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Chair: The Honourable John McKay





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• (1100)

[English]

**The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)):** I call this meeting to order. It's slightly before 11 o'clock, and I see a quorum.

I see that Mr. Bezan has procured his chocolate milk.

**Voices:** Oh, oh!

**The Chair:** It probably came out of some major defence budget and will be subject to examination by this committee at some future point.

I want to thank the minister for his appearance, as well as General Eyre, Deputy Minister Matthews and various and assorted others who are all familiar with appearing before this committee.

The reason for the meeting is that a defence policy update was issued last week. I know the minister wishes to speak to it, and I know the committee is interested in hearing what he has to say.

With that, I will turn it over to Minister Blair.

Welcome to the committee again. We look forward to what you have to say.

**Hon. Bill Blair (Minister of National Defence):** Thank you very much, Mr. Chair.

Thank you to all members of the Standing Committee on National Defence. I'm grateful for the opportunity to come before you today and share with you some recent news that I believe will be very impactful.

Today, as you've already mentioned, Mr. Chair, I'm joined by my deputy minister, Bill Matthews; our chief of the defence staff, General Wayne Eyre; our chief financial officer, Cheri Crosby; our assistant deputy minister for policy, Peter Hammerschmidt; associate deputy minister for materiel, Nancy Tremblay; and the chief of our Communications Security Establishment, Caroline Xavier.

One week ago, the Prime Minister and I released Canada's new defence policy entitled "Our North, Strong and Free: A Renewed Vision for Canada's Defence". We developed this policy in recognition of a world that has changed significantly since we launched our previous defence policy in 2017.

Across the globe, we've seen the return of strategic competition. Authoritarian states like Russia, China and beyond are all vying for power and influence, and they have demonstrated that they're not afraid to go against conventions or international law in these pur-

suits. The ripples are lapping at our shores here in Canada as well, and these threats, combined with the additional demands on CAF members because of climate change, have made it clear that we need to do more to protect our country and our citizens from these geopolitical flashpoints.

In response to these challenges, we've developed a comprehensive new plan that builds on "Strong, Secure, Engaged", in which I know all of the members of this committee are well versed.

Through this plan, we will see our defence spending increase by an additional \$8.1 billion over the next five years and \$73 billion over the next 20 years. This will translate into 1.76% of GDP to be spent on defence by 2029-30, which is a significant step towards reaching our NATO commitment of 2%. By 2030, our government will have almost tripled defence spending from 2014-15.

We developed this policy based on extensive consultation with the Canadian public, with indigenous and Inuit partners, with industry, with parliamentarians, with defence experts and with our allies and our partners.

Based on what we have heard, we're committing to acquire an array of new and upgraded equipment to defend our country and our continent and to ensure we can continue supporting our allies and partners around the world. Many of these investments are critical to bolstering the CAF's presence in the north, which is warming at four times the global average as a result of climate change and is of increasing interest to both allies and adversaries alike.

Job number one is ensuring Canada's sovereignty is well protected, specifically in the Arctic and our northern regions. To get this done, we are making a series of focused investments in the Arctic and continental security. These will include \$1.4 billion to acquire specialized maritime sensors in order to conduct ocean surveillance; \$370 million for airborne early warning aircraft; \$18.4 billion to acquire a new fleet of tactical helicopters; and \$218 million for northern operational support hubs.

We will invest in multi-use infrastructure that can support CAF operations and will also contribute to the needs of our territorial governments, indigenous people and northern communities, so we can provide the CAF with the necessary equipment and northern communities with that valuable infrastructure. We will work with first nations, Métis and Inuit in true partnership and consultation.

We have also committed to building upon our \$38.6-billion investment in NORAD modernization, which we announced in 2022. We are working with the U.S. to bolster our continental defence capabilities. In order to stay agile on the international stage, we're investing in capabilities. We need to be a strong NATO ally, and that will allow us to maintain a persistent presence in the Indo-Pacific.

We will be strong at home so that we can be strong around the world.

This will include \$9.9 billion to improve the sustainment of our naval fleets. It's going to allow us to extend the life of our Halifax-class frigates while we work through the development and procurement of the new surface combatant fleet.

We are investing \$9.4 billion to build more artillery ammunition here in Canada. We are investing both in industry—\$300 million in this plan—and the certainty of long-term contracts through the \$9.4 billion in order to provide those contracts. That's exactly what industry told us they required in order to respond to this urgent need. We are also exploring options to modernize our artillery weapons and to upgrade or replace our tank and LAV fleets.

We will continue expanding our presence and influence in non-traditional domains like space and cyber, including through a new CAF cyber command, and better integrate the CAF and the Communications Security Establishment into a unified team to support Canadian interests.

On top of these planned investments in equipment and infrastructure for our people, “Our North, Strong and Free” commits our institution to engage in the business of defence differently. We want to improve and deepen relationships with Canada's defence industry, because defence policy is also industrial policy. Ramping up our production is vital, because production is in fact deterrence, and it supports thousands of good jobs across the country.

We'll also undertake a review of our defence and national security policies every four years to make sure they are adequately meeting the moment.

None of this work is possible without our people, which is why we will further our efforts to build a safer, more supportive and more inclusive environment for our people and to bolster recruitment and retention. This policy supports our members through a \$100-million investment to improve child care access for CAF members and families and almost \$300 million to improve military housing—building new housing and rehabilitating existing structures.

To get more people into uniforms faster, we're going to streamline our recruitment processes and, to attract and retain talented people across Canada, we'll continue to do the critical work of cultural change to create a CAF that more accurately reflects a more inclusive Canada.

Finally, Mr. Chair and members of the committee, this policy is about building up the CAF and its capabilities so that it can meet new and emerging challenges. It will equip our military with the necessary tools needed to protect the Arctic, to defend Canada and to preserve the Canadian values that previous generations fought so hard for.

In response to these global threats—threats increasingly felt in here in Canada—we have said that we need to do more, and we will do more. These are challenging times, without a doubt, but we will meet the moment.

Thanks very much, Mr. Chair, for your indulgence.

● (1105)

**The Chair:** Thank you, Minister.

With that, we'll turn to our six-minute round. Mr. Bezan will lead off.

**Mr. James Bezan (Selkirk—Interlake—Eastman, CPC):** Thank you, Chair.

Minister, I'm glad to see you at committee.

I must say that I'm disappointed with the defence policy update. There's no sense of urgency here.

We have war raging in Ukraine. We just witnessed Iran attack Israel last night. We have seen war throughout the Middle East and in the Red Sea, and we are witnessing a powder keg that's about to explode in the South China Sea and the strait of Taiwan, yet all the promises you're making and the explorations you're doing don't really happen until after the next election. In typical Liberal fashion, it's dithering, it's delay and it's kick the can down the road.

We're hearing stories about our troops using food banks and relying on food donations. You've said yourself that the recruitment and retention crisis has put the Canadian Armed Forces in “a death spiral”. You have said that we're short 6,700 military housing units right now. We have troops who are living in their cars. They're living rough. They're living in tent cities. We hear those stories all the time.

You can look at the media that cover the DPU. The titles are “The new Liberal defence policy's in no hurry to face dangerous global realities” and “Don't be fooled, Trudeau doesn't care about defence” in the National Post. In The Globe and Mail, it's, “With our outdated defence policy, Canada isn't prepared for today's threats”. It goes on and on, with this one in The Globe and Mail: “Canada's new defence policy commits to exploring, instead of committing”.

I think that when you look at what academics are saying, what military experts are saying and what the news is saying, it's that there's a lack of seriousness here in the defence policy update.

My question for you is that Minister Anand, in 2022, when she kicked off the DPU, said that there were going to be “aggressive options” to get Canada to 2% of GDP spending to meet the NATO commitment, and there's no commitment in this DPU. Why?

**Hon. Bill Blair:** Thanks very much, James, and for sharing some of those newspaper headlines.

I think you missed a couple. In particular, I'd point out the one in today's Globe and Mail, where they interviewed the chief of defence, who I think spoke very strongly about the value of this policy update, but rather than debate those things, I would just simply remind you that this investment is layered on the work we did with “Strong, Secure, Engaged”, which actually raised defence spending over an eight-year period by nearly 70%.

What this will result in by 2029 is that, from the very dark days of 2014, the last days in which you were a parliamentary secretary for defence, when defence spending—

**Mr. James Bezan:** No. Let's—

**Hon. Bill Blair:** Let me answer the question. That's when defence spending actually fell below 1% of the GDP. This will result, cumulatively, in almost a tripling of our defence spending.

What we've been able to demonstrate is strong. There's been an upward trajectory of defence spending since those days.

**Mr. James Bezan:** Let me say this, Minister. I'm very proud of our record of supporting our troops, but in the time we were in government, we never had troops lined up at food banks. We never had troops living rough. We never had our international allies say they couldn't depend on Canada. That's all on this Liberal government. That is not on the previous government.

Let's talk about housing. You have put \$300 million in here. Only \$8 million has been committed to housing at this point in time. There are zero dollars committed for this fiscal year. There are zero dollars committed in the DPU for the next fiscal year. You said we're 6,700 homes short for our troops. We know that over the last two years, National Defence has built only 38 homes. That isn't going to close the gap of 6,700 homes, nor will the \$300 million get us there.

• (1110)

**Hon. Bill Blair:** That's a great question.

Let me share with you some of the things we're doing. You may have heard that our housing minister has already announced that not only are we investing money into the building of affordable rental housing for Canadians, which will include members of the armed forces, but we are also going to be leveraging the value of some of the property the Department of National Defence currently holds. We are already in very important discussions with municipalities and private industries to form public-private partnerships to get housing built rapidly. There are a number of really important initiatives.

I know we're all looking forward—I'm sure you are—to the budget that will be released on Tuesday, which will reveal a really urgent sense of getting housing built. There are real opportunities for members of the Canadian Armed Forces. We've consulted with them. I've been to those bases. We've heard them very clearly about

what they need. We're responding to that not just with an investment of money but also with new approaches to getting it done.

**Mr. James Bezan:** I have one last minute here.

There is, in the DPU, a commitment to replace our aging Victoria-class submarines. It says it will be with conventional subs. The Prime Minister announced last week that nuclear subs were also an option. Can you explain the contradiction between the DPU and what the Prime Minister said?

**Hon. Bill Blair:** There's no contradiction there.

**Mr. James Bezan:** Are we going to go ahead with purchasing submarines that can go under ice to patrol our Arctic? We look at the proliferation of submarines around the world. Are we going to protect our coastlines from all three sides to ensure we are protected here and we know what's happening in our Arctic waters?

**Hon. Bill Blair:** Yes, we are going to—

**Mr. James Bezan:** How much?

**Hon. Bill Blair:** What's that?

**Mr. James Bezan:** How much is it going to cost?

**Hon. Bill Blair:** That's actually the work that's under way. We said we're exploring the work that needs to be done. We're working with the Royal Canadian Navy, Canadian Armed Forces and Department of National Defence to determine what their operational requirements are. As the Prime Minister indicated in his remarks last Monday, nothing's off the table. We're going to listen to them.

We're also working with our allies. We'll then explore what the best way to respond to that is. The Prime Minister has been very clear, and the document makes clear that we're going to do it because Canada's national defence requires it.

**The Chair:** Thank you, Mr. Bezan.

Ms. Lambropoulos, go ahead for six minutes, please.

**Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.):** Thank you, Chair.

Thank you to our witnesses for being here today to answer some of our questions.

Minister, the new defence policy update reflected a lot of what we've worked on in this committee. That was something I was really happy about. Over the last couple of years we've dealt with some really important issues. Those are really well reflected in the DPU. The title of this update indicates a clear focus on Canada's Arctic and northern regions, which are becoming more and more accessible as a result of global warming.

Last spring our committee studied Arctic sovereignty and security. We recommended infrastructure upgrades and an enhanced presence of the armed forces in the north. You touched on those things a little bit in your opening remarks. I'm wondering if you can give us some more specific details about the infrastructure investments and upgrades that will be included in this policy.

**Hon. Bill Blair:** Thank you very much, Emmanuella.

First of all, I would hope that all of the stakeholders we consulted with will see their hard work and their advice reflected in this document. That includes, of course, parliamentarians and the important work here of the defence committee. In many respects, this is also an industrial policy, because we listened to and heard our military industries on what they require—the certainty and clarity over what Canada was going to do and what money would be available to do it. It's also, I hope, strongly reflective of the consultation we have done with the northern premiers, with Inuit and indigenous communities and with northern communities.

One thing that I hope is very clear in this document is that we recognize that the world has changed, but it's our first responsibility as the Canadian Armed Forces. This is Canada's Department of National Defence. I'm the Minister of National Defence for this country. Recognizing our responsibility to defend our own country and our own continent will make us a stronger partner to our NATO allies. It will make us more effective in the work we need to do in the Indo-Pacific. It will also, I think, provide assurances to all our NATO partners, but in particular the United States, that Canada is prepared to step up and do what is required.

One thing that I think many people in southern Canada sometimes think, when they think about protecting northern sovereignty, is that we occasionally have a plane fly over, or perhaps when the ice is out a boat goes by. When we've gone to northern communities and listened to them, they've said, no, it's about infrastructure. It's about airports. It's about highways. It's about fibre optic communications. It's about water treatment plants and power plants. It's about medical facilities.

We know that we have to build five different northern support hubs so that we can fly our new fighter jets, multi-mission aircraft, search and rescue aircraft and helicopters into that region. We know that we'll have to persistently deploy members of the Canadian Armed Forces and we'll have to train in the north. There's a real opportunity in the infrastructure that this will require for it to be multi-use. In my conversations with the northern premiers and with Inuit and indigenous communities, they are very much engaged with us in the importance of building infrastructure. First of all, they'll be very much involved in its construction but also in its subsequent use, because that will support their communities. If a runway can be used to land a fighter jet or transport plane, it can also be used for medical evacuation and search and rescue aircraft.

This is what we mean by multi-use. I think it's the mutual benefits. It's not just an investment in defence. It's an investment in Canadians, particularly in our northern communities.

• (1115)

**Ms. Emmanuella Lambropoulos:** Thank you so much. I am happy to hear that you will be consulting and that the consultations will definitely play a role going forward in determining what will be taking place, especially with northern and indigenous communities.

You've spoken a little bit about what role they can play. Can you talk to us about the ways in which we'll be working in partnership

with them more specifically, based on what you've already heard from them?

**Hon. Bill Blair:** First of all, let me acknowledge one of our most important military presences in the north—the Canadian Rangers. Many of them are indigenous, and all of them are from northern communities. They're an important asset to our country's national defence. We've listened very clearly to how we can support them better in the important work they do on all our behalf. I've also met a number of times with the Assembly of First Nations and with the ITK, but additionally with individual Inuit communities and groups across the north. I've also relied on the northern premiers. The territorial premiers have been excellent partners in this. We are engaging with them and their governments quite extensively in this work. I think there is common cause and an understanding that we need to work together.

One thing that I have undertaken with the Inuit leadership and the indigenous leadership, as well as the northern communities and the northern premiers, is that there will be nothing about them without them. It's a very simple thing. We need their understanding of their environment. We learn from them. We'll be more effective in national defence in the High Arctic if we incorporate indigenous learning and indigenous language and if we work in partnership. We've made it very clear that this is our commitment. They have also made it equally clear to us that, first of all, this is their expectation, and also that they have a willingness to be good partners.

May I also say that across the north, there are other relationships that are also important. I've reached out to the Danish government, because the Inuit in Greenland are also part of this discussion as part of our NATO commitments.

We're making sure that we engage appropriately with our allies and with Canadians, particularly those who are in the north. That's our commitment and we'll continue to do so.

**Ms. Emmanuella Lambropoulos:** Thank you very much.

**Hon. Bill Blair:** You're very welcome.

[Translation]

**The Chair:** Ms. Normandin, you have the floor for six minutes.

**Ms. Christine Normandin (Saint-Jean, BQ):** Thank you very much, Mr. Chair.

Minister, thank you for making yourself available to answer our questions.

I'd like you to talk to us about the short term. The plan deals with what's going to happen in 5 or 20 years' time, but I'd like you to give us some details about what's going to happen between now and the end of the current Parliament, because there's a lot of uncertainty about what's going to happen next.

I'd like to do a little math. Last September, defence cuts were announced. For the 2024–2025 financial year, there will be a reduction of \$810 million, while for the 2025–2026 financial year, there will be a reduction of \$851 million. Total cuts will therefore amount to \$1.661 billion over the next two years.

The updated policy announces new funding of \$612 million for the 2024–2025 financial year and another \$1.118 billion for the following year, for a total of \$1.73 billion in new funding. The difference between the new funds and the cuts is equivalent to an increase of just \$69 million over two years, which doesn't even cover inflation.

I'd like to hear your views on a comment we heard following the policy update that defence reinvestments were being “shovelled into the backyard” of the next government.

[English]

**Hon. Bill Blair:** That's incorrect.

If I may, I think you made a mistake in your math by only comparing the Treasury Board refocus of spending on the new plan that was put forward. In fact, there is already, first of all, a very substantial existing defence budget being increased as a result of “Strong, Secure, Engaged”. Right through 2026, what you're going to see is a very strong upward trajectory of defence spending from the previous defence policy. That didn't go away. Those investments are committed and are still going to be made.

It's also important that, when we are spending hard-earned Canadian taxpayer dollars, we can demonstrate to them that we are being efficient in how we spend their money and that we're producing the best value for their investments. I think it's entirely appropriate that the Treasury Board has asked us and every other government department to look carefully at how we are spending the money and make sure we're contributing to real capability for the Canadian Armed Forces and to the supports we provide to the men and women who serve. We have been doing that work, and it is not without challenge. I'm not going to suggest.... I'm very grateful, by the way, to the chief of the defence staff and our deputy minister for the hard work they and their teams have put into finding the most efficient way to spend that money.

Then, in addition to that, you should also take into account in your mathematics that we've committed \$38.6 billion to NORAD modernization. That's an enormous new investment in the defence of our continent.

Finally, through our new defence policy update, we've added additional money: \$8.1 billion over the next five years and \$73 billion.... Other things will be spoken of, as well, which will help with your mathematical equation. Ultimately, what this results in is a near tripling of defence spending. The document, as well, speaks to some of the other work that we have to do.

In Canada, we don't, like some of our allies, simply put out aspirational policy documents. We actually book the money to get the job done. When the money is not yet clearly identified and authorized.... As we said in this document, we still have work to do, but we have been very clear what that work is and what additional capability requirements we must acquire.

You talked about the sense of urgency. Let me also assure you that solving the recruitment crisis...because we cannot continue losing more people than we are able to intake. Turning that around is job number one—getting in the people we need to do the job and making our procurement processes more effective. I'm not trying to diminish the care we must take in spending taxpayer dollars, but we

have to go faster and be more efficient in the way we get that job done, because the cost of maintaining our fleet of ships and planes is increasing over time. It is incumbent upon us to do a better job.

• (1120)

[Translation]

**Ms. Christine Normandin:** I'll come back to the state of readiness in a later round of questions.

However, you will agree with me that most of the money was announced for the end of the next five years, not for the beginning. We don't know what's going to happen, because there could be a new government at that point. I'd like to know whether any avenues have been explored to ensure that slightly more restrictive mechanisms are applied to future military spending, similar to what Belgium has done with a military programming law that aims to ensure official spending for the future, with the agreement of its Parliament.

Have mechanisms of this kind been analyzed by your department to ensure greater reinvestment in defence in the future?

[English]

**Hon. Bill Blair:** There are a couple of things there.

First of all, the spending we've articulated in the new defence policy update is, I think, an accurate and realistic reflection of how long it takes to actually complete these procurements. We've worked very closely with our departments to say when we will need this money and when we will be able to spend this money. We have to define our requirements, and we have to go to the marketplace. Those procurement processes need to begin now, but when they will be completed, we have to have the money ready to make that expenditure.

You're asking whether or not.... I think this document is not just a political document. It speaks to Canadians. It tells Canadians what Canada must do and it also speaks to our allies. Although I will tell you I'm very hopeful that I will be able to continue in this role for many years into the future, I think any future government of any political stripe will be responsible for making sure Canada can defend its own security and sovereignty and can uphold its obligations. I think we've provided a very strong and appropriate path forward. It was intended to ensure that Canadians understand what our obligations are, and I would have every expectation that Canadians will demand that of their government, whatever government they may have.

• (1125)

**The Chair:** Thank you, Madame Normandin.

Ms. Mathyssen, go ahead for six minutes, please.

**Ms. Lindsay Mathyssen (London—Fanshawe, NDP):** Thank you, Mr. Chair.

Minister, thank you for joining us today.

Last month, the Liberal caucus overall supported the NDP motion for peace and justice for Palestine. That final motion reflected calls we'd heard from the Palestinian Canadian community for years about how Canada must stop arming Israel's siege of Gaza and the occupation of the West Bank. In February, the Dutch court ordered the Netherlands to halt exports from the F-35 program because Israel was using those jets in the bombing of Gaza, but we haven't heard any indication that your government will follow suit.

In fact, the defence policy update, which we're discussing today, says, "We will think differently about how we procure with our allies", but that seems to imply that we'll loosen that import arms control regime, especially when we're talking about U.S.-led initiatives like the joint fighter jet program.

Given that there's a great deal of military aid from the United States to Israel fuelling this attack on Gaza and this is quickly leading to what we feared—a larger regional war—do you believe the defence production sharing agreement between Canada and the United States should be updated to align better with the Arms Trade Treaty and include end-use assurances for international law violations?

**Hon. Bill Blair:** My responsibility is to make sure I get the Canadian Armed Forces the equipment, materiel and technology they need to do their important job of defending this country. We have, I think, very important relationships. Canada has one of the strongest military export permit regimes of any country in the world, and we have made a commitment to abide by that very strong and rigorous regime.

I think the relationships and agreements we have with the United States, with our European and NATO allies and with other countries around the world need to be respected at all times, but my first priority is making sure I acquire for our military what they need.

Because we often work in coalition environments, in NATO in particular but also through NORAD and, at times, even in the Indo-Pacific, having some degree of interoperability with our closest allies is also critical. I think those relationships are very much to the benefit of our armed forces and our national defence.

**Ms. Lindsay Mathyssen:** Are you saying, though, that Canada's interoperability and allyship are far more important than our commitment to human rights—

**Hon. Bill Blair:** I'm not.

**Ms. Lindsay Mathyssen:**—and international law?

**Hon. Bill Blair:** Of course they are not.

I think Canada's commitment to the law of armed conflict and humanitarian law is unwavering, strong and very clear. I think that is quite apparent to all of us.

**Ms. Lindsay Mathyssen:** This contract could be deemed a violation of that.

**Hon. Bill Blair:** That has not been determined. The application of any such arrangement is subject to scrutiny and review to make sure we are obeying all of the rules articulated in those agreements.

The only point I'm making, Lindsay, is that our ability to work collaboratively with our allies and particularly within the military industry involves rules. Those rules must always be respected and

obeyed, but those relationships and that collaboration are very much to the benefit of our industries and our armed forces.

I'm committed to ensuring that we follow all the rules in such an agreement, but at the same time I also believe very strongly in its value.

**Ms. Lindsay Mathyssen:** The upkeep or the commitment to international human rights is part of, I think, what Canada was built on in terms of peacekeeping. In 1992 there were over 3,000 Canadians proudly serving as peacekeepers, but now we're sitting in the low dozens. I would argue that now more than ever, Canada needs to step up and be a voice in peacekeeping and peacebuilding, yet the defence policy update doesn't mention the word "peacekeeping" once.

In light of what we're seeing around the world and in the Middle East right now in that increasing potential conflict, why doesn't the defence policy update outline our plan for peacekeeping?

**Hon. Bill Blair:** I think what you'll see reflected in this document is a strong commitment to deterrence, to making peace and to keeping peace. This is not a document about fighting wars. It's a document about preventing wars and responding in such a way, with our allies, to make sure that we can represent sufficient deterrence to potential adversaries and what can sometimes be very aggressive and hostile activities on their part.

I will agree with you about 1992. The world has changed quite significantly. For example, there's our support for Ukraine. There is an active conflict taking place there. There's a war taking place. There is no peace to maintain. At the present time, our job is to make sure that Ukraine has all of the supports we can provide, along with our allies, in order to effectively defend itself.

• (1130)

**Ms. Lindsay Mathyssen:** How much time do I have?

**The Chair:** You'll have to be very brief, please. You have 20 seconds.

**Ms. Lindsay Mathyssen:** Can I bank it?

**The Chair:** Yes, you can bank it.

**Hon. Bill Blair:** Can I bank my answer?

**Voices:** Oh, oh!

**The Chair:** It's non-transferable, Mr. Bezan.

Ms. Kramp-Neuman, you have five minutes, please.

**Mrs. Shelby Kramp-Neuman (Hastings—Lennox and Addington, CPC):** Thank you.

Thank you, Minister Blair, for being here.

The word “explore” shows up a total of 12 times in the new defence policy update. Nine of those are promises. Given that it has been about seven years since the last publication of “Strong, Secure, Engaged”, what have you and the ministry been doing the entire time?

**Hon. Bill Blair:** Actually, we've been delivering for the Canadian Armed Forces. Just in the last two years alone, we've completed contracts for more than 100 aircraft, for example, that the Royal Canadian Air Force required. That's the largest and most significant delivery of capability for our Canadian Armed Forces since the Second World War.

**Mrs. Shelby Kramp-Neuman:** Can you acknowledge how much of “Strong, Secure, Engaged” has yet to be spent?

**Hon. Bill Blair:** That's a question perhaps better put to our finance people, but as an example, we've signed contracts for multi-mission aircraft, the P-8 Poseidons. They will all be delivered in 2026. That's SSE money that will be spent in total in 2026.

**Mrs. Shelby Kramp-Neuman:** Okay. Let's talk lapsed funding, then. DND funding keeps lapsing, despite your specifically promising that it's not going to. Can you acknowledge that or talk about that?

**Hon. Bill Blair:** Perhaps I could help you with a better understanding of what “lapsed” is. If it takes time—

**Mr. James Bezan:** Are you mansplaining?

**Hon. Bill Blair:** No, but it doesn't mean it's gone. I think we need to be clear that it doesn't mean the money just somehow disappears. If the contract can't be completed in one fiscal year and goes over our fiscal year, the department is able to lapse it and then apply it into the following fiscal year to complete that contract.

Lapsing is, I think, a reflection of sometimes how long our procurement processes and delivery processes are. Many factors could be associated with that. We could talk about them individually, if you would like—

**Mrs. Shelby Kramp-Neuman:** How much lapsed funding has been repurposed?

**Hon. Bill Blair:** Again, it's a question better asked of our finance people, but certainly in my experience the money that couldn't be spent in one fiscal year is being quickly applied into expenditures the following year as contracts come online.

**Mrs. Shelby Kramp-Neuman:** Okay.

Maybe I can acknowledge a comment from, respectfully, General Eyre with regard to the \$8.1 billion overall being committed by the government to defence spending over the next five years falling short of the NATO commitment. You mentioned in your opening remarks that the DPU is a comprehensive new plan, and we need to do more and we will meet the moment.

Can you address how that is meeting the moment?

**Hon. Bill Blair:** We're making very significant new investments in defence. We're spending money as efficiently and effectively as possible, given our existing procurement processes. We're also re-examining our procurement processes to make them better fit for purpose and to meet the moment, as I've said.

We're working with our allies and with industry. We've listened to them very carefully. They told us what they needed in order to hold up their end of ensuring that we can acquire, for example, the munitions and the battle-decisive ammunition that our armed forces require. We've heard them. We've budgeted the money. We're now able—we have the resources that they said they needed—to invest in their industry but also to offer them long-term contracts.

**Mrs. Shelby Kramp-Neuman:** Thank you.

Also in the promises in the DPU is “We will streamline the security clearance process to reduce the time it takes for new recruits to move into their positions.” If I recall correctly, last year General Eyre suggested that the CAF has more than enough applicants. The issue is in processing; they're not being screened quickly enough.

What changes are expected to be made to be able to make this happen faster? How can we facilitate this?

**Hon. Bill Blair:** I have some great news on that. I was briefed this past week on some great work that's being done by the Canadian Armed Forces and the Department of National Defence to digitize the application process. Canadians will be able to do it on their phones. That will be better for the applicant, but it also provides a digital record of the application. Therefore, it will enable us to initiate the processes far more efficiently to get those security background checks done and will enable us to move through those applications.

Frankly, if we don't go fast, we lose the opportunity, and we don't want to lose any one of those opportunities.

● (1135)

**Mrs. Shelby Kramp-Neuman:** More specifically then, how will this be speeding up screening work vis-à-vis security requirements? How is this going to change? Will the screening be outsourced? I have a lot of questions because there's not a lot of clarity to this.

Will other departments' security allowances transit over to the CAF? Will the requirements be lowered? Will the CAF be prioritized over other departments when it comes to processing security clearances? What's this going to look like?

**Hon. Bill Blair:** There are couple of things that I think can be very helpful there.

First of all, we understand that, when someone is coming in for basic training and we're training them how to march and to shoot, putting a uniform on them and deploying them into some pretty basic functions, they don't need the highest secret security clearance. That can come later on in the process.

Additionally, we recognize the implementation of a probationary period because one of the challenges.... We don't want to onboard somebody who might represent a risk, but if we are able to determine the level of risk before we deploy them into a sensitive area, it just makes more sense to do it in a more efficient and timely way.

One thing I want to assure Canadians—and you—is that we're not going to compromise our standards for members of the Canadian Armed Forces. We're just going to apply those standards far more efficiently so that we can onboard people who want to serve as quickly and efficiently as possible.

**Mrs. Shelby Kramp-Neuman:** Thank you.

**The Chair:** Thank you, Ms. Kramp-Neuman.

Mr. Collins, you have five minutes.

**Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.):** Thanks, Mr. Chairman.

Minister, welcome.

Welcome to everyone in attendance today on this very important issue.

Minister, at our last meeting I had the opportunity to highlight to committee members that the Leader of the Opposition was in Hamilton as part of his “make Canada great again” tour a couple of months ago to mark the second anniversary of Russia's illegal invasion of Ukraine. When he was in attendance, he didn't have his “faraway foreign land” speech because there were several hundred Ukrainian members—

**The Chair:** Excuse me, Mr. Collins.

Can this side of the table listen?

**Mr. Chad Collins:** Thanks, Mr. Chair.

Yes, he didn't have his “faraway foreign land” speech because there were several hundred Ukrainian members in attendance. However, he did highlight the fact that our government has made over \$4 billion in investment in Ukraine.

My question this morning is this: Can you talk about how the DPU builds upon those investments that we've already made and the investments that we have on the horizon as they relate to building capacity to continue to support Ukraine?

**Hon. Bill Blair:** Yes, there are a couple of things to unpack.

Canada has made a very significant contribution to Ukraine, not just in military spending—which is, as you've said, now totalling about \$4 billion—but additionally through other investments, about \$9.5 billion in financial supports, which is what Ukraine said it required to keep the lights on and to keep its industries working.

One of the things we've heard very clearly is the urgent need for ammunition. One of the things that each country in the Ukraine defence contact group—of which I'm a member, as is NATO—has acknowledged is the importance of increasing our production. The Russians have significantly increased their munitions production. We have to keep pace. We've gone to our own industry, and in consultation with the military procurement industry here.... They told us that they need, first of all, an investment in new production lines and supply chains, but they also need the certainty of long-term

contracts. We've now come forward with a plan, and now we've been able to provide them with certainty. We're working with Canadian industry now to increase production.

However, for Ukraine, just as an example, we know that it will take about two and a half years to actually build out those new production lines and to make those investments and begin rolling off the battle-decisive munitions that our Canadian Armed Forces and Ukraine need. In the interim, we've been working with our allies. I signed a MOU with the Czech government, for example. It's been able to acquire the required munitions for Ukraine, and we've now committed \$57 million to purchase munitions from the Czech Republic so that we can deliver them to the Ukraine, not in years but in weeks and months.

**Mr. Chad Collins:** That's terrific.

In your opening, you talked about how a greater presence in the Arctic is going to require some infrastructure upgrades. It's hard to have a strong presence without all-season roads and without having better telecommunication opportunities and capabilities.

Can you talk about the early stages of the plan and what investments we'll look at in terms of working with territories and indigenous communities with regard to upgrading infrastructure?

**Hon. Bill Blair:** As I mentioned, one thing the Canadian Armed Forces will need, if they're going to be persistently present, deployable, active and functional in the high north, is additional infrastructure. That includes such things as airport runways and facilities to store and maintain their aircraft. They'll also need accommodation and housing for the personnel deployed there, as well as medical services. We've also looked at power supply, water treatment and things like fibre optics communication, which is increasingly important. There are other very significant investments we're making in the High Arctic, such as the establishment of a new satellite station and the deployment of sensors in the north. All of that is going to require infrastructure.

Looking at what the Canadian Armed Forces need, we've also been in consultation with the northern premiers and with indigenous and Inuit communities. They're going to help us build that. They're also going to benefit from that, because it's multi-use. As I said, if we build a runway that we can land a transport plane or fighter jet on, we can also bring in medical evacuation planes. We can bring other transport planes into those northern communities. We'd have a better and stronger presence for search and rescue in those communities. There is, I think, great opportunity for mutual benefit in multi-use infrastructure in the high north.

One of the things we have also undertaken with our partners in the north is that we will work with them to make sure they have every opportunity to participate economically in that infrastructure build and that it is appropriate for their requirements as well.

• (1140)

**Mr. Chad Collins:** Thank you, Minister.

**The Chair:** Thank you.

Ms. Normandin, you have two and a half minutes.

[*Translation*]

**Ms. Christine Normandin:** Thank you very much, Mr. Chair.

According to one report, only 58% of the armed forces could respond to an emergency request from NATO and 45% of military equipment is considered unavailable or non-functional. In response to the defence policy that has been presented, the CDA Institute said:

[*English*]

...as the newly allocated funds are primarily aimed at Vote 5 (Capital equipment) while the cuts are focused on Vote 1 (Operations and Maintenance) funds, the negative effects will likely be on readiness which is already a major problem in the RCN, RCAF and CA.

[*Translation*]

In 2017, when Canada was vying for a seat on the UN Security Council, it promised a rapid reaction force. It gave itself five years to achieve this. Then it decided to give itself until 2026. Given the state of readiness of current forces, will we have a rapid reaction force in 2026?

[*English*]

**Hon. Bill Blair:** Yes, I think you raise some very important questions.

I want to point out, first of all, that we are working very hard and, I think, making very significant progress in support of our former presence in Latvia and our NATO commitment. We'll be moving to brigade strength in 2026, which could involve the deployment of up to 2,600 CAF members. We are also acquiring equipment—armoured vehicles, anti-tank weapons, air defence systems and even anti-drone missiles. There are many other accelerated capital equipment requirements they will need that we're working very hard on.

You raise a very important point. One of the things I found most compelling when I first came into this portfolio was the real challenge of making sure our capital equipment is functional and available for use. That includes our planes, ships, armoured vehicles and artillery pieces. As the general has shared with me—and I believe he will share this with you—much of that was not available for use. We recognized that we had to do a much better job of maintaining that equipment. What we put into this program was \$9 billion over the next 20 years to maintain that equipment and make it functional. It requires money and certainty that they can get it fixed.

Additionally, for the navy, our Halifax class of frigates required a very significant new investment to make sure it will remain functional and afloat until the surface combatants are delivered.

In this defence policy, we're not just buying new capital equipment. We're making the investment that is absolutely required to maintain what we have while we acquire new capabilities.

**The Chair:** Thank you, Ms. Normandin.

Ms. Mathysen, you have two minutes and 50 seconds.

**Ms. Lindsay Mathysen:** Thank you, Mr. Chair.

The escalation following the bombing of the Iranian consulate in Syria and Iran's subsequent attack on Israel is extremely worrying. Canada has said little about the bombing of its own Canadian embassy building. The Iranian regime has targeted its own citizens, including women—we cannot forget that—and now it's targeting Israel. I'm very worried about the ongoing war in Gaza. Canada doesn't seem to be playing a vital role in the de-escalation of this terrible situation.

Can you talk about what the Canadian government and CAF are doing to de-escalate the mounting tensions in the area?

**Hon. Bill Blair:** First of all, let me be very clear that Iran is a state sponsor of terrorism. We've made that declaration.

The Canadian Armed Forces play a strong supporting role with all of our allies in the region. We are not in the leadership in those positions, but we are there and we are engaged. Canadians make a very significant and real contribution.

• (1145)

**Ms. Lindsay Mathysen:** Can you be more specific?

**Hon. Bill Blair:** Certainly, in the region, they're in the planning.... In a number of our allied bases that are in the region, Canada is present.

I'm a little limited in how forward I can be leaning here, but we're on the team and we play, I think, important roles in those places. At the same time, however, it is under the leadership of others. I want to acknowledge that.

There are some other very important discussions that have been taking place on the foreign policy level with our minister of global affairs. I don't think I should speak too closely to those here, but I think there are legitimate questions to put about the role GAC is playing. I will tell you that I, personally, have condemned the attack by Iran on Israel. I think Israel has a right to defend itself, but we certainly want to make sure that is done in a way that is not escalatory.

**Ms. Lindsay Mathysen:** Just quickly, with the 20 seconds I have left, at the last meeting, this committee unanimously endorsed my motion to express our solidarity with Non-Public Funds workers. For months, CFMWS has refused to provide these workers a fair offer. It has used private security guards, cease and desist letters, scab labour and inappropriate bargaining practices.

Since the motion, have you reached out to CFMWS leadership to give them the new wage mandate required to offer a fair, living wage?

**Hon. Bill Blair:** I have spoken to them. I have also spoken to the presidents of PSAC and the Canadian Labour Congress.

As a matter of fact, I want to acknowledge here publicly that the president of the Canadian Labour Congress was very helpful in facilitating the appointment of a mediator to try to bring the parties back to the table. We've worked closely with all parties to try to facilitate an agreement between them.

I share your frustration. They are good people and they provide important services to us. They are valued by the Canadian Armed Forces. At the same time, we're trying very hard to facilitate a properly bargained agreement between the parties.

**The Chair:** Thank you, Ms. Mathysen. That's a stretch.

You have five minutes, Mr. Kelly.

**Mr. Pat Kelly (Calgary Rocky Ridge, CPC):** Thanks, Mr. Chair.

Minister, on December 7, you were at committee and you spoke of the shortage and the low production numbers for artillery shells. You said there was a commitment to increase the production in Canada fourfold. You said at the end of that meeting that it would take place this year.

When will the newly produced shells be rolling off Canadian production lines?

**Hon. Bill Blair:** As quickly as Canadian industry can produce them, but they have told us—

**Mr. Pat Kelly:** You said this year.

**Hon. Bill Blair:** What I told them is that Canada will do our part this year, and we have. We've now committed \$300 million, and we're working with industry to make the necessary investments that industry said they required. We now have the money to negotiate the long-term contracts, which was also the certainty that industry said they required.

**Mr. Pat Kelly:** That's great for announcements.

On what date this year will the production target of a fourfold increase be hit?

**Hon. Bill Blair:** Last Monday, Canada announced the money that will allow industry to move forward, and now there is work that will take place between the Department of National Defence and industry. I've also engaged with the ISED minister to move on that as quickly as possible.

Canada did what Canada needed to do. Now we'll work with industry to deliver that—

**Mr. Pat Kelly:** Okay. Are you walking back the answer you made then that it would take place this year?

**Hon. Bill Blair:** Again, to be really clear, I said we would take action to cause that to happen, and we've taken that action to cause that to happen. We're now going to work with industry so that they can deliver.

**Mr. Pat Kelly:** Canada is the only NATO country that is not meeting both of the NATO investment pledges: the 2% of GDP on defence spending and at least 20% of the defence budget on equipment and research and development. We're the only NATO country not meeting them.

Why does this DPU not address that lack of commitment?

**Hon. Bill Blair:** Thanks.

First of all, under this DPU, beginning next year and every year thereafter, we'll be meeting the 20% commitment for investment in capital expenditure. I would also point out, as I mentioned earlier, that in Canada, we do not publish our aspirations. We publish our funded plans. This document talks about the money we'll be committing in this upcoming budget to bring that forward.

I've spoken to our allies. All of them want and continue to encourage us to meet the 2% requirement, but all of them have acknowledged—

• (1150)

**Mr. Pat Kelly:** I have to stop you, Minister.

Your entire policy update is aspirational. It's full of exploring options. It's full of reaffirming existing commitments. There are actually very few policy changes in this policy update, unless you hadn't been considering the management of all of these priorities all along. This entire thing is an exercise in aspiration. There are no tangible outcomes that can be measured by dates and specific dollar amounts, other than far down the road, far after another election.

Minister, this defence update cannot possibly be characterized as anything other than an aspirational document.

**Hon. Bill Blair:** Well, \$8.1 billion isn't aspirational. It's a budget, and it has clear plans for when expenditures can be made.

Now, I cannot... Frankly, I have some very serious doubts whether any other government would ever make the same type of investment in defence, because your record speaks for itself, but what I can tell you is that this is a funded plan that has real dollars and real investments.

It has been well received by industry. They told us they needed that clarity and certainty, and we've provided it. It's been well received by our allies, who see a very strong upward trajectory of defence spending, a near tripling of defence budgets by our Canadian government since the last time another government was responsible for defence spending.

There is a real, clear plan. If you didn't see it here, I would invite you to go back and read it again.

**Mr. Pat Kelly:** I'm running out of time, Minister.

I have one more question, just as a reminder for people about the detachment between announcement and reality.

On January 10, 2023, your government announced their purchase of a NASAMS system for Ukraine worth \$406 million. One year ago last week, your predecessor falsely claimed that system was "en route". It was an announcement.

These are claims that you make about expenditures, but they haven't happened. Could you tell me on what date that system will be delivered?

**Hon. Bill Blair:** I can share with you what Ambassador Cohen and the U.S. Department of Defense have shared with us. In order to deliver that system to Ukraine.... We already provided all the missiles and systems we had available to us, but we had to acquire—

**Mr. Pat Kelly:** Why did that predecessor mislead Canadians, then, and say that it was “en route”?

**Hon. Bill Blair:** Mr. Kelly, did you want an answer to your question?

**Mr. Pat Kelly:** You're not answering it.

**The Chair:** Either way, you have 10 seconds to finish your answer, and then we'll be on to Mr. Fillmore.

**Hon. Bill Blair:** The United States finalized their contract with Raytheon to acquire those systems. We're part of that contract, and I have been assured by the U.S. government that Canada's system will be delivered among the very first of those that are ready as they come off the line. They won't be delivered until they're actually made, but as soon as they're made, we will get them delivered.

**The Chair:** Thank you, Mr. Kelly.

Mr. Fillmore, you have the final five minutes.

**Mr. Andy Fillmore (Halifax, Lib.):** Thank you, Chair.

Minister, Deputy and Chief, thanks to all of you for your time here today. Thank you for your service to all Canadians, especially those in uniform, many of whom serve in Halifax. As you know, significant elements of all three branches call Halifax home.

In fact, the Royal Canadian Air Force is celebrating its centennial birthday this year. I was very fortunate to be present at 12 Wing Shearwater last week to help mark that milestone with serving members in the air force. A little later this week, HMCS *Montréal* will embark to the Indo-Pacific on Operation Horizon, so there's lots going on in Halifax that is touched by this defence policy update.

Minister, given the events over the weekend in the Middle East and the overall security environment in the world, I was particularly struck by the commitment to provide the Royal Canadian Air Force and the Royal Canadian Navy, those two branches, with the striking power to deter threats at an appropriate distance and the exploration of options to acquire long-range air- and sea-launched missiles.

Can you expand on why those investments in that particular hardware are necessary in the current security environment?

**Hon. Bill Blair:** Thank you very much, Mr. Fillmore.

The threat environment has been evolving fairly significantly.

One of the things we have seen is the application and use of technologies with respect to long-range fire missile defence that enables our people to operate safely and to project force in defence of this country. The air force has been very clear. We have made a very significant investment now, and we're going to be delivering 88 F-35 fighters, as an example. We have to make sure that we get the very best in modern missiles to arm them with, so that they can be as effective as we will require them to be.

If I may, just very briefly.... The language here is pretty clear. We've used the word “explore”. I know that some people have objected to that, but to be quite honest with you, there's work to be done. There's a lot of work to be done to make sure that we do the analysis required.

The Canadian Armed Forces, the Department of National Defence and our industry partners are all working at full pace in order to define those requirements to make sure that we deliver for the members of the Canadian Armed Forces—and therefore for all Canadians—the very best of the equipment they are going to require to do the important missions we ask of them.

We are doing the work that is necessary, but we try to acknowledge in this document that the acquisition of that capability is absolutely essential to Canada's security and defence. We are doing the hard work of exploring it. We'll make sure that, when we've done that work, we get the budgets to pay for it, and then we'll go out and get it done.

• (1155)

**Mr. Andy Fillmore:** Thank you.

I'm moving on to what may be the final frontier of my questions this morning: space.

Soon—and very soon, I hope—this committee will begin a study on the future role of space for Canada, whether that's protecting our sovereignty, upholding agreements with partners around the world or making sure that we have a robust and world-leading aerospace defence industry here in Canada.

I noted that space is mentioned many times in the defence policy update. I wonder if you could address the growing importance of space and the need for our own capabilities to keep up with that.

**Hon. Bill Blair:** With the situational awareness in the threat environment, I think it's important to recognize that there are now many theatres of conflict—maritime for our navy, in the air for our air force and on land for our army—but what we have found is that there are two new emerging threat environments: One is cyber and the other is space.

The safety and security in the space environment for satellite communications, for our GPS systems and for things that we Canadians and our allies rely on every day, and making sure we have an ability to protect that environment and to defend our interests, are things that we and our allies all recognize we have to make significant new investments in.

As well, I think you'll also see, for example, an investment in new Arctic satellite systems and a ground station in the Arctic—that's an important recognition of the importance of the space environment—and a more than \$2-billion investment in the cyber area. They're very related as well, because we have become, as a society and a country, increasingly reliant on the cyberworld, much of which is tied to space capability.

Recognizing that defending our critical infrastructure and our national interests doesn't mean merely being able to respond on land, on air and even at sea, but also in space, we will be making future investments there.

**Mr. Andy Fillmore:** Thank you.

**The Chair:** Thank you, Mr. Fillmore.

That brings to an end the first hour with the minister.

We appreciate your appearance here.

The question by Madame Normandin, the battling mathematical nerds, left me a bit confused as to the interaction between the commitment to cuts and the DPU investment. Hopefully, Mr. Matthews will be able to expand on that, because I think it is of interest to the committee at large that we see how these two, on the face of it, irreconcilable notions are worked out.

With that, I want to thank the minister for his appearance here

We'll suspend for a minute or two for the next panel.

I look forward to seeing you again.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1200)

**The Chair:** We are now resuming.

I'll turn to either General Eyre or Deputy Minister Matthews. I'm assuming—correct me if I am wrong—that there's no opening statement.

With that, we'll move to questions.

It looks like it's Mr. Bezan.

**Mr. James Bezan:** It's Cheryl first, Mr. Chair.

**The Chair:** Mrs. Gallant is first up.

You have six minutes.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Canada was the fifth-most targeted country for cyber-attacks in the world last year.

What makes Canada such a favourite target? Is it due to our vulnerability?

**Ms. Caroline Xavier (Chief, Communications Security Establishment):** Thank you for the question.

As we stated in our national cyber-threat assessment, which was published in 2022, Canada can be seen as a frequent target because of the role we play on the world stage. As well, we recognize there are some nation-states that are quite interested, from a strategic perspective, in doing harm to Canada in cyberspace.

• (1205)

**Mrs. Cheryl Gallant:** Three cohorts of cyber-operators have graduated in the last few years, so you must have enough to stand up a command for cyber. Since 2016, we've been told the CAF has a cyber-army and a cyber-command.

Why is there a discrepancy and, if there isn't one, why hasn't this been established yet?

**General Wayne D. Eyre (Chief of the Defence Staff, Canadian Armed Forces, Department of National Defence):** Mr. Chair, I'll take that one.

Up until this point, many of the leaders and some of the functions have been double-hatted within the Canadian Armed Forces and indeed the department, because the cyber-enterprise within the Canadian Armed Forces is under our CIO. What we're going to be doing is making the Canadian Armed Forces cyber-command a stand-alone command. It's akin to our special operations forces

command and intelligence command, which shows just how important this capability is, going forward.

It's growing. We need to continue to grow and develop our expertise and, in doing so, work very closely—hand in glove—with our colleagues at CSE.

**Mrs. Cheryl Gallant:** What plans are in place for a combined joint all-domain command and control?

**Gen Wayne D. Eyre:** Mr. Chair, I'll take this one, as well.

JADC2—joint all-domain command and control, or what we're calling, in the Canadian Armed Forces, “pan-domain command and control”—reflects the changing character of war, where the newer domains of space and cyber need to be better integrated with the traditional domains of air, maritime and land, plus extending that to a whole-of-government approach.

The seamless integration of the effects in those five domains requires a new command and control system that can rapidly fuse intelligence and sensor data with effectors from various domains, allowing decision-makers to make much more rapid decisions. In the context of continental defence, for example, which the policy focuses a lot on—and rightly so, from my perspective—and as we take a look at the approaches to the continent, this gives us much better awareness of what's coming and allows for decision space as to what to do about it.

**Mrs. Cheryl Gallant:** That's great.

However, there is nothing in the DPU about this. If a plan is not written down, how do we know Canada is working towards this goal?

**Gen Wayne D. Eyre:** Not everything in terms of military concepts that we are working on is in the DPU.

However, I will say that the reference to digital transformation is absolutely there. When I take a look at the various capabilities and modernization efforts we need, digital modernization is right at the top of the list. We have other initiatives that are ongoing, which are supported by the digital transformation hooks in the DPU.

**Mrs. Cheryl Gallant:** AUKUS has signalled that Japan will be invited to join in pillar two.

What action is AUKUS waiting for to consider Canada worthy of sharing advanced technology among the U.K., the U.S. and Australia?

**Mr. Bill Matthews (Deputy Minister, Department of National Defence):** Perhaps I will take that one, Mr. Chair.

On pillar two, indeed, the U.S. announced last week that they're exploring things with Japan. We are actively engaged with AUKUS partners on items related to pillar two—AI, quantum, etc.—and we continue to work with pillar-two partners or AUKUS pillar-two members to look at where Canada can add value.

We're certainly at the table as we need to be.

**Mrs. Cheryl Gallant:** We're not part of it, and we haven't been asked to be. What is it that Canada is missing in order to be at that table?

**Mr. Bill Matthews:** AUKUS partners have indicated that they are working on a framework for adding other countries as partners on projects. That framework is not yet developed, but we are actively engaged in discussions.

**Mrs. Cheryl Gallant:** What is the earliest possible date that the procurement process for the new submarines will begin and the earliest date to announce the winner of the bid based on the planning group's work so far?

**Mr. Bill Matthews:** The options analysis has started. We have had a team meeting with various manufacturers of traditional conventional submarines. We will be looking at options to bring to the government for a decision. They will include conventional versus nuclear, but also the number of submarines. At this stage I cannot give you an answer on when that will be.

• (1210)

**Mrs. Cheryl Gallant:** Right now, if we're lucky, for every four submarines we have one in the water. I'll be asking about the numbers later.

Locally, General Eyre, you would be familiar with Petawawa. There has been no additional housing for the barracks for new recruits. I understand it's on a cyclical basis, but that's where the majority of Ontario troops end up starting off. We have a lot of capacity and new regiments standing up.

When are we going to see some housing so that people can afford to be in the military?

**Gen Wayne D. Eyre:** Mr. Chair, I will take this one first before turning it over to the deputy minister.

I agree. Housing is a challenge right across the board, not just in Petawawa. In Ontario, we have to look at our other bases as well. Trenton is another one.

We need to take a look at different ways of doing housing as well. One of the options we're exploring is public-private partnerships. We have the land. Interested land developers could perhaps help us develop that. There's interest in certain parts of the country. What I do know is that we need to rapidly accelerate housing construction because there is a shortfall across the country, including for our members.

**Mrs. Cheryl Gallant:** Where's the money for this though?

We all know that land can be repurposed—

**The Chair:** Mrs. Gallant.

**Mrs. Cheryl Gallant:** —but there's no money.

**The Chair:** Mrs. Gallant, you've gone way past your time.

I have been negligent in not introducing Peter Hammerschmidt, ADM policy. He had a lot to do with the writing of the DPU. Apparently this is his first time before the committee. I would ask members to be gentle with him.

With that, I'll turn it over to Mr. Fisher.

You have six minutes. Go ahead, please.

**Mr. Darren Fisher (Dartmouth—Cole Harbour, Lib.):** Thank you very much, Mr. Chair.

General, I thank you and your team for being here today. You're here at committee a lot, and we certainly appreciate it.

It's really important that the DPU reflect Canada's needs and Canada's priorities but also those of our allies. As a member of the NATO PA, I get a chance to rub elbows with parliamentarians from dozens of countries, and more recently, of course, with the new additions.

Can you talk a little bit about the air defence system in the update and how it's going to invest in Canada's needs and priorities but also in those of our NATO allies?

**Mr. Peter Hammerschmidt (Assistant Deputy Minister, Policy, Department of National Defence):** Thank you, Chair. Thank you for the kind introduction.

I can answer, and maybe the chief will want to jump in afterwards.

As part of the process for the consultations for the development of this policy, of course, as you can well imagine, we did consult allies extensively, among other stakeholders. Allies really imparted to us the importance of Canada's continuing to play a really important role in the Euro-Atlantic space, as we're doing, for example, in Latvia but also in our own space in the Arctic and on the continent. They are making a link between Canada and North America as a continent being NATO's western flank and also NATO's northern flank, and a link between our defence of that space and the defence of the Euro-Atlantic space and NATO's overall deterrence and defence agenda.

That really helped inform the focus in the policy on the Arctic and on defending the continent. The consultations also helped inform the proposed investments—the commitment to pursue a number of investments and to explore others—that will ensure that the CAF will have the capability it needs to be able to play the role that it's expected to play in the allied context, including in the Euro-Atlantic space.

**Gen Wayne D. Eyre:** If I can, I'll make two points on this.

Firstly, we're very happy to see the policy with the regional focus on the Arctic, as are our allies. This has been a regional vulnerability, especially for our U.S. allies. Speaking to the chair of the military committee of NATO last week, they're very happy as well. That's our regional focus.

Given what we're facing as a globally integrated threat environment, if we have wider war in Europe with NATO and if there is war in Asia, it's going to be across the globe. The Arctic is now an area of competition, and potentially conflict, so the regional focus on that part is well received.

The second piece in the document is discussion about the integrated air and missile defence, which is absolutely the way to go forward. The clearest, starkest example of this is what happened 48 hours ago in Israel, with multiple types of weapons being shot against the country—several types of drones, cruise missiles and ballistic missiles—and the integrated nature of the response, with aircraft, ground-based air defence of various types, ship-based air defence and the command-and-control system that brought them together.

We have some investments here and through NORAD modernization in the sensors that are required. Mrs. Gallant talked about the pan-domain command and control that's going to be required to bring it all together.

This concept, as we go forward for continental defence, is increasingly important, not just here in North America but also with respect to our commitments in NATO and in the Indo-Pacific.

• (1215)

**Mr. Darren Fisher:** I'm not sure how much time I have left, but there are two topics I want to touch on. First, the minister talked about the MOU with the Czech government to provide Ukraine with ammunition. Also, in the NATO PA, we have the conversation on a regular basis about just how hard it is to ramp up domestic production in all of the NATO countries.

Can you tell me just a bit about that?

If there's any time left, could you touch on the joint CAF-CSE cyber-operations group? I believe that question would probably go to Ms. Xavier.

**Mr. Bill Matthews:** I'll start with ammunition, and then I can turn to the other chief on cyber.

On the funds for Ukraine and ammunition, the Czechs have done a great job of setting up a pool to acquire ammunition. Those funds have been transferred and those acquisitions are ongoing.

On the ramp-up of domestic production of ammunition, these are long timelines. What we actually want is a new production line started. That will take time. In the interim, the production of the current round domestically has increased over the past year. Our eventual goal is a new production line, so those discussions will recommence shortly, now that we have a policy decision.

On cyber....

**Ms. Caroline Xavier:** Yes. Thanks for the question.

Just building on what I said earlier, this investment being made in the DPU is really an opportunity for us to continue the work we've been doing since budget 2022 investments.

We've been working jointly with the CAF on the foreign cyber-operations program. This will be the opportunity to continue to stand that up in the way the CDS explained a few minutes ago, whereby we can continue to jointly and uniquely use our respective skills to be able to use a foreign cyber-operations program to do our part in protecting Canadians and Canada.

**Mr. Darren Fisher:** I have 30 seconds left. I'll happily pass them along to the next person.

**The Chair:** I'm sure Ms. Mathysen will appreciate that.

[*Translation*]

Ms. Normandin, you have the floor for six minutes.

**Ms. Christine Normandin:** Thank you very much, Mr. Chair.

General Eyre, I'd like to follow up on the last question I put to the minister. We know that it is the missions that make the armed forces attractive. The minister spoke to me about what is happening in Latvia, but he did not answer my question about the rapid reaction force, although he did admit that there were problems with personnel and equipment.

So I repeat my question: Is it reasonable to expect that a rapid reaction peacekeeping force can be deployed in 2026, as the government has promised?

**Gen Wayne D. Eyre:** Thank you for your question.

In fact, we already have a rapid reaction force. For example, last fall, after the attack in Israel, we deployed a rapid reaction force to the Middle East to evacuate noncombatants if needed. We now have a team in Haiti to support the embassy, which was deployed quickly. So we now have a team that can be deployed anywhere in the world if necessary.

**Ms. Christine Normandin:** Thank you very much.

I understand, however, that a limited number of members have been deployed on operations in Cyprus and Haiti. Yet Canada had promised a force of 200 troops, including logistical support. Is it realistic to think that this will happen by 2026?

**Gen Wayne D. Eyre:** In fact, in October and November, we deployed an additional 500 members of the Canadian Armed Forces to the Middle East to prepare for an evacuation, if necessary.

**Mr. Bill Matthews:** Mr. Chair, I would like to add something about the promise to establish a rapid reaction force for 2026 or 2027.

• (1220)

[*English*]

That's a discussion with the United Nations around a rapid response force for peacekeeping. We will continue to work with the United Nations to look for possible opportunities there. However, I want to stress that, in the interim, the UN has stressed to Canada that specialized training, capacity building and tactical airlift is where it is seeing the greatest value from Canada. I did want to mention that this is a dialogue with the United Nations.

[*Translation*]

Mr. Hammerschmidt, do you have anything to add?

**Mr. Peter Hammerschmidt:** I don't have much to add. That's exactly it.

[English]

The skills that the UN is looking for from countries like Canada are things like specialized training and capacity building. These are things we can offer to other countries to help them deploy peace-keeping operations.

[Translation]

**Ms. Christine Normandin:** Despite everything, I understand that the promise has still not been honoured. Whether it will be remains to be seen.

I would like to come back to the comments made by the chair of the committee about my math. The minister mentioned that I had not taken into account the modernization of NORAD, the North American Aerospace Defence Command, in my question. However, this modernization of NORAD was announced in March 2023, before the budget cuts were announced.

In August, when the President of the Treasury Board, Anita Anand, asked ministers to reduce their spending, which led the Department of National Defence to announce budget cuts of around \$900 million a year in September, I imagine that work was already under way on updating the defence policy. So, in August, before the department announced budget cuts of \$900 million, did we already know that we were going to take money out of one pocket and put it into another through the defence policy for the next two years?

**Mr. Bill Matthews:** Thank you for the question.

The decision to update the defence policy is a very recent one. At the time of the government's announcement on spending cuts, we didn't know exactly how much money was going to be added to the defence policy.

[English]

What I would suggest for members, as you watch this space going forward around defence spending.... The reductions or reallocation exercise the government has launched for all departments, including defence, very much targeted operational funding. You are seeing new investment in the defence policy that's now been articulated. It's a mix of capital and, frankly, heavily weighted towards capital.

I would distinguish, as you watch this space, between vote 5, which is our capital spending, and vote 1, which is our operating spending. Obviously, they have to go hand in hand to make sure you support the various activities. I would watch the interplay between those two things as time goes on.

However, what still holds is the 1.76% by 2029-30, in terms of percentage of GDP. That number factors in everything we know.

[Translation]

**Ms. Christine Normandin:** Thank you, but my question was more about the next two years. To clarify, I'd like to come back to the CDA Institute report, which talked about Vote 1 and Vote 5. Do we not feel that, for the next two years, we will be taking money from operations and maintenance expenses to support major equipment acquisitions and capacity increases? Isn't that just a transfer between the two votes, ultimately, for the next two years?

**Mr. Bill Matthews:** I'd say it's more an exercise in making sure that the money the department spends is better targeted.

[English]

It's targeted to the most valuable areas possible in terms of maximizing readiness. When we look at the exercise to reallocate well on onboarding new projects, we want to protect readiness at all costs. Certainly, there are things that get spent on in operational dollars that is critical money to maintain the fleets, etc. We want to protect readiness as we work through the exercise to reduce or reallocate funding, as the government has directed.

**The Chair:** Thank you, Madame Normandin.

Ms. Mathysen, you have six minutes.

**Ms. Lindsay Mathysen:** Thank you.

It was briefly touched on with the minister—actually, not so briefly—in terms of the Arctic infrastructure for dual-use projects. Operation Nanook has regularly used Cambridge Bay as a regional hub in Nunavut. The minister spoke about the paving and expansion of those runways.

When will the government commit to investing in that specific upgrade of the airway, as it's much needed for dual use to ensure that the skyrocketing cost of food in Nunavut is helped by landing larger planes?

• (1225)

**Gen Wayne D. Eyre:** Mr. Chair, I have been stuck in Cambridge Bay as a snowstorm came in. That runway closed down, and I was stuck in a tent—that's another war story.

However, what we're about to embark on as a result of this policy update is a northern-facing strategy. As we take a look at these northern operational support hubs, where do we need to strategically place those so that we can maintain a persistent presence—not a permanent presence but a persistent presence—in the north based on what the threat is and what the activity is that's ongoing?

These northern operational support hubs will consist of improved runways, infrastructure, roads and telecommunications developed in partnership with local communities so that it becomes a win-win, and also in partnership with NORAD. Indeed, we're hosting the commander of NORAD here over the next couple of days to discuss the integration of continental defence, the NORAD enterprise and what we're doing. That work is going to continue over the next little while to determine where those northern operational support hubs are required.

**Ms. Lindsay Mathysen:** One of the pieces that's quite large and that, again, the minister referred to.... The update refers to the importance of rangers. One of the things rangers have been asking for, for quite some time, is an increase to the equipment-usage rate, especially that it be indexed immediately to inflation. These folks are paying out of pocket for equipment—snowmobiles, for example—and they don't receive that reimbursement for into a year after they've purchased it.

When can they expect that increase?

**Mr. Bill Matthews:** Maybe I will start, and then I'll see if the chief of the defence staff and Pete want to add anything.

What we have done is adjust the process to make sure that the reimbursements to rangers are happening more quickly, because we do acknowledge that the time delay, the processing time it was taking, was not helpful. There have been changes made to accelerate that process.

In terms of actual changes to the rates of reimbursement, I'm not sure if one of my colleagues has an answer or not.

**Gen Wayne D. Eyre:** Mr. Chair, I just checked my notes, and I have an answer for you.

There's a new non-taxable compensation and benefits instruction to compensate the Canadian Rangers for usage of personally owned equipment that was put in place on August 1 of last year. This provides for the compensation to rangers for the normal wear and tear of their personally owned equipment—think ATVs, snowmobiles, etc.—when participating in military operations, training or exercises.

We're also in the process of streamlining the claims procedure for losses and damages to that same equipment, including a delegation of authority to more rapidly process and approve those claims. The aim is to expedite what they're asking for.

**Ms. Lindsay Mathysen:** We've recently completed a study on the rise of operational deployments. We heard that the majority of CAF deployments are now, of course, being used to fight climate change and climate catastrophes. There wasn't a lot in the defence update that touched on those domestic deployments. There wasn't mention of new initiatives or new training programs or so on, new equipment to combat wildfires in particular.

Can you explain what's being done to fill that gap on the domestic deployments piece?

**Mr. Peter Hammerschmidt:** There are no specific initiatives to deal just purely with that role of the Canadian Armed Forces, but as you will have seen in the update, there's a series of initiatives to ensure improvements and increases in the overall readiness of the Canadian Armed Forces. Obviously, for deployments, it takes training, people, infrastructure and equipment. There are major investments that are laid out in the policy to make those investments, to do that maintenance and sustainment of equipment, to increase the size of the forces and to invest in infrastructure across the country to allow the military to be more capable of responding—a general increase in the overall responsiveness of the military, including through new capabilities like the tactical helicopter replacement.

There are a range of initiatives that will address readiness writ large, which will have the consequence of addressing improving the readiness of the CAF to be able to respond to fires and natural disasters.

**The Chair:** You have 20 seconds, Ms. Mathysen.

**Ms. Lindsay Mathysen:** I can bank it again, maybe.

Thank you.

• (1230)

**The Chair:** You have a savings account going.

**Ms. Lindsay Mathysen:** New Democrats are good at that, and no one seems to acknowledge it.

**The Chair:** Mr. Kelly, you have five minutes.

**Mr. Pat Kelly:** Thanks, Mr. Chair.

This question is probably for Mr. Matthews, although if other witnesses want to chime in, that's fine.

In part III of the policy, in bold at the top of page 19, it says, “We will establish a Canadian Armed Forces Housing Strategy, rehabilitate existing housing and build new housing”. Now, setting aside whether or not establishing this strategy is a new policy—if it is a new policy, that suggests there was no strategy before, which would be troubling—if you go to the index, there's virtually no money in this new policy, zero dollars this year and zero dollars next year, under “Housing for Canadian Armed Forces Personnel”. Under “Maintaining and Renewing National Defence Infrastructure”, there's zero this year and \$103 million next year.

How is this an actual policy update when it contains no measurable outcomes and no money, or nominal money, and is just a statement that says there will be a housing strategy? Could you explain how this policy will get our troops lodged? We have personnel in tents. We have a 6,000-unit backlog. We have people leaving the forces because of housing. We have a recruitment and a retention crisis. We are 16,000 personnel short.

I don't see anything in this policy statement that will solve any of that.

**Mr. Bill Matthews:** I will start with the housing, but the wrap-up to that question actually touched on some other elements, including recruiting and retention, that I will leave some time for my colleague to maybe touch on.

On the housing front, as the minister had indicated, there's a broader set of issues happening on housing, because there are two solution sets here. One is housing provided by the military for its members. The second is to “live on the economy”, as they say, or house yourself on market economy. There has been a series of compensation measures to reimburse those, depending on the market they are in, who choose to live off base. We're also investing already in rehabilitating existing housing, which in some cases needs a refresh, but we are also building new. The plan is for 650 units over the next five years.

In the strategy, I think the important piece, and General Eyre touched on this, is looking at new ways to possibly partner with others to build housing more rapidly. That's the part that is to come, but there is still continued investment planning.

**Mr. Pat Kelly:** So it's not an actual policy. It's an aspiration to some day have a policy.

If I may, I will stop you on that number for new housing: 600 units over five years will not fix the backlog. On the existing budget, the budget for prolonging the life of existing housing—we had testimony on this—would seem to be inadequate. Barracks housing, which Mrs. Gallant talked about, is a separate issue from the rest of the housing that we've talked about, but we've heard of deplorable conditions in some barracks as well as other workspaces in some buildings. I can see the chief of the defence staff nodding on this point.

Where is the actual plan and policy to fix these problems that are driving people out of the forces?

**Gen Wayne D. Eyre:** Let me go back to the strategy for a second and to why this is so important. We need this in place so that we have a view on housing that will take us into the future as we bring in the units and the capabilities that we see articulated in this policy.

If we go back in time to the end of the Cold War, when we demolished or sold off thousands of housing units, arguably that was the peace dividend being cashed in, which we have done numerous times over the course of the last 30 years. We have to be thinking ahead on what units we need, what capabilities we need, where new people will be going, on-base and off-base housing, and what incentives and benefits are required for off-base housing as well, to assist members who want to live on the economy. It has to be a holistic strategy from that perspective. That is the long term.

On the short term, I agree with you. We have a short-term housing challenge right now. We need to repair and upgrade single and residential housing units as quickly as possible.

• (1235)

**Mr. Pat Kelly:** There are zero dollars in the next two years in this update on that.

**The Chair:** Thank you, Mr. Kelly, for the editorial comments.

**Mr. Pat Kelly:** It's true. It's like zero.

**The Chair:** Madame Lalonde, go ahead for five minutes, please.

[Translation]

**Mrs. Marie-France Lalonde (Orléans, Lib.):** Thank you very much, Mr. Chair.

[English]

First, I want to acknowledge always and thank our men and women in uniform who are serving.

I had the great pleasure this weekend of attending my first ball, which was an event to remember. I want to also commend the entire organization that created this wonderful environment where we recognized four individuals for their service. I want to start by saying that and by thanking you all for being here today.

We know defence spending fell below 1% in 2014. I think the minister made that reference. In 2017, we brought forward a policy, “Strong, Secure, Engaged”, which we call SSE—that's the most common use of it. Now as we are here today, we're talking about an update of the policy, which we're calling “Our North, Strong and Free”.

There was reference made along the way about some of the language of “explore” and “looking at”. Sometimes I feel—and I don't want to undermine the work—that what we aspire to is almost like a shopping list. We want things. We absolutely need to ensure the readiness and preparedness of our forces.

I had the pleasure of touring a few military bases in my role as parliamentary secretary. I certainly appreciate the effort that is made under this current policy because I think it does reflect more than an aspiration, which is where the opposition is trying to steer this conversation. This is more concrete actions, from which we're going to be seeing the benefits.

I want to talk, though, and hear from you about the commitments that were made under our existing policy—the 2017 SSE—as we continue to deliver the equipment and the tools that our CAF members need now, and as we begin, at the same time, to transition into the real work of the new technologies that may be needed.

I would certainly appreciate hearing from all of you today.

**Mr. Bill Matthews:** Thanks, Mr. Chair. I will start.

Number one, the projects that were already launched under SSE still hold. That work is continuing. On the capital side, just over 50% of those projects are either closed out or are in close-out. We can provide a list of project updates if that's helpful. What I would say from a dollars perspective, though, is that many of the capital projects that are the most expensive ones—think about shipbuilding and about F-35s—come towards the end of the 20-year policy, so those projects continue.

We have in the defence policy update some additional projects that have been added on and funded, and some others where “explore” is the word that has been used. Submarines are a favourite example, but there's also ground-based air defence. The range of possibilities is quite large, so there's some work to do to articulate what is needed and to develop some options. That work will now start in earnest as well.

Pete or General, would you like to add?

**Mr. Peter Hammerschmidt:** I'll jump in.

Yes, that's exactly right. I think we took a really hard look at the SSE experience and the implementation experience as we did the policy development work for the policy update. There was a lot in SSE that was right, and then there was a lot in SSE we thought we could do better at.

When you look at the new policy, there are some specific investments in things like infrastructure, sustainment and people that we knew we needed to get right to be able to be in a position to implement the projects that are identified in the new policy quicker and more efficiently.

In total, there are about 24 projects in the new policy that have been funded, that the government is moving out on and that the government has committed to doing immediately. Then, as referenced, there are about 11 other projects that the government has committed to pursue in terms of establishing the capability, but the government is committed to exploring options as to how best to actually pursue that. We'll be working on those in tandem with the implementation of the existing initiatives to bring proposals forward to government as soon as possible.

• (1240)

**The Chair:** Thank you, Mrs. Lalonde.

Madame Normandin, you have two and a half minutes.

[Translation]

**Ms. Christine Normandin:** Thank you very much, Mr. Chair.

Mr. Matthews, I'd like a few more details on the production of ammunition, mainly 155 mm. It was announced that \$4.8 million had been made available to increase the number of munitions produced from 3,000 to 5,000. We know that Ukraine uses between 1,000 and 8,000 rounds a day, whereas our monthly production is 5,000 rounds. Could you tell me how we are going to manage to increase production, given that in order to switch from producing M107 variant shells—which are less in demand—to producing M795 variant shells—which seem to be required on the ground—we would have to invest \$400 million to update the factories, even before producing a single shell?

What are the forecasts in this respect, given that \$15 million has been announced for the current financial year and \$137 million for the next? Are there any long-term contracts about to be signed or already signed with companies? What investments will we make to meet Ukraine's artillery requirements, which are very justified?

**Mr. Bill Matthews:** Thank you for your question.

I'm going to start answering, but I'm going to ask General Eyre to add his comments about the different kinds of ammunition.

[English]

Number one is that there's only so much you can do to increase production on an existing line. That production has increased from 3,000 to 5,000 per month. What we really want is a new production line in Canada to produce, ideally, a different type of round that is of better quality. The chief can talk about that.

The real goal here is to have a new production line in Canada, not just for Ukraine but also to replenish our own stocks so that we can develop our own inventories in case they are needed. That will benefit all allies, and all allies are doing the same thing.

General Eyre, I don't know if you want to add comments on the different types of rounds.

[Translation]

**Gen Wayne D. Eyre:** Mr. Chair, I don't have much to add other than we need the new 155 mm ammunition.

[English]

The range is farther, it's more accurate and it has a larger kill radius than the M107 round. That's why we urgently need to get this into production.

[Translation]

**Ms. Christine Normandin:** So I understand that \$400 million is needed to produce this new ammunition. Is that amount earmarked somewhere? I see only \$15 million and \$137 million for the next two fiscal years.

**Mr. Bill Matthews:** To do that, we have to work with private companies, and it will take a long time to build the new facilities. We can start spending that money in the next few years.

[English]

The major investments will start once the building of a new line starts. That involves a lot of design and engineering work, so that work will start.

**The Chair:** Thank you, Ms. Normandin.

You have two and a half minutes, Ms. Mathysen.

**Ms. Lindsay Mathysen:** Thank you, Mr. Chair.

The defence policy update signals some changes, but I didn't see any commitments to reforming outsourcing and the contracting practices.

Recently, we had testimony from UNDE and PIPSC leadership. They're very frustrated, as are we, about this idea of a value-for-money analysis, which they can't get any answers out of.

In fact, Mr. Matthews, when you were here before the committee, you talked about that analysis, yet nobody seems to be able to get that analysis out or see through it. Those auditing practices aren't as transparent, or they're not transparent at all.

Can you provide some commentary on that? I'm sure you saw the testimony from the union leadership on all of that. Can you provide some comments on that for us here today?

• (1245)

**Mr. Bill Matthews:** I certainly can.

It comes up in a number of areas, not only from our union colleagues but also when we talk to military members who are on base managing budgets. We often hear that they have money in a pocket for contractors, but they'd rather have employees. In some cases it's vice versa: They can't find employees, but they can get contractors. Therefore, we are reinforcing with those who manage budgets on bases that there are ways to move money into the most efficient place.

One of the commitments we have made around value for money is that any time a new idea for outsourcing or taking public service work and using contractors is being put on the table, we demand a business case. There are no active discussions around any of that right now, so I have no business cases to share, but that is a requirement we have shared with our management team.

Equally, where there are more efficient ways to do business by moving away from contractors and using public servants, we are also encouraging people to look at that. We've had an interesting experience with one of those recently, as you would be aware. There are active discussions where the labour force exists, where we can turn contractors into public servants when we know it's long-term work. Typically, it's actually more efficient for us to use public servants in that scenario.

We have other scenarios where the skill set doesn't exist in the public service, so contractors will continue to play a role, but there's nothing explicit here. On the reallocation exercise that we were talking about a few moments ago, that is actually driving a lot of conversations around what the right model is to deliver a service. If it's cheaper or more efficient to use public servants, we are certainly open to those discussions. In some cases, the labour force does not exist.

**The Chair:** Thank you, Ms. Mathysen.

We'll go to Mr. Bezan for five minutes.

**Mr. James Bezan:** Thank you, Mr. Chair.

I want to follow up on Ms. Mathysen's question.

In the comments you just made, Mr. Matthews, you said you want to turn more contractors into employees of the Department of National Defence. We just went through that with Dalian Enterprises with Mr. Yeo receiving over \$8 million in contracts through the arrive scam situation that we're dealing with. That's quite the scandal. Then he became an employee of the department. You have suspended him. You have turned this over to the military police, in my understanding, and it's being investigated. What's the status of that investigation?

**Mr. Bill Matthews:** We have made the military police aware of the situation. Mr. Yeo's employment has been terminated. In fact, he resigned before we could move to termination. We are continuing to investigate any potential work he was doing.

To date, we have confirmed that, of the contracts he was working on before he became an employee, services were delivered in a satisfactory manner. We are still looking to make sure there were no instances where he was doing contract work while he was an employee. We have yet to find any, but that work is ongoing.

**Mr. James Bezan:** However, at the same time, we know that, through the arrive scam scandal, they were getting contracts without providing any work and then subcontracting. As part of your investigation, are you co-operating with the RCMP on the broader investigation into the arrive scam scandal?

**Mr. Bill Matthews:** The department will co-operate with any police investigation. As it relates to Mr. Yeo's work as a consultant with National Defence, he then did the same work as an employee. This was an example of someone doing full-time contract work un-

til somebody realized, in theory, it would be more efficient to make him an employee. That work was delivered as advertised. There were no issues there, but obviously we will co-operate with any police investigation.

**Mr. James Bezan:** Before I move on to my next round of questions, I want to thank General Eyre.

I don't know if we'll have you back again before the end of the session and before you retire as chief of the defence staff. I want to thank you for the incredible service and leadership that you've provided during a difficult time in the Canadian Armed Forces.

We scanned through the defence policy update, and in no place do we talk about war footing. We know from the department's reports that only 58% of the Canadian Armed Forces is standing ready and can be deployed. The air force is in even worse shape, with 55% of its equipment unserviceable or unavailable. In the Royal Canadian Navy, 54% of the ships and crews are not deployable, and Vice-Admiral Topshee's video spoke to that. In the army, 46% of the equipment is unserviceable.

We talked about being 16,000 troops short, and we talked about 10,000 troops being undertrained and not deployable. Where are we at right now with the number of troops that we have in total as members of the Canadian Armed Forces? My understanding is that 15,000 people applied to be members of the Canadian Armed Forces and walked away because of the timelines for recruitment.

● (1250)

**Gen Wayne D. Eyre:** Mr. Chair, there is a lot in there.

Firstly, on the policy document itself, you talked about war footing. The characterization of the security environment as it applies to Canada has geopolitical, technological and climate change in there. I'm happy with that.

Likewise, the strategic framework's focus on foundational readiness and deterrence is absolutely necessary. I think something all Canadians need to realize is the relationship between our vital national interest of prosperity and deterrence. Deterring aggression and instability in the international order, as a trading nation, is absolutely required. Do you think we have financial problems now? If we can't collectively deter further imperialism and the like, it's going to be much more difficult.

Again, I'm happy to see that we were listened to in terms of building up foundational readiness. Before we get new capabilities, we need to build readiness in what we have. We look at those pillars of readiness: personnel—which I'll get to in a second—equipment and the serviceability rate, for which we're getting the national procurement funds. It's not everything we asked for, but—

**Mr. James Bezan:** Could I interrupt here?

**Gen Wayne D. Eyre:** Yes.

**Mr. James Bezan:** I think we have a lot here to discuss in the defence policy update.

I want to move the following motion so we can dig into this in greater detail:

That, given the state of the Canadian Armed Forces, which is experiencing record low recruitment and retention, and sees active service members using food banks and living unhoused, pursuant to Standing Order 108(2), the committee undertake a study on the timeline and implementation of the Defence Policy Update. That the committee shall hold a minimum of seven meetings for the duration of the study; that the committee invite the Minister of Public Service and Procurement, along with relevant defence industry, academics and other stakeholders; and that the committee report its findings to the House.

That was originally circulated, but I made some minor amendments, since we had the Minister of Defence here today, along with department officials.

Can I speak to that, Mr. Chair?

**The Chair:** You may. It's been tabled, it's in order and it's relevant.

**Mr. James Bezan:** I don't think this is too complicated.

I would just say, colleagues, that we have a lot to unpack in the DPU. General Eyre has started to lay out all the things that need to happen to address the challenges we have in the threat environment we're facing.

I think that for us to thoroughly know what's facing Canada as a nation, from a threat environment standpoint, and how we're going to address it with the current recruitment and retention crisis we have.... Look at housing continuing to be a challenge, the cost of living crisis that's been created by the Liberal government because of the carbon tax, and inflationary costs going up so that we had troops using food banks and relying on food donations when they were in Ottawa on training. We should take a fulsome approach to the DPU to ensure it is addressing the threat environment we're facing and the needs of the Canadian Armed Forces and to ensure we're buying the right kit for those who are going to be needed to do the tasks at hand.

We haven't even touched on the DPU on the research side and where we're going with artificial intelligence. How are we going to use more robotics? What about more drone capabilities in the air, on the ground, and in and on the sea?

We have to take a fulsome approach to this. I think seven meetings are required.

**The Chair:** As a point of clarification, your notice of motion says, "eight meetings".

**Mr. James Bezan:** I did some amendments on the fly, because we've already had the Minister of National Defence. That takes away one meeting, so I'm saying, "seven meetings". Also, I've added in, after "using food banks", "living unhoused".

**The Chair:** Okay. Thank you.

Mrs. Lalonde.

**Mrs. Marie-France Lalonde:** Thank you very much, Mr. Chair.

I think the intent of the motion is something we would feel comfortable with, but there are a few things.

The first proposed amendment to this would be that, instead of acknowledging.... I am trying to see here where it says, "eight meetings". We would like to strike this and say that the committee

shall hold at least three meetings for the duration of the study. We have a space study and other things that we've been trying to resolve as part of this wonderful committee.

I am very fond of this DPU. Actually, I think it's a great story to share. We know the importance of it. At the same time, as we heard today, there is a new reality, which is cyberspace. There is value in looking at this. This is something unique.

I am proposing, Mr. Chair, that we make it that the committee shall hold at least three meetings for the duration of the study.

• (1255)

**The Chair:** The amendment is to go from seven meetings to three.

**Mr. Darren Fisher:** There should be at least three.

**The Chair:** There would be at least three.

Is there any debate?

Mr. Bezan.

**Mr. James Bezan:** I think it needs to be more than that. There should be four or five as a minimum, but I'll let the committee determine the number of meetings.

**The Chair:** I feel like we're bargaining. It's like a bingo game.

Ms. Mathysen.

**Ms. Lindsay Mathysen:** I, too, would support three, but I would want to know that this would happen after, because we do, legitimately, have three other studies we are juggling at the same time, which have been planned out. I would push for a subcommittee meeting where we could discuss and plan out the calendar for our business.

**The Chair:** Madame Normandin.

[Translation]

**Ms. Christine Normandin:** Thank you, Mr. Chair.

Further to Ms. Mathysen's speech, I have tabled a motion proposing that the Subcommittee on Agenda and Procedure discuss the timetable, notwithstanding the number of meetings required for each study and the priority given to each study, so that we can establish a real timetable for the work ahead.

In that context, I am prepared to vote in favour of the amendment, just as I would have been prepared to vote in favour of the motion as initially worded, because if my motion is adopted, we will be able to discuss the number of meetings as a subcommittee, which will allow us to be much more effective.

[English]

**The Chair:** We didn't want that to impact on today. The clerk and I were going to respond to your motion on Wednesday. That was the idea. I agree with the general point that we have four or five studies that potentially could be done. We have a limited amount of time. We do have an agenda, but it looks like the committee is changing its agenda—

**Mr. Darren Fisher:** It's every week.

[Translation]

**Mrs. Marie-France Lalonde:** It seems to change every week.

[English]

**The Chair:** —so it's a bit of a challenge to get going on things.

I have Mr. Kelly and Mr. Bezan.

**Mr. Pat Kelly:** No. I didn't have my hand up to speak.

I'm content to let this go to a vote.

**The Chair:** I have Mr. Bezan.

**Mr. James Bezan:** First of all, this is probably a major policy shift that we need to look into. This is what's going to be the guiding light for the Canadian Armed Forces for the next year or two at minimum, so we need to take a hard look at this.

When the last motions and committee structure was set up in the past, we didn't know the DPU was coming out last week, so the situation has changed. I think it would be irresponsible of us not to do this study.

Madame Normandin's motion was that we should have that discussion and organize the committee's work. That's what we should do at the subcommittee, when the chair calls it.

**The Chair:** The clock is running here.

I have Mrs. Gallant.

**Mrs. Cheryl Gallant:** Given all the studies we have ongoing, if we can't get witnesses in on a certain day in a week from today, can we at least deal with the motion regarding the threat analysis with some people from Global Affairs to keep us up to date on what's going on?

We might as well call the question.

**The Chair:** I have Mrs. Lalonde and Mr. Fisher.

**Mrs. Marie-France Lalonde:** Thank you.

I don't come from a military family, but I'm fascinated to see, when it comes to planning.... I believe the military is all about having a clear direction, a plan and an agenda. This committee, since I've been part of it, has been derailed time and time again when we have valuable witnesses, for the benefit of one party.

I will support Madame Normandin's motion. We absolutely need a subcommittee. We've been calling on this. There was one particular member of this committee who had refused to come to the table, so I'm glad to hear that he has changed his mind, and we're finally going to get some real work done at this committee, instead of having clips for one party in particular.

[Translation]

That said, the motion that Mr. Bezan has just put forward is certainly important, in my view.

Mr. Bezan, we agree in principle to continue the study on the defence policy update, but I want a plan, because without one, we end up doing nothing.

Mr. Chair, I hope today that our subcommittee will be able to meet as quickly as possible to establish a timetable for the very important study we have started on space defence, among others. We can start with a minimum of three meetings, and then we'll see as a subcommittee how many other meetings we need to have.

● (1300)

[English]

**The Chair:** Mr. Fisher is going to be the last speaker on this.

**Mr. Darren Fisher:** I was going to suggest, if it's possible, amending it by taking out “the committee report its findings to the House” and replacing that with “pursuant to Standing Order 109, the committee request a comprehensive government response.”

**Mr. James Bezan:** That's the second amendment on the table.

**Ms. Emmanuella Lambropoulos:** We can't amend it unless—

**Mr. Darren Fisher:** I thought maybe I'd add to Marie-France's amendment.

**The Chair:** We're not going to get to a vote on this.

**Mr. Darren Fisher:** Okay.

**An hon. member:** Why not?

**The Chair:** We're running out of time. That's why.

**Mr. James Bezan:** We can still vote.

**The Chair:** We have five more minutes.

At this point, do we have any other speakers on this?

**Mrs. Marie-France Lalonde:** What are we voting on?

**The Chair:** It's better known as the Lalonde amendment.

We're good on three, so the amendment on Mr. Bezan's main motion is three meetings.

(Amendment agreed to [See Minutes of Proceedings])

**The Chair:** Now we'll go to the motion as amended.

**Mrs. Marie-France Lalonde:** Wait, we have something else.

**Mr. James Bezan:** He called the question.

**Mr. Darren Fisher:** He knows I have an amendment.

**Mr. James Bezan:** He didn't because he called the question.

**The Chair:** If I'd have known it, I would have....

I did call the question and I did not know about any other amendment, so the motion as amended is called.

**Mrs. Marie-France Lalonde:** What are you asking, Mr. Chair?

**The Chair:** We've amended the motion. I called for the vote on the motion as amended.

(Motion as amended agreed to [*See Minutes of Proceedings*])

**The Chair:** We're done.

In terms of trying to get some coherence here, we had Wednesday set up. Do you want me to cancel the witnesses or postpone the witnesses?

How am I going to get any organization in all of these motions if I don't set aside time to meet with the committee?

**Mr. Pat Kelly:** I would suggest you could set it up now for a meeting that has not otherwise been already devoted to witnesses. Make it next Monday.

**The Chair:** We're not here next Monday or the Wednesday after that.

**Mr. Pat Kelly:** The Monday that would follow.

**The Chair:** We already have space set up for the first Monday we're back.

**Mr. Andy Fillmore:** Let's postpone Wednesday's witnesses.

Let's get some work done around here.

**Mr. Pat Kelly:** We have witnesses who have travelled for that.

This is Lindsay's study. There are witnesses who have gone to some extent to be here.

You could add an hour now. You're on Monday. Add an hour to Wednesday.

**Mr. Darren Fisher:** All of this is done just by the Conservatives making all these....

**The Chair:** Are we good with adding an hour?

**Mr. James Bezan:** Yes.

**Mrs. Cheryl Gallant:** Today...?

**The Chair:** No, it's on Wednesday.

Do we have some understanding of where we're going for Wednesday? Okay.

I want to thank our witnesses who have come and watched democracy in action, which is, of course, what we're all defending.

With that, we will adjourn this meeting.

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