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Chair

Mr. Dan Ruimy

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• (1535)

[English]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Good afternoon everybody. Welcome to meeting number 12 of the Standing Committee on Industry, Science and Technology.

Because of timing issues, weren't able to get both panels together, so for the first hour we will have, from the Copyright Board of Canada, Mr. Justice Robert A. Blair, chairman; Claude Majeau, vice-chairman and chief executive officer; and Gilles McDougall, secretary general.

Gentlemen, you have 10 minutes, and we'll eagerly hear what you have to say.

[Translation]

Mr. Claude Majeau (Vice-Chairman and Chief Executive Officer, Copyright Board of Canada): Thank you.

Mr. Chair, members of Parliament, thank you for giving me this opportunity to make an introductory presentation by taking a brief look at the history, purpose, nature, and challenges of the Copyright Board of Canada.

Let me first start by introducing the people seated next to me: Mr. Justice Robert A. Blair, chairman of the board and a sitting judge at the Court of Appeal for Ontario; and Mr. Gilles McDougall, secretary general of the board.

[English]

The Copyright Board of Canada is an independent, quasi-judicial tribunal created under the Copyright Act to establish the royalties to be paid for the use of works and other subject matter protected by copyright when the administration of these rights is entrusted to a collective society. The board also issues licences for the use of works when the copyright owner cannot be located. Its workload is increasingly heavy and complex.

The board is sometimes referred to as a polycentric administrative tribunal, meaning that its mandate and responsibilities involve more than simply resolving a dispute between the individual parties before it. It involves public policy considerations and the weighing of a large number of conflicting and overlapping factors that affect the industry and the public interest as a whole. This has implications for our processes and procedures, and the resources needed to fulfill our mandate, which I will discuss later.

The act establishes the board, which consists of no more than five members. At the present time there are three members: the part-time chairman, the full-time chairman and CEO; and a part-time member

who is with us here, Mr. Nelson Landry, whom I salute, all appointed by the Governor in Council.

The board's chairman directs the work of the board and apportions its work among members. The vice-chairman is the deputy head of the board. As such, he has leadership over the work of the board, as well as supervision and direction over board staff. In addition to its members, the board has 16 employees consisting of administrative and support staff, as well as lawyers and economists.

The operating budget of the board is set at \$3.5 million per year. The direct value of royalties set by the board's decisions is estimated to surpass \$400 million annually. The board's decisions have a contributory impact on a number of industries, on individuals, and on the Canadian economy as a whole.

The legislative framework of the board has changed exponentially over the years. The board was created in 1990 by phase 1 of the modifications to the Copyright Act, as the successor of the Copyright Appeal Board, which had been in existence since 1935. A second major phase of amendments to the Copyright Act was adopted in 1997 as Bill C-32. These amendments significantly expanded the board's mandate and responsibilities. A third major phase of amendments to the Copyright Modernization Act, Bill C-11, came into force in November 2012. By adding new rights and exceptions, this third phase of amendments further expanded the board's mandate and workload.

Ongoing amendments to the act, as well as decisions of the Federal Court of Appeal and of the Supreme Court of Canada, continuously add to the legal and policy issues the board must address and take into consideration. Eight decisions of the Supreme Court, two in 2004, five in 2012, and one in 2015, with all but one triggered by board decisions, have a significant bearing on the board's mandated activities now and for the future.

[Translation]

The board acts as an economic regulator. It must ensure to render fair, equitable, and timely decisions that require dealing with increasingly complex economic and legal issues. Its decisions must be based on solid legal and economic principles, reflect a solid understanding of constantly evolving business models and technologies, and be fair and equitable to both copyright owners and users.

The board has similarities to a trial division of a court for all matters it determines. As such, it is often the first to interpret new legislation or to apply legal principles established by the Supreme Court of Canada. Because of the polycentric nature of the board's decisions, administrative law principles dictate that the Federal Court of Appeal, on judicial review, afford the highest level of deference to the board's analysis of the evidence and findings of fact. As a result, this analysis and these findings must be reliable, understandable, and convincing—drawing heavily on the board's resources and the skill and expertise of its members and staff.

On average, the board issues about 9 decisions every year, which encompass over 70 tariff units, including a significant proportion that have been the subject of public hearings. In spite of this, the board currently faces a huge backlog of uncontested or agreed-upon tariffs to be certified. The increasing volume and complexity of files that the board is required to deal with are all too often ignored and underestimated. Professor Jeremy de Beer, from the University of Ottawa, said that the board's powers or procedures have been central to some of the most important copyright matters of the 21st century: music streaming, peer-to-peer file sharing, Internet service provider liability, iPod or other device levies, the use of educational materials, and much more.

[English]

Over time, the board has been subject to criticism, most particularly in respect of the time it takes to render decisions, the cost and burden of participating in its public hearings, and the overall efficiency of the board's processes. In light of this, the board has put in place a working committee to look into the operations, procedures, and processes of the board, to make them more efficient and more productive.

In its first report, the committee was able to produce a number of recommendations in respect of some aspects of the board's procedures. Public consultations were also held regarding these recommendations. It is noteworthy that among the members of the working committee, as well as among the comments received in public consultations, there was no consensus on how to bring about solutions.

The board has yet to issue a decision on these recommendations, but has decided instead to hold it so the board can benefit from parallel initiatives taken by the two departments responsible for the copyright legislation. These initiatives by the two departments flow from one of the recommendations of the House Standing Committee on Canadian Heritage in its report titled "Review of the Canadian Music Industry", which read:

The Committee recommends that the Government of Canada examine the time it takes for decisions to be rendered by the Copyright Board of Canada ahead of the upcoming review of the *Copyright Act* so that any changes could be considered by the Copyright Board of Canada as soon as possible.

It is noteworthy that, in the course of this committee's work, most witnesses acknowledged the crucial role the Copyright Board plays, while also stressing the inefficiency of its financial resources. This was also echoed by the complementary report of the Honourable Stéphane Dion, on behalf of the Liberal Party of Canada, in which he recommended:

the Government of Canada undertake as soon as possible a consultation with the Copyright Board in order to analyze the delays in rendering decisions, notably in

the digital context, and to establish, with the Commission, a level of funding that is adequate for the timely delivery of its mandate.

The board is in full agreement with this recommendation. The problem with the time it takes for the board to render its decisions could be fixed relatively easily by providing the board with the necessary resources to adequately deliver its mandate. That being said, the complexity and importance of the issues imply that no matter how much staff we have, the board will always have to take the time required to fully assimilate and analyze the complex evidence, and to write a decision accordingly. Providing the adequate resources for the board would contribute to reducing the decision time dramatically.

For your information, some of these issues will probably be addressed as part of the five-year mandatory review of the act, which will be done by a parliamentary committee in 2017.

Thank you all for giving us the opportunity to provide you with the board's state of the union. We will be pleased to answer any questions the committee members might have.

● (1540)

The Chair: Because we want to leave a little time at the end of our session for the motion we have on the table, we're going to dial back some of the minutes. We have agreement on this side.

Mr. Brian Masse (Windsor West, NDP): On a point of order, is this the first time...?

The Chair: Oh, sorry. We have a motion to address that wasn't included at the end of this session. It's Mr. Dreesen's motion.

Mr. Brian Masse: Can I see the motion, at least?

The Chair: It's been on the table. It's the wireless motion.

Mr. Brian Masse: Oh, I thought you said this was a new motion.

The Chair: No, I'm sorry—

Mr. Brian Masse: This is new to me, so I'm trying to catch up.

The Chair: We didn't allow time at the end of this session for our normal 15 minutes, so I'm just adjusting the time so that we can address the motion.

Mr. Brian Masse: That's fine. I just wanted to clarify what exactly it was.

Thank you.

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

Mr. Lloyd Longfield (Guelph, Lib.): Copyright, of course, is a very important part of our value chain in Canada, when we are looking at getting paid for value when value is created.

I sat on the board of directors of the Ontario Chamber of Commerce, and we discussed this at length as the industries were changing, trying to keep up with keeping value within our country, something the Canadian Chamber of Commerce is also concerned with.

The board said that you were conducting an internal review, looking at procedures and processes. They've had some comments from industry saying that there needs to be more of a macroanalysis of the industry, given all the changes we're going through with the digital economy and the knowledge-based economy. The review started in 2012, I believe. I'm just trying to see where we are on the global picture of reviewing. Is it something that would be started in 2017?

• (1545)

Mr. Claude Majeau: First, it wasn't 2012 but 2014.

Mr. Lloyd Longfield: It was 2014? I'm sorry.

Mr. Claude Majeau: Regardless of that, the overview that might most reasonably be justified should be done through the parliamentary review that will take place in 2017. You have to understand that the board's role is not as a policy-maker. The board is a tribunal that establishes royalties to be paid. We would not really be in a position to address what you're talking about, the global economy of the act, if you like.

If we're asked to participate in such a study, we'd be pleased to do it, but it's certainly not our primary role.

Mr. Lloyd Longfield: I'm going to translate that to its possibly being something this committee might want to pick up and then involve you in. Is that what...?

Mr. Claude Majeau: Certainly we could be involved. We could be asked as witnesses again. We could also have sessions prior to formal hearings of this committee.

What I also would recommend is that the two departments involve us—which has not always been the case in the past, by the way. There have been modifications to the act when, frankly, they did not realize what they would mean. If we had been contacted, we would have said, "Here are the facts." It has not always been done.

I think it would be a good thing if this time around, right from the beginning, we were involved one way or another, either through a working group of the two departments along with the board or in any other way. It would be a big mistake to avoid the board and not have it involved because it is a tribunal and they want to stay at arm's length from the board. I think we have a contribution to make, and we'd be pleased to participate in any such review.

Mr. Lloyd Longfield: There's possibly some disconnect, then, that you're struggling with, because you could have been involved earlier in the process.

Mr. Claude Majeau: Yes, sometimes with respect to some technicalities of the collective administration of copyright, it was obvious that there were some shortcomings in their analysis, I'm sorry to say.

Mr. Lloyd Longfield: The book publishing industry and the music industry are, I guess, two of the main industries for you. Is that fair to say?

Mr. Gilles McDougall (Secretary General, Copyright Board of Canada): Yes, it is fair to say that these industries are being affected by some of the tariffs that we certify.

Mr. Lloyd Longfield: My riding is Guelph, and we have several publishers in Guelph who publish textbooks for Canadian schools and universities. They've said to me that under the current policies

they're losing market to the United States, which could end up in our only having American textbooks available. They're concerned about the overall life expectancy of the Canadian publishing industry as it relates to textbooks for schools.

Is that something we could work on together, or is that a fair assessment? I have one side of the story.

Mr. Justice Robert A. Blair (Chairman, Copyright Board of Canada): Mr. Longfield, we appreciate that concern, but as you may or may not know, we've just completed a hearing where that subject matter was very much upfront in our deliberations. It's under reserve, so I don't think it would be appropriate for us to get into a discussion about that.

We certainly appreciate that concern.

Mr. Lloyd Longfield: I didn't know the decision hadn't been made yet. You could let us know, then. Thank you.

• (1550)

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

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): As an educator, I am interested in the educational materials and their associated copyright, as well as the music that goes into the schools. These are other things that are critical. I know how important this is and how concerned educators are to make sure they are following the rules the way they should be.

I agree with Mr. Longfield that if we could get the results of the hearing sent to us, and the ramifications of that, I'm sure it would be beneficial to us.

One of the first things I'd like to ask, because we were just talking about the U.S. and Canada, is how does our copyright regime compare to that of the U.S.? Are there things that we need to be doing? Are there things that set us above? Perhaps we could start with that.

Mr. Claude Majeau: Does your question relate to the collective management of copyright, or does it relate to bigger issues and copyright issues in general?

Mr. Earl Dreeshen: I think we could start with the first part that you had mentioned, the role that you have, and how you see, in general, the relationship between the copyright issues.

Mr. Gilles McDougall: I can discuss the role the board plays in that context and within the industry. As you know, the publishers and the industry in general have various sources of revenues, which come from the selling of their material.

What we do is set is considered to be a relatively small part of the overall income. That is the part relating to the reproductions that some institutions, like government and schools, are making of these. What we usually do is to set a rate that is in proportion to some number of copies. That comes back as royalties that get distributed back to the various publishers and the various rights' owners.

The mandate and objective of the board is to set rates that are fair and equitable, but the objective and the mandate of the board, as per the Copyright Act, is not to ensure a certain level of revenues for all of the rights' owners. That might be where you can sometimes feel some opposition between the two.

Mr. Earl Dreeshen: When the Copyright Modernization Act was passed in 2012, it added new rights and new exceptions, as you mentioned in your address. It then expanded your mandate and your workload.

Are you able to manage that? Is it a serious issue? Is it something you feel you have under control?

Mr. Claude Majeau: I wouldn't say that it's out of control, but it's difficult. It's a challenge with the resources we have. As I mentioned in my presentation, there have been three phases, plus major decisions of the Supreme Court of Canada, plus some decisions of the Federal Court of Appeal, with respect to some procedural rulings of the board. All of those together make it more and more difficult for us to deal quickly with all the tariffs to be certified. We're not pleased with the time it takes us to render a decision. Nonetheless, the reality—and all those involved with the board's procedures will recognize this—is that the complexities and volume we have to deal with are enormous.

Gilles, do you want to add my comments?

Mr. Gilles McDougall: I can only reinforce it. As the secretary general, I do see the push on the resources. There are stakeholders who expect their tariffs to be certified much earlier, and we just can't because we don't have the bodies to actually do the work. At the board nothing can be done really automatically; it needs to be well organized and well thought out.

• (1555)

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

Mr. Brian Masse: With the resources, what did you get in this recent budget allocation with regard to...?

Mr. Claude Majeau: It was \$3.2 million.

Mr. Brian Masse: And how does that compare to last year's?

Mr. Claude Majeau: It was the same.

Mr. Brian Masse: It was the same. So wasn't it even increased for inflation?

Mr. Claude Majeau: For instance, for 2013-14, it was \$3.2 million; for 2014-15, it was \$3.275 million; and for 2015-16, it was \$3.250 million. So it's actually slightly decreased.

Mr. Brian Masse: Actually, yes, you've had a budget decrease while inflation has increased, which really goes against what Mr. Dion had put in his recommendations on June 11, 2014. Advocating for more resources was part of a series of issues that he had raised at that time. So this is quite a clawback from where we're at.

In terms of employees, are you having any issues with retention of employees? How is that at Copyright Board right now?

Mr. Claude Majeau: We do have a certain problem, yes. First, it's hard to attract economists, especially, I would say. It's very hard for us to compete with the private sector in terms of salaries, advantages, and so forth. As soon as they get some knowledge of how the board functions, they have an expertise that is very appealing for the private sector, those who deal with regulatory matters or price fixing, and so on and so forth. So, yes, it is difficult.

Mr. Brian Masse: That's one of the concerns I have about the situation. It's an obvious repercussion when you can't maintain your staff for practical reasons, not because they don't like where they're

working or they have anything against their work. But when you see no potential opportunity for raises or workload developments and other things, it's natural to want to exit the system. I guess the only net benefit staff get is extra work and overtime and expertise, being thrown into the deep water right away.

When you have these turnovers, how does it affect the cases you have to deal with and make decisions on? Does it take longer, then, to retrain them and put them on a file that's pre-existing?

Mr. Claude Majeau: As soon as someone leaves the board, is absent on family leave—and it happens all the time—retires suddenly, or is on sick leave and we're not been made aware in advance, it has an impact immediately. By the way, even if a court clerk of the board is not there, it has an impact. More so, it's the case with economists and lawyers. I must say that in addition to the question of retention is the question of staffing. For some people it is not very appealing to work in such a small environment because they don't see any potential for higher levels, and so on, and they prefer to be in a bigger environment. Some also feel that the board is ultraspecialized, which it is, and they find what we do “a bit obscure”, as they say.

Mr. Brian Masse: Well, no, I have visions of a few desks in the basement of the archives, working from old steel desks with wooden chairs. But, I mean, it's a serious issue, though, about retention and attraction, especially given how short you are in terms of your resources.

With regard to those, because it requires particular attention, have you indicated or made submissions about this to the Department of Finance and the Treasury Board? Has that been part of at least an identification? Outside of the committee work that was done before, which clearly made it as light as day, has that been part of the process?

Mr. Claude Majeau: No. No, we did not. In all fairness to Minister Dion, he didn't say, yes, provide immediately additional resources to the board; he said that a study should be done immediately to look at the financial situation of the board.

Mr. Brian Masse: For sure, it was an identifiable thing. Sometimes we spend time on studies when we could put those resources toward solving the obvious problem.

Mr. Claude Majeau: I agree with you.

Mr. Brian Masse: The problem is not only hemorrhaging on our own part as we try to have an organization that runs professionally and is dealing with complex law, but also in our relationships with the private sector and artists and others, and how we look and are seen internationally as well. Very public delays are taking place on a number of different cases, and I haven't heard any begrudging of that, aside from the fact that basically everyone says you're understaffed.

• (1600)

The Chair: All right, we're going to move to Mr. Baylis. You have five minutes.

[Translation]

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

Thanks for being with us.

I'd like to get a sense of the limits your powers are subject to. My understanding is that your authority is limited to collective management societies.

Could you explain to us what a collective management society is and why your authority is limited to those organizations?

Mr. Gilles McDougall: A collective management society collectively administers the rights of owners for a specific type of right or work. For example, SOCAN is a collective management society that administers the communication rights of authors and composers. Ré:Sonne is a management body that administers the communication rights of producers and artists. Other management bodies administer the reproduction rights of those same rights owners.

Mr. Frank Baylis: SOCAN's area of expertise is music, is it not?

Mr. Gilles McDougall: It's the communication of music. CMRRA-SODRAC Inc., or CSI, deals with the reproduction of music. They represent the same rights owners, but for two different types of rights.

In some countries, the same collective management society administers both types of rights, but not in Canada.

Mr. Frank Baylis: Does the fact that separate organizations administer those two types of rights matter?

Mr. Claude Majeau: In most countries, I think both rights are managed by a single collective management society, but not in all. A collective management society's role is to represent all the owners of similar rights, but it is also to make an extensive repertoire of works available to users. A collective management society connects rights owners with groups of users. If, for example, a tariff is imposed on the music played in a restaurant, it will be imposed on all restaurant owners, collectively, and not on each one individually. What it does is allow for a much more efficient management process.

Mr. Frank Baylis: How many organizations like SOCAN are there?

Mr. Claude Majeau: There are more than 30, but the board deals with only 8 or 10.

Mr. Frank Baylis: It is those 8 or 10 that are really active and that make work for you.

Mr. Claude Majeau: Precisely.

I'd like to add to what my colleague was saying, if I may. It's important to understand that rights owners, themselves, could not collect royalties from every broadcaster, in hotels, restaurants, and so forth. Music is played in many public spaces, known, in France, as target areas, or "endroits localisés". Music is played in elevators, on the phone while people are on hold, and on and on and on. When music is played in public places, it is actually referred to as a public performance. This aspect is protected under so-called small rights—as opposed to grand rights—representing a bundle of small rights.

Mr. Frank Baylis: Very good. I see.

I realize you are already overburdened from a workload perspective, but would it be helpful to examine how those 30 collective management societies administer these issues and have them submit applications to you?

• (1605)

Mr. Claude Majeau: These issues will no doubt be part of the parliamentary committee's review in 2017, at least, I would think so. It may even be this committee who does it, if not a special committee.

We have tried, with some success, to hold combined hearings. In some cases, when the same music user was involved, we heard from six or seven collective management societies in one shot. They were there representing authors, music producers, and so on, and a number of rights were at stake, mainly communication rights and reproduction rights. So what we did was hold combined hearings, and that benefited everyone.

Mr. Frank Baylis: Given your very limited resources, I would think having the ability to bring six or seven collectives together at the same time would help you operate much more efficiently.

Mr. Claude Majeau: That's possible. It's something that would have to be examined. It's an option.

Mr. Frank Baylis: Very well.

Are there other things that could help the board operate more efficiently? If you had the resources you needed, what would you do to operate more efficiently?

You have 15 seconds to answer.

Some hon. members: Oh, oh!

Mr. Claude Majeau: I am sensing moral support from you. Already, that's a lot.

Some hon. members: Oh, oh!

[English]

The Chair: All that laughter took it all up. Sorry.

We are moving to Mr. Lobb. You have five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): I want to ask about the board's ad hoc committee that was struck in November 2012 and was going to focus on three narrow areas. It's been well over 1,200 days since that committee was struck, and they were going to look at specific and narrow issues. Does the board or its committees have an update on when they'll be ready to share their recommended changes?

Mr. Claude Majeau: As I said in my presentation, first, there were about 40 recommendations, if I'm not mistaken. Second, at the same moment, the board was made aware that parallel initiatives were taken by the department. We wanted to benefit from other studies being done in parallel with what we initiated.

The problem is also that when we did the consultations—either the working group itself with its eight members, plus the public consultations—the ones who could agree went from one end of the spectrum to the other. Maybe Gilles could give us some examples of things where they didn't agree. Some parties were asking the board to be more active within interrogatories. When they're in their interrogatories, the board should be active. Other parties said that would be contrary to natural justice and that the board should not be involved.

What do you do when one side says the board should be more active and the other side says the board should not be?

Mr. Ben Lobb: Does the board charge fees?

Mr. Claude Majeau: No, it does not. It does not have the authority to charge fees.

Mr. Ben Lobb: Is there an issue as to why you don't charge fees?

Mr. Claude Majeau: No, there's never been an issue.

Mr. Ben Lobb: Is it a possibility you could charge a fee?

Mr. Claude Majeau: Fees to appear before the board? Are you talking—

Mr. Ben Lobb: No, I'm saying like a fee to perform a service.

Mr. Claude Majeau: There is no service of the board.

Mr. Ben Lobb: If a company comes to you for an interpretation of a tariff, do you charge a fee?

Mr. Claude Majeau: I would refer to that as a cost recovery. It was looked at maybe 15 or 20 years ago, and a study was done. I don't know if it was PricewaterhouseCoopers or us, or another company, but it concluded that it would not be advisable to have such a scheme before the board. Not only that, but beyond that, some lawyers said that it would almost be a denial of justice. You have a right to appear before a public tribunal in the same way you have the right to appear before a court of justice. When you appear before a court of justice, you don't pay for the salary of the judge. You pay for your lawyers, but you don't pay for accessing justice.

Mr. Ben Lobb: You could say that the delays could potentially significantly slow down economic activity, right? What's the number? What's your budget projection of what you think you would need to be able to have an acceptable level of service? I think the service you have now is that you'll conclude 70% of the cases within 12 months. Many people would feel that's unacceptable. If you're in business, you would feel that's unacceptable. I think that in the U.S. it takes nine months for a decision? It's the law there that you'll get your decision in nine months. What would it take to have U.S. levels of standards to achieve this?

Mr. Claude Majeau: In the U.S. the nine months is for what they refer to as the "initial determination", and not the final determination. They have to come up with an initial determination. It's not final, just so that we're clear on that.

To answer your other question about the staff, as far as I'm concerned, we could easily double the professional staff of the board. We have only two economists right now, so we could easily absorb two more. We have three lawyers now, and one is on family leave, so we could use another two or three lawyers. That's about four or five professional employees.

●(1610)

Mr. Ben Lobb: For a country that, to a certain degree, prides itself on technological innovation and creativity in all areas, whether it's music, software, hardware, or what have you, does it seem logical or reasonable that with such a small budget relative to the complete size of the government's \$300-plus billion dollar budget, we are hamstringing innovation for a couple of million dollars? Does it seem logical? I'm a Conservative and I don't like to spend any more than I need to, but if it's holding up economic activity...?

Is it that simple? I understand that there are more complex cases, but is it that simple?

The Chair: We need a very quick answer on that one.

Mr. Claude Majeau: No, it is not that simple. I think you're right. I couldn't agree more with your way of seeing things.

Mr. Ben Lobb: So it's more than just a few more million dollars?

Mr. Claude Majeau: Can you be more precise?

Mr. Ben Lobb: I'm sorry; I guess I'm out of time.

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

Mr. Majid Jowhari (Richmond Hill, Lib.): I'll come back to the question resources again.

In your opening statement, you talk about the working committee, about their objectives, and about their focus around operational procedures and processes. You focus on efficiency and productivity. You also talk about the recommendation that basically says "cut the time down".

Each one of my colleagues over the last 20 minutes has tried to probe into this to get an understanding of whether it is money, bodies, expertise, or retention. What really is the issue? We are all here to help, and I'm still not 100% sure, when we talk about "necessary resources to adequately deliver its mandate" what those resources are, if it's not money, if it's not expertise and lawyers and clerks. What are the resources?

Again I'm going to come back to what Mr. Baylis asked. How can we help? What is it that I could do tomorrow to get up and go to Minister Dion's office about, saying that we had a meeting and would like to get this?

Mr. Gilles McDougall: The issue is basically money. Once we have the money, the issue then becomes staffing and retention of the specialized people; but order for us to get there, we need the budget to be able to search for the additional people who are interested in working in this very specialized area and attract them, hire them, and keep them. It's as simple as that, in my own mind.

Mr. Majid Jowhari: Perfect. The issue is money. Great.

Now, can you help us understand how, by an increase of \$1 million, we could increase the throughput by x number of cases or shorten their length, so that we can go and say...?

Mr. Gilles McDougall: Unfortunately, it is not as simple as that, because each case at the board is different and complex. Sometimes a particular tariff might need a month of analysis. Other cases might need six months of analysis. It's very difficult to do a direct correlation between the money and the time.

There is something that cannot be compressed. It's the overall complexity of each of the files, and the inherent time, and—I think Mr. Majeau said this in his presentation—whatever resources we have we still need a corps of people who have enough time to understand the issues.

Remember that many of our cases involve making original legal interpretations of some new amendments to the act. On the economic side, some of our economists work at the top level with the various experts who appear before us, trying to understand a new game theory that an economist has thought about that would create a specific value for a tariff. We need time to think, incubate, and eventually produce a decision, and regardless of the money, that cannot be compressed.

• (1615)

Mr. Majid Jowhari: So the time and the steps and the complexity are almost constant, just to simply this issue.

Mr. Claude Majeau: I would like to add something here. What I would like to do at the board is to be able to pair an economist and a lawyer per file, per tariff. Right now, if you don't have sufficient staff, everyone is involved with everything. This is what I would like to be able to do: to have one lawyer, one economist per file, per hearing, per whatever. That will facilitate our work, instead of having a bottleneck of, let's say, a senior—

Mr. Majid Jowhari: So rather than being sequential, you're talking about combining tasks, which is the key characteristic of any type of design that you want to do. You bring all the players from the beginning to the end, and you shorten the cycle time.

I got the answer, okay. Perfect.

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

Mr. Brian Masse: I need to know what we're getting at here. I'm trying not to be partisan, but I want to make sure exactly how we got here and what's happening.

During the election campaign, there were promises made—I've seen the questionnaires—and they also included the Canadian Music Publishers Association. The Liberals promised to revitalize these elements, but I hear from what you're saying that even in the last budget, we have a reduction of that number. Then we have the testimony that's relatively recent—it's only a year old—by now Minister Dion, at that time the critic for Canadian Heritage, saying that several things were wrong, including this.

At the end of the day, have you received anything in response to Minister Bains with regard to your organization and direction and/or an indication of funding improvements? When they rescinded the funding that you had, was there any explanation why, an analysis as to what that would cost your organization?

Mr. Claude Majeau: The answer is no. The only information we have from the department is that they are looking into maybe having regulations in place at some point, but all they seem to be looking at is procedures. On the very question of the budget and/or financial resources, I never heard anything from them.

Mr. Brian Masse: Since the time I've been here, I've seen your role expand quite significantly. It's gone from a smaller to a more complex operation. Is that a correct perception?

Mr. Claude Majeau: It is a correct perception. It was acknowledged by all industry witnesses when they appeared before the heritage committee on the question of the future of the music industry in Canada. What you're saying is supported by most, if not all, stakeholders.

Mr. Brian Masse: We're hearing that, too. I have a letter from Mr. Nantel to the government back...and it confirms some of the questions.

The Chair: Wrap it up, Mr. Masse.

Mr. Brian Masse: With only 13 employees and the complexities you are addressing, you have an unimaginable task.

The Chair: Thank you very much.

Gentlemen, that concludes this part of the session. Thank you very much for coming and answering our questions.

We will suspend for a few minutes and then go in camera, because the NRC's not here yet. We'll see if we can address some issues so we can get out on time today.

[Proceedings continue in camera]

• (1615)

_____ (Pause) _____

• (1635)

[Public proceedings resume]

The Chair: Thank you very much for waiting for us outside while we took care of some housekeeping duties. It was much appreciated.

With us today, from the National Research Council of Canada, we have Maria Aubrey, acting president; Mr. Bogdan Ciobanu, vice-president, industrial research assistance program; and Roman Szumski, vice-president, life sciences.

You have 10 minutes.

• (1640)

Ms. Maria Aubrey (Acting President, National Research Council of Canada): Good afternoon. My name is Maria Aubrey and I'm the acting president of the National Research Council. I'm joined by the NRC vice-president of life services, Dr. Roman Szumski, as well as the vice-president of our industrial research assistance program, very well known as IRAP, Mr. Bogdan Ciobanu.

I'm pleased to provide the members of the Standing Committee on Industry, Science and Technology with an overview of the NRC, our role within Canada's innovation system, and some examples of how we're fulfilling our role and our vision for the future.

[Translation]

The NRC's budget for 2016-17 is approximately \$1.05 billion, with \$287 million of that earmarked for IRAP contributions.

The organization has 3,700 employees, with scientific facilities and infrastructure located across Canada. The R and D capabilities of our staff cover a broad range of scientific and engineering disciplines, from microbiologists to aerospace engineers and from quantum physicists to organic chemists.

The NRC has a rich history of using its expertise and specialized infrastructure to tackle complex innovation challenges for Canada.

[English]

This year we celebrate our 100th anniversary. We have made remarkable contributions to Canada over that time, from developing the cardiac pacemaker, to anti-counterfeiting technologies, to delivering a vaccine for infant meningitis for the world. NRC is certainly proud of its accomplishments.

One thing that's helped to ensure our longevity and valuable contributions to Canada is our ability to evolve and to respond to the changing needs of the country. At this time of significant change, where the pace and the intensity of global competition and the complexity of global challenges is increasing, innovation is essential to Canada's success and its prosperity. NRC is once again well positioned and ready to help Canada meet the challenges of the 21st century.

Our areas of R and D focus are driven by long-term perspectives, and they are focused on the needs and issues facing the country over the next few decades. They include issues such as the environment and climate change, health, security, communities, natural resources, and of course sustainable economic development.

I'd like to give you some current examples of work we're doing to help Canada tackle some of these challenges.

Agriculture is not only a sector that's vital to Canada, but also one that we believe we can make more productive, profitable, and environmentally sustainable through innovation. That's why NRC is part of a partnership known as the Canadian Wheat Alliance, which involves Agriculture and Agri-Food Canada, the Province of Saskatchewan, and the University of Saskatchewan. This 11-year commitment to collaborate on long-term R and D integrates complementary areas of expertise among the partner organizations in wheat breeding, genomics, biotechnology, and pathology. Through this research, the Canadian Wheat Alliance members are working to develop new wheat varieties. Benefits to Canada include the production of stable and increased wheat yields, better resistance of wheat to environmental and disease stresses, reduced agricultural input costs, lower environmental impacts, and improved prosperity for Canadian farmers.

In the area of clean technologies, NRC is collaborating with key partners, including industry, to deploy an algal carbon conversion demonstration plant. What's really exciting is that the facility will use marine algae to convert carbon dioxide emissions—for example emissions from manufacturing industries such as steel, pulp and paper, or oil and gas—into biomass, which can then be converted to biofuels or other valuable products. Successful deployment will propel Canada to be a world leader in managing carbon emissions and resources, and help to create and expand markets for Canadian photobioreactor producers.

Clients and collaborators often come to the NRC because we can quickly mobilize skills from across our diverse R and D capabilities. For example, NRC engineers, biologists, and chemists worked together with private sector partners to enable the development of a novel bio jet fuel. This product was then used to fly the world's first civil aircraft with 100% bio jet fuel. Validating and demonstrating

the viability of the bio jet fuel was a critical step in helping the companies involved work toward commercializing their technologies.

• (1645)

[Translation]

I've given you some examples of how the NRC has succeeded in stimulating innovation and economic development for the country. But what I am often asked is what exactly the NRC's role is in Canada's innovation system. We play a complementary and vital bridging role across university research, the research activities of other government departments, and the R and D needs of Canadian industry.

Our breadth of expertise, our globally rare or unique scientific infrastructure, and our national scope enable the NRC to bring together players from across the innovation spectrum in Canada and abroad.

[English]

We work collaboratively in areas of common interest with other federal science-based departments and agencies, which typically conduct R and D to help inform policy and regulatory decision-making. While the expertise of other federal departments typically lies in one domain, such as health or agriculture, NRC is involved in a wide variety of science and engineering disciplines. This breadth of expertise allows us to help them address issues or look at problems through a multi-dimensional lens. NRC also plays a complementary role with universities, which often have knowledge as a primary focus for their R and D. NRC conducts R and D, including basic research, with the aim of applying it to address challenges we foresee in Canada. We keep a pulse on the basic science activities within the universities and other organizations, allowing us to proactively identify and address evolving needs.

NRC also works directly with Canadian companies to help address their innovation needs and challenges. Our role is to help Canadian industry adopt, adapt, and develop technologies that are expected to yield innovative products, services, or processes.

Going forward, NRC sees opportunities to further strengthen its R and D program impacts. We're well positioned to convene the right players and work collectively to tackle some of the grand and enduring innovation challenges facing Canada. We're excited at the prospect of working to support the government's upcoming innovation agenda, and our over-arching aim is to help ensure a prosperous future for Canada.

Thank you again for your interest in NRC. My two colleagues are here with me, and given that I have only been at NRC for a short while, and acting president for an even shorter time, I will rely on them for depth because my knowledge is just skimming the surface.

Thank you, Mr. Chair.

The Chair: Keeping the time in mind, the first round of questions will be five minutes each. We should get through a complete round, and we'll go from there.

Mr. Arya.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Ms. Aubrey, for coming here. We really look forward to working with you.

Mr. Ciobanu, I noticed that you were in India a couple of months back, signing agreements. Welcome back to Canada.

I am from Ottawa, and I personally know a number of scientists and research staff who work for NRC, and trust me, during the last several years, we had quite an earful from the people working at NRC

Basic research is very important, not only for Canada, but I think all strong economies invest in basic research. We also know that the knowledge is passed on from generation to generation, not just by books or by codes; it's also passed on through personal interaction. From the cuts in the basic research during the last few years, I think we may have lost a generation of knowledge there.

As I mentioned, the scientists complained not just about dropping innovation, but they said there was an urgent need for a strategy to support NRC staff in transition as research programs end. They also complained about the lack of opportunities for them to participate in scientific conferences, maybe due to the cuts that were there. I also understand that there's a working group of NRC scientists and researchers who already do work with NRC senior management to address various issues.

Do you have any plans to meet them?

• (1650)

Ms. Maria Aubrey: The NRC is very conscious of the importance of listening to its researchers and to understand the motivation, the resources, and the researchers; and science is at the core of what we do at the NRC. We engage with them and encourage them to talk to us and to express their concerns and their desires, and we'll take all of those into consideration. The PIPSC group has reached out to the executive team and to me in particular, and we will be meeting with them in the next couple of weeks.

Mr. Chandra Arya: I'm glad that you mentioned the importance of universities in connecting the scientific research. We have invested, I think, over a billion dollars through NSERC with 11,000 professors and about 30,000 post-graduate students and post-doctoral fellows. But even with that, I feel that the NRC has a significant role to play, because of its labs and its wide range of activities, with your scientists and your research workers.

Have you received any directives from the new Liberal government on the direction you have to take? I am quite happy that the planned reorganization has been postponed. I would like to

know if you have received any directives from the new government on the path to take going forward?

Ms. Maria Aubrey: NRC is staying focused on its mandate. We are looking forward to engaging on the innovation agenda and understanding the path. I believe we have lots to contribute with our wide variety of capabilities, including the infrastructure, the facilities, specialized equipment, and so on.

Our focus is to continue to do what our act has highlighted for us to do, which is undertaking, assisting, and promoting scientific and industrial research in the fields of importance to Canada, providing scientific infrastructure, and providing the technical services that a lot of the SMEs in Canada would not otherwise have access to as they progress from early stages to commercialization. We believe all of those will support the government's agenda for innovation, and that NRC has tremendous capability to support that. Keep in mind that innovation is the whole spectrum, from basic research all the way to applied research, commercialization, demonstration, pilots, technical services, and so on.

The Chair: You have 30 seconds.

Mr. Chandra Arya: Of course, as you know, the National Research Council Act mentions both scientific and industrial research. It's not one against the other. All the things you mentioned about cardiac pacemakers to vaccines, etc., came through the basic research NRC had undertaken. Hopefully, going forward, you'll continue to do the same.

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

Mr. Alexander Nuttall (Barrie—Springwater—Oro-Medonte, CPC): There was a question Mr. Arya asked that I would like an answer to, which is, what directives have you received from the government? You can say none. That's an answer.

Ms. Maria Aubrey: We are aware of the mandates of the—

Mr. Alexander Nuttall: This is an easy question to answer.

Ms. Maria Aubrey: None.

• (1655)

Mr. Alexander Nuttall: In one of the debates—in fact, it was in the election—we were talking back and forth about applied research versus basic research. Mr. Arya picked up on that again. With the current funding model within your organization, is there or has there been a change in the past six months or eight months in regard to funding for applied research versus basic research?

Ms. Maria Aubrey: There hasn't been a change in the funding applied. The process by which NRC makes its investments is a logical stage-gated process. It starts with the identification of the need by industry engagement stakeholders and the expected outcomes. Depending on the stage of the innovation, and the many specific factors that go into it, NRC then determines the level of investment required for that particular initiative.

We encourage it to be collaborative, for obvious reasons, but it's not based on how much we put into basic research or applied research. It's really the whole spectrum. Some of the programs start very early, and we need to reach out into the fundamental research and then walk it all the way through. There hasn't been a change. It's been the selection of the programs and the focus of the programs.

The critical thing is understanding what the outcome is going to be and being able to identify, as we go through the delivery of those programs, how we can recognize that we're going in that direction. If we need to shift the investment, or the resources, or where the focus should be, then we do that.

Mr. Alexander Nuttall: At the end of this year, will we see an increase in the amount invested in basic research and a reduction in the amount invested in applied research?

Ms. Maria Aubrey: I have no indication that we would do any reduction of either. We have programs that were identified for meeting the objectives for Canada. Our focus is on delivering those outcomes. When you're dealing with innovation, of course, the de-risking is one of the three components, and sometimes as you evolve you need to invest more at different times. Even figuring out exactly how much a portion of it is basic research or applied research is totally dependent on a particular period of time for what that program is doing. NRC needs to balance that, and both of them are absolutely critical.

Mr. Alexander Nuttall: Since you have received no directives or indications to this point and are doing business as usual, are you saying there will be a consistent level of funding for applied research?

Ms. Maria Aubrey: Yes, and similarly for basic research as well—depending on where the program is.

Mr. Alexander Nuttall: I love the little disclaimer at the end.

Some hon. members: Oh, Oh!

Mr. Alexander Nuttall: Thank you.

The Chair: We're saving so much time here. Everybody wants to go home.

Mr. Masse, you have five minutes.

Mr. Brian Masse: Your 2016-17 budget is \$1.05 billion and \$285 million for IRAP. What was the previous year's budget? Has anything changed from the last budgets to this budget?

Ms. Maria Aubrey: I'm sorry, can I ask for clarification; do you mean how it compares in respect to IRAP?

Mr. Brian Masse: Well, in your presentation, it says that \$287 million is earmarked for 2016, and before that it was \$1.05 billion. How does that compare with previous years?

Ms. Maria Aubrey: If it's okay, Mr. Chair, I can direct that question to Mr. Ciobanu to talk about how the IRAP portion has evolved.

Mr. Brian Masse: No, I'm talking about your general allocation and your IRAP. I'm going strictly from point 4 of your presentation, in terms of your 2016-17, so I'm looking towards 2015-16, or even prior to that.

Ms. Maria Aubrey: The numbers have increased over time. Basically, we've evolved, depending on specific programs and so on

that have been given. I'm really sorry I don't have the numbers handy with me to be able to give them to you, but I'm happy to provide them as supplementary information.

Mr. Brian Masse: That's fine. What I'm looking for is how, from the year 2000, say for example, to now, those compare in terms of where we are today in comparison with what we started with in, say, the year 2000. It's just a quick matter of going through your annual general reports, I'm sure.

Ms. Maria Aubrey: We can provide those.

Mr. Brian Masse: That's great. Thank you.

I'm looking at some of the “examples of NRC in action”. You have the one with agriculture here, and I have seen some of the work done in the past with regard to science and technology. Do any of your studies or involvement in partnerships include any of the elements of algae blooms in the Great Lakes? That's agricultural run-off that's creating a significant problem for... It doesn't just come out of Canada; obviously the major problem comes from the United States, but we're still part of it as well. I'm wondering whether you're involved in that capacity at all.

● (1700)

Ms. Maria Aubrey: Again, I will turn it over to...

Mr. Roman Szumski (Vice-President, Life Sciences, National Research Council of Canada): We don't have specific programming. It's not a primary mandate of the NRC to look at issues like that. However, we do have scientific expertise and we work with Environment Canada and other departments to provide the scientific expertise to support them in identifying the blue-green algae or algal blooms. In the past, as you may know in this committee, the NRC is known for a very important discovery of the domoic acid in red tides. That kind of expertise on toxins in these types of organisms is something that's tapped by other departments that have the primary responsibility for that kind of issue.

Mr. Brian Masse: I would just suggest that there's probably a lot of work that could be very valuable for the NRC to be involved with in partnerships with organizations dealing with microbeads, and microplastics, etc. I say this because much of it is industry-driven, in terms of the consequences. Research and development is a major component of this, to create alternatives and so forth, but it takes some innovation, and research partnerships with the universities as well.

Mr. Roman Szumski: I think the NRC has a lot to contribute to water.

Mr. Brian Masse: Yes, and I guess what I'm getting at is that I'd like to see more of it in those areas, because I've seen the partnerships before, and you're a natural fit to be part of those working groups that are working on these matters.

I'm going to go to your point 14 concerning some of your bridging roles across university research activities and government departments and R and D needs. I don't know if this is the appropriate column for it, but what do you do to reach out to small business, for example, in terms of research and development partnerships? They often find it difficult to access government services. I know that the BDC talked to this committee about revamping a little bit to be more successful.

The Chair: You have about 30 seconds.

Ms. Maria Aubrey: We have a number of initiatives that we reach out to SMEs with, and with IRAP we have the concierge services that allow small companies to understand all the different capabilities of different initiatives and so on. We facilitate that. But as part of our client outreach program, we're also continually engaging with organizations to find out their needs and to bring them forward as applicable to our programs.

Mr. Brian Masse: I don't hear much—

I'll let it go, thanks, Mr. Chair.

The Chair: Thank you very much.

Mr. Longfield, you have five minutes.

Mr. Lloyd Longfield: I'll pick right up on what Mr. Masse said, because that's exactly where I was wanting to head to as well.

It's great to have you all here. I've been a big fan of the IRAP program and have worked with Tom Matulis, who is now a director, and Jennifer Mamby, who has helped with lots of small business in Guelph.

It's great to have the flexibility of your department embedding people into innovation centres. Our committee is going to be studying manufacturing strategies, and I'm wondering if Guelph is unique in putting IRAP people in the field working within innovation centres, or is that something you do in other parts of Canada?

Ms. Maria Aubrey: Mr. Chair, this is very special for us because it's one of the areas that the NRC has put a lot of emphasis on, and we have a large number of locations, but I'll let Mr. Ciobanu talk to this, because it's obviously closest to his heart.

Mr. Bogdan Ciobanu (Vice-President, Industrial Research Assistance Program, National Research Council of Canada): We have exactly the model that you are talking about. We try to have our field staff as close as possible to the clients and as close as possible to different organizations that are active and present in the communities, so IRAP ITAs, industrial technology advisers, are located in 123 places all over Canada. Their main role is, first, to understand very well the makeup of their territory in terms of small businesses, medium-sized businesses, investors, regional development organizations, universities, colleges, and so on; and they are always central in the innovation ecosystems of communities.

Mr. Lloyd Longfield: I'd love to talk all day on this. We have five minutes.

The Chair: Actually you have three minutes, and you can't talk all day.

Mr. Lloyd Longfield: I don't want to cut you short, but I want to pull out some more information. It's good to hear that 123 is the number.

If we're working on a manufacturing strategy and we have different strengths in different parts of the country, is information available on what types of businesses you're working on, so that we might be able to see that in one part of the country you're working really well with a certain sector but you're not working as well in other parts, and maybe we could provide some assistance and so on?

● (1705)

Mr. Bogdan Ciobanu: First, all of our clients have been disclosed proactively on the website, but we have a manufacturing sector team. We have ITAs from different regions—who are active, and understand the sector, and are interested in it, and can bring something to the sector—joining forces and providing this kind of support, first of all, on information sharing and for different initiatives and companies.

Mr. Lloyd Longfield: Perfect. Thank you. We'll be in touch, then.

Over to life sciences, when we look at genetically modified seeds, looking at alfalfa as an example in western Canada, the IP protection on, let's say, seed development at the universities or through NRC, could you briefly touch on how NRC, universities, and commercialization work in terms of something that could be controversial like GMOs?

Mr. Roman Szumski: We don't have any current examples of working on a GMO, but I could give you an example of our wheat program. Wheat breeding is typically a public sector activity, and in Canada the wheat varieties are bred by organizations like Agriculture and Agri-Food Canada, the University of Saskatchewan, and other universities across the country. We are working with those two groups in a collaboration, so that we can bring our biological expertise and our gene sequencing and our incredible genomic understanding of these organisms and plants and help the breeders, using their classic techniques, to more rapidly develop varieties.

In terms of GMO, as you know, canola is mostly a GMO across Canada. That's something that NRC was involved in decades ago in developing, along with the University of Saskatchewan and Agriculture and Agri-Food Canada.

Mr. Lloyd Longfield: Who owns the IP?

Mr. Roman Szumski: It's very complex. In a situation like that there are many groups that own IP along the way. At the end of the day, it's the companies that sell the seeds that have the critical IP they own, which gives them the right to sell.

Mr. Lloyd Longfield: Thank you very much.

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

Mr. Earl Dreeshen: I can only go back to 2008-09 as far as the investments that I've seen as far as science and technology is concerned. It has been billions and billions of dollars in all different areas, and you end up talking about the billion dollars that you have at this point in time.

Going back to 2009, and some of the things the government did, there was \$750 million for leading-edge research infrastructure to the Canadian Foundation for Innovation, \$50 million for the Institute of Quantum Computing in Waterloo to build a new world-class research facility, \$110 million over three years to the Canadian Space Agency to support the development of advanced robotics, and \$200 million over two years to the National Research Council's industrial research assistance program to enable it to temporarily expand its initiatives for small and medium-sized businesses.

We're going to be dealing with a study on initiatives for small and medium-sized businesses. I'm wondering if we could start by describing where that \$200 million through your program is going and what you feel the advantages will be as we move forward in the future.

Ms. Maria Aubrey: I will ask Mr. Ciobanu to talk about it. He is very close to IRAP.

Mr. Bogdan Ciobanu: Let me help you better understand it. It was about \$200 million over two years that was allocated to IRAP in 2009-10. It was a two-year allocation. That \$100 million per year was a long time ago. I've been here for less time than that, you understand.

Mr. Earl Dreeshen: Okay.

Mr. Bogdan Ciobanu: This was for core IRAP, meaning it was for helping companies grow through technological innovation projects.

• (1710)

Mr. Earl Dreeshen: I wanted to look at some of the things that have been happening, the research dollars that have been there, and of course the great things in innovation that have taken place because of it.

Another point that has always been brought up—as an educator—is applied research and basic research, whether it's going through universities or colleges. Yes, the dollars are there, but it depends on who you're talking to as to what percentage should go into which. Should we be putting more into applied research, so that maybe it can tie in closer to the local innovators you would see in the communities? Of course, the arguments go the other way, as well. You get a bigger chunk of the pie, but have you ever considered putting more of a percentage into the applied research side of the equation?

Ms. Maria Aubrey: At NRC, when we look at where the investment and money should go, it's directly tied to the needs of Canada and what's been identified. It's about working closely with industry, other federal governments, and academia, and understanding and validating the direction that is required and the complex problems that need to be solved.

The intent is that the research that's done has an end point and an outcome in mind. If the problem that needs to be solved is complex and early, then you need to start at the basic research. At the end, you have to go through the applied research.

The investment needs to be commensurate with what you're trying to solve. We need to make sure we keep in mind and address those adjustments.

There will be times when the balance might shift from one end or the other, but at the end of the day, we have to do it with the end outcome in mind and make sure that it meets the end-user's criteria, and get it into Canadian hands, so we can exploit it and turn it into economic value.

The Chair: You still have about 40 seconds.

Mr. Earl Dreeshen: I also appreciate having Mr. Szumski here to talk about life sciences and the great research that has been done. As a farmer from western Canada, I know about the Canadian Wheat Alliance and the amazing things that have been done in research.

Whether it's that work, or it's the work that's been done with canola, it's one of those crops that feeds the world because of the technology and the innovation that is there.

I'm wondering if you could talk about some of the things you see going forward. I know I only have a few seconds for you to summarize something that is really important to western Canada.

The Chair: I'm very eager to hear that answer, but make it brief.

Mr. Roman Szumski: In addition to improving the plants themselves, we also spent a fair bit of effort working on how to extract value from all parts of those plants, whether it's interesting chemicals or new greener ways of producing cosmetics and that type of thing.

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

Mr. Majid Jowhari: I want to go back to the innovation agenda. Let me summarize what I've heard, and then I'll ask my questions.

Based on the numbers that I looked at, there was an increase of about \$60 million this year in the budget. I also heard that, based on Canada's needs, the focus is well-balanced between basic research, applied research, and commercialization. Also I understand that, based on the innovation agenda and the framework the government has put forward, NRC has been identified as one of the enablers.

Having said that, my question is, if the government were going to give you a directive, where do you think that directive should be focused?

Ms. Maria Aubrey: The mandate of the NRC has served Canada well for 100 years, and we are unique in the sense that we bridge the gap from all of the different aspects that come together in regard to funding. IRAP provides grants, and there are other organizations that do that, but NRC is unique in bringing all of it together on a national basis, providing infrastructure, equipment, and so on.

The mandate of the NRC is pretty comprehensive and supports that innovation agenda and the government's mandate letters. We look forward and hope to be able to complement these and contribute to it and build on it.

• (1715)

Mr. Majid Jowhari: Is it fair to say, if you have a high performer, leave him to perform and just remove the barriers, in the future?

Ms. Maria Aubrey: I think that's always potentially a good way to approach things. We shouldn't disrupt what works, if we can help it. On the other hand, I also believe that one thing the NRC has done well over the years is to evolve with change, and so we need to take those things into consideration. As the government evolves the agenda, we need to also evolve to address those things and accommodate them as needed.

Mr. Majid Jowhari: Coming back to the role that NRC is taking on the innovation agenda, the reorganization that was supposed to happen from April 1 has been postponed, so there's a bit of flex, I think, in the system. People were expecting change, and suddenly it has been stopped.

What are you doing in the immediate future?

Ms. Maria Aubrey: I think it's important to note just a clarification.

On April 1 we did not stop an NRC transformation. For all intents and purposes, the NRC transformation is completed. We needed to achieve a balance and bring all of the potential from the NRC together to maximize it and to bring forward solutions for Canada and to tap into all of the great capability that we have.

As of April 1, what we want to do is to stay focused on delivering on the programs that we have, making sure that we really focus on outcomes, making sure that we understand the needs of those programs, and utilizing all of the resources we have across the organization. That's the focus.

The Chair: Mr. Arya.

Mr. Lloyd Longfield: As we start our manufacturing strategy, we don't know what we don't know. If you have any information that can help us improve the manufacturing climate in Canada, improve our support for manufacturing as a government, we'd really appreciate anything you can think of that you think might help us.

Ms. Maria Aubrey: Mr. Chair, our organization welcomes the opportunity to contribute with all the great knowledge we have at NRC.

Mr. Lloyd Longfield: Send us Jennifer Mamby.

The Chair: Thank you very much for that.

With all the successes you have, you can write the manufacturing study.

Voices: Oh, oh!

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

Mr. Ben Lobb: I've had the great pleasure of working in two different industries that both used the IRAP.

I have one question. Do you hear criticisms of IRAP from businesses about the cumbersome nature of recording, managing, and filing back to that program? In many cases, it's small and medium-sized businesses, and they have to add half a person to be able to comply with the requirements. Is there anything you can tell us about that?

Ms. Maria Aubrey: Mr. Chair, I will allow Mr. Ciobanu to add to this, but before we do that, just from my personal experience working with SMEs, I know the tremendous importance of balancing the needs of managing public funds and doing it right. Handing out money is a difficult thing to do right. I think it's incumbent on the NRC to continually look at our processes and make sure that if anything can be simplified, we do that, while at the same time making sure that the *i*'s are dotted and the *t*'s are crossed. As far as the complaints and so on are concerned, I will allow Mr. Ciobanu to say that it could change.

• (1720)

Mr. Bogdan Ciobanu: Thank you. It's a good question.

IRAP is aware that time for entrepreneurs is often more important than money. That's why we've been continuously trying to simplify the processes, to make their lives easier, and to simplify the paperwork as much as possible. The applications can be now entered by clients on a secure website, which simplifies the way they apply. There is an interaction with the ITA in real time, which accelerates the process. The claims are a major issue for the clients and for a

small business. A lot of time, as I'm sure you are aware, they keep their invoices and everything in shoeboxes. We try to help them structure, we try to help them develop a project management approach that will help them later, for the SR and ED, for example, and we provide them the opportunity to send those invoices and their claims on our secure website.

There has been a lot done to simplify processes. For small contributions, our response time is below 10 days. This shows that we try to be as effective and as efficient as possible.

Mr. Ben Lobb: The other question I have for you—and, again, this is going back almost 10 years now—is about intellectual property, trademarks, copyrights, etc. My experience has been that you have these brilliant minds who are very focused on the technology—I'll use technology for the example—a lot of young and inexperienced people who have a great idea. They're ready to go out, and then they get crushed by an American company because of the patents, or a copyright, or a trademark. Along the way they get great support from governments, universities, etc., but that was a gap, the legalese part of it. Is that something you have worked on, that IRAP's worked on, etc., to provide advice and seek the appropriate legal counsel while you are developing your technology?

Mr. Bogdan Ciobanu: Of course, ITAs are not legal experts, but a lot of them had previous IP experience while working as senior executives and entrepreneurs themselves. What they are doing is to refer their clients to lawyers in the community who specialize in their particular areas. They are working with CIPO, the federal government intellectual property office, which also provides some form of advice on IP. What we always make sure is that there is a clear agreement between our clients, contractors, consultants, and everybody involved in the project, on the management of IP.

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

Mr. Frank Baylis: When you're done talking to me, you'll be able to answer Mr. Nuttall's question about directives from the Liberals.

There is information that I would like to have; I don't know whether you'll have it. I'll direct most of my questions to Mr. Ciobanu.

I believe the Canada accelerator and incubator program was run about four years ago. Was it three or four years ago that it was closed?

Mr. Bogdan Ciobanu: This is the third year.

Mr. Frank Baylis: This is the third year of it, and it has two more years to run.

I'd like to get a list of all the applicants from whom applications were received; I'd like to get a list of the selection criteria that were used to make the selection; I'd like to get a list of the incubators and accelerators that were funded, showing how much they were funded. I don't assume you'll have all that information here.

• (1725)

Mr. Bogdan Ciobanu: No, I don't have it, but I will provide this information to the committee.

The Chair: Do so through the clerk, please; we'll distribute it for everyone.

Mr. Frank Baylis: There is another set of information that I'd like to have, specifically on the IRAP budget. I'd like to know, let's say for the last ten years, because I know that budget has moved around a lot, two things: how much money was actually allocated to companies, and how much was allocated to running the department—that is, all your field staff and so on? I'd like to see those two numbers, specifically for the IRAP program.

Mr. Bogdan Ciobanu: That's for the last 10 years?

Mr. Frank Baylis: For the last 10 years, yes.

My questions are really aimed, as I said, at the IRAP and the CAIP program, the accelerator program.

With respect to the accelerator program, now that you know the information I'm looking for, are you actually monitoring to see the outcome of that investment? How much money was invested, and are you monitoring to see the outcome?

Mr. Bogdan Ciobanu: The CAIP program is a \$100-million program over five years. This is the third year of the program. There are 16 successful recipients all over the country, and I will provide you with a list. Every contribution agreement has clear and specific objectives and targets, which are monitored regularly by our field staff. They are present there. Some of them are already co-located with those incubators and accelerators; some are not. They are monitored regularly. With every claim that the accelerator or incubator provides, they must provide also the report on achievements.

Mr. Frank Baylis: As you went through the selection process, was there any political interference, or was there any political guidance when it came to choosing any of those incubators?

Mr. Bogdan Ciobanu: IRAP was not the decision-maker in this process. IRAP manages the program for Finance Canada, and the Minister of Finance selected a committee of business people—people independent of the government—who made the selection. IRAP provided a pre-screening and the longer list of pre-screened incubators and accelerators, and the committee made the final decision and recommendation to the Minister of Finance.

Mr. Frank Baylis: Is the list of those committee members a public list?

Mr. Bogdan Ciobanu: It must be public, yes.

Mr. Frank Baylis: Could I have that list, too?

Mr. Bogdan Ciobanu: I'll try to find this list, yes.

Mr. Frank Baylis: Those 16 have been funded. To my understanding, they all pre-existed, so we'd have to see something more coming out of them. What is the more that you're tracking?

Mr. Bogdan Ciobanu: There are two things: more of the same, or new initiatives. Every contribution agreement is different. There are no two alike, because every incubator and accelerator is different from the others. They have different clientele and they operate in different environments. So their objectives are different, but there are two important things that are common: the objectives must be in addition to what they already do, or they must be new and different things.

Mr. Frank Baylis: How much time do I have?

The Chair: You have 40 seconds.

Mr. Frank Baylis: Canada has talked a lot about having cluster-specific areas that we are very good at, such as aerospace in Montreal. Was there any thought given in this process to helping incubators that would tie into a cluster that we're trying to promote? Was there anything sector-specific or cluster-specific in choosing or driving these choices?

Mr. Bogdan Ciobanu: Not to my knowledge; I don't know of any—

Mr. Frank Baylis: It was a kind of scatterbrained—

Mr. Bogdan Ciobanu: —sector-specific.... There was no indication—

Mr. Frank Baylis: It was just whatever comes, comes.

Mr. Bogdan Ciobanu: The idea was, let's find the best incubators and accelerators out there—"best" meaning they have achieved better growth for their clients and increased investment in those clients—and try to help them do more.

The Chair: Finally, Mr.—

Mr. Brian Masse: I'm good.

The Chair: We are good.

Thank you very much for coming and answering questions. It was very exciting to watch all the giddy emotion of all the scientists in the room. Thank you very much.

For the committee, I just want to remind everybody that on Tuesday we start our manufacturing study. We will have the Canadian Chamber of Commerce, which has been confirmed, and the Conference Board of Canada, for Tuesday.

Thank you very much for a very productive session.

I will adjourn the meeting.

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