thing. I wish the Conservatives would realize, as well, that we're building the country of the future, that we're investing in workers and that we're lending historic investment. We should celebrate Canadian companies. We should celebrate Canadian workers, and we should celebrate what Canada has been able to achieve. That's what Canadians expect from us.

● (0915)

Mr. Vance Badawey: Thank you, Minister.

[*Translation*]

The Chair: Thank you, Minister, for making time to meet with the committee and answering our questions. Thank you as well to the officials joining you this morning.

We're going to suspend briefly. We'll have just the department officials with us for the second hour.

● (0915)

(Pause)

● (0920)

The Chair: We are now resuming the meeting.

Remaining with us for the second hour of today's meeting are Mr. Tessier, Mr. Bilodeau and Ms. Gregory, from the Department of Industry. They won't be making an opening statement, since the minister already gave one.

[*English*]

I will yield the floor to Mr. Patzer for six minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much, Chair.

I'll start off the top here with this. The minister indicated that we will be making loads of money off this loan that we gave to Telesat. The loan was in 2021. It's now 2024. How much money has the Government of Canada made in that loan payback plan?

Mr. Francis Bilodeau (Acting Deputy Minister, Department of Industry): Our funding to date for Telesat includes a contribution under SIF, which was \$85 million. It includes a \$600-million prepurchase agreement, where nothing has been paid so far. It includes a recent loan in the amount of \$2.14 billion—

Mr. Jeremy Patzer: Yes, but the \$600 million and the \$85 million were in 2019. That's not what I asked about. That's a contribution agreement. There's a loan for \$800 million. He was saying, oh, it's at 2%, and then we're loaning it at 10%. He said we'll make money on that.

How much money has the Government of Canada made in the three years since that loan in 2021 was given out?

Mr. Francis Bilodeau: I'd be happy to come back directly to provide the committee with all details of the financial agreement with Telesat.

Mr. Jeremy Patzer: Okay. Can you please table with the committee a month-by-month repayment plan of that loan?

Mr. Francis Bilodeau: We'll provide information on the loan and the details and the repayments, yes.

Mr. Jeremy Patzer: Okay. Thank you very much.

When did the negotiations or when did the conversations around this 2024 loan begin? It's the one that was just announced here the other day. When was that process initiated?

Mr. Francis Bilodeau: We've had ongoing discussions with Telesat for a while. I would say that we've been engaging in discussions around our financial support for a number of years, including way back into the SIF agreements. The more fulsome negotiations around the potential loans would have been over the last several months.

Mr. Jeremy Patzer: Specifically on the \$2.1 billion, did that start only in the last couple of months?

Mr. Francis Bilodeau: We have an ongoing relationship with Telesat through a number of funding agreements. We've had insights into their finances for a number of years. We've had insights into the relationship for a number of years, but wholesale negotiations around the loans would have been over the last several months.

Mr. Jeremy Patzer: You must have had formal negotiations with Telesat on the \$2.1 billion—yes or no?

Mr. Francis Bilodeau: The department was active in discussions with Telesat to get to the loans, yes.

Mr. Jeremy Patzer: When did that begin? It's specific to this one. I know there's a long-standing relationship. That's not what I'm asking about. Specific to the \$2.1 billion, when did that begin?

● (0925)

Mr. Francis Bilodeau: I don't have an exact date. I can tell you that it's been several months. I can come back to you if we have an exact date. Again, it's an evolving discussion and relationship with a strategic company for Canada.

Mr. Jeremy Patzer: Can you table that information with the committee as well?

Mr. Francis Bilodeau: We can provide information on our discussions and negotiations with Telesat.

Mr. Jeremy Patzer: Thank you very much.

How many homes will be connected to the Internet because of these loans and these investments?

Mr. Francis Bilodeau: The investment is in the strategic capacity for Telesat. In terms of the objective of the relationship with Telesat, certainly there's an element that is about connecting homes, but as the primary government instrument for connecting homes around the UBF and the \$2 billion in investments being made, the objective is—

Mr. Jeremy Patzer: I'm sorry. I'm going to interrupt you, just because I do have limited time.

There must have been a cost-benefit analysis done. We're connecting homes. We're investing this much money. What was the cost-benefit analysis that was done on the investment for connecting people to broadband, connecting homes? What was that cost-benefit analysis? Do you have that?

Mr. Francis Bilodeau: We have a number of analyses that were done. Obviously, in this case, the sole objective of this investment is not only to connect homes but to build a strategic capacity in Canada with a Canadian company.

We have other investments, including a \$600-million prepurchase agreement, where no money has been paid, that will connect homes at the rate of Telesat. No money has been disbursed out of that one.

Mr. Jeremy Patzer: Okay.

When it comes to some guardrails that maybe would have been put in place regarding billions of dollars in loans, are there executive compensation restrictions for executives at Telesat while these loans are outstanding, just to make sure that any taxpayer money is specifically going to a deliverable rather than to an executive compensation package?

Mr. Francis Bilodeau: Some of the details I can't necessarily provide, because they would be considered confidential. There are a number of covenants within any of our agreements, including requirements for investments to be in Canada and to remain in Canada, and for the company to stay in Canada.

Mr. Jeremy Patzer: With regard to executive compensation agreements, though, are you telling me that these executives could potentially be lining their pockets with taxpayer money? Did you not put a guardrail in place to make sure that taxpayer money is going only to deliverables and not to executives?

Mr. Francis Bilodeau: Our investments are based upon the investments that have to be made by the company.

Mr. Jeremy Patzer: Is that to the executives or to the deliverable?

Mr. Francis Bilodeau: There are a number of guardrails within the agreement. I can come back to you on what is shareable or not, including—

Mr. Jeremy Patzer: Yes. Please do. I would appreciate that.

Very quickly, when do you expect the Northvolt plant in Quebec to be operational?

Mr. Benoit Tessier (Director General, Automotive, Transportation, Digital and Industry Skills Branch, Department of Industry): Thank you for the question.

Essentially, as communicated by the company, there's a strategic review being conducted by the company in Europe. The company is assuring us that the start of production date in Canada will not be affected. Therefore, the start of production date is planned for 2027.

[Translation]

The Chair: Thank you, Mr. Patzer. You're out of time.

Mr. Arya, go ahead.

[English]

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

I'll start with the mines to mobility strategy. There's a lot of interest in Canadian critical mining exploration and production, with even the U.S. Department of Defense in the Pentagon investing in some exploration companies. We hear quite a bit about battery manufacturing companies. We hear about electrical vehicle manufacturing companies. However, one key thing in the chain that is not highlighted or discussed more is the mineral processing, which is, in my view, the most critical of the entire mines to mobility strategy. China today controls 70% to 90% of the mineral processing.

Are there projects you can highlight in this strategy that you have specifically for that segment of the value chain?

Mr. Francis Bilodeau: Yes. Absolutely. The department, primarily through the SIF, is making significant and important investments in critical minerals. Those include, for example, E3 Lithium, who received \$27 million to demonstrate the viability of the extraction of lithium from Alberta; Rio Tinto, \$220 million for critical minerals projects in Sorel-Tracy; and then, to your point on refinement, \$37 million for battery-grade nickel sulfate and processing nickel pellets and rounds in Vale in Bécancour.

It is a very focused—

• (0930)

Mr. Chandra Arya: I'm sorry. You're giving a lot of numbers. Are all the numbers you're mentioning related to mineral processing only?

Mr. Francis Bilodeau: The Vale investments would be around processing.

Mr. Chandra Arya: Okay. If you could please provide that information later in writing, I would really appreciate it.

International free trade, as we know, has blown up. It is dead now. We are talking about nearshoring, friendshoring and the emphasis on self-reliance. When we talk about self-reliance in the North American context, we talk about Canada, the U.S. and Mexico.

Do you think we have to come up with a comprehensive industrial policy that addresses self-reliance needs in the changed globalized trade environment?

Mr. Francis Bilodeau: I think there has been significant action and investments around industrial policies, around areas that are deemed of strategic importance. One potential example is around semiconductors, where there has been a realignment of the global supply chains and where there have been investments by the Government of Canada to shore up our capacity. The minister highlighted significant investments in EVs. You've also mentioned critical minerals, so there have been concerted actions by the government in areas that are deemed both promising and important for the future, important for our supply chains—

Mr. Chandra Arya: I understand that. I'm sorry to interrupt, but I have limited time. I was actually talking about a comprehensive industrial policy. Anyway, let's move on.

With regard to Telesat, providing Internet services and other communication things to northern parts of Canada is important, not just for helping the indigenous communities get access to Internet and broadband, but also from a defence point of view. There are two things. Can you highlight the importance of the investment we are making in Telesat from the northern defence point of view, especially with climate change opening up the Northwest Passage? It has been very critical to Canada for what we call ISR—intelligence, surveillance and recognizance—in the north. How can this investment help in that regard?

Mr. Francis Bilodeau: Obviously, there is significant global interest in investments in low-earth orbits. The investments in Telesat specifically will help connect the north. Pre-purchasing and pre-connecting or making commitments of up to \$600 million to connect through Telesat is intended to connect the north. Building up the technology will be an investment in strategic capabilities, and that's augmented, as I mentioned earlier, through significant investments—actually probably the most significant investments by the Canadian government in connectivity—through the \$2-billion UBF program, through which it is intended that 98% of Canadians will be connected by 2026 and 100% of Canadians by 2030.

Mr. Chandra Arya: Okay. There was mention of the guardrails when it comes to financing Telesat—legitimate questions, I should say. However, at the same time, how are you ensuring that the company will continue to be majority Canadian-owned? Why is it that after getting the financing and after developing technology, it gets sold out to foreign entities?

Mr. Francis Bilodeau: There are strong provisions within all our agreements, including with Telesat, that would preclude the transfer or selling of a company to other nations or the transfer of that technology, and those would include repayment provisions.

Mr. Chandra Arya: Okay.

Quickly, with the limited time available.... With regard to the steel and aluminum sectors, all the companies in the steel and aluminum industries are foreign-owned, and there has been no increase in installed capacity within the steel industry or the aluminum industry except for a small smelter. There has been no increase in installed capacity for the last 20 years. However, we continue to protect the steel industry from competition, and there are no more Canadian-owned companies. Where, then, is the growth coming from? If you look at the number of workers working in the steel and aluminum sectors, it has actually come down during the last 20 years. Where is the growth going to come from whereby we can use Canadian natural resources, Canadian talent and Canadian technology to grow?

• (0935)

Mr. Francis Bilodeau: Thank you, sir. I think that's an excellent question.

I think part of the government's suite of programs has intended to focus in on areas where we see the highest potential for growth, in addition to general support programs. The government has made significant investments, for example, through the clusters in areas like next-generation manufacturing and the protein industry. The minister highlighted a significant number of investments through programs like the SIF in places like EVs.

In addition, through things like the national shipbuilding procurement strategy, we're also making significant investments, and the government is making significant investments in building up capacity and jobs around shipbuilding. There have been a number of investments intended to grow sectors that are strategic or viewed as strategic for Canada by the government, and to grow our economy through those.

[*Translation*]

The Chair: Thank you.

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

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

Thank you to the witnesses for being here.

Mr. Bilodeau, we were told that, in recent months, Innovation, Science and Economic Development Canada had taken away certain bands of the radio frequency spectrum from small Internet service providers, specifically in the Mauricie region, where the minister is from. With those bands, small businesses were able to provide Internet service to people in rural areas.

We were also told that those radio frequency bands were awarded to larger telecom companies as part of the auction process. As a result, small Internet service providers, more or less the only ones providing Internet service in rural areas like the Mauricie region, could be forced to stop serving those areas.

The member for Berthier—Maskinongé brought the matter to my attention.

Were you told about this, Mr. Bilodeau? How can the department decide to redistribute a portion of the radio frequency spectrum through auction?

Also, is regional Internet coverage at risk, in your view?

Mr. Francis Bilodeau: I would say that the government's policy thus far has been to award spectrum licences through auction. Generally speaking, some are set aside for smaller providers to allow for competition.

I'm not aware of the specific issue you're talking about. Overall, our goal is to award spectrum licences in a balanced way in order to bring down costs and maximize coverage. We also want to encourage companies to build infrastructure.

Mr. Jean-Denis Garon: I could send you the details of one specific case privately, so you have more information. It's up to you to follow up.

Mr. Francis Bilodeau: Feel free.

Mr. Jean-Denis Garon: All right.

I'd like to talk about the aerospace sector. In my riding of Mirabel, an important company, L3Harris, provides maintenance services for military aircraft.

Obviously, I know that what I'm going to ask you falls under the Department of National Defence, but I know that the Department of Industry has positions on certain issues internally. For instance, an issue came up in the past relating to titanium, which fell under Global Affairs Canada.

L3Harris has an opportunity to grow significantly and become an even larger player in the aircraft maintenance sector in North America and the aerospace cluster. For that to happen, though, the Government of Canada has to submit an application, through the Department of National Defence, so that Canada can get a regional maintenance centre. It would maintain Canada's F-35s, which are coming, and those of the U.S.

Has the department followed up on that, and does it have a position on the matter?

Does the government intend to submit the application so we don't miss out on the opportunity? We're being told that time is running out.

Mr. Francis Bilodeau: We are very aware of that opportunity.

When it comes to military procurement, our department works very closely with Public Services and Procurement Canada and the Department of National Defence to ensure that opportunities are available to Canadian industry.

• (0940)

Mr. Jean-Denis Garon: Can we expect a happy ending for Mirabel?

Mr. Francis Bilodeau: I think it could be a great opportunity for Canada's industry. I'll leave it at that.

Mr. Jean-Denis Garon: I understand.

I'd like to talk a bit about Bill C-27. It was put on hold for two weeks so we could have a few meetings and conversations.

I've said many times, both publicly and privately, that the talks have stalled over the new tribunal. I reread the transcripts of the meetings that were held. Department officials came before the committee and said that the new tribunal was needed. One of the reasons they gave was that the Privacy Commissioner lost 70% of the cases that were heard by the Federal Court.

However, we learned things, somewhat informally, about the cases in question. The information the committee heard, which undermined the commissioner's credibility, was based on seven cases. In the four cases that the commissioner lost, the court's decisions had to do with jurisdiction, not merit.

Can you comment on that? Can you give us more information on the assertion that the commissioner isn't very successful in cases that go before the Federal Court, in other words, that the commissioner is not doing a good job?

Can you tell us exactly what calculations the department did to arrive at that assertion?

I'm having trouble understanding how come department officials, and sometimes the minister, indirectly, seem to want to undermine the credibility of an organization seen as important.

Mr. Francis Bilodeau: I can assure you that the department has the utmost respect for the important role of the commissioner.

With respect to the role of the tribunal, it endeavours to strike a balance. The tribunal model has been adopted in situations involving other commissioners, including the commissioner of competition.

Thank you for raising the matter.

Mr. Jean-Denis Garon: Can you give us the details of your internal calculations, if you have them, regarding the assertion that the commissioner loses 70% of cases?

Mr. Francis Bilodeau: I'm not aware of that information.

Mr. Jean-Denis Garon: I didn't expect you to be familiar with the details, but it's something witnesses told the committee, so I know the information must be somewhere. That's why I'm asking.

I would've brought it up during a meeting about Bill C-27, which we want to examine diligently and intelligently, but we won't get that chance in the next two weeks. That's why I took advantage of your being here today. Runa Angus and other members of your team may have information.

Mr. Francis Bilodeau: As I understand it, an answer was provided about that. I will follow up to make sure that it is sent to the committee.

The Chair: Thank you very much.

Your time is up, Mr. Garon.

We now go to Mr. Masse.

[English]

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

To the witnesses, thank you.

I want to come back around to EV incentives, because I don't really think I got a fulsome response from the minister with regard to where government policy is going with regard to the \$5,000 incentive that we have. To be specific, we have \$5,000 that you can pull from a fund. When will the fund run out of money, or when will the fund cease to exist? What is being done to address that?

Again, I mentioned that Ontario had a \$5,000 incentive that it got rid of. The United States has an incentive for those vehicles of \$7,500 U.S.—which probably translates to about \$30,000 Canadian....

I'm just joking, but the reality is that the incentive program is there.

Finally, can we not define the incentive program for Canadian-built vehicles alone? We saw some of the Chinese vehicles accessing these grants. What can you update this committee on?

Mr. Francis Bilodeau: First, I would note that the incentive program is within the purview of Transport Canada. I'd be happy to follow up with them. To the best of my knowledge, there is not an end date, per se, to the program.

Among others, Benoit, our DG, is responsible for the auto sector. I can ask Benoit if he has anything to add.

Mr. Brian Masse: Perhaps I could quickly interject here. I understand that it is under Transport, but in Industry we've worked hard to be similar to the United States—bumper to bumper, so to speak—in policy and so forth. That's where the interest comes. I do not expect you to know all the details, but obviously it is important with regard to Industry Canada's supporting the creation of EV batteries and then Transport Canada's having an incentive to purchase. Even though they're different departments, obviously the results are united.

• (0945)

Mr. Francis Bilodeau: Yes. I absolutely understand the point that is being made. We are, obviously, very aware of the credit. As I said, to the best of my knowledge there is no end date to that credit. The role of the department has primarily been to make significant investments in building up the manufacturing and capacity around EVs and batteries in Canada. Your point is well taken.

Mr. Brian Masse: I'll switch topics, if I can, to the status of the grocery store chain code of conduct. This committee did a study back in 2021. I don't expect you to have that knowledge right in front of you, but we did do a study. What happened was that the CEOs from the three major stores magically ended pandemic pay all on the same day. That was a blight on the workers, for sure, who worked during the pandemic and were still working. They had their hero pay cut the very same day from the CEOs.

I'm wondering where this code of conduct is at this particular point in time. How much more runway do they have, if it's not in full swing, and why not move to a mandatory one?

Mr. Francis Bilodeau: The code of conduct is in place. It is one of several measures that we are actually taking on groceries. Those have included reforms to the Competition Act so that the Competition Bureau has more power to act in this space. It's also included support for consumer advocacy groups.

The code is in place. We're advancing and making progress, but we are also happy to provide any additional information by follow-up.

Mr. Brian Masse: How will that be measured in terms of results for Canadians? I guess that's what I'm interested in.

I had a bill called the right to repair, which ended up becoming a voluntary agreement instead of legislation. The problem with the bill is that it requires continual advocacy, but also, there are at least structures in place to enable the industry and so forth to deal with practical problems. What is being done to measure results on this voluntary code?

Mr. Francis Bilodeau: I think, in this space, it is about monitoring the behaviour and monitoring the actions to ensure that there's an alignment with the code that is being actively done by the department.

Mr. Brian Masse: Then there is no capability of requirements. Basically, we have another set of binoculars, and we watch prices. Is that really what we do? How does that get reported back to the public, and what power does the minister have to actually go to them and tell them...?

These are the same people who fixed the price of bread. I mean, this is pretty serious stuff. That's a basic staple of human existence, and they fixed the price. Is there nothing the minister can do but just basically say, "You're cheating Canadians again"?

Mr. Francis Bilodeau: I think if there are any concerns about collusion, about price fixing, those are matters that would be directly under the purview of the competition commissioner. There would be an expectation of the commissioner, and the commissioner would act in that space. The powers of the commissioner have been enhanced to allow for greater capacity to act, including through things like market studies, so the actions to which you are pointing, for example, if there were to be price fixing or others, would be directly undertaken and reviewed by the competition commissioner.

[*Translation*]

The Chair: Thank you, Mr. Masse. That's all your time.

Now it's Mr. G n reux's turn.

Mr. Bernard G n reux (Montmagny—L'Islet—Kamouraska—Rivi re-du-Loup, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

Mr. Bilodeau, we know from Telesat's own figures, that it has about \$150 million in business annually.

Can you tell me whether the Government of Canada does business with Telesat to obtain services or consulting advice?

If it does, how much does the government pay annually, or how much did it pay last year? The company reported \$150 million worth of business in 2023.

Mr. Francis Bilodeau: The department isn't a direct client of Telesat. I'd have to check on that as far as other departments go.

I believe we have the information, so we can get back to you with it.

Mr. Bernard G n reux: I would very much appreciate that, Mr. Bilodeau.

Can you also tell us whether Telesat is a supplier of the Government of Canada? I imagine it is.

Another thing I'd like to know is whether the company works as a consultant as well. If so, how much of the \$150 million in business Telesat reported last year is for consultation work?

In a September 23 *Journal de Montr al* article, Francis Gosselin reported that Telesat expected to launch 198 satellites instead of the planned 200.

When the Lightspeed satellite project is complete, do you think it will be profitable?

I ask because, as a business owner, I've applied for government funding before, whether through the economic development agency or other partners. I had to provide a business plan. Obviously, I had to show that my proposal was viable and that I'd be able to repay the money I was borrowing.

The department gave out loans. The minister clearly explained to us earlier that he was borrowing at an interest rate of 2% and lending at a rate of 10%.

Does it say in the business plan Telesat gave you when the company will be profitable? We don't quite know when the 198 satellites in question will be in operation. I imagine it's going to take a few years.

At what point will the company be profitable enough to start repaying the interest and loans to the government?

● (0950)

Mr. Francis Bilodeau: I can speak directly to when the project is expected to move from development to production.

My understanding is that a period of four to five years has been allocated for development, followed by a launch period.

I am going to get back to you on that, because I'd like to confirm I'm giving you the right numbers.

Mr. Bernard G n reux: All right.

Let's say we take the first portion and split it in two. I'm talking about the amount that was invested five years ago, starting in 2019, when close to a billion dollars, or \$800 million, in loans were given out. There were shares on top of that.

I've been to Telesat, and I met some of the executives or people in charge of government relations.

The purpose of the loan agreements signed at that time was to bring Internet connectivity to people in northern communities, especially first nations, using satellites already in orbit. I imagine the portion of the investment that was made in the past five years, between 2019 and 2024, was, at a minimum, for technology development. If I'm not mistaken, production should have already started.

Let's forget about the first portion of the investment, because it's focused on development. Let's talk about production. A plant is expected to manufacture two satellites per day.

The company submitted a business plan to you before you decided to give out \$2 billion in loans. Obviously, it was agreed that the money would eventually be repaid, since the minister said earlier that the government was making money on the deal.

According to the business plan you were given, when do you think you will start to make money on the deal?

Mr. Francis Bilodeau: Perhaps I was not clear enough earlier. Allow me to clarify.

Regarding Telesat, \$85 million was invested through the Strategic Innovation Fund, or SIF. An amount of \$600 million was not paid out, but that amount was committed in anticipation of capacity being purchased. The terms of the initial loan date back to 2021. The loan was replaced in 2024, and it now has new terms. The initial amount was not paid out. Repayment of the loan from 2024 will begin in five years.

Mr. Bernard Généreux: Okay.

If I understand correctly, there was a loan of close to a billion dollars five years ago, but that amount was not lent in the end.

Mr. Francis Bilodeau: The amount that was committed in 2021 was never paid out.

Mr. Bernard Généreux: So that amount was never paid out.

When you lend money but don't pay it out, no interest is earned, is that correct?

Mr. Francis Bilodeau: Exactly. No money has been paid out.

Mr. Bernard Généreux: Okay. So no money was paid out and none was earned.

From my understanding—

The Chair: Thank you, Mr. Généreux.

I'm sorry to interrupt you, but your speaking time is up.

Mr. Bernard Généreux: I just started.

The Chair: I know, but for everyone else, you started speaking five minutes and 20 seconds ago.

Mr. Turnbull now has the floor for five minutes.

[*English*]

Mr. Ryan Turnbull (Whitby, Lib.): Thank you.

Thanks for being here.

I know that some Conservative members have said online that they would have rather just given Elon Musk more money. I'm of the opinion that Telesat is a great Canadian company.

Why does the Government of Canada need to lend Telesat money? Why are we stepping in and providing a loan? Is it because the market rates are not competitive, or is it because Telesat can't get access to financing? I think there's a strategic reason the Government of Canada is actually doing the work and enabling the market in certain areas. You've talked about being strategic numerous times. Could you speak to why we need to play a role and why this is in the public interest?

• (0955)

Mr. Francis Bilodeau: Absolutely.

Part of the dynamic around this one is that low-earth orbit in space is generally a rapidly evolving sector. It's one where a number of global competitors are positioning themselves, and those competitors certainly include Starlink and others. In Telesat, Canada has an opportunity to have a major global player. There's an existing capacity, and reviews of its technologies have been undertaken to make sure we believe it has the potential to be a major player in that industry. The investment around Telesat, while certainly connecting Canadians, is an important component and is seen by the department as a strategic investment in a core Canadian capacity that not only has potential for economic growth but also is strategically important in today's world.

Mr. Ryan Turnbull: You say “strategically important”. Are there other strategic reasons that Telesat is a better investment? I think there are. We heard the minister speak of national security, and I think that that's an important consideration here, is it not?

Mr. Francis Bilodeau: I think that Canadian control and Canadian access to Canadian companies of things like low-earth orbits and our telecommunications are generally strategically important for a number of reasons, whether it's the resilience of the country or whether it's security. That is true for our terrestrial telecommunications systems, and it is true for space and low-earth orbits as well.

Mr. Ryan Turnbull: Just to be clear, in the structure of the loan there's a payback period. What is the payback period for the latest loan with Telesat?

Mr. Francis Bilodeau: It's 15 years.

Mr. Ryan Turnbull: Okay.

I'll say at the outset that I'm not an expert in satellite communications technology, but I imagine there's a period of time that's significant—in terms of needing to get the infrastructure built and to get the satellites in the air before you have subscribers—where you're going to be pre-revenue.

Is that the reason that Telesat hasn't had to pay back a portion of the loan thus far? It seems to be logical to me. It would make sense. Is that why their loan is structured that way?

Mr. Francis Bilodeau: Do you want to jump in on this?

Ms. Mary Gregory (Associate Assistant Deputy Minister, Industry Sector, Department of Industry): Sure.

I think what the government tries to do is to help a company like this with patient capital, which is the idea you've expressed. We've tried to do that with Telesat, to build a loan program whereby, during the period of the project and the construction, they keep cash on hand; they keep things going, and then they repay once the project is up and running and in selling mode.

Mr. Ryan Turnbull: Yes, that makes sense. Being a business person myself for 13 years, and having run a business and supported a lot of other business owners to grow their businesses, that seems to make a lot of sense to me.

Now, the Government of Canada is actually doing this. We're assuming risk by using public incentives and investments strategically. We now have investment tax credits. We have the Canada growth fund. We have the strategic innovation fund and the net-zero accelerator. There's quite a few of these programs, which I think you referred to as a "suite" of programs, wherever we deem there to be a strategic public interest and advantage that Canada can gain in terms of economic growth, opportunity for workers, leading the way and being globally competitive. When it seems to be in the public interest, the Government of Canada is essentially using its balance sheet to assume some of the risk to attract private capital into those strategic areas.

Is that not the philosophy here or the theory of change? Can you provide the rationale for that?

Mr. Francis Bilodeau: Yes, actually. The Government of Canada, through a current suite of programs, is actually making investments across a range of business types and sizes for a number of different factors.

Number one is to grow our innovative firms, so we have programs like the NRC IRAP. Number two is to grow strategic sectors. Examples of programs that help support that would be the global innovation clusters. Number three is to help build up Canadian companies and Canadian capacities where there is a strategic interest. We've seen a number of those investments or those areas where it's been directed, such as EVs and some critical minerals. Recent investments in AI are intended to build up Canadian capacity in AI and build on past investments like the pan-Canadian AI strategy.

There are also other sectors, such as quantum, where we've had a national quantum strategy. The government has judged this area and sector to be poised for growth and of strategic interest for Canada.

• (1000)

[Translation]

The Chair: Mr. Garon, you have the floor for two minutes.

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

Mr. Bilodeau, I would like to clarify with you an answer that the minister gave me earlier. We were talking about the softwood lumber dispute, which has been going on for decades. The U.S. updates their tariffs every five years. For its part, Quebec has updated its forestry regime. I will not repeat the whole thing, but we are facing

tariffs that people in the industry, the government of Canada and the government of Quebec consider unjustified and unfair.

I asked the minister whether there was the possibility of an emergency assistance program being created for companies in that sector. Fifty per cent of the amounts in play in the U.S. involve dealings with Quebec. Moreover, 20% of the exports are from Quebec.

The minister's reply suggested that, unfortunately, no such program was on the table. The minister said that he was focused on innovation, increasing productivity and so on, without providing any details.

This tariff crisis is another slap in the face for our industry. In light of this, would it be possible for you to tell us the range of very short-term options that the department is considering right now?

Mr. Francis Bilodeau: As you know, I am in a sense not in a position to speculate or comment on the advice the minister might give in this regard.

In the past, assistance was offered to various companies, and the government did so through direct investments or investments through taxation. I am not really able to speculate on what measures the government might take or the advice the minister might give.

Mr. Jean-Denis Garon: I just have a few seconds left.

I just want to clarify something. I am well aware of the nature of your role and your work, and what it entails.

The tariffs were announced on August 14 and we are now in October. Is a specific policy being developed in this regard?

Mr. Francis Bilodeau: The work will for the most part be done by our colleagues at Natural Resources. They are certainly aware of the problem, and we are in contact with them. I cannot provide any further details right now.

Mr. Jean-Denis Garon: Thank you.

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

Mr. Masse, you have the floor.

[English]

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

To get back to Telesat, are there provisions and expectations that will also include a reduction of prices for consumers? What's the objective of the loan guarantee? Is it just supposed to be financial, and the growth of the industry itself is specific to Telesat, or are there additional strategies to reduce costs for Canadian consumers and include more competition?

Mr. Francis Bilodeau: On the first point, I noted that I'm happy to provide greater detail on the agreement. I think some of them are actually public at this point, within any bounds of consumer confidentiality.

With regard to the objective of the loan, I'd say it's multifold. Number one, as I've mentioned, is the development of a strategic capability through Telesat around their satellite constellation and the growth of a Canadian company in what is a very globally competitive sector. Number two, through things like commitments around \$600 million to pre-commit some of the services of Telesat, we're looking to ensure that some of the regions in Canada that have the least capacity for access to the Internet are able to be connected.

Both of those objectives are true and are being pursued through an investment in a strategic Canadian company.

• (1005)

Mr. Brian Masse: To follow up on that, is there a requirement for rural and remote communities to get service first, or will it be left for Telesat? We've seen current carriers often concentrate in hot spots. Since we're actually part of the funding, does Telesat have a requirement to provide a more fair, equitable distribution to connect rural and remote communities?

Mr. Francis Bilodeau: Certainly, part of the objective of Telesat as an organization is to have a polar orbit. That creates an opportunity for connection in areas that are often not easily connected or where most satellite constellations aren't currently taking place. Part of what I previously mentioned around the \$600 million is specifically intended to support access to low-earth orbit in the north.

Also, our investments in this company, which are primarily around building Canadian capability, are supplemented through investments the government is making through the universal broadband fund. Through that fund, active investments are being made to try to get to the connection of 98% of Canadians by 2026 and 100% by 2030.

The Chair: Thank you very much.

We'll go now to Mr. Perkins.

Mr. Rick Perkins: Thank you, Mr. Chair.

Thank you to the officials.

My Liberal colleagues seem to be confused about what the ownership of a company is, so I'm going to ask you a couple of questions.

First, 36% of Telesat is owned by MHR Fund Management, a New York-based investment fund. Is that right? They're voting shares.

Mr. Francis Bilodeau: I believe that to be correct. Yes.

Mr. Rick Perkins: Okay.

New York-based Gamco Asset Management and Gabelli Funds, also in New York, combined own 21%. Is that correct? It's from the SEC filings.

Mr. Francis Bilodeau: As I was about to note, I do think their ownership structure would be public. If you have those in front of you, I will—

Mr. Rick Perkins: They are public. Those are voting shares.

Philosophy Capital Management of California owns 4.9%—again, that's according to SEC filings—so a total of 63% of Telesat is owned by American shareholders. This is just to educate my Liberal colleagues, who seem to think it's somehow owned by Canadians. It's owned by Americans.

I will go on to ask you some questions, if I could, about the \$2.1-billion loan structure. The minister wasn't answering my question about the interest relief. This \$2.1-billion loan has interest relief in the first five years. They don't have to pay the interest. I estimate that right now it's somewhere between 9% to 10%, based on 4.75% interest on top of the overnight repo rate. That's about \$225 million to \$230 million of interest over each of those individual years of interest relief. That's \$1 billion of interest relief.

What goods in kind are you getting for that interest relief?

Mr. Francis Bilodeau: I have maybe a few points on that. Again, as I've mentioned, I'm happy to provide greater detail on the Telesat deal itself and to have that provided to the committee.

Telesat is a Canadian-headquartered company, with the bulk of its jobs within Canada. The supply chain on this is also—

Mr. Rick Perkins: I wasn't asking about that. Perhaps you could stick to the question on the loan portion and the goods in kind.

Mr. Francis Bilodeau: Sure.

In terms of the structure of that deal, it was intended that there would be an initial portion during the deployment period where there would be no repayment, followed by a 4.75%—

Mr. Rick Perkins: Right, but what are the goods in kind? I've read it. I know what it is. I've outlined it for everyone who's watching.

What are the goods in kind? How are you evaluating that those goods in kind are worth \$225 million a year?

Mr. Francis Bilodeau: I'm happy to come back with some of the details.

I don't know if Benoit is able to add anything.

Mr. Rick Perkins: Can you come back to the committee with those details and table them, please, along with any analysis you've done on the goods in kind?

Mr. Francis Bilodeau: I'd be happy to.

Mr. Rick Perkins: The second part of the loan is a unique feature called “sculpted amortization”.

For those who don't know what sculpted amortization is, the loan payments are matched to the cash flow of the company. That means if the company's cash flow is declining, the payments are declining.

Do you know what? The company's cash flow is declining. It has been declining for five years. It's down to less than \$100 million of free cash flow a year. How are you going to get that \$2 billion back, plus interest, when it's attached to a declining payment, on declining cash flow, with a company with declining revenue?

• (1010)

Mr. Ryan Turnbull: Cash flows can go up.

Mr. Rick Perkins: Not with declining revenue.

An hon. member: It's been nosediving.

Mr. Francis Bilodeau: Obviously, in coming to negotiating and in coming to the deal that was struck, as you've mentioned, there was analysis done around their potential market share, their potential sales and their potential for the repayment. The loan was structured to strike an appropriate balance of risk and reward for the government.

It is our assessment and our analysis—

Mr. Rick Perkins: Right, but they have no satellites up. They've only just contracted. They contracted once before in 2021 for a company called TAS to put up satellites for this. It never happened. Now they're going to contract again for it.

You're betting that once those 198 satellites are up, they'll start to magically have revenue, which has been declining. It's going to take years to put those satellites up. I think it's going to take longer. I don't think you're going to get this money back.

I don't believe you've gotten the money back on the \$1.4 billion that was loaned to them in 2021. Have you?

Mr. Francis Bilodeau: As I said, the current loan supersedes the 2021 loan. Our assessment in—

Mr. Rick Perkins: They compound.

Mr. Francis Bilodeau: Our assessment, and we've had independent assessments done as well, is that we believe the loan is appropriately structured for the risk being undertaken. We believe there's a high likelihood of full repayment.

[*Translation*]

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

Mr. Arya, you have the floor.

[*English*]

Mr. Chandra Arya: Thank you, Mr. Chair.

I'll go back to the question on foreign ownership. The question raised on foreign ownership is a genuine concern.

I'll just go back to the steel and aluminum sector, which I referenced in the first part of my questioning. For the steel and aluminum industries, we have the natural resources, we have the technology and we have the talent. However, all the companies in these two sectors are foreign-owned. There has been no growth, zero growth, in steel installed capacity during the last 20 years. The number of employees in these sectors is going down.

However, when it comes to protection—

[*Translation*]

Mr. Jean-Denis Garon: A point of order, Mr. Chair.

The Chair: Go ahead, Mr. Garon.

Mr. Jean-Denis Garon: I don't think the interpretation is working.

The Chair: It seems the interpretation isn't working.

[*English*]

I'll speak in English for a bit to see if the translation is working.

Is it working, Mr. Garon?

[*Translation*]

Mr. Jean-Denis Garon: Yes, I understand it is working.

The Chair: I will tell you what was said after the meeting.

Mr. Jean-Denis Garon: Okay.

The Chair: Mr. Arya, you have the floor.

[*English*]

Mr. Chandra Arya: Thank you.

When it comes to protecting these industries.... They are the most vocal companies. In fact, we rightly put a tariff on Chinese steel products coming into Canada, but we also put a tariff on steel products that are not manufactured in Canada, indirectly benefiting the foreign owners of steel industries, who can export to Canada from their manufacturing plants elsewhere in the world.

Again, steel and aluminum companies export only to North America. At least for the steel industry, I know very well that 90% of their exports are only to the United States and Mexico. It's probably almost the same case with the aluminum sector. We have signed 15 or 20 trade agreements with 51 countries across the world, but these two sectors, where we have an inherent advantage.... We are not exporting anywhere else. We talk about the Indo-Pacific strategy. ASEAN is a big, growing market for Canadian products, but not in these two sectors.

Why is it that we continue to protect foreign-owned steel industries while not encouraging them to increase installed capacity and employment in those sectors?

Mr. Francis Bilodeau: Thank you. I appreciate the question.

The dynamics around the steel and aluminum industry are complex and global, so the dynamics the Canadian industry is facing are not, as you know, an entirely domestic creation. It's directly linked to overcapacity and overproduction worldwide.

That, in part, is why the government has put tariffs in place.

• (1015)

Mr. Chandra Arya: I'm sorry. You know, everybody says that the Chinese are selling cheap, subsidized steel and aluminum, but foreign owners have plants all across the world, and they're all profitable. The argument that Chinese manufacturing in steel and aluminum is killing the industry worldwide is wrong.

When we give concessions, subsidies and protection to domestic companies, why are we not demanding that they increase their installed capacity here?

Mr. Francis Bilodeau: I take your point on government policy. Again, I think the action to date of the government has been on tariffs. Within our own industries, and within industries like defence, where there is significant spending, we focus on, generally, Canadian supply chains.

However, I take your point. It's a valid one.

Mr. Chandra Arya: Okay.

I'll come back to the mines to mobility strategy.

One of the key factors that does not get discussed much is the demand for electricity in the coming years and decades as we move towards electric vehicles. In my view, we can crank up power generation quickly with natural gas production—use natural gas to produce electricity. However, when it comes to the grid for the transmission and distribution of that electricity, because of the jurisdiction problems.... Jurisdiction is with the provinces. I don't think investments are being made in anticipation of the increased demand for electricity. While, as I said, we can generate more electricity in

a short period of time, establishing the grid for transmission and distribution is not taking place.

Is the federal government doing something about that?

Mr. Francis Bilodeau: Again, regarding issues of jurisdiction around electricity and its production.... Obviously, there's the grid, and then there's production. The role of our department is primarily to spur and invest in innovation in that space. That's why we do investments in things like SMRs.

With regard to the production of electricity, which, as you noted, is under provincial jurisdiction, I will leave it to colleagues at NR-Can or to the provinces to comment on that.

Mr. Chandra Arya: How can we succeed in our mines to mobility strategy if one key component is not in your jurisdiction?

What action is the federal government taking jointly with the provincial governments to address this issue?

The Chair: Mr. Arya, those are very interesting questions, and I appreciate the conversation. I wish we could go on for longer; however, we've reached the end of the time for this committee meeting.

Thanks to you all for your participation.

[*Translation*]

I want to thank the witnesses for being here today. Mr. Bilodeau, Mr. Tessier and Ms. Gregory, thank you for taking part in our work.

Have a good day.

The meeting is adjourned.

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