



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Industry, Science and Technology

INDU • NUMBER 062 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, May 18, 2017

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Chair

Mr. Dan Ruimy

Standing Committee on Industry, Science and Technology

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• (0845)

[English]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Welcome, everybody, to meeting number 62 of the Standing Committee on Industry, Science and Technology. Today we are continuing our review of the main estimates 2017-18.

I have just a couple of quick notes. We have a very tight timetable. We've agreed that in the first round we will drop our time from seven minutes to five minutes. I will be holding everybody to that time, so keep your preambles short and we'll go from there.

Today we have with us the Honourable Bardish Chagger, Minister of Small Business and Tourism, along with Mr. Knuble, deputy minister, and Kelly Gillis, associate deputy minister.

Minister, you have up to 10 minutes.

Hon. Bardish Chagger (Minister of Small Business and Tourism): Thank you, Mr. Chair and member of the committee. I am pleased to join you today in my role as Minister of Small Business and Tourism to speak about our government's work to support Canadian entrepreneurs and SMEs, our tourism industry, and the middle class.

[Translation]

Budget 2017 marks the next step in our plan to support Canada's middle class and those working hard to join it. Through this budget, we are taking ambitious action to support sustainable growth, build prosperous companies, and prepare Canadians for the workforce of tomorrow.

[English]

Mr. Chair, innovation has been a priority for our government since day one. It features prominently in budget 2017. We understand that Canada must innovate in order to compete and grow in the global economy. Small and medium-sized businesses, or SMEs, are often the drivers of this innovation. Through budget 2017, we are doing more to support this innovation, in part by making important investments and also by improving our processes to make it easier and simpler for SMEs to work with government.

At the heart of this plan is the creation of Innovation Canada, a one-stop point of contact for Canada's innovators and entrepreneurs. It will be the organization that leads on Canada's economic growth strategies. It will begin by reviewing the government's business innovation programs.

[Translation]

SMEs are critical to driving and shaping innovation. They make up more than 99% of Canadian companies, employ approximately 10.5 million Canadians, and represent about 40% of our GDP. And in many cases, they are the sources of new game-changing innovations.

[English]

We believe the Government of Canada can do a better job of supporting these businesses as their first customer. To address that, we are launching the innovative solutions Canada procurement initiative. Under this program, the government will focus its purchasing on innovative made-in-Canada products and services that improve how we deliver services to Canadians while also helping to find cost savings.

In addition to these actions, budget 2017 makes important investments that will help SMEs bring their products to market, scale up, create jobs, and export to the world. For example, we will invest up to \$400 million to create a new venture capital catalyst initiative to be administered by the Business Development Bank of Canada, better known as the BDC.

[Translation]

This initiative will provide more late-stage venture capital to Canadian firms looking to grow and expand.

And to do our part in the global fight against climate change, we are investing \$1.4 billion to support clean technology firms.

[English]

This April in northern Ontario, Minister Bains announced that the work of FedNor and Canada's other regional development agencies will take on new importance in light of the focus on innovation. Every region of the country will have a distinct innovation and skills plan that reflects regional economic realities. These plans will showcase the benefits of each region to investors and provide Canadians across the country with opportunities to develop their skills.

Supporting SMEs will be a key part of these plans. I just returned from the Prairies, where I saw first-hand the great innovative work being done by local SMEs. The same is happening right across the country. I will be working closely with Minister Bains to ensure that the regional development agencies continue to keep SMEs at the core of their work.

● (0850)

[Translation]

To truly seize new opportunities to innovate and grow, SMEs must hire the right people.

Budget 2017 proposes \$2.7 billion to help unemployed and underemployed Canadians train for better jobs.

[English]

The government is especially committed to the success of Canada's young people. We are providing more than \$395 million for additional youth employment and skills development opportunities, and \$50 million for coding and digital skills education to help young Canadians prepare for technology jobs.

We will invest \$14 million over two years in Futurpreneur Canada, which is doing amazing work providing young business owners with mentors, skills development, learning resources, and start-up financing.

Mr. Chair, women entrepreneurs and women business owners in Canada are under-represented, a problem we share with the U.S. This is a personal priority for me. We know that the number of Canadian women wanting to start a business is among the highest in the world, and yet just 16% of businesses are owned or controlled by women.

As the committee will remember, to help address this, Prime Minister Justin Trudeau and President Trump announced the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders. This important initiative will identify actions to remove barriers to women serving in senior leadership positions and advise on boosting competitiveness for women entrepreneurs.

Beyond this, we are also committed to helping women entrepreneurs and innovators succeed. This includes encouraging procurement from companies led by women and other under-represented groups.

[Translation]

And BDC is doing great work—it has taken steps to become a world-leading financial institution for women entrepreneurs. This includes creating a new \$40-million fund for women-led technology firms and investing \$10 million to support regional initiatives for women founders.

[English]

Mr. Chair, these are exciting times for Canada's tourism sector as well. Last year, we welcomed close to 20 million visitors, over 11% more international tourists than in 2015.

[Translation]

Growing this sector is important. It accounts for 2% of GDP. And it employs more than 1.7 million Canadians, often in good middle-class jobs. Moreover, Canada has much to offer as we celebrate our 150th anniversary. We expect to set a new record this year.

[English]

It is time for us to leverage our successes. Last week, at Rendezvous Canada, I announced a new tourism vision. This ambitious undertaking aims to grow and strengthen Canada's tourism industry while enhancing our country's brand.

We have laid out 20 items that address some of the biggest challenges that require action. These include lifting the visa requirement for Mexican travellers, investing to make Canada a destination of choice for LGBTQ2+ tourists, and gearing up to celebrate the Canada-China year of tourism in 2018, which we expect will dramatically increase the number of Chinese tourists coming to Canada.

Mr. Chair, our vision is reinforced by measures in budget 2017, such as reliable funding for Destination Canada, our national tourism marketing organization, and \$8.6 million over four years to help grow Canada's unique and authentic indigenous tourism industry.

[Translation]

I'm pleased to say that we have a fruitful relationship with the provinces and territories too.

[English]

In November 2016, I co-chaired a meeting of federal, provincial, and territorial tourism ministers in Iqaluit. We agreed to work together to increase our tourism competitiveness.

[Translation]

Mr. Chair, the government has a clear plan: to support innovation and SMEs, help our tourism industry grow, and make it easier for more hard-working Canadians to join the middle class.

● (0855)

[English]

I would like to thank the committee for the opportunity to speak to you today, and I welcome any questions.

The Chair: Thank you very much for your brief comments.

We will move right into questioning. Mr. Longfield, you have five minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thanks, Mr. Chair.

Welcome to our committee, Minister Chagger. It's great to see you here this morning.

I know it was a late night last night, with the committee of the whole. There were great discussions there as well.

I want to look at tourism and the investments that Destination Canada is showing in the estimates, going from \$62,975,770 last year to \$95,475,770 this year. It's a significant increase in tourism investment. I wonder whether you have a sense, as part of your modelling, of the revenue increases we might expect in terms of our economy's growth as a result of those investments.

Hon. Bardish Chagger: Yes, it was a late night, and it's a good morning.

It's a pleasure to be here. We're finally recognizing tourism as an economic driver and hence making the strategic investments.

For every dollar we invest in Destination Canada, the crown corporation leverages \$1.10 from partner co-investments, resulting in \$1.5 billion in attributable tourism export revenue in 2016 alone. We know that the tourism industry is 2% of GDP, supporting 200,000 businesses and over 1.7 million jobs in Canada from coast to coast to coast.

The revenues are there. What's not happened in the past is investment in the tourism industry. Destination Canada had some cuts to it.

Budget 2017 gives it basically long-term funding, \$37.5 million a year, and then the other money is from programs like connecting America, the millennial travel program, and so forth.

Mr. Lloyd Longfield: Guelph has been looking at its tourism models. When I was at the chamber of commerce and since then, the City of Guelph, the chamber of commerce, the downtown business association, Innovation Guelph and some of the businesses have been looking at tourism strategies.

Is it fair to say that we're not wasting time looking at investing our effort in tourism because there is matching funding as well as investment from the federal government?

Hon. Bardish Chagger: Basically the way Destination Canada works is that it is our crown marketing organization. We market to international markets predominantly, strategic markets. There is the millennial travel program, which is to encourage millennials to travel and explore the country, because stats show that they will.

Destination Canada works with provinces and territories. I co-chair the FPT meeting, so provinces, territories, and the federal government come together at one table. Our last meeting was in Nunavut in Iqaluit, which I was referring to, where we signed the Nunavut declaration, setting priorities for provinces and territories for the federal government or Destination Canada to work with them. The municipalities, cities, and so forth would work with their provincial organizations and are always welcome to connect directly with Destination Canada as well.

Mr. Lloyd Longfield: Perfect, thank you. As Gudie Hutchings always says, "coast to coast to coast".

We just finished a bit of a study on Stats Canada, but I think we need some further work, looking at \$8.3 million going into tourism

data, looking at supporting small business with data and analysis. Again, our downtown business association is looking at what types of people shop in the downtown, where they come from, their demographics.

Could I maybe have a comment on Stats Canada's relationship with your ministry?

Hon. Bardish Chagger: In budget 2017, we saw an investment in Statistics Canada to broaden tourism data collection. We need this data to effectively measure the growth of our tourism industry and to assess the effectiveness of our international tourism marketing efforts, so better data on domestic travel. It will also strengthen planning for domestic tourism activity. That's where this commitment of \$13.6 million over five years is coming from, and then \$2.7 million thereafter, to expand Canada's tourism data collection.

Basically this investment will be used to address existing data gaps, in particular for international tourists who enter Canada by land as well as for international and domestic visitors to the north, while broadening the sample size for specific regions. This is to enable Destination Canada to better look at what markets we want to be targeting. Where are people coming from, and where is the potential in other markets?

We also want to be looking at the average spend of the visitors. We want to ensure they are bringing those export dollars to our country, helping our SMEs. It is also so that I can better ballpark when you're asking me questions like this. What is the potential? Where are we at? What's the curve looking like?

As you know, the government believes in evidence-based decision-making, hence an investment to make sure we have good data to back that as well.

• (0900)

Mr. Lloyd Longfield: Thank you, Minister, and don't be surprised if you get an invitation to come to Guelph and join one of our round tables.

Hon. Bardish Chagger: Guelph is a great region. It is close to the Waterloo region, so I welcome any opportunity.

The Chair: Thank you very much.

We're going to move to Mr. Richards. You have five minutes.

Mr. Blake Richards (Banff—Airdrie, CPC): Thank you, Mr. Chair.

Minister, thank you for being here today.

I'll start with a yes-or-no question, or a very brief response. I want to ask if you agree that campgrounds play an important role in the tourism industry.

Hon. Bardish Chagger: I believe that every facet plays an important role in the tourism industry.

Mr. Blake Richards: Campgrounds would be part of that, then, would you say?

Hon. Bardish Chagger: I'm very inclusive. I think that every community is touched by the tourism industry. It's an economic driver that's not been represented well.

Mr. Blake Richards: It's not a really good start because we can't even get a "yes" or "no" answer to something as simple as that. Anyway, I'll take that as a "yes".

I want to ask, then, if you do believe campgrounds have an important role in the industry. There is an issue that is very directly and very negatively affecting that particular sector of the industry, and I think it has the potential to affect a lot of other parts of the industry, as well. It's one that your government is really ignoring. We're hearing talking points, but we're getting no answers for the campgrounds as to how you are going to help them.

There is a rule that's being used to target campgrounds, saying that their income is passive. Certainly, there is no doubt that the work involved in campgrounds is anything but passive. Your government's argument is essentially that some small businesses are too small to be small businesses, which is ridiculous.

Recently you, the Minister of National Revenue, and the Minister of Finance co-signed a letter to the Canadian Camping and RV Council that states that you recognize the important role that campgrounds play. You also, in that same letter, claim that the rules around active versus passive income haven't changed. However, you are basically telling them, "Too bad, so sad", and that you're going to continue to target their businesses as being too small to be small businesses.

This was something we recognized as an issue when we were in government, and we began a review of the rules. Your government cancelled that in your first budget. That was after having 12 of 13 submissions say that there was a real problem there and that this needed to be addressed and fixed—obviously, something your government ignored.

Then on August 23, 2016, the CRA, of course, released a new interpretation of the rules, and they're going after campgrounds.

The finance committee, however, in its pre-budget report for this year's budget, recommended:

That the Government of Canada [should] recognize the income earned by campgrounds and storage facilities as "active business income" for the purpose of determining eligibility for the small business deduction.

That's a pretty clear recommendation, and your government ignored it.

Minister, I want to ask you, given all that, how can you claim that these rules haven't changed? How can you actually say you support small businesses when your Liberal government is trying to target some small businesses and put them out of existence?

Hon. Bardish Chagger: As I've said on the record, and as I will continue to say, I will always work collaboratively with my colleagues. The previous government and this government have very different approaches. We believe we can work together.

Mr. Blake Richards: Minister, let me just interrupt you on that because my time is quite short. To say you'll work collaboratively is

one thing; to do it is another. You're saying that, but you're certainly not doing it. When you send a letter to campgrounds basically saying, "Sorry, we didn't do anything to change the rules," when it's very clear you have, I think it's a pathetic excuse to say, "Well, we'll work with them collaboratively." You have to actually do that.

Maybe we can try a different subject because I don't think we're getting anywhere with this one. I'd like to ask you, Minister, if you would agree that labour is a very important part of the tourism industry.

Hon. Bardish Chagger: Jobs are important to the Canadian economy. That's why we're making investments to create the conditions for growth so that the economy can grow.

Mr. Blake Richards: Okay.

Again, we're having a difficult time getting a "yes" or "no" answer, Mr. Chair, but we'll take that as a "yes".

As you mentioned in your opening remarks, you did, of course, release last week a new "tourism vision". I'll put that in quotations because the "tourism vision" is nothing really but a rehash of the federal tourism strategy our government put in place—and that was certainly something we were proud of.

Having said that, when I look at that vision.... After claiming there was consultation, your government really brought nothing new to the table in that regard. However, the one thing your new vision did do was leave out one of the main priorities of the previous tourism strategy: to foster "an adequate supply of skills and labour to enhance visitor experiences through quality service and hospitality." That's completely gone.

So, your vision clearly has no plan for "an adequate supply of skills and labour" for the tourism industry. On the very last page, I believe, there is one very small mention of labour. I really want to have you explain to us why you think this should not be an important issue facing the tourism industry and why it's not one of your priorities, because it is a very significant issue facing the industry.

● (0905)

The Chair: Unfortunately, you have run out of time, so we're going to move on.

Mr. Blake Richards: Well, we wouldn't have gotten an answer from the Minister, I'm sure, anyway, so thank you, Mr. Chair.

The Chair: You're entitled to your comments. The Minister is entitled to hers.

We're going to move on.

Brian Masse.

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

Thank you, Madam Minister, for being here.

In your discussion, you mentioned the Trump-Trudeau initiative or council for the advancement of women. As you are aware, we have a piece of legislation, Bill C-25, that would require some better standards for women on a corporate board of directors. Your government has chosen not to amend that and has chosen to do a “comply and explain” model. This has been discussed in the House of Commons, the debate has been through, and we're going to the final reading. We're going to a very weak model.

Why is it, at a time when you are setting up an American initiative for women leadership in business, that we would not actually meet the average standard of other countries that have been progressive on this? Why leave it to the Trump-Trudeau initiative rather than the legislation that's in the House of Commons?

Hon. Bardish Chagger: There are several—at least two—pieces of legislation in the House of Commons that are being debated. Part of the challenge is that this is the Government of Canada, and it belongs to all Canadians. If it's going to be a matter of us versus them, it doesn't really benefit the people we're working for. Bill C-25 is legislation that has been advanced by the government. Minister Bains, I understand, will be here right after me, and will welcome those opportunities.

With different approaches, we're really trying to make sure we're taking the steps to achieve the goals and the outcomes that we want to get to. Some people would like to get us there faster and believe that we'll have the results, and there will be some disagreements in that sense.

Mr. Brian Masse: That's rather unfortunate, because you profess that that's important, but I would say there's still an opportunity to fix the bill before it goes forward.

When will these meetings take place on the Trump-Trudeau initiative?

Hon. Bardish Chagger: I don't have a schedule of meetings, but I'm sure that's information that's always made publicly available anywhere the Prime Minister goes and the media follows, but I don't have the schedule—

Mr. Brian Masse: I don't believe the Prime Minister sits on this panel.

Ms. Kelly Gillis (Associate Deputy Minister, Department of Industry): The schedule is still being worked out, and the details of the interoperability between the two countries are still part of an ongoing discussion.

Mr. Brian Masse: Will the meetings take place in Canada?

Ms. Kelly Gillis: That has not been determined yet.

Hon. Bardish Chagger: I'll be fighting for that to happen.

Mr. Brian Masse: When will we have more information?

Ms. Kelly Gillis: I don't have the details of the exact schedule. The announcement was made, and there are a number of prominent people who are involved in sharing their mindshare on how we advance this important initiative.

Mr. Brian Masse: Have those people been contacted? How long do we wait before that takes place, then?

Mr. John Knubley (Deputy Minister, Department of Industry): What I understand is that there have been ongoing discussions

with the members on the Canadian side, and there continue to be preparations for their meetings.

Mr. Brian Masse: Okay, well, I mean, you come here and you talk about it, and you indicate they're important, but you have no information about the initiative. You put it in your speaking notes. Yes, you mentioned it.

Hon. Bardish Chagger: I did.

Mr. Brian Masse: Yes, right, and then this was announced three months ago, and—

Hon. Bardish Chagger: Weren't we to discuss estimates at this meeting? I thought I was invited here to discuss estimates.

Mr. Brian Masse: No, no, you raised it in your own discourse to this committee. You raised it yourself.

I want to move on, but I find that troubling. To be quite frank, I'm trying to do this professionally.

If we move on to tourism, though, you didn't mention the United States in your remarks related to tourism. The United States has 22 million of the 27 million visitors coming into Canada. What are you doing specifically for United States visitors? You mentioned China, which is 500,000. What about the United States, especially since the dollar has slid against the U.S. dollar, and we're going into the season? What are you doing specifically for the United States?

● (0910)

Hon. Bardish Chagger: We have continued funding for the connecting America program, which is \$30 million to Destination Canada. These are the programs I was referring to that make up the difference between the \$37.5 million and the \$95.5 million budget they have, aimed at strategic markets in the U.S.

Also, we're looking at our gateway communities in Canada to ensure that we're really creating the conditions for inclusive growth, so it's not just about the large urban centres, but rural and remote areas as well.

Mr. Brian Masse: On that, are you in touch with Canada Border Services Agency and tourism in terms of making sure we have the appropriate staffing on the land border crossings? That's one of the things that is always of concern.

Hon. Bardish Chagger: We're really taking the whole-of-government approach, so all ministers and cabinet colleagues are working closely together. This was the case even with the electronic travel authorization, ETA, when it was coming into place.

The Minister of Immigration, Refugees and Citizenship Canada, our other counterparts, and I work closely together when it comes to pre-clearance legislation, which is really important for SMEs, as well as for tourists, so they have a good experience from the minute they book their travel to the minute they leave. I was consulted and able to share the perspective of our stakeholders.

The Chair: Thank you very much. We're out of time.

We're going to move to Mr. Sheehan, for five minutes, please.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much for that presentation. We really appreciate it.

I'm from Sault Ste. Marie, and we have two large first nations in the area—Garden River, Batchewana—and then we have urban and non-urban indigenous people and Métis. Part of this government's agenda is rebuilding that relationship with Canada's indigenous people. They're really appreciating it—I can tell you that much—and I get positive feedback. Their question to me is about wanting to do stuff around tourism, so what exactly does this government have for aboriginal tourism?

Hon. Bardish Chagger: It's an exciting time. Keith Henry is the head of ATAC, the Aboriginal Tourism Association of Canada. ATAC is working really closely with Destination Canada. For the first time it's a relationship to ensure that we are working hand in hand because we recognize that there are huge opportunities there.

Budget 2017 provided \$8.6 million to INAC that will end up being about growing tourism. The tourism vision that we came out with really focuses on marketing, access, and product, exactly in response to the constructive feedback we were receiving. We know there is already considerable success because in 2015 indigenous tourism generated \$2.7 billion in gross economic output and \$1.4 billion in GDP, which was up from \$596 million in 2002, and we're talking about more than \$142 million in taxes. There are huge business opportunities and an opportunity also to grow communities that have not had that opportunity in the past. Once again, it is about inclusive growth.

Mr. Terry Sheehan: Thank you very much.

I did a lot of work in my former life at the Economic Development Corporation with young entrepreneurs, and perhaps you can make some comments and tell us what is in this budget for young entrepreneurs. We know that 80% of all small businesses go out of business in the first three years. Young people are even more challenged, so what opportunities are there?

Hon. Bardish Chagger: We've continued funding for Futurpreneur. Futurpreneur has delivered great results—and that's why it's a program that really works—connecting the mentorship piece as well as the skills and development.

When it comes to budget 2017, we're talking about skills and development across the board to ensure that Canadians are ready for the jobs of today and tomorrow. We know that those skills will actually help them in the tourism industry as well. Rather than taking the silo approach, we are taking a whole-of-government approach, a whole-of-Canada approach, bringing the country together. Futurpreneur is really getting the huge potential in skills and development across the country for all generations.

Part of my mandate is really to look at under-represented groups, whether they are indigenous peoples, women, or youth, and then also look at the regional areas and what the shortages are there because we know that Canada has a huge land mass, but we are also quite diverse when it comes to our regions.

Mr. Terry Sheehan: Again, recognizing where my riding is, I think about winter and winter tourism. We have a ski resort, Searchmount, and a number of facilities, snowmobiling, etc. This is the first time that Searchmount was in the black in about a decade.

What is there in the budget for winter tourism?

Hon. Bardish Chagger: Canada's new tourism vision promotes winter tourism through two avenues: investing in our regionally diverse tourism offerings through our regional economic development agencies that support tourism by investing in local tourism businesses, products, and experiences including winter tourism; and promoting our national parks, many of which offer unique winter experiences, including cross-country skiing, snowshoeing, hiking, and more.

Something we're noticing, even when it comes to the jobs gap, is that it's a seasonal industry with the potential to be year-round. One of the greatest things that Canada has to offer, unlike many other countries, is four distinct seasons. We want to showcase those four seasons, and if we can get the country working better together, perhaps the regions that have heavy summer months but not heavy winter months could share resources and create those full-time, meaningful jobs that Canadians want and expect.

● (0915)

Mr. Terry Sheehan: That's very thoughtful.

I have a question about venture capital and access to it. I don't know how much time I have, but I'll just leave that out there.

The Chair: Thank you very much for saving us 30 seconds.

We're going to move to Mr. Lobb.

You have five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thanks very much.

Thanks, Minister, for attending today.

In the making of the budget and your budget suggestions to the minister, did you have any meetings with Dan Kelly from the CFIB, for making recommendations?

Hon. Bardish Chagger: Yes, for sure.

Mr. Ben Lobb: With that, do you feel it's your duty or responsibility to advocate to get the small business tax rate to 9%, or is that something that is completely off the table at this time?

Hon. Bardish Chagger: We've been communicating in regard to the opportunities, and once again, the previous government's approach and this government's approach are very different. We're really looking for results in growing the economy. Mr. Kelly and I have spoken. I've spoken with many of his members. I've also spoken to the Small Business Matters Coalition. If you look at their surveys and what their members are asking for, that's exactly where this government is headed through the strategic investments we're making.

Mr. Ben Lobb: On personal and capital gains tax treatment, prior to the budget being delivered, there was a lot of apprehension about that, certainly in my area where there are a lot of small-business people. Are you going to advocate on behalf of small-business people to Minister Morneau to leave it alone? That's not something you're looking at tinkering with at this time, is it?

Hon. Bardish Chagger: I work closely with all of my colleagues and I will continue to do that. When it comes to tax fairness, this government really believes in tax fairness and that's why there is a review taking place.

Mr. Ben Lobb: Okay. Is it fair now?

Hon. Bardish Chagger: You mean the system?

Mr. Ben Lobb: In your view, are the capital gains at this rate now fair? You just said fairness. So is it fair now or is it unfair?

Hon. Bardish Chagger: That's why it's important that we look at other countries and we look at what's taking place. We will look at the evidence, and that's the information on which we will base decisions. I will continue to advocate for—

Mr. Ben Lobb: That's a good point, because the United States is talking about the biggest tax reform in 30 or 40 years, and it is looking at capital gains potentially being at 20%. Is that something you're perhaps looking at—following in lockstep with the United States, to make it more advantageous for people who are investing in small business and so on? Or is that perhaps going to create some sort of issue between Canada and the United States with regard to investment?

Hon. Bardish Chagger: Through the Chair, as much as I appreciate that the member likes talking about hypotheticals, we're here really wanting to deliver results and take action. That's why we will look at the evidence. We will definitely look at other jurisdictions, something I've always encouraged—

Mr. Ben Lobb: Sorry to interrupt. That is a good point on evidence and things that have actually happened.

One thing that happened in the budget was the escalator on the excise taxes for small businesses like microbreweries and distilleries. I know from talking with them that if you had asked them prior to the budget if they thought you were going to increase the excise tax or decrease the excise tax, they would have told you that in the worst-case scenario you would do nothing or maybe decrease it, and in fact what you've done is put an escalator on there.

So on that, when we're talking about facts and realities in other jurisdictions, other jurisdictions around the world, G7 nations, are reducing excise taxes. We're increasing excise taxes, and I'm just wondering if you have any thoughts on that.

Hon. Bardish Chagger: I come from the Waterloo region and actually I speak to my local craft breweries and my stakeholders as well, and that's not what I've been hearing. I'm sure there are many perspectives. We welcome all of them—

Mr. Ben Lobb: You might be interested because some of their representatives—

Hon. Bardish Chagger: —but at the same time, that's not the only voice out there, just so you know.

Mr. Ben Lobb: Yes, well, their voices were at the finance committee this week, and I don't know if any of these members were

there, but I think they skewered Bill Morneau and Justin Trudeau quite competently on their excise tax increases.

I have one last question. I'm not saying we're fully employed in my region, but we're pretty close, and small businesses tell me they are having a very difficult time attracting people to work in tourism-related industries, such as restaurants. What is your government doing to help restaurateurs and others to be able to hire people and get their businesses working?

● (0920)

Hon. Bardish Chagger: There are definitely programs, but I'll actually continue that from your earlier questioning on the CFIB and give you a response to what their asks were, based on what their members said. Their biggest challenges were shortage of skilled labour—just as you said—government red tape, and then cost of innovative projects. They're very supportive of the investments the government is making. When it comes to skill shortages, we want to make sure that Canadians have the skills for today and tomorrow, which is why we're investing in skills development and so forth.

Mr. Ben Lobb: Is that also for restaurant staff?

Hon. Bardish Chagger: Hospitality is.... The tone of your question suggests you don't take tourism seriously. It's an economic driver.

The Chair: Thank you. We're out of time.

We are going to move to Mr. Baylis.

[*Translation*]

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

Hello, Ms. Chagger. Thank you for being with us today.

You talked about the tourism sector, that it represents 2% of Canada's GDP and that it employs more than 1.7 million people. Last week at Rendez-vous Canada, I believe you talked about a new tourism vision. Can you tell us more about that vision?

Hon. Bardish Chagger: Thank you for your question.

As part of the new tourism vision for Canada, our government will work with the tourism sector and the food sector to develop a national tourism strategy that includes gastronomic tourism, the LGBTQ2 community, and culinary tourism. I think if all MPs and cabinet work better together, we can get the results we want and need.

Mr. Frank Baylis: That is excellent.

[*English*]

I noticed also that we're looking to get something like a 30% increase in international tourism. Obviously, Canada is a beautiful, natural country, and I have to imagine that we're going to be selling nature. Would that not have a positive impact on people coming to Canada, an impact that even includes using campgrounds and things of that nature?

Hon. Bardish Chagger: Indeed. We're working closely with the Minister of Environment and Climate Change, because the parks in Canada are our national jewels. That's also why for Canada's birthday we have a free pass so that you can visit any national park or historic site for free. We really want to ensure that Canadians are discovering this country and that when people come to Canada they're considering not only the large urban centres but also the beautiful scenery we have to offer. If you look at large markets like China, they're considering Canada because they like the open space. They like the northern lights. They want to discover this fabulous country.

Mr. Frank Baylis: That will have a very positive impact on that industry or sector.

Hon. Bardish Chagger: Very much so.

Mr. Frank Baylis: That's very good to know.

[*Translation*]

I have a more specific question for you.

As you know, Quebec has a lot to offer in terms of agro-tourism. That includes wine, cheese, and so forth. This represents opportunities not only to export products, but also to attract tourists. Canada you tell us more about that? What ideas do you have to make the most of these assets?

[*English*]

Hon. Bardish Chagger: When I was in Calgary at Rendez-vous Canada, it was neat to see the different tourism operators from across the country coming together. Niagara Falls was talking about the fact that on the way to Niagara Falls, there is some time to spend between there and Toronto. There are so many wineries on the way, and there would be huge opportunities there.

Mr. Frank Baylis: They are excellent wineries.

Hon. Bardish Chagger: Yes, they are excellent wineries.

It was interesting, because our colleagues from Quebec, who were also present, talked about some of the things they were doing. They were able to share some ideas. The culture in Quebec is fabulous.

We really want to showcase 10 great provinces and three great territories. When it comes to the culinary tours and the piece you're talking about, every single community across this country has the ability to create the jobs and growth they want with that vision. Our vision is about marketing, to ensure that not only Canadians but also the world will know about what we have to offer. It's about access, working with the Minister of Transport, the Minister of Public Safety, and so forth to ensure that people are able to come into the country, whether it's to do with visas or with ensuring that it's a good experience right from the beginning. It's also about product. We want the people who come to our country to spend their money and take a little piece of Canada with them.

Mr. Frank Baylis: Buy our great food and excellent wine.

Hon. Bardish Chagger: That's right. The product is that wine, is that food, is the indigenous knick-knack that you cannot receive anywhere else. It's also about ensuring that those communities are benefiting. Ecotourism is a huge part of the vision, and we hope to build off it.

●(0925)

Mr. Frank Baylis: In my previous life, I did a lot of travel in the United States. I had a lot of visitors come up here, too, and they would all say to me that Quebec City was a hidden treasure. They didn't want me to talk about Quebec City, because they thought it was the most beautiful city in North America, and the last thing they wanted was more American tourists.

Voices: Oh, oh!

Mr. Frank Baylis: How can we go against that? How can we let the secret out of the bag?

Hon. Bardish Chagger: We are promoting this country like it's not been promoted before. The world is looking to Canada for leadership on many fronts, especially when it comes to being not only an innovation nation but also a vacation nation. We're going to ensure that whatever experience they are looking for, we are providing that experience to them.

I will tell you that when we signed the Nunavut declaration, it was a fruitful conversation that took place. Great provinces like Quebec were able to help highlight the importance of festivals and events. When people come to this country for that experience they are looking for, we recognize that there is also other time to spend supporting the local communities. Festivals and events will be part of that experience. Showcasing small businesses, restaurants, and so forth will be part of that experience.

We want to make sure we're working better with the cab that picks them up—for instance, these are the top 10 things going on in this area, and if you want to travel for an hour and half, you can also go do this. That's where we want the country working together, to really showcase what we have to offer.

The Chair: Thank you very much.

We'll move to Mr. Albas for five minutes.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Minister, deputy minister, and assistant deputy minister, thank you very much for being here today.

I'd like to start, Minister, in relation to the estimates. Your government claims to be supporting innovation in Canada, but through these estimates you plan to actually decrease money that goes toward marketplace competition investments. Now, obviously innovation and competition go hand in hand. Why is your government taking away funding from this area, and why aren't you supporting more competition in this great country?

Hon. Bardish Chagger: I'm sure we can get you some numbers and a different answer, because I'm sure you won't appreciate mine, as that seems to be the norm.

I will tell you that our approach is a little bit different—

Mr. Dan Albas: Minister, I asked a question about the shift away from it. What is the policy rationale?

Hon. Bardish Chagger: As you know, we are investing in the innovation agenda so that's \$800 million, plus increased investments at this time. We're working with the regional development agencies to ensure we are looking at the regional differences across the country. The approach is different.

Mr. Dan Albas: I don't disagree that the approach is different. I'm asking why are you changing the approach when it comes to marketplace competition investments?

Hon. Bardish Chagger: We are changing the approach because the previous approach did not deliver the results it can, therefore we are taking a different approach to encourage innovation across strategic sectors to help create the growth.

Mr. Dan Albas: What was the failure in competitions?

Ms. Kelly Gillis: Can I ask for specifics on what you're quoting? When I look at the main estimates for our department, we have a total of \$2.6 billion, an increase of \$1.3 billion.

Mr. Dan Albas: My information may be incorrect. Is that right?

Ms. Kelly Gillis: I would like to know specifically what you're quoting and then I can look at the numbers and perhaps provide an explanation. But if we look at ISED as a department, we're increasing overall.

Mr. Dan Albas: We'll get to this. Maybe we can switch to a different area. Apparently money is going to marketplace framework and regulation, because you mentioned, Minister, that one of the top priorities of groups like CFIB is obviously red tape. Can you explain what marketplace frameworks and regulation is and what it's supposed to do?

Mr. John Knubley: Minister Bains will have a chance to speak to this issue. In terms of the Canadian free trade agreement the CFIB recognized that the culmination of the new agreement was worthy of an award, and the CFIB gave Minister Bains, as well as other ministers, provincial ministers, a Golden Scissors award.

Mr. Dan Albas: To Ms. Gillis' earlier intervention, I am looking at the estimates, and it is in part II of the main estimates, II.117 specifically. Two items come under this. One is marketplace frameworks and regulations, which under the 2017 main estimates is at \$73,477,129, and right underneath that, marketplace competition and investments is at \$41,903,401.

These are clearly under your particular department.

Ms. Kelly Gillis: Correct. So if I look at marketplace frameworks and regulation, which last year was \$66 million, compared to this year which is \$73 million, there's an increase. It includes Measurement Canada, Consumer Affairs, and the Canadian Intellectual Property Office. These activities also include the Superintendent of Bankruptcy and Corporations Canada. An increase from last year is primarily due to planned investments to modernize the Canadian Intellectual Property Office's IT.

• (0930)

Mr. Dan Albas: So there's an increase, okay. That's nice to know.

Ms. Kelly Gillis: There's an increase. Yes.

Mr. Dan Albas: With regard to red tape initiatives, Minister, I've heard almost nothing from your government's regulatory advisory

committee with regard to the Red Tape Reduction Act. Is that something you work on with the President of the Treasury Board?

Mr. John Knubley: Yes, we work directly with the Treasury Board. The Treasury Board is the lead in these activities. As I mentioned, I think two issues that have come up demonstrate the kind of work we're doing on regulatory issues. One is intellectual property, and the second is the Canadian free trade agreement, where we've negotiated a new instrument with the provinces to constantly review regulations within Canada on an ongoing basis.

Mr. Dan Albas: Could you describe some of the things in that agreement that would have a small business application?

Mr. John Knubley: As I mentioned, I think this should be raised with Minister Bains.

Mr. Dan Albas: That's fair enough. Thank you.

The Chair: All right. We are going to move on to Mr. Jowhari. You have five minutes.

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

Good morning and welcome, Minister.

Minister, yesterday I had the opportunity to attend the public safety committee, which is currently studying Bill C-23, An Act respecting the preclearance of persons and goods in Canada and the United States. One of the witnesses was the Tourism Industry Association of Canada. The association believes that the Government of Canada should do all it can to improve border access and infrastructure, built on the pre-clearance services and trusted traveller program to increase tourism. Having said that, Minister, what views do you have as to the positive impact that pre-clearance can have specifically to increase U.S. tourism to Canada?

Hon. Bardish Chagger: I hope it was a good meeting. I work really closely with Charlotte, who is the head of the Tourism Industry Association of Canada, which is also known as TIAC. The TIAC team and Destination Canada work really closely together as well. It really helps us to strengthen the tourism industry.

We recognize the importance of the U.S. market as our number one source for tourists, and that's exactly why we've expanded the marketing efforts through the connecting America program. We also know that a secure, well-functioning border is essential to that experience. When people have a good experience visiting our country, they will keep coming back, and that's why I am working closely with Minister Goodale as well. We know that 70% of international tourists come from the United States, and we don't mind seeing that number grow. Overnight trips of air travel from the U.S. have increased 17%, and we would like to see that number continue.

Pre-clearance is something that I believe is essential, not only for the tourism industry and tourists who are travelling, but also for our small and medium-sized businesses, which talk about the red tape and the burden. You are going to be able to have your goods and services pre-cleared prior to hitting the border, which means they do not have to leave your sight. I think that's a great thing.

For the tourists, the minute they are booking their travel or considering coming to visit Canada, they can start their pre-clearance process as well. It takes minutes. It's actually not very complicated. That's when they will know if they can have a really easy go at the border or if it might be a bit of a challenging time, and they can plan for that accordingly. I believe the numbers of people who are getting pre-cleared are quite high.

Mr. Majid Jowhari: Okay, great.

The next question is about the small businesses and the partnership between.... As the small businesses grow, we get them funding through the BDC, and we've allocated about \$400 million to support that. Now, they grow and they need to get into the market outside of Canada. Therefore, EDC comes into play.

How do you envision tourism Canada, EDC, and small businesses going hand in hand to help us grow these small businesses?

Hon. Bardish Chagger: That's exactly the challenge. That is why we are taking a whole-of-government approach, where all ministers have to work together. It's not a matter of solving a problem here and creating a challenge there. It's about coming to the table and serving in the best interests of all Canadians.

We do very well at starting up businesses. This government is putting a focus now on scaling them up so that we can actually see that growth. It's interesting, because when you talk to our entrepreneurs and our small-business owners, you see that they want to grow their businesses. That is part of the success, and they want to create jobs in the communities.

The accelerated growth service, AGS, is a program that we've brought in. We're talking about 20 federal departments and agencies coming together to save the entrepreneur time, with a single person who knows your business, knows you, and is able to help you go through the pipeline of the programs that the government has. Something we hear often is that people don't know about the government programs, and we are going to ensure that they do. The AGS has helped 150 high-impact firms to scale up and grow their businesses. The broader goal of the AGS is 1,000 firms.

• (0935)

Mr. Majid Jowhari: Okay, thank you.

I'll give you 45 seconds.

The Chair: Thank you very much.

We're going to move to Mr. Masse. You have the final two minutes.

Mr. Brian Masse: Thank you, Mr. Chair, for this second opportunity.

I'll return to the tourism aspect for a bit. You mentioned Minister Goodale. We've been trying to improve tourism regionally. Recently, we were successful in getting a bike lane on the new Gordie Howe bridge, which will help ecotourism. Cyclists have the most disposable income for tourism. That was a good thing that took place.

One of the things we've been trying to work on is a passenger ferry between Windsor and Detroit. I've been working with Senator Peters over the years. There has been a bit of resistance related to the customs aspect of it.

Is there a process in your department to do at least some type of study or evaluation of the tourism potential related to this? We have had official meetings, and there have been discussions of expenses. The port authority of Detroit actually has an area for both customs on one side. It has been built. They have over \$1 million for this.

I would ask whether there would be a role for Tourism to examine this, especially as most of it fits with small business too. Some of it falls under Transport as well, so there are several departments. I will leave it at that, as a question to you.

Hon. Bardish Chagger: Oh, it's a question. Okay.

Mr. Brian Masse: Well, the question is whether there is a role for your department to get involved somehow in the evaluation and further examination of the idea.

Hon. Bardish Chagger: We finally have a full Minister of Small Business and Tourism, so of course we will be at that table. I would think that Transport or Infrastructure would be in the lead, and then we would be at the table to ensure that our voice is represented so that we can show the economic impacts and benefits to the country.

Mr. Brian Masse: Right, but if we have buy-in from the United States on this, is there a part of your department that will help with—

The Chair: Sorry, Mr. Masse, we're out of time.

Mr. Brian Masse: Okay, I'll follow up.

Thank you, Minister.

The Chair: Thank you.

On that note, I wish to thank the Minister and the deputy ministers for attending with us today. Great job.

We are going to suspend and switch over to Minister Bains.

• (0935) _____ (Pause) _____

• (0940)

The Chair: Keeping on track here, we are going to continue.

For the second part of this, we have the Honourable Navdeep Bains, PC, MP, Minister of Innovation, Science and Economic Development, as well as, again, John Knuble, deputy minister.

We are going to jump right into it.

Minister Bains, you have up to 10 minutes.

• (0945)

Hon. Navdeep Bains (Minister of Innovation, Science and Economic Development): Thank you very much, Chair. It really is a pleasure for me to be here again. It's a delight to be back and to have an opportunity to speak with my colleagues. I'm pleased to share with the committee the details of our government's plan to create the well-paying jobs of today and tomorrow that was outlined in the budget, and I know today we'll be talking about main estimates and supplementary estimates (A) as well.

Our plan will provide a better life for the middle class and those working hard to join it. That's a commitment we made and that's what I will try to reflect in our remarks this morning.

[Translation]

Canada has a stable and growing economy, which is increasingly rare for countries these days. The Bank of Canada's April monetary policy report projects economic growth of 2.5% in 2017.

[English]

According to the International Monetary Fund, Canada's economy will be the second-fastest growing among G7 nations for this year and next, and this growth benefits all Canadians. We've seen incredible gains in the number of full-time jobs added to the economy, more than 250,000 good-quality jobs have been added since last fall. This pace of growth did not happen by chance. Our government is making the smart and responsible investments that have resulted in better jobs and opportunities, as I said, for all Canadians.

As part of the innovation and skills plan outlined in budget 2017, our government is investing in research, technology, and commercialization. That's how we'll position Canada as a world leader in innovation. Our focus is really on making sure that Canada is at the leading edge when it comes to innovation.

[Translation]

Our objective is to encourage more business investment in research and development, and to turn more ideas into solutions for the marketplace.

[English]

We're also targeting those investments in high-growth areas where Canada is a world leader—and these are included in the budget—for example, advanced manufacturing, agrifood, clean technology, clean resources, the digital economy, and health and biosciences. Canada already has a globally competitive advantage in these sectors, and worldwide demand for the goods and services produced by these

sectors is growing rapidly, so there is enormous growth in these areas. That's why in the budget we committed \$1.8 billion in new financing for clean technology, because clean tech is a promising area for growth and investment. It's also an area of the economy that will cushion us against the intensifying effects of climate change. This funding will result in more equity, financing, working capital, and project financing for clean tech companies and will enable them to become more export-oriented. It also includes \$400 million in recapitalization funding for Sustainable Development Technology Canada, which supports early-stage clean tech companies.

[Translation]

Budget 2017 also includes nearly one billion dollars to accelerate innovation. This investment will support a small number of innovation superclusters. These dense areas of business activity contain large and small companies, universities and colleges, as well as specialized talent and infrastructure.

[English]

Business-led superclusters have enormous potential to energize economies as engines of growth. We've seen this globally, and that's how our government will support the start-up and scaling up of Canadian businesses. As these companies grow beyond our borders, they will create well-paying jobs for Canadians, so again, it's about growth and jobs.

Mr. Chair, Canadians are living in a period of enormous change. Technology and automation are rapidly reshaping the job market. These changes require Canadians to reimagine how we prepare for the jobs of today and tomorrow. That's why our government is making targeted investments in skills training that starts early and continues throughout a person's career. It's about lifelong learning.

As part of this plan, we are giving more Canadians the opportunity to develop digital skills, skills needed for them to succeed today and tomorrow.

• (0950)

Under our government's plan, school-aged children will have the opportunity to learn how to write basic computer programs. They will also be encouraged to take courses in science, technology, engineering, and math.

In addition, our government will provide support for the creation of 10,000 work-integrated learning placements a year. Again, it's really about that culture of lifelong learning. These programs will help university and college students integrate more quickly into the workforce after they graduate.

The innovation and skills plan will also deliver simpler, more coordinated support for the country's innovators and job creators. It's about program simplification: being more client-oriented and being more customer focused. Companies trying to focus on their technology and sales find it far too cumbersome to navigate through a patchwork of government programs to get support. In the budget, we address this issue through the creation of Innovation Canada. This new single-window service will bring all of the government's business innovation programs together.

[Translation]

The objective is to facilitate access to programs for Canadian innovators. To begin, Innovation, Science and Economic Development Canada will create a strategic innovation fund with a value of \$1.26 billion.

[English]

This new business innovation fund will continue to support the aerospace and automotive sectors, and it will be expanded to support high-growth sectors, such as clean technology, information and communications technology, and agrifood, some of the key areas that I identify in the table set out in our budget. To support this program expansion, the budget proposes to build on the existing funding by providing an additional \$200 million. We'll combine these programs and then provide an additional set of resources, up to \$200 million.

The fourth element of the innovation and skills plan is strategic investments to grow Canadian companies. For young companies, having government as a first customer has been much more important to them. It's not simply about the size of the contract, but about the strategic value. That early-stage validation by government can change the trajectory of a firm. That's why the budget proposes a new procurement program called "innovative solutions Canada". It will create more opportunities for business to develop innovations that address the pressing challenges of the government, and this program will provide small and medium-sized businesses with a platform to develop and test new products and new services.

[Translation]

All these initiatives clearly illustrate that the Government of Canada is willing to take risks and bet on new ideas. We're also willing to be a strong partner in their growth. In return, our government will have access to the most innovative products and services.

[English]

In addition, the budget proposes the new venture capital catalyst initiative. I know that we've discussed this in the past. This funding will increase the availability of risk capital for Canadian entrepreneurs. This \$400 million in private sector funding is very important. It would inject a large infusion of venture capital into the Canadian market.

Finally, Mr. Chair, our innovation and skills plan will strengthen Canada's business framework in support of innovation and growth. For example, we are developing a national strategy on intellectual property. I'm honoured to work with David Lametti, who understands this subject matter really well.

Having ownership of the ideas and solutions that Canadians create is critical to a knowledge economy. We can do more to ensure that investments in research and development go beyond innovation. They should also lead to innovations that actually benefit people, that benefit Canadians. We need to create a culture that ensures policies and business strategies are developed with intellectual property in mind as part of the business strategy.

We are also modernizing the Broadcasting Act and the Telecommunications Act, and we're working with the provinces and territories to implement the new Canadian free trade agreement, which will come into force on July 1.

Mr. Chair, our government's investments under the innovation and skills plan ensure that Canada will compete globally for the most talented people, the newest technologies, and the fastest-growing companies. This plan will allow Canada to develop a workforce that can compete based on advanced and specialized skills. It will also encourage Canadians to develop a culture, as I said before, of lifelong learning. It will create stronger public-private partnerships, and it will create well-paid middle-class jobs for Canadians.

● (0955)

I'm also confident that as a result of our government's investments, a new generation of Canadian firms will develop into globally competitive companies—true strong global brands.

[Translation]

Mr. Chair, members of the committee, I will be pleased to answer your questions.

Thank you very much.

[English]

The Chair: Thank you very much for keeping your opening remarks brief.

Hon. Navdeep Bains: I wanted to follow your instructions, Mr. Chair.

The Chair: Thank you.

We're going to move to Mr. Arya.

You have five minutes.

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

Thank you, Minister and deputy.

Minister, I would like to ask a question on commercialization, especially the technologies that have been developed in the government labs.

Being from Ottawa, I am always keen on the defence side of things, especially the defence C4ISR industries. Take, for example, Defence Research and Development Canada. Two or three times I've asked the defence minister what steps he's taking to unlock the technologies that have been developed by DRDC and to allow them to be commercialized by the private sector. Every time, he did acknowledge that, and he mentioned that he's in touch with you on those things. We have invested like that in several other government labs over a long period of time.

What are you doing to unlock these technologies and to commercialize these technologies?

Hon. Navdeep Bains: Thank you very much for that thoughtful question because it really is a priority for our government, as I mentioned. We want to get these good ideas that we invest in. We want to commercialize them. We want to generate revenue. We want to create jobs. We want to find solutions that benefit Canadians. Innovation is really about better outcomes: a better quality of life, a better society, etc. It's not always about the latest gadget. It's about how we can really improve things going forward.

You're absolutely right. I work very closely with Minister Sajjan and National Defence in a range of areas where we want to help accelerate commercialization of ideas. One area is through the industrial and technological benefits program when we acquire major assets for military. That's an area where, I think, through our value proposition, we really move the yardstick, and it's going to be really meaningful for the economy and for different sectors, particularly the aerospace sector.

With regard to government labs and DRDC, as you mentioned, we're widely engaged with the National Research Council, NRC. One of the objectives of the National Research Council is to take these government lab initiatives, to partner up with them, and to help further accelerate that commercialization. That's an area where we're working very closely together with National Defence. We are taking these ideas that are generated in the lab to quickly commercialize them so Canadians can benefit. Actually, society can benefit.

Mr. Chandra Arya: With regard to NRC, there appears to be a decreased budget for supporting industry-related research. For example, IRAP's budget is staying flat, and technology development and advancement is dropping from main estimates of \$382 million to \$279 million.

Is there something I don't understand here?

Hon. Navdeep Bains: No, not at all. As you know, I'm an accountant, so I'm very comfortable with numbers.

Actually, if you look at the budget cycle, the main estimates, and the way the main estimates are done, they really reflect a bit of a time lag up to the timeline that we're looking at. For example, the main estimates are from June to December. Supplementary estimates are from December to April 13. What you see is really the profiling and the approval process through Treasury Board. As you know, in the budget we committed more money for NRC through IRAP, the industrial research assistance program. What you're seeing is that the decrease in funding is mainly due to a one-year funding announcement in budget 2016 for the industrial research assistance program.

It's profiling issue; it's not a decrease in the budget. If anything, we've actually added more money to IRAP, and you'll see that ramping up through future supplementary estimates.

Mr. Chandra Arya: Thanks, Minister. In fact, I was thinking along those lines.

I was in the technology sector before I moved into politics. We had support from the government through various programs like IRAP and SADI. There are a lot of government programs that support research and development in the private sector, but what I notice is that they are operating in silos.

• (1000)

Hon. Navdeep Bains: Correct.

Mr. Chandra Arya: We are funding things under IRAP, but those people are not talking to the people who are managing the SADI program, the strategic aerospace and defence initiative. We invest billions of dollars through SRED, and of course, the sustainable technology development you're funding.

How can we integrate all these?

The Chair: Very briefly. You have about 20 seconds.

Hon. Navdeep Bains: As you know, when we engage with innovation leaders and businesses, clearly, as I mentioned in my remarks, being customer oriented and client service oriented is critical. We as a government want to be nimble and thoughtful about that. That's why we introduced Innovation Canada as an initiative. It is a single window for all innovation-related programs and policies to help businesses to coordinate to avoid some of those cumbersome challenges that businesses face. If we get another opportunity to speak about it, I can speak to some of the initiatives in that area of Innovation Canada.

The Chair: Thank you very much.

We're going to move on to Mr. Dreeshen.

You have five minutes.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you, Mr. Chair.

Thank you, Minister, for being here today.

I'll try to keep my preambles as short as I possibly can.

One of the things that we've heard consistently is how your plan is to provide a better life for the middle class and those working hard to join it. It seems to be in everything we hear.

On your first comment on the economic outlook, Canada has been doing amazingly well. If we take a look at what happened back in 2008 and 2009 and are realistic about where Canada has gone and how it managed, I think that's really a critical part. All Canadians should be proud of what we have managed to do over the last decade under the circumstances that we were presented with.

You did talk about how you want to look into new areas like clean tech and so on. You want to push dollars, or at least push thinking that way. Of course, one of the concerns...

Our group was down in the U.S. a couple of weeks ago.

I just want to make sure, though, that whatever governments do, they aren't out there picking winners and losers, and they make sure that everybody gets an opportunity. Again, if you look at things like carbon capture and storage that we have out in the west.... We have windmills all over the place as well which, of course, there's a big debate on as to whether or not that is clean technology.

These are the sorts of things we take a look at, and when we look at that, then it begs the question when we are taking a look at the dollars that are being spent for ACOA and Western Economic Diversification. The four Atlantic provinces have a population of 2.4 million. They get \$311 million, or 27% of the government's expenditure. Compare that to \$199.6 million, 17% for the four western provinces that have a population of 11.5 million.

When you start to take a look at it and you ask what areas actually need the extra help and so on, it doesn't really look at though that's what is happening as far as those departments are concerned, so you start to take a look at it and say, "Are we really picking winners and losers on the tech side, or are we taking a look at places to invest?" And the question is, that are somewhat more political in nature....

I have some other questions, and I'll give you an opportunity to explain just what is happening with investments, whether or not they're being targeted for specific industries, and what the rationale is, especially looking at the economic conditions in western Canada.

Hon. Navdeep Bains: I think your earlier observation about the fact that growth is up, GDP is up, exports are up, and jobs are up is all indicative of the fact the economy is doing really well. Obviously we're proud of the fact that it's headed in a positive direction, but we can and must do better. That's why we have a plan, and we want to implement that plan, so I'll talk briefly about that.

With regard to the banking sector, you're right, this is a point of pride as well for Canada, and we really weathered the storm in 2008-09.

Mr. Earl Dreeshen: Could you be more specific?

Hon. Navdeep Bains: Okay. I was just commenting. I understand. You had brought that up, so I wanted to—

Mr. Earl Dreeshen: I'm not offended if you go straight to the answer.

Hon. Navdeep Bains: Understood.

The question you asked is how we determine priorities and how we make those decisions. What we're saying is, we go out there in the market and look at where the growth areas are. If you look at clean resources, if you look at clean tech, if you look at agrifood, if you look at digital industries, or if you look at advanced manufacturing, these are areas where growth is taking place. This is where there's growth within Canada but globally as well.

For example, we're proposing initiatives such as the superclusters initiative, and I'll be proposing the criteria in a matter of days. That speaks to, again, a partnership model. Government doesn't choose,

but government wants to be at the table, and these are the six areas where we determine where the growth is—

Mr. Earl Dreeshen: I'll just interrupt. Are those then being dealt with through Western Economic Diversification and so on and so forth? If that's the case, then that would explain that part.

You're talking about how the federal government is going to get into provincial jurisdiction as far as education is concerned and so on. As a former teacher, I understand what the ramifications of that are. Of course we went through the financial literacy initiative and so on. There's a lot more detail than simply saying, "We're going to throw some money out there, and everybody should be happy because we've dealt with all of this." I'm just wondering if you could quickly comment on that.

On our space exploration, there's been a plan to cut funding for the Canadian Space Agency when it comes to the portion related to space data information and services.

So you don't have much time; I don't have much time, so let's go ahead.

•(1005)

Hon. Navdeep Bains: How much time do I have, Chair?

The Chair: Fifteen seconds.

Hon. Navdeep Bains: We actually increased funding for the Canadian Space Agency. In the first budget we put in \$379 million. In the recent budget we included another \$80 million for the Canadian Space Agency. We've been increasing funding there. I'm really excited about the recruitment campaign for the astronauts as well. We're going to be announcing our final two astronauts in the coming weeks.

The Chair: Thank you very much.

We're going to move to Mr. Masse.

You have five minutes.

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

Thank you, Mr. Minister, for being here today.

One concern, though it has had successes in many respects recently with our output, is auto manufacturing. Thank you for the Ford investment; it was long sought after. I think it was an important movement, and we will continue to see the footprint remain for that facility. The reality, though, overall, is that changes to the auto innovation fund, to this new strategic innovation fund, are a little bit troubling in terms of how auto fits in. Specifically, the auto innovation fund was \$500 million. The auto parts supplier fund was \$100 million, for a total of \$600 million. Now we have \$1.2 billion —

Hon. Navdeep Bains: It's \$1.3 billion rounded up.

Mr. Brian Masse: —fair enough—for everything, but that includes these new sectors.

My concern is that we now have all these new sectors in innovation, which don't seem to be described so much in the parameters. How can I feel confident that auto innovation will not be diluted more? We had specific funds following a long-fought battle to get separate funds, and now they're lumped back in together with other things.

Hon. Navdeep Bains: That's correct. I think our commitment to the automotive sector has been very clear. As you mentioned, rightfully, we extended the automotive innovation fund, and then we changed the profile to a grant model. Then we saw recent successes with the \$41.8 million invested in the Honda facility, which helped secure jobs there and brought close to half a billion dollars' worth of investments there.

I was proud to be with you at the Ford announcement as well, which was very substantial. It had two components to it, which I think are really important for people to understand. One was, obviously, the jobs at the engine plant, but there is also the R and D facility and a lot of the R and D that's taking place as well.

The objective of the new fund, the strategic investment fund, is to be open to all sectors, but that also means the automotive sector has more money to tap into. If there are better projects that they come forward with, if they have R and D, if they can create jobs, if they can increase their footprint in Canada, if they can invest in building the cars of the future and invest in that kind of technology, our door will always remain open. We're actually very engaged with other automakers right now to look for additional investment opportunities.

I can assure you that we're committed to the automotive sector. It contributes \$18 billion to our economy. It employs close to half a million Canadians, both directly and indirectly. We're very focused on getting additional investments. That \$1.26-billion strategic investment fund will actually allow the automotive sector additional opportunities if it chooses to pursue them. We're very engaged with the sector.

Mr. Brian Masse: I'll leave that part of it there.

Is your government looking at the fact that under NAFTA currently auto investment money is being relocated from Mexico to the United States? Trump claims it's because of him. The company claims it's not. It doesn't matter. At the end of the day, will your government set some goals since of the three partners in NAFTA, we're getting the least amount of auto investment?

Hon. Navdeep Bains: We're very sensitive to investment opportunities, particularly in the automotive sector. That's why we changed it to a grant model. We recognized that we were losing out to Mexico and we were losing out to southern parts of the U.S. in the past, and that's why we really stepped up our game.

I can tell you something right now, and I would like your thoughts on this. I've made the pitch that I think the automotive sector is very critical to our innovation agenda. I think people see automotive as very much a traditional industry; I don't. I see the potential around connected and autonomous vehicles and the software. The fact that GM has hired 1,000 engineers in Canada speaks to a very bright future here. When I talk about the automotive sector, I talk about it as part of our innovation agenda. As long as we present it in that manner, the opportunities will present themselves.

•(1010)

The Chair: You still have about 50 seconds.

Mr. Brian Masse: I think the transfer of technology capabilities in the auto sector is huge.

The last thing with the auto sector is the border, obviously. We're waiting for the three bids on the third stage of the Gordie Howe bridge to come back in. Is there a backup plan? The government's doing a P3, a public-private partnership. Is there at least consideration of a backup plan if, say, the consortium comes back and it's not favourable?

Hon. Navdeep Bains: I'll be engaging with the Minister of Infrastructure to better understand what those options look like, but I can assure you the message I conveyed to Governor Snyder at the Great Lakes forum, which you attended as well, was that we are very committed to that project. It's so critical. As I stated when I went to Odette and the University of Windsor, those 10,000 trucks over the Ambassador Bridge are a big issue for us.

We need to have the Gordie Howe International Bridge moving forward in a meaningful way. It's a priority for our government, we're committed to it, and I work closely with the Minister of Infrastructure on this project.

Mr. Brian Masse: That's 10,000 trucks per day.

Hon. Navdeep Bains: That's a very good point.

The Chair: Thank you very much.

Mr. Sheehan, you have five minutes.

Mr. Terry Sheehan: Thank you very much, Minister, for that presentation. In the Soo and in northern Ontario, retaining and attracting young people is a key priority. How will the innovation agenda support that priority?

Hon. Navdeep Bains: I'm glad you asked that question. I was delighted to be in the Soo with you when I visited, and to have the opportunity to look in particular at all the investments for diversifying the economy there.

Obviously, we were talking about Algoma Steel, and that's such a key employer there. We were talking about the Canada-U.S. relationship because of the proximity to the border, but the investment in clean tech—and the fact that there was such an effort in that area to take advantage of diversifying the economy in clean technology—is a very promising area.

You and I visited a lot of clean tech start-ups, and we had a round table with clean tech companies to talk about their concerns. Because of those conversations, we presented a budget that dealt with those issues, from early-stage commercialization through more investments in Sustainable Development Technology Canada—that's \$400 million. Above and beyond that, there is \$1.4 billion allocated for working capital—to look at long-term, patient capital—and then, ultimately, through Export Development Canada getting those products outside of the Soo, into the U.S., and more importantly into other international markets as well. That's another promising area.

When it comes to young people, as you know, we're very focused on investing in young people. They're very creative. They're very thoughtful. Early initiatives like those on coding, learning how to develop the skills of solving problems, and digital literacy are very important, as is work-integrated learning.

I mentioned that in my remarks as well. Mitacs is such an important initiative. This will provide meaningful opportunities to young people in post-secondary education, especially in the Soo, to get that work experience. When they have finished their studies and the employer says, "Do you have any experience?", they can say yes and they can hit the ground running.

I learned the hard way. When I did my studies I didn't have that experience, but then I was part of a co-op program at Windsor and that really opened up a lot of opportunities. I started my career at Ford Motor Company of Canada, so I have a bit of an auto bias, which you heard from the previous set of remarks as well.

It's very promising. We're very focused on the Soo in terms of supporting steel and some of those very important key anchors of job creation, but also focusing on clean tech. There is a lot of opportunity there as well.

Mr. Terry Sheehan: Before I pass my time to Lloyd, I want to thank you for the increase of \$25 million for FedNor, our regional economic development agency. It's very much welcomed.

Hon. Navdeep Bains: Thank you very much.

Mr. Lloyd Longfield: Thanks, Terry.

Thanks, Minister, for being here. It's always a pleasure.

I wanted to build on some comments that Mr. Dreeshen was leading into. I always forget your background in accounting, so I want to draw on that a bit. My background is engineering, so you know we need you.

For the Canadian Space Agency, the estimates show a decrease of \$78.6 million. We're looking at a cash flow statement, sort of, with the estimates.

• (1015)

Hon. Navdeep Bains: Yes.

Mr. Lloyd Longfield: There's also a GL, which we don't normally see in the government, and then there's the balance sheet.

Hon. Navdeep Bains: That's right.

Mr. Lloyd Longfield: In terms of normal business analysis, it's hard to do, but we are looking at the investment in broadband—which is something that Mr. Dreeshen has really been wanting our committee to get into—and decreasing RADARSAT in any way having an impact on our ability to achieve broadband goals.

The other area is when we look at IP, another study that we're looking at coming forward. There is a lot of IP attached to the aerospace industry that gives us value in our economy.

Could you comment on where we are in terms of the Canadian Space Agency and how the programs there will be looked at going forward, so that we're not going to be losing at the end of the day?

Hon. Navdeep Bains: We're very committed to the Canadian Space Agency. In the first budget we increased the amount by \$379

million, and in the most recent budget we added another \$80.9 million. We've established a new advisory committee to provide long-term direction for the Canadian Space Agency. We're currently in the process of developing a long-term space strategy. It's about supporting the International Space Station and deep space exploration, but it's also about focusing in areas of technology that can benefit us here on earth as well. This is an area of priority for us.

I think the numbers you're referring to, the decrease in funding, when you're looking at the estimates, is mainly related to the RADARSAT constellation mission. It's a profiling issue. As you said, it's a cash flow issue. By no means does it reflect a decrease in our funding for the Canadian Space Agency. It's just the way it's being profiled. I think that's what you see the delta as.

With regard to broadband, we launched connect to innovate, a program of \$500 million. It was very well received, and it was oversubscribed, because the deadline was April 12. We're now evaluating project initiatives and we're really excited about getting those out to some of the rural and remote communities that will benefit from our commitment to providing high-speed Internet access to some of those communities.

Mr. Lloyd Longfield: Thank you very much.

The Chair: Thank you.

We're going to move to Mr. Lobb.

Mr. Ben Lobb: Thank you, Minister, for attending today.

The first question I hadn't planned on asking, but it came out of your comments in your speech, and it's right in the economic outlook. It talks about the economic growth rate for 2017, and these are your words:

This pace of growth did not happen by chance. Our government is making the smart and responsible investments that have resulted in better jobs and opportunities for all Canadians.

In those comments—and I don't want to twist your words—are you trying to say that it is your government's investments that have spurred this economic growth we're seeing in Canada right now?

Hon. Navdeep Bains: The comment I was making is that government plays a role in economic growth by creating the conditions for businesses and people to succeed, and we put forward a plan that's creating those positive conditions for growth.

Mr. Ben Lobb: Now it's interesting, because if you read *The Canadian Business Journal* or other journals, you find that comments on the economic growth taking place right now do not bear this out. You may be surprised, or not, to see that not one line is in there about the Liberal government's investments making the economy happen. What you will hear is that it's the cheap Canadian dollar, the strong U.S. economy, household and public-sector spending. Nowhere in there does it say anything about any of the investments.

All I'm trying to say is that when we're putting out documents like this we need to maybe have some reality about what is spurring the Canadian economy at this time. If it is your government's position that it's only you and solely you, then I guess you'll take responsibility for slower growth next year. We'll move on from that.

The next one I want to ask you about is the decision that came from your department earlier in the year in regard to the takeover of Retirement Concepts by Cedar Tree Investments. There are many, many Canadians, particularly in British Columbia, who have serious apprehensions about the process, and they have some serious apprehensions about Anbang Insurance. I know you've made comments about this in the House of Commons and perhaps other places. Is it your position that this is a transparent process under the Investment Canada Act?

• (1020)

Hon. Navdeep Bains: Yes, it is. The Investment Canada Act is designed to look at net economic benefits. There's also a national security provision to it, and I work very closely with the Minister of Public Safety when we look at national security provisions. With regard to Anbang and Cedar Tree, we did our due diligence; we did our homework. We made sure that it was an overall net economic benefit for Canadians. Once we made that determination, we released that information to the public.

Mr. Ben Lobb: I would say that if any member of Parliament—on this side, on that side—wanted to kick the tires and make sure what you told us is exactly right—I'm sure it is—how would any Liberal, Conservative, NDP members of Parliament have an opportunity to kick the tires and make sure that Anbang is not a state-owned enterprise? How would a member of Parliament do that?

Hon. Navdeep Bains: Anbang is a privately owned global insurance company with over 30,000 employees. It is one of the leading comprehensive health insurance groups in China.

Mr. Ben Lobb: I understand that, but how would I find out for myself?

Hon. Navdeep Bains: There's legislation. We follow the legislation. We make sure that the process is properly followed, and we do the analysis. More important, if you look at this particular transaction, you'll see that Cedar Tree now has additional assets to provide better services and more resources to its clientele.

Mr. Ben Lobb: The answer is actually there is no opportunity for members of Parliament to kick the tires and make sure. I've written —

Hon. Navdeep Bains: We're dealing with that right now.

Mr. Ben Lobb: No, we're not. What we are doing is just talking. If you actually wanted to kick the tires and see whether Industry Canada officials travelled to China to make the decision, to interview any of the affected parties—

Hon. Navdeep Bains: We do our due diligence. As I said, we make sure we follow that process.

Mr. Ben Lobb: Did anybody from Industry Canada go to China to meet with Anbang Insurance?

Hon. Navdeep Bains: Why would we need to go to China?

Mr. Ben Lobb: Probably to meet with Anbang Insurance and do your due diligence and go through the corporate records to make sure that no money trails lead to the government.

Hon. Navdeep Bains: No, if I may, on that—

Mr. Ben Lobb: I'm guessing—

If I may, Chair, he's asking a question—

Mr. Ben Lobb: I'm guessing the answer is nobody went.

Hon. Navdeep Bains: No, the idea is you don't have to physically go to the country to do an analysis of a company. They, first of all, come to us. They're making investments in Canada so naturally they would approach us. We would sit down and do our due diligence with them. You don't have to physically go to the country that's making the investment to do the due diligence.

Mr. Ben Lobb: I obviously understand that, but—

Hon. Navdeep Bains: I just want to make it clear that we did engage Anbang.

The Chair: Unfortunately, our time is up on that. Thank you very much.

We're going to move to Mr. Jowhari.

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

Welcome, Minister.

In the interests of time I'm going to ask two questions. One of them naturally has to do with the innovation agenda and Innovation Canada. The other one has to do with the skills fund, two major pillars of the 2017 budget.

On the preamble side, in my riding, Richmond Hill, what I have started in collaboration with other levels of government and the board of trade is an innovation task force. The objective of the innovation task force in my community is to identify companies and young entrepreneurs specifically in the area of artificial intelligence and robotics to benefit from the innovation agenda and the Innovation Canada platform to be able to get funding so they can get into early-stage as well as late-stage development.

Can you shed some light on how, after the identification of these opportunities, they can get access to the funds under the Innovation Canada program?

Hon. Navdeep Bains: As you know, you identify two areas where there's a lot of growth potential and expertise in Canada, artificial intelligence. We have the pioneers who really played a meaningful role in machine learning, Geoffrey Hinton, in Toronto, and Yoshua Bengio, in Montreal. This is an area where Canada has global expertise, and that's why we invested \$125 million for a pan-Canadian artificial intelligence initiative in our budget.

You also mentioned robotics. We talked about the Canadian Space Agency, the Canadarm. We have a very strong reputation globally as well when it comes to robotics, so advanced manufacturing is an area that we also highlighted in our budget.

These are key themes that are reflected as priorities for the government, and I know that you're working very closely with companies in your constituency. You are meeting with them, aligning them with some of the key priorities in the budget and determining where those opportunities exist, and I want to commend you for that, particularly with your goal and ambition to scale them up. That is a priority for our government.

We're really good at starting up companies in Canada. We're a start-up nation. It's a point of pride. But we do not want to be a nation where other countries or other companies come and take these businesses abroad. We want to see some of these companies, if they choose to stay in Canada, have the ability to really scale up and grow in Canada and be strong global brands, and that's why Innovation Canada exists. The idea is for you to identify those companies and then they would engage. As I said, it's a single window, and they would have access to all innovation-related programs within government, so rather than going to multiple departments, rather than trying to figure out what to do.... Because remember, these companies are growing and scaling up. They're not trying to figure out government and trying to determine how to navigate through all the programs and opportunities that exist for them, so we're simplifying the process. We're coordinating the process and we have a single window for them.

One of the key elements in that single window is the strategic investment fund, and that's open to large corporations, as we talked about in the automotive sector, for example, but it's also open to companies that really have growth potential as well, and that's an area we are going to be focusing on with them as well.

• (1025)

Mr. Majid Jowhari: Let's go to the skills plan, \$2.7 billion over six years. I have a lot of constituents coming to me saying, kudos, the government is doing a great job. How can I get access to those funds, and how can I get the new learning, the new skills set that's needed? How do I go about it?

Can you shed some light on that one?

Hon. Navdeep Bains: As you know, Minister Hajdu is really the point person on deploying some of those programs, particularly for those mid-career workers who want to leave their jobs or reduce the number of hours of work so they can go back to school. We're going to be providing them with grants, interest-free loans. Those are the tools that exist right now and that she'll be playing a leadership role in.

One of the areas we're really excited about is coding, as I mentioned before. We want to respect provincial jurisdiction. We're going to put money forward through not-for-profit organizations to provide the supply for coding-related programs. The demand does exist within our school systems, and they have the ability then to deal with those organizations and get those kinds of coding initiatives within their schools, without getting into that jurisdictional issue as well.

We have different programs in place. Those programs were announced in the budget and we'll be rolling them out. Again, this information will be available on the website as well, and the objective is to be as friendly as possible to citizens and our constituents so they can navigate these programs in a timely manner and get the answer very quickly, and also get the money they need so they can upgrade their skills.

Mr. Majid Jowhari: Thank you.

The Chair: Thank you very much.

We'll move to Mr. Albas. You have five minutes.

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

Minister and deputy minister, we appreciate your presence here today. Mr. Minister, about 40 or so days ago the Prime Minister announced support to Ford of Canada to create and maintain almost 800 jobs for Canadian workers. That was through the innovation fund and you mentioned it in your comments today. Yesterday Mike Moran, who is the spokesperson for Ford in the United States, went on the record to say that 600 Canadian jobs would be phased out. Is that frustrating to you, Minister, that you put in place programming only to find out that it has changed within a very short period of time?

Hon. Navdeep Bains: That's a really good question. You mentioned Ford and, as I said, I started my career at Ford so I'm familiar with the company and the sector. Ford generally and the automotive sector in general are seeing really incredible sales numbers, but it's a very cyclical industry, it's a very cyclical sector. They have ups and downs in terms of sales and products, in terms of what they're seeing here within the North American footprint and globally as well. I think some of these transitions reflect the cyclical nature of the industry and also the investments that they're making globally as well. Clearly, we want to see more investment opportunity in Canada and we'll work with the company to continue to see additional investment opportunities going forward.

Mr. Dan Albas: When you first made the innovation announcement—obviously there was work that went in ahead of time—was there any discussion about this planned scaling back of 600 Canadian jobs?

Hon. Navdeep Bains: Our focus was to secure the footprint for the Essex engine plant. This was part of the labour discussion that took place with the automotive Big Three, and we wanted to be a meaningful partner along with the Province of Ontario and with the unions. In those conversations we did discuss also a focus not only on the Essex engine plant jobs through Ford, for example, but the connectivity centre here in Ottawa. As I mentioned, GM is hiring up to 1,000 engineers in Canada to build the car of the future. So we had a twofold objective: one was to secure jobs and to secure the manufacturing footprint, because as you know there's a multiplier of seven, and we also wanted to focus on the technological side, the connectivity centre and the autonomous vehicle nature.

•(1030)

Mr. Dan Albas: I can understand that, but I'm talking specifically about investments in Ford and then also the declaration by Ford yesterday. Minister, the challenge I have here is that obviously you say you want to be a meaningful partner with Ford, and you've also said they did not make you aware that they were planning on phasing out 600 jobs, meanwhile you were having those meaningful conversations.

Hon. Navdeep Bains: Again, some of these jobs may be phased out. My understanding is these are not jobs in the front-end of the shop, some of these are administrative positions. At the same time, they're making additional investments to focus on engineers and software, so I think there's a shift in the automotive sector of their footprint. Those are the conversations we have with them, to say what kind of good quality jobs we can have, and at the same time when we make these investment opportunities we really focus on securing a mandate. For the Ford Motor Company to let—

Mr. Dan Albas: But for you to sit down with them, Minister, and to not be told “We are planning on cutting back 600 jobs and we're going to announce that within a month after this has gone forward”, to me, is not a meaningful discussion. Did you not ask them, or did they simply not tell you?

Hon. Navdeep Bains: Again, as you rightfully mentioned earlier in your remarks, it's not only Canada. This is Mexico; this is the U.S. This is a North American, and potentially even a global, restructuring process that they're going through.

When we sat down with them, we secured a strong footprint within Canada for the Ford Motor Company, a strong baseline of jobs, and we also made sure that they will continue to invest in the R and D side of it. That's what the 800 new jobs that were created are attributed to.

Mr. Dan Albas: Again, Minister, you're looking at only the positive side. I would just say as a parliamentarian that I hope you'd be looking at both ends of it, protecting jobs and asking those critical questions. You're giving taxpayer monies to a company, and taxpayers would want to know that this interest is being maintained in a greater context than just a one-off deal.

Hon. Navdeep Bains: Correct.

Also, you have to realize that this is the new norm in terms of how we compete with Mexico and the U.S. The government partnership is part of the equation. If government is not at the table making these investments and being a partner, we will lose these opportunities to Mexico and to southern parts of the U.S. We saw that in the past. In the past decade or so, we saw a lot of these investments go down south to Mexico. That's why we changed the profile to a grant model and started bringing these investments back to Canada.

Mr. Dan Albas: However, again, Minister—

The Chair: Sorry, but your time is up. Thank you very much.

Mr. Baylis, you have five minutes.

Mr. Frank Baylis: Thank you, Minister Bains, for being here.

As you know, in my riding and across Quebec and Ontario we have had a lot of flooding. The federal government presently has the disaster financial assistance arrangements program that helps people after a flood. That flows through the Quebec government. Our

government has also announced the disaster mitigation and adaptation fund, which is not just to come in and help after a disaster but to help mitigate it.

The third leg of that is technology, specifically clean technologies. We can use that to slow down these disasters, and also use our know-how to better prevent them. Could you explain how the clean technology fund that you're putting in place can do that?

Hon. Navdeep Bains: You make a very valid point. When it comes to clean tech, obviously we want to achieve our climate change targets. We recognize that we have these ambitious targets to reduce our carbon footprint within Canada. It's part of our responsibility as Canadians, and it's our global responsibility to show leadership in that area.

Mitigation is a key part as well. We're dealing with disasters. We need to make sure that when we think of clean tech, it's an area where we can also play a leadership role.

There are companies in Canada that are now more encouraged and more emboldened to look at mitigation technologies and solutions, and they feel assured that the government is there—

Mr. Frank Baylis: It's there as a partner.

Hon. Navdeep Bains: —to work with them as a partner.

As I mentioned, clean technology is a priority area for us. As I mentioned, we have \$1.8 billion of financing available. Above and beyond that, we have \$400 million for the venture capital catalyst initiative, so it's actually more than \$1.8 billion.

I think the fact that companies realize our commitment to climate change, to mitigation, and that we have the financial resources and programs in place will really encourage companies in Canada, around the mitigation area, to develop their solutions to help us deal with some of these disasters.

Mr. Frank Baylis: Excellent.

[*Translation*]

With regard to Innovation Canada, I am very pleased to see that our government will be setting up a single-window service to bring together all government innovation programs that support companies. This single-window service will be fully bilingual, in English and in French.

[*English*]

I am very excited about Innovation Canada because it shows the government itself being innovative in the way it will deliver that service to our entrepreneurs. We're not just asking them to be innovative, we ourselves are being innovative.

Can you explain how you see Innovation Canada making life easier for our entrepreneurs?

•(1035)

Hon. Navdeep Bains: As I mentioned, I'm an accountant, but I also did my M.B.A., so I have a business background. I know you yourself are a very successful business person and entrepreneur and you know that customer service is so important. You know that we have to think that way. These are our constituents. We have to really afford them the best possible experience when they're dealing with government.

We really are building in a customer service mentality at Innovation Canada. It's obviously coordinating programs and simplifying programs, but it's also proactively dealing with businesses out there, better understanding their needs, and being able to work with them in a coordinated fashion.

Mr. Frank Baylis: You're trying to be easy to do business with.

Hon. Navdeep Bains: Absolutely, we are, so that it is easier to engage with government, easier to find a program that can help companies grow and scale up, easier for companies to find programs that meet their specific needs or concerns, but also making sure that they get a timely response.

A lot of these companies have great ideas. As I mentioned, technology is changing very rapidly, the scope and speed of technology. They don't have the luxury of waiting months for a determination of whether they are eligible for something. That timely response is also very important for these companies as they make business decisions.

Mr. Frank Baylis: Excellent.

My last point is in regards to the venture capital catalyst initiative. That's an important investment. We've heard a lot through our different studies about that need. How do you see that injection of funds from the federal government having an impact on our start-ups and our growing companies?

Hon. Navdeep Bains: As you know, the previous government introduced a venture capital action plan program. We looked at that fund-to-fund model. We looked at what worked well and we looked at where we can make improvements.

This program is really designed, again, to be deployed by Business Development Canada. We've had record numbers over the last year, in terms of venture capital investments in Canada. On a per capita basis, we're behind the U.S. and actually, Israel, so it's a point of pride.

Again, we're looking at different models, fund-to-fund, potentially, with the view to continue to maintain and strengthen that position. The idea is to, again, make sure that companies that want to scale and grow up in Canada have access to financing. We focused a lot in our budget on talent, skills, and people, which I think is the most important.

The next key area that companies have identified is financing, so we want to make sure that this deals with some of those gaps that exist within that innovation ecosystem.

The Chair: Thank you very much.

For the last two-minute question, we have Mr. Masse.

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

I want to switch to an industry that probably is overlooked quite a bit, especially given the punch that we get out of it, and that's the video game, software, and entertainment industry. Value-added high tech is a third of the North American economy. It creates a lot of innovation, even for the health care sector as well.

I just wondered what can we look forward to this year and are there thoughts of expanding the industry? I've advocated for a national auto strategy, but we won't get into that debate right now. Are there thoughts about this particular industry because there are a lot of similarities, in terms of the growth of it, and especially now when we have a low Canadian dollar to our American counterparts, in an industry to attract international employment.

When they hire, for example, one of the software designers for a multi-million dollar project or even smaller ones, they need people who are almost like movie directors. They come in and they create other jobs domestically. There'll be some problems in the United States with that.

I sense an opportunity, for places like Windsor and others, where we can offer a competitive advantage, in terms of companies' low cost of doing business from property standpoints. We look at the emergence of Detroit, for example, but there are other mid-range cities that often get forgotten, like Saskatoon, Halifax, Regina, and Guelph, for example, that are outside of larger areas, so they can offer a good advantage.

I'd like to hear your thoughts about that industry. I'd love to see something like a film tax credit or something specific to that. At any rate, what can we look forward to in that industry, before we perhaps lose it to other policies in the United States?

•(1040)

Hon. Navdeep Bains: No, you're right. When it comes to the Windsor experience, it does have a low unemployment rate now at 4.8% and that is headed in the right direction, which is a point of pride. We have a discounted dollar, so that's another advantage. As you said, it's a low-cost jurisdiction.

I'm working very closely with Minister Joly. I was at the consumer electronics show, where we looked at AR and VR and the potential it has in Canada. I think you're absolutely right, in that areas like Windsor can definitely play a role in developing those skill sets in clusters. It's close to the border and it is an area where there is a lot of growth potential going forward.

This is an area that I think will benefit from being exposed to the strategic investment fund. If we have large companies that want to come here because...as you said, skills are a priority for our government and the fact we actually have the skills force and the labour force. We have a global skills strategy and we can get people from abroad, if we need to, with specialized skills to complement strong Canadian talent.

We have all the right ingredients. We have a discounted dollar. We have a low-cost jurisdiction. We have a reasonable footprint and I must confess, it's decent in Windsor, but it can be better. There are other jurisdictions that have really stepped up. This is an area I've looked at extensively, especially through AR and VR, where there is a lot of growth happening. I'll be working very closely with Minister Joly to bring those investments to Canada.

The Chair: Thank you very much. On that note, I want to thank Minister Bains for attending today.

Hon. Navdeep Bains: Thank you very much for having me and I look forward to the next opportunity to speak with members of the committee.

The Chair: It's always a pleasure. Thank you.

We have to vote on the main estimates. We obviously have quite a few here, so I'm going to ask for unanimous consent to deal with all the votes in one motion.

Mr. Brian Masse: I want them all read.

The Chair: The committee will now dispose of the main estimates for the fiscal year ending March 31, 2018 minus the interim estimates the House agreed to on March 21, 2017.

ATLANTIC CANADA OPPORTUNITIES AGENCY

Vote 1—Operating expenditures.....\$63,351,960

Vote 5—Grants and contributions.....\$240,222,493

(Votes 1 and 5 agreed to on division)

CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY

Vote 1—Operating expenditures.....\$13,199,586

Vote 5—Contributions.....\$35,500,000

(Votes 1 and 5 agreed to on division)

CANADIAN SPACE AGENCY

Vote 1—Operating expenditures.....\$161,268,874

Vote 5—Capital expenditures.....\$122,419,635

Vote 10—Grants and contributions.....\$60,966,000

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

CANADIAN TOURISM COMMISSION

Vote 1—Payments to the Commission.....\$95,475,770

(Vote 1 agreed to on division)

COPYRIGHT BOARD

Vote 1—Program expenditures.....\$2,802,641

(Vote 1 agreed to on division)

DEPARTMENT OF INDUSTRY

Vote 1—Operating expenditures.....\$356,511,722

Vote 5—Capital expenditures.....\$11,234,609

Vote 10—Grants and contributions.....\$2,038,304,873

Vote L15—Payments pursuant to sub-section 14(2) of the Department of Industry Act.....\$300,000

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

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

DEPARTMENT OF WESTERN DIVERSIFICATION

Vote 1—Operating expenditures.....\$34,394,598

Vote 5—Grants and contributions.....\$161,523,000

(Votes 1 and 5 agreed to on division)

ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC

Vote 1—Operating expenditures.....\$36,755,088

Vote 5—Grants and contributions.....\$262,729,505

(Votes 1 and 5 agreed to on division)

FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO

Vote 1—Operating expenditures.....\$24,394,707

Vote 5—Grants and contributions.....\$242,198,502

(Votes 1 and 5 agreed to on division)

NATIONAL RESEARCH COUNCIL OF CANADA

Vote 1—Operating expenditures.....\$349,138,111

Vote 5—Capital expenditures.....\$90,392,058

Vote 10—Grants and contributions.....\$353,335,834

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

NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL

Vote 1—Operating expenditures.....\$44,692,641

Vote 5—Grants.....\$1,156,971,837

(Votes 1 and 5 agreed to on division)

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Vote 1—Operating expenditures.....\$24,768,257

Vote 5—Grants.....\$751,814,696

(Votes 1 and 5 agreed to on division)

STANDARDS COUNCIL OF CANADA

Vote 1—Payments to the Council.....\$10,706,000

(Vote 1 agreed to on division)

STATISTICS CANADA

Vote 1—Program expenditures.....\$405,558,550

(Vote 1 agreed to on division)

The Chair: Shall the Chair report these votes to the House?

Some hon. members: Agreed

An hon. member: On division.

The Chair: Shall we end the session, then?

Thank you very much for your promptness to our time. I thought that went really well. Thank you very much.

The meeting is adjourned.

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