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Chair: The Honourable John McKay





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• (1100)

[English]

**The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)):** I see a quorum.

With that, I'm inviting Minister Blair to open with his five minutes of remarks, and then we'll get into questions.

Welcome, once again, Minister Blair, to the committee. We appreciate your making the time available to us.

**Hon. Bill Blair (Minister of National Defence):** Thank you very much, Mr. Chair. Thank you for the kind invitation from this committee to come before you again today. I'm always appreciative of the opportunity.

Today, I am joined by Deputy Minister Bill Matthews; Vice Chief of the Defence Staff LGen Frances J. Allen; Cheri Crosby, chief financial officer; and Assistant Deputy Minister Peter Hammerschmidt. I'm looking around, and I don't see Pete with us yet. We also have Caroline Xavier, chief of the Communications Security Establishment.

Mr. Chair, I wonder if I might take just a brief moment to advise this committee that this will be the last appearance of Deputy Minister Bill Matthews, who is being moved over to the Treasury Board Secretariat.

We have a new deputy minister coming in, but I wanted to take this opportunity, because he's been ably serving me, the ministry and this committee for a considerable period of time, to acknowledge him and to say thanks.

**The Chair:** I think the committee would endorse those remarks and appreciate his contributions to the committee's deliberations, particularly appreciating his contributions in making sure the minister says what the minister says.

Thank you.

**Hon. Bill Blair:** Those contributions have been quite extraordinary. Thank you for acknowledging that.

A number of weeks ago, the Prime Minister and I released Canada's new defence policy, "Our North, Strong and Free", which is a renewed vision for Canada's defence. We developed this policy.

I'm here to talk to you about the main estimates. For some reason, my people are rather scrambling right now to pull that up, but I have that information in front of me. Thanks very much.

I'm pleased to join you today to provide an overview of the main estimates for the Department of National Defence, the Canadian Armed Forces and the Communications Security Establishment.

These estimates come at a rather critical time. Countries like Russia and China are challenging the rules-based international order; technological advances are enhancing the state's abilities to protect military might, and, of course, climate change is making Canada's north far more accessible. Each of these challenges has significant implications for the defence and security of our country and that of our allies and partners around the world.

We are going to meet these challenges while remaining responsible stewards of public funds. As such, we're requesting almost \$30.6 billion through this year's main estimates. This represents a 15.46% increase over last year's main estimates and it's planned increases in operating funding, incremental funding for international operations, capital funding and in-service support funding, to highlight just a few of the planned expenditures.

We are also requesting just over \$1 billion for the Communications Security Establishment, to further their foreign intelligence, cybersecurity and cyber mandate. These investments support the goals of Canada's new defence policy, "Our North, Strong and Free", in defending Canada's values and global interests. I would like to provide you with an overview of some of the key items that we'll be presenting here today.

Members of the Canadian Armed Forces support peace, freedom and democracy around the world. To further these efforts, we are requesting \$797 million towards the following operations: Operation Reassurance, which supports NATO's assurance and deterrence measures in central and eastern Europe; Operation Unifier, which provides military training to the armed forces of Ukraine; Operation Impact, which is helping to build the military capabilities of Iran, Jordan and Lebanon, and Operation Artemis, which provides maritime security in the western Indian Ocean.

This funding also supports the continued implementation of the Indo-Pacific strategy, and beyond these lines of efforts we are also requesting \$893.5 million in grants and contributions. This money will go towards initiatives like the military training co-operation program, which provides Ukraine with additional military aid and further supports, Operation Unifier and Canada's Indo-Pacific strategy through Operation Horizon.

It will also go towards NATO programs that help us defend Canada's interests and values while contributing to international peace and security. To carry out these critical operations and defend our interests, military members must be well equipped. We are, therefore, requesting \$7.2 billion to ensure that they have the right capabilities to do their jobs, including up to 16 next-generation multi-mission aircraft through the Canadian multi-mission aircraft project, up to nine CC-330 multi-role tanker support aircraft through the strategic tanker transport capability project, an initial set of the 16 F-35 advanced fighter aircraft and associated equipment services through the future fighter capability project, and 15 ships as part of the Canadian surface combatant project, among other items.

Part of this funding will also go towards enhancing and strengthening the Canadian Armed Forces' digital capabilities and maintain software, boost cybersecurity, improve data management and foster innovation. Another \$613 million will allow us to advance major capital acquisition projects like the point defence missile system upgrade and the lightweight torpedo upgrade. It will allow us to acquire short-range long-term missiles and replenish CAF ammunition and explosives that were donated to Ukraine.

None of this work would be possible without our military and civilian members. They are, of course, our greatest asset. We are requesting approximately \$1.1 billion towards fair compensation for CAF members as reflected in the updated military pay and collective agreement, as well as \$446 million towards the long-term disability payments and life insurance plans for CAF members and approximately \$1.8 billion in contributions towards the employment benefit plans for military and civilian staff.

• (1105)

Mr. Chair and committee members, as part of the refocusing government spending initiative that was announced in budget 2023, we have included \$613 million in approved reductions in these main estimates. These reductions are intended to minimize the impact on military resident readiness so that we stay effective in the rapidly evolving defence and security domain.

Thank you, and I'll be happy to take your questions.

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

Mr. Bezan, go ahead for six minutes.

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

Minister, thanks for joining us today.

In this past week or so we've been hearing criticisms from our allies on Canada's failure to meet the NATO target. We heard from the Americans. Donald Tusk, Prime Minister of Poland, has raised this concern lately, as has the Prime Minister of Estonia.

Minister, do you believe Canada should be at the 2%?

**Hon. Bill Blair:** Yes, I do. I can also share with you that we're working very hard to achieve that. In fact—

**Mr. James Bezan:** In the main estimates that are here, in the budget you've tabled and in the DPU that was just released, you have no plans on getting to 2%.

Prime Minister Trudeau was quoted in secret documents that were released to the media some time ago that Canada will never make the 2%.

Who's stopping you, as the Minister of Defence, from getting to 2%?

**Hon. Bill Blair:** If I may, I'll answer your question.

First of all, the budgetary increases that I present here in the new main estimates, plus the money that will be included in the budget when passed, which we've just introduced in Parliament, will result in an increase in our defence spending by 27% next year over this year. It brings us much closer to that 2%.

The things we have articulated in these estimates under the "Strong, Secure, Engaged" project and now in the new defence policy update, "Our North, Strong and Free", bring us to 1.76%.

We've also indicated, Mr. Bezan, to our allies and to Canadians, that in addition to those things that are now fully funded once that budget is passed—I very much look forward to your support in getting that budget through—

**Mr. James Bezan:** Minister, you know that there's a lot in that budget that we disagree with and that we aren't going to be funding. We know that most of the funding that you had in your DPU is back-loaded for the future government. It's not going to be for this government.

You said yourself that the Canadian Armed Forces are in a death spiral. You say that we need 6,700 military housing units, yet in this budget, in these estimates and in the next year's budget that was in the DPU, there's zero funding for new military housing.

We have a retention and recruitment problem, yet one of the problems we're hearing about is that our troops are living rough. They are unhoused or they're living in tents, cars and campers, or in precarious situations that sometimes could lead to domestic violence.

Where are the new houses, and why are you back-loading the DPU onto the future government rather than dealing with it yourself right now?

**Hon. Bill Blair:** I have two things in response to that.

First of all, you recall, of course, that in 2014, when we actually committed to 2% in Wales, the next thing a Conservative government did was actually reduce defence spending below 1%. Since that time—

**Mr. James Bezan:** I'll correct you on that, sir.

We made the commitment in 2014. It was a 10-year commitment. Guess what? That 10-year commitment ends now. You've been in government for nine years. Why aren't we hitting those targets?

When we get down to it, you guys did creative accounting—

**The Chair:** This is not—

**Mr. James Bezan:** Mr. Chair, this is my time.

**The Chair:** Hang on. This is not question period.

I'm asking the minister to try to answer your question, and then you can ask it again or defend.

• (1110)

**Hon. Bill Blair:** It's creative in the sense that when you committed to 2%, the very next thing a Conservative government did was reduce defence spending to its lowest amount in Canadian history—to less than 1%.

Since that time—and this is rather important, Mr. Bezan—at the end of this year, we will have more than doubled defence spending. Every single nickel of that, you voted against. I checked. Every single dollar that we added to defence spending, you reduced.

If I may answer this housing question now—

**Mr. James Bezan:** Minister, we just had a motion in front of the House last week to put a freeze on the rent increases on our own military, and you voted against that. We need to get that rolled back so we can put more money in the hands of our troops. You went ahead anyway, and you still increased funding. You still went ahead.

We know that we have military members right now who have to buy their own kit. We know that it comes out of their own pockets.

We were in Latvia last year as a committee, and we actually saw troops buying their own helmets, hearing protection and vests. It is despicable that they had to actually do that themselves.

I want to move on to talk about—

**Hon. Bill Blair:** Can I speak now, Mr. Chair?

**Mr. James Bezan:** We can play this game all day long.

**Hon. Bill Blair:** Does the member not want to hear an answer to the housing question?

**Mr. James Bezan:** Let's get to it, instead of the rhetoric.

**The Chair:** Go ahead, Minister.

**Hon. Bill Blair:** Just to be clear, we're working very hard in bases right across the country, with mayors and with the private sector. The Canadian Armed Forces has a great deal of property that is serviced and available for the building of military housing. We are working with the private sector and with other orders of government to utilize the value of that land to build housing for Canadian Armed Forces members. There are some extraordinary opportunities right across this country. We said right in our policy document that we are prioritizing Halifax, Toronto and Vancouver, but I can tell you I have proposals from—

**Mr. James Bezan:** I have a minute left, Minister. Let me say—

**Hon. Bill Blair:** —Trenton, from Petawawa, from Borden and from Esquimalt. There are many, many opportunities for us to respond very quickly to the housing challenges that they face.

**Mr. James Bezan:** With all due respect, in these estimates there are still zero dollars. Even if you're looking at working with munic-

ipalities, even if you're looking at working with the private sector, there are zero dollars from the government going into military housing, and our bases need to be renovated. We know that in the last two years only 38 homes were built for the Canadian Armed Forces.

In my last minute here, I just want to ask the question, Minister.

**Hon. Bill Blair:** [*Inaudible—Editor*] what you guys built when you were here.

**Mr. James Bezan:** In March, you were up in Edmonton, and you were asked a question about the CRV7 rockets that Ukraine asked for back in November. As a party under Pierre Poilievre, we asked the government to send them in February. In March, you said, "We are doing the work right now, to make sure that those munitions can be safely transported", that it would be "only a matter of days" and that you'd move quickly.

Ukraine took that to mean that they could expect an announcement shortly. Why haven't the CRV7 rockets been sent to Ukraine? They need them now. Where is the NASAMS that was promised by Minister Anand 18 months ago?

**The Chair:** Answer in 20 seconds or less, please.

**Hon. Bill Blair:** We are working with the Ukrainians with respect to delivering the CRV7s, and there is work ongoing. Perhaps that might be a question you would want to ask the deputy minister: the status of the utility and the safety of transporting those munitions to Ukraine.

With respect, thank you for the question on the NASAMS. Ukraine said that they needed NASAMS rockets. We don't have any. We went to the market to see if we could purchase them. It was going to take four or five years, so we went to the United States to expedite that acquisition.

**The Chair:** Excuse me, Minister. This is getting way beyond 20 seconds.

**Hon. Bill Blair:** As I've already reported to this committee many, many times, we gave the United States \$400 million in order to expedite that. They have placed the order. They've promised us that as soon as it comes off the production line, it will be delivered.

I'll also share with you that we heard very clearly the need for additional munitions—

**The Chair:** As important as this sharing might be, Mr. Bezan has finished his question.

**Hon. Bill Blair:** —and it's why I provided the Germans with \$76 million just two weeks ago in order to—

**The Chair:** Minister.

**Hon. Bill Blair:** I'm sorry, Mr. Chair.

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

We're back to Mr. Fillmore.

Hopefully, Mr. Fillmore, you appreciate that six minutes is really six minutes.

**Mr. Andy Fillmore (Halifax, Lib.):** Thank you. I'm a stickler for any rule you set, Mr. Chair.

Minister, thank you to you, the deputy and the other witnesses for making time for us today. I am very grateful for that.

Minister, as you know, I am very proud to represent Halifax, the home of Canada's east coast navy. The national shipbuilding strategy has been a tremendous economic driver across the country, but in particular around Halifax and Nova Scotia, creating thousands of well-paying jobs building the next fleet of vessels for our navy. We're seeing the results of that now.

In the last two weeks, we've commissioned HMCS *William Hall*, which was AOPS number four, into service. Over the weekend, I attended the naming ceremony for AOPS five, the future HMCS *Frédéric Rolette*. We have three more AOPS to go, two of them for the Coast Guard, and then we're going to turn our minds to building 15 Canadian surface combatants, or CSCs. Could you update the committee on the status of that work with the CSCs, please?

• (1115)

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

I'm pleased, first of all, that in the estimates that I brought for you today, they include our request for \$1.28 billion for the Canadian surface combatant project. This funding is going to be used to support our work with industry to finalize the selected ship design. It also enhances shipyard infrastructure.

In fact, I have some very good news to share with this committee. Starting in July of this year, to ensure that the shipyard in Halifax is prepared to begin full production in 2025, that work will begin in starting to cut the steel for the surface combatant ships. This work, as you have said, is very significant in that it creates, I think, long-term and sustainable job opportunities for workers in Halifax. It also enables the Canadian navy to acquire the ships it needs to replace the Halifax frigates.

I would also take the opportunity, Andy, to point out that in our new budget 2024 and in the new DPU, we've included a substantial amount of money, approximately \$1.5 billion, to continue to maintain the Halifax frigates. That will take place in shipyards right across the country and certainly in Halifax. It's a very important place where this work gets done. As the shipyard workers in Halifax continue with the construction of the new surface combatant fleet to replace the Halifax frigate, we are also now budgeting the money that is going to be required to keep the Halifax in service and enable our Royal Canadian Navy to continue to deliver on the missions we ask of them as we proceed with the important work of delivering a new and very exciting platform for them.

**Mr. Andy Fillmore:** That's fantastic. Thank you for that.

Can you talk to the committee about how the CSCs will support Canadian sovereignty and security?

**Hon. Bill Blair:** Our intention is to deliver 15 new Canadian surface combatant missions. We have responsibilities, as you know, in NATO, particularly in the North Atlantic, but we have emerging

and new responsibilities in the Indo-Pacific. As Admiral Topshee has shared with us and with the Canadian public, in fulfilling that mission with new capabilities one of the challenges that we have faced is, for example, that we have been sending three of our Halifax frigates into the Indo-Pacific since we entered into that strategy. Right now, for example, the *Halifax* is in the Indian Ocean, or rather, excuse me, the *Montréal* is in the Indian Ocean and making its way towards the Taiwan Strait.

Those missions are critically important in enabling us, first of all, to demonstrate Canada's commitment to the region, but also, alongside our allies, to stand up for that international rules-based order. One of the things we heard from the Indo-Pacific, for example, from those countries, is that they had an expectation they would see a more persistent presence of Canada's military in the region.

I have had a number of discussions with our Five Eyes partners, Australia and the United States in particular, about the important work they are doing and the capabilities that will be provided by the Canadian surface combatant ships. That is going to be an important contribution that Canada will make to do our part to maintain adherence to that international rules-based order in the Indo-Pacific. I think it will demonstrate very ably to our allies.

Additionally, we are taking on additional responsibilities. With the advent of Finland and Sweden into NATO, I think there is going to be, through NATO, a much-increased attention to our Arctic responsibilities in the northern frontier of NATO. The surface combatant ships are going to play an incredibly significant and important role.

Finally, with each of the things that Canada agrees to participate in in the Middle East, in the Red Sea, in the Gulf of Aden and in places right around the world, we want to make the navy has the capability not only to project our influence but also to defend our crews in those areas. The surface combatant ship is going to provide us with that capability.

**The Chair:** You have one minute, Mr. Fillmore.

**Mr. Andy Fillmore:** Minister, it has been two years since Russia's illegal invasion of Ukraine. We have seen the Ukrainian people demonstrate incredible resilience in defending their homeland. In that same time, Canada has stepped up with about \$4 billion in military assistance to Ukraine.

Could you give an update on the current scope of our assistance efforts and what impact they are having on Ukraine? If you have time, what does the future of our assistance look like?

**The Chair:** You don't have that much time. You have 30 seconds.

**Hon. Bill Blair:** I will stay within the time here.

We have provided about \$4 billion in military assistance, but at the same time there's much more work to be done. One of the challenges we have faced in providing that assistance, as Mr. Bezan pointed out, is getting those deliveries done in a timely way.

One of the things that we have done is we have provided all of the spare ammunition, for example, that we had. We have sent it to Ukraine. As a consequence, Canadian stocks are somewhat diminished, and we have to replace those, but Canadian manufacturing and the production lines have somewhat of a limited capacity. We have now put money on the table through the DPU to invest in those production lines and money for long-term contracts to increase production. Recognizing that it takes time to increase that production and acquire those munitions, we have also made deals. I've entered into MOUs with the Czechs—

• (1120)

**The Chair:** We are going to have to leave that answer.

**Hon. Bill Blair:** —in order to acquire artillery ammunition, and most recently with the Germans. Almost \$76 million has been committed to them so that we can acquire air missile defence systems more quickly.

**The Chair:** Minister, six minutes has become six and a half minutes.

[Translation]

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

**Ms. Kristina Michaud (Avignon—La Mitis—Matane—Matapédia, BQ):** Thank you, Mr. Chair.

Mr. Minister, I want to thank you and your colleagues for being here this morning to answer our questions. I appreciate it.

I would like to hear your comments on the situation of staff of non-public funds. We know they're not full-fledged public servants, at least not like the others, but they still carry out activities on behalf of the Chief of the Defence Staff under the authority of the Minister of National Defence.

As you know, they have been on strike since January 15. I imagine that you're aware of their main demands, but I will repeat them all the same. These workers are asking for fair wages compared to those in the federal public service. They are also asking for the repeal of an order from 1982 that prevents them from being recognized as public servants. In addition, they would like a uniform pay scale on all military bases across the country, as well as job stability.

Quebec non-public funds staff strikers face two disadvantages compared to public sector employees. First, because of the infamous 1982 order, they don't have the same benefits and protections as public servants. So they are not covered by the Federal Public Sector Labour Relations Act. In addition, they are paid less than their counterparts in the rest of Canada. I'll give you an example of the disparity: An accounting clerk on the Valcartier military base is paid \$10 an hour less than someone who performs exactly the same duties on a military base in Ottawa.

I wonder if you think it is justifiable for Quebec workers to be paid 30% less than their counterparts in other provinces. In addition, I'd like to know what you are doing or what your department is doing at the moment to resolve this situation.

[English]

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

First of all, as you mentioned, these employees are not public servants, but I feel a responsibility for them because of the work they do on behalf of the Canadian Armed Forces and our members. It's really important and much valued by them.

When this labour dispute first began, I reached out and had a number of meetings with the public service union, including a number of conversations with their president. I also spoke to the CEO of the employer in this case and tried very hard to bring them together. I reached out and worked with the president of the Canadian Labour Congress, to try to get their assistance in appointing a mediator. We really felt that the best way to resolve this was at the bargaining table—that was my opinion—to keep the parties together and to keep them working on it.

I know there was some progress made in that a number of the bargaining units outside of Quebec resolved their contracts. I was, as I think you were.... We both shared disappointment that they weren't able to reach an agreement with those employees in Quebec, so we're going to continue to lean into it.

These are important people. They're not public servants. I know there is some disparity between the public service pay levels, particularly after the most recent rate settlement for those employees, and those of other employees who are not public servants but whose work is valued.

I think there's still a lot of work to do among those in Quebec. We'll continue to work with their union representatives and with anyone who will help bring the parties together to provide whatever assistance they can. I apologize: I'm not going to weigh in on what the outcomes of those negotiations are. Frankly, I'm not a party to those negotiations, as you've acknowledged.

I think it's important that we continue to do everything we can to keep them at the bargaining table to come to an appropriate and fair resolution for those workers.

[Translation]

**Ms. Kristina Michaud:** Thank you, Mr. Minister.

Obviously, you are not the negotiator, I agree, but I imagine that the Minister of National Defence has some power, such as the power to repeal an order. You often mention that, in fact, non-public funds staff are not public servants in the same way as others who work for the Government of Canada are. However, repealing the 1982 order would resolve this situation.

Do you think that might be a solution? Does your government want to move forward to repeal the order and ensure that these workers become full-fledged public servants? I think that could resolve a lot of the issues.

• (1125)

[English]

**Hon. Bill Blair:** Again, Kristina, since 1982, this relationship has worked fairly well for those employees. There is, clearly, a labour dispute going on right now. I think the best fulfillment of my responsibilities is to do everything I can to facilitate a mutually acceptable, negotiated settlement between the parties.

I will share with you that I'm not, at the present time, contemplating changing the legislation.

[Translation]

**Ms. Kristina Michaud:** Thank you for being honest.

I'd like to come back to military spending, the well-known request by North Atlantic Treaty Organization, or NATO, to have Canada devote 2% of its gross domestic product to military spending.

Last week, a letter signed by 23 Republican and Democratic U.S. senators was released. They are asking Canada to meet the requirements NATO voted for in 2014, that is to say to devote 20% of our defence spending to equipment that will modernize our capabilities, among other things.

Does the fact that senators from the United States are making such a public statement to put pressure on Canada have any effect? Does that put pressure on your department and your government to increase spending? Does it also have a negative impact on our relations with our allies when they see that we're not meeting the targets set by NATO?

[English]

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

First of all, the pressure I feel is to deliver for the Canadian Armed Forces the equipment they need, the support for their people and the people they need to do the jobs that Canadians ask of them. I think that's my first responsibility, so that's the pressure I feel.

At the same time, I think we have a responsibility in government—and that includes all of us, by the way—to make sure that when we spend Canadian taxpayers' dollars, we create a real return on that investment for public value, so it's making sure that we spend the money well.

I have good news in that we will reach that 20% standard this year and every year thereafter under the current spending initiative of spending on new equipment. I think it's really important, first of all, for the Canadian Armed Forces to well define what its requirements are and for us to have robust procurement processes to get the best value for Canadians.

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

It's always good to leave a question on good news.

Madame Mathysen, you have six minutes.

**Ms. Lindsay Mathysen (London—Fanshawe, NDP):** Minister, have you seen the videos of people in Rafah, screaming as they were burned alive in their tents yesterday?

**Hon. Bill Blair:** No, ma'am, I have not.

**Ms. Lindsay Mathysen:** Then you did not see the images from the bombing that took place on the displaced persons in the camp where people were told they would be safe.

I asked you weeks ago about the upcoming testing event hosted by your department in Alberta, at which Israeli weapons tested on Palestinians will be showcased. Have you cancelled this event?

**Hon. Bill Blair:** No, and to be clear, that's not what we were testing. There were a number of participants, including Israel. We were testing defensive systems to defeat drone attacks if drones were sent against our armed forces. We were looking for the best technology to defeat those drones. There was nothing offensive about what was being tested in Alberta.

**Ms. Lindsay Mathysen:** However, a company that was allowed to participate.... Israeli weapons were allowed into Canada. That hosting of the event.... These weapons are being marketed as battle-tested on Palestinians. The owners of that company boasted about testing them on Palestinians. They boasted about this war being good for their company and that they're testing on these innocent civilians.

Children have been slaughtered, Minister. Your government is supporting that.

Can you explain how Canada can continue to support this when the Israeli government is committing genocide? Directly, Palestinian civilians are being placed into safe zones, and then they're being hit with 2,000-pound bombs on those safe zones.

**Hon. Bill Blair:** I have to correct something you said, because our government is not supporting that. As a matter of fact, we have made—

**Ms. Lindsay Mathysen:** You allowed them into Alberta, sir.

**Hon. Bill Blair:** Again, with great respect, I think that you misrepresent—and I'm sure you do it inadvertently—what we were actually doing in Alberta. We were testing defensive capabilities and looking for the best technologies for the Canadian Armed Forces in order to defend our country and our troops.

You also said that we defend or that we support the death of innocents, and that's absolutely untrue. Canada has taken a very strong position with respect to calling for an immediate ceasefire, for the protection of innocent lives and for improving access to humanitarian aid into the region. Therefore, I think that your characterization of our country's support for those activities is not correct. In fact, I think we have condemned those actions and called for them to cease.

• (1130)

**Ms. Lindsay Mathysen:** You may condemn them in public, but certainly, in terms of what's being allowed and what's happening in this country.... There were prizes awarded in this competition, Minister.

The last time you came to this committee, I asked about the Arms Trade Treaty commitments amidst this war. When I asked you if “Canada's interoperability and allyship are far more important than our commitment to human rights and international law”, you said, “Of course they are not.” However, you've taken no steps to stop Canada's participation in the Lockheed Martin F-35 fighter jet program. You are making Canadians complicit in this genocide, and your defence policy update spoke about making it easier to procure within the American military industrial complex.

The International Court of Justice has ordered Israel to immediately halt its siege on Rafah. Will you commit to applying our arms treaty responsibilities today to ensure that our tax dollars are not supporting the siege?

**Hon. Bill Blair:** If I may, I think that conflating the tragedy that's unfolding in Gaza with our acquisition of a new fighter jet for the Canadian Armed Forces is.... Quite frankly, it is unclear to me how those two are actually coexisting or are in any way mutually supportive. I think there is.... Making sure that the Canadian Armed Forces get the best capability to do the important job we ask of them—defending Canada, defending Canada's interests and fulfilling our obligations to our international coalition partners in NORAD, in NATO and in other parts of the world—is our responsibility. We have to make sure that our people have the best equipment. There was a very robust procurement process [*Inaudible—Editor*] the F-35—

**Ms. Lindsay Mathysen:** It is absolutely our responsibility. However, there are more options than just one. Certainly, being complicit and not abiding by our own trade treaty obligations is also a decision that is clearly made. It is a choice, Minister.

**Hon. Bill Blair:** Well, we've obviously made the choice to acquire the F-35 after a very rigorous and long procurement process. Also, as I shared with this committee earlier, we are actually working hard and have money here to facilitate the delivery of the first 16 of those.

**Ms. Lindsay Mathysen:** The Liberal caucus, of which you are a part, voted in favour of our motion in March, calling on the ceasing of further authorization and transfer of arms exports in Israel. We know that the majority of Canadian exports to Israel's military are in space and satellite technology.

Therefore, I was shocked earlier this month when I asked, within this committee, Space Canada and MDA Space what communications they've received from your department and the government on this. They have not seen any promised notes to exporters, nor have they received any communications from your department on their prospective sales in Israel. Will your government issue this notice?

**Hon. Bill Blair:** First of all, the people you were speaking to are not the people who are involved in those sales. It requires a very rigorous Canadian military export permit regime that is operated by GAC. It is Global Affairs that administers that regime. I'm advised by GAC that they have not issued a permit for the export of any military equipment or technology to Israel since the October 7 attack.

**Ms. Lindsay Mathysen:** The fact that they have absolutely no indication—

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

We're now on our five-minute round.

Mr. Kelly, you have five minutes.

**Mr. Pat Kelly (Calgary Rocky Ridge, CPC):** Thank you, Chair, and thank you, Minister.

On December 7 you told this committee that Canada had quadrupled its artillery shell order and that those shells would be delivered the following year, in 2024. On April 15 I asked you when this commitment to quadruple the ammunition order would be fulfilled.

You didn't answer the question, so I'll ask again: On what date will Canada take delivery of the additional production of 155-millimetre shells, particularly the M795 variant?

**Hon. Bill Blair:** I recently went to the factory to talk to them about the delivery of existing orders. We also talked, I think very importantly, to those factories in Canada—I've met with them all now—and one thing they told us was that they needed to increase their production lines. They needed to secure—

**Mr. Pat Kelly:** You had a chance to answer this question in April and you didn't. Can you answer it now, today?

On what date? If you don't know, just say you don't know and we'll move on.

**Hon. Bill Blair:** Well, with great respect, it doesn't matter how simply you ask the question; it doesn't make it a simple question.

**Mr. Pat Kelly:** You gave me a simple answer. You said it was going to be this year. We're already in May.

**Hon. Bill Blair:** Again, the delivery of munitions from those factories is limited by their production capabilities. We have come through in the DPU and in this budget, which I'm hoping you'll get an opportunity to vote for—

**Mr. Pat Kelly:** I take it that you don't have a date.

● (1135)

**Hon. Bill Blair:** —and we're going to invest in those factories to increase their production. We now have money in the budget to offer long-term contracts to acquire those munitions.

**Mr. Pat Kelly:** Thank you, Minister. You don't have a date, so we'll move on.

On what date will Canada acquire ground-based air defences for defending critical infrastructure, including our own troops in Latvia?

**Hon. Bill Blair:** First of all, a contract was signed for the troops in Latvia for ground-based air defence systems. That contract was signed about five months ago. They will be delivered when we ramp up to brigade. On the delivery schedule, and perhaps it's a question that our officials might be able to answer to give you a more precise date, I'm assured that this capability will be delivered when we go to brigade strength in 2026.

**Mr. Pat Kelly:** Okay, so your predecessor misled Canadians and said 14 months ago that an air defence system was “en route” to Ukraine. Earlier in your testimony today, you admitted that it is part of a back order, of a production order—

**Hon. Bill Blair:** I missed your question. I thought you were talking air defence systems, the ground-to-air defence systems for Latvia.

**Mr. Pat Kelly:** I am, yes.

**Hon. Bill Blair:** Then you brought up the NASAMS issue.

**Mr. Pat Kelly:** That's right, because your government has a credibility problem, Minister, when you announce delivery or announce that something has been acquired. You had already announced, in the case of the defence system that we were procuring for Ukraine.... Your predecessor 14 months ago said it was “en route”, but we know and your testimony today is that it is not even produced yet.

Can you give us a date on which Canada will acquire the vital ground defence system and other critical infrastructure for our troops in Latvia?

**Hon. Bill Blair:** With respect to Latvia, the contracts are signed. Those munitions are now in production. We have been provided with a delivery date that coincides with our ramping up to brigade strength in 2026. There are other munitions, by the way, and other contracts that we've signed for anti-tank missiles and anti-drone systems. The ground-to-air missile defence contract is signed. The delivery schedule for those munitions is scheduled for 2026.

**Mr. Pat Kelly:** Thank you.

Your DPU talks about exploring “options for modernizing our artillery”. Assuming that the NDP allows these estimates to pass, on what date will Canada receive expanded artillery platforms?

**Hon. Bill Blair:** I think I can assume that you and members of your party will not vote for any defence spending, because your record speaks for itself.

**Mr. Pat Kelly:** We do not support this government. We will vote non-confidence in this government at every opportunity.

**Hon. Bill Blair:** Therefore, we've introduced a budget that actually provides industry with exactly what they said they required from us—investment in production and the money that provides the certainty of long-term contracts. Once this budget passes—we have already begun the process—we will enter into those negotiations with our Canadian industries. That will create Canadian jobs and increase Canadian production, and it will deliver for the Canadian Armed Forces the munitions they need.

**Mr. Pat Kelly:** Your DPU says that you will explore—

**Hon. Bill Blair:** That's whether you support it or not.

**Mr. Pat Kelly:** I support getting the troops the kit they need, Minister.

I'd like to know if these estimates contain any certainty around, or a date or funding authorization for, the replacement and modernization of our artillery.

**Hon. Bill Blair:** There's money here and in the upcoming budget that we've presented. The dates will be determined as quickly as we can pass that, so, again, although I know you're not going to vote

for it, if you could just get out of the way and let us bring that forward, we'll get it passed.

**Mr. Pat Kelly:** All right.

Submarines are a critical part of maritime defence. Is there anything in these estimates to replace our 40-year-old submarines?

**Hon. Bill Blair:** No, and perhaps I was unclear when we said we had some work to do with respect to submarines, but we need submarines. We've got to replace the Victoria-class fleet. They're old, they're unserviceable and they can't do the job, so we've got work to do to replace them, and that work is under way.

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

Thank you, Minister.

Madame Lalonde, you have five minutes.

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

Good morning, Minister. It's a pleasure to have you with us.

I want to talk about two things.

The external monitor, Madame Therrien, recently released a report that illustrated some of the progress DND/CAF has made towards cultural evolution, but she notes numerous times that there is still much more work to be done, particularly in streamlining the grievance process. I have to say, Minister, we did hear in this committee about some of the barriers and the aggravating components of this grievance process.

I would like to know a little about your interpretation of this report from the external monitor. Is DND/CAF effectively equipped to deal with the shortcomings she has raised?

**Hon. Bill Blair:** I'm very grateful for the report of the external monitor. She and I have had, in addition to her report, a number of conversations on her concerns about the grievance process.

On January 18 of this year, I authorized Lieutenant-General Carignan to resolve all grievances for amounts less than \$25,000. That was actually the vast majority of these grievances. That's really great news. In a two-month period, Lieutenant-General Carignan reported that more than 70% of those grievances have now been resolved.

It's really important that we be as quick and efficient as possible. People have been waiting a very long time for the resolution of these matters, and because that deals with a large number of these grievances in a more appropriate and timely way, it will also enable us to dedicate resources to the more complex ones.

Again, Madame Therrien's report was very useful advice in helping us focus on the things that were important to the members. She heard very clearly what we've been hearing from the members about the level of frustration in getting these matters resolved.

I would also point out, as Madame Therrien did, that there are a number of things in our legislation, Bill C-66, with respect to the independence of judicial actors, that often form part of these grievances. Again, I would come back to this committee. When we bring that bill to this committee, there will be really important work to be done on it here, but there are things in that legislation that I think we can all agree would be very helpful to the men and women in the Canadian Armed Forces.

• (1140)

**Mrs. Marie-France Lalonde:** I agree with you. Certainly, I know how important bringing this bill here is, so I want to say thank you for this. I know you mean well by saying you're looking forward to seeing this bill come to this committee so that we can advance it and make it even stronger, so I appreciate this.

I want to take you back to the conversation we had about 2% and the DPU, but we also tend to forget, as do, maybe, some of our partners and our allies, the strong commitment on NORAD.

As you said, we know, unfortunately, that some members in the House of Commons will vote against this particular estimate in the budget, which has a direct impact on providing the operational readiness you mentioned.

Could you share some thoughts about why it is so important that we pass this budget as soon as possible?

**Hon. Bill Blair:** In the letter the 23 senators wrote to the Prime Minister last week, I noted one thing they did not acknowledge but that I think is important. I was down in Washington two weeks ago, where I met with the Secretary of Defense and a number of other legislators. When we talked about Canada's new investment in defence, I think they were very encouraged by it. In particular—and I don't like to quote him as he speaks well for himself—the commander of NORAD has talked a lot, and very publicly, about the nearly \$40 billion Canada is investing in NORAD modernization and the acquisition of new capabilities and new capital equipment as part of that. Frankly, with the introduction of our new defence policy, again, he was very supportive and even complimentary of the work we are doing.

It's important as well that we acknowledge in our own defence policy update that we're doing a great deal. We have more to do and we're going to do more, but when you're spending taxpayer dollars, you have to do it right and do it well, and that means giving the Canadian Armed Forces the opportunity and the time to define their requirements and work through our rigorous but necessary procurement processes to get the best value for Canadian tax dollars.

As I said, we're increasing our defence spending by 27% next year. It's going to be really challenging for us to spend that money well, but we're absolutely committed to doing it.

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

Certainly, in case I don't have another chance, I also would like to thank Deputy Minister Matthews for being so available to us in this committee.

[Translation]

Thank you very much.

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

Ms. Michaud, you have the floor for two and a half minutes.

**Ms. Kristina Michaud:** Thank you, Mr. Chair.

Mr. Minister, you spoke a few times about investments that will be made soon. However, in September 2023, your government announced fairly significant budget cuts. At the time, you said that it wouldn't necessarily have any impact on operational capabilities, but the Chief of the Defence Staff said that it would be impossible to reduce the defence budget by nearly \$1 billion without there being consequences. In addition, you announced investments as part of your new policy.

So there seems to be conflicting information, which observers have noted, starting with the Chief of the Defence Staff himself. He said he was having trouble grappling the department's contradictory orders. Given this confusion, one might think the department lacks vision.

Can you reassure the forces and tell them clearly what the situation is? Are we heading toward budget cuts for the next two years, or are we making more investments for the future?

• (1145)

[English]

**Hon. Bill Blair:** First of all, I stand by my statement. We're increasing defence spending next year over this year by 27%, and that includes the Treasury Board's refocusing on spending.

One of the things that I think are absolutely incumbent upon us when we're spending Canadian taxpayer dollars is our responsibility to make sure that we're spending their dollars well and to look and make sure that we're producing real value for every dollar we invest.

It is entirely appropriate for the entire public service and every bureaucracy to look at how they're spending money, particularly on things like executive travel, or consultant services, or even some professional services. I say "some" because some of them are absolutely essential to our members and our capabilities. We are, in the net, increasing our defence spending by 27%. By the way, that refocusing of spending is not supposed to be easy; it's hard. That's why we do it, because it's hard and it's necessary.

There have certainly been challenges. The military and the Department of National Defence have been doing things a certain way for a long time, and it's the job just to go back and check to make sure we're producing real value for every dollar we invest in defence. We're doing that job, and at the same time we're very significantly increasing the amount of money that will be made available to them to get the job done.

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

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

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

Minister, the last time you appeared here, we talked briefly about the investment in Arctic infrastructure for dual-use programs and projects. We heard directly from General Wayne Eyre, who called his time being stuck in Cambridge Bay as another war story.

Today, I've just brought and signed a letter with my colleague, NDP MP for Nunavut, Lori Idlout. In Cambridge Bay they need their runway paved and expanded to tackle their serious food crisis and to have robust access to health care.

I would like to give you that letter today, but I would like to ask you to commit to reading it and consider designating Cambridge Bay as a northern operational support hub.

**Hon. Bill Blair:** First of all, I'll absolutely commit to reading it.

I was in Nunavut three weeks ago, and I met with all the northern premiers; I was in Iqaluit. We had conversations about multi-use infrastructure investments in the north, and I think the needs of the north are very obvious and clear to us all.

With respect to Cambridge Bay, in terms of the money for defence, there are other investments that also need to be made in infrastructure. Some of it is transportation and some of it is with Northern Affairs. In terms of the investments that we need to make from the defence standpoint, first of all, I have to work with the northern territories but also with indigenous leadership in the north to determine the best place for us to put our assets in order to do the job of defending the north.

At the same time, I think there's an extraordinary opportunity, which you highlight, to actually increase our investment in infrastructure that will be mutually beneficial to the people who live in those communities. An airplane runway, for example, can also be used to bring in other transported goods or medical evacuations. There's a whole bunch of mutually beneficial things that we can do that will be aligned.

I'll happily read the letter, and I will also undertake to continue to work with the territorial governments, with northern communities, with northern representatives and, in particular, with indigenous communities, because it's their land. We benefit by consultation with them, and we'll work really closely with them. I invite you and your colleague to continue to advocate around that as well.

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

**Ms. Lindsay Mathysen:** I actually have 15 seconds.

**The Chair:** I know you have 15 seconds.

**Ms. Lindsay Mathysen:** You've given time to other members to expand.

**The Chair:** Well, I am trying to get back on track. Otherwise, we won't get through this round.

**Ms. Lindsay Mathysen:** At my expense.

**The Chair:** Do your 15 seconds.

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

Canada had the worst wildfire season on record last year. Experts have predicted that this year is worse. It actually has never stopped.

The DPU didn't acknowledge Operation Lentus and the importance of that. Considering that we're facing those climate catastro-

phes, fuelled by inaction on climate change, why do you think the status quo was enough?

**The Chair:** Unfortunately, Ms. Mathysen's 15 seconds expired a while back.

We'll move on to Mr. Allison.

You have five minutes, please.

**Hon. Bill Blair:** [*Inaudible—Editor*] as we get the opportunity, we'll try to pick that up later.

**Mr. Dean Allison (Niagara West, CPC):** Thank you very much, Mr. Chair.

Minister, thank you very much for being here. I have a question for you.

Lieutenant-General Andrew Leslie has talked about how unprepared we are. As a former chief of staff for NATO, for our allies and for the work he's done, even as an elected member in your party, I would like to say his one comment here, and I'd like to get your response to it: "The current prime minister of Canada is not serious about defence. Full stop."

• (1150)

**Hon. Bill Blair:** First of all, I have a great deal of respect for Andy. He's a friend of mine. We've been friends and colleagues for a long time. I have respect for his opinion, but respectfully, I would disagree with him on that. The Prime Minister has I think demonstrated a remarkable seriousness on defence.

During his time as Prime Minister, we have more than doubled defence spending, and we've just approved a defence policy that will in fact triple our defence spending over the term of its five years, but even beyond that, the Prime Minister has also made it clear that we still need to do more—

**Mr. Dean Allison:** Okay. Thanks.

**Hon. Bill Blair:** —and we're going to do more with respect to integrated air missile defence, submarines, etc.

I would just point that out to my very good friend and respected colleague, Andy Leslie: Deeds speak, and the Prime Minister's deeds, I think, speak well.

**Mr. Dean Allison:** I think his experience as lieutenant-general actually matters a lot in terms of what he's able to bring to the table. He also said that a large number of the cabinet ministers are not serious about defence either. I'll leave those statements for now, but one of the things he's challenged with is the whole issue of preparedness. A lot of my colleagues have talked about this.

He talks about the Arctic. We've had people in here to talk about the Arctic. He said:

Just in terms of numbers, there's about 22,000 professional men and women in the U.S. Armed Forces based in the Arctic, mainly in Alaska. There's about 30,000 to 35,000 Russian armed forces based in the Arctic. Canada has about 300 people.

We talk about preparation. What's your response to our Arctic, which is obviously a very important area for us in terms of—

**Hon. Bill Blair:** I have really good news, Dean. Go and read our new defence policy update, “Our North, Strong and Free”. That’s our response to the Arctic. It talks about the necessity of investing in and persistently deploying Canadian Armed Forces members there. We’ve talked a lot about NORAD modernization, but now also, in the DPU, about the really important focus that we have to have in defending the continent and defending our country, particularly from emerging threats. In the first part of that document... Like I said, I would invite you to take a look at it.

I don’t disagree, by the way. The fact that our ships are nearly 40 years old, that some of the planes our air force has been flying in are 40 years old... Those things really demonstrate, I think, generations of ill-preparedness, but our response to that is that we’re investing in new fighter planes. We’re investing in new supply ships. We’re investing in new combat support ships. We’re going to be investing in new submarines, and we’re putting new capabilities in the north.

**Mr. Dean Allison:** Thank you.

I have just a couple of minutes left here. In talking about preparation for operational readiness, CBC actually reported that there have been changes to the training forced by budget cuts that could leave the military less ready for a fight, and all this while a mere 61% of the force is ready for operations.

I guess my question is, with budget cuts and looking at operational readiness, how do we explain...? We’re sending people for training over in Latvia and a number of places. We don’t have enough trainers to train people to fly here in Canada. I would love to talk about the operational preparedness that we have of troops on the ground, plus what we’re dealing with back here at home in our own fighters.

**Hon. Bill Blair:** I have good news there, then, Dean, because in Latvia we’re working in a coalition environment. There are 10 different countries working with Canada. Canada is leading in Latvia. There’s a new training base being developed there. For our soldiers, a decision was made by the Canadian Armed Forces that the best place for them to complete their training was in that coalition environment, using the equipment and working side by side with our coalition partners there. Frankly, that was an operational decision that I agree with, because it just seems like a smart way to get the job done.

The challenge we are facing is not that we don’t have great trainers or even great training capability in this country. It’s our staffing problem, and that, I think, is job one. If you’re suggesting that we need to do a much better job of onboarding people into the Canadian Armed Forces... Last year, 70,000 people applied to join the Canadian Armed Forces, and just a little over 4,000 of them actually got in. That’s not good enough. We have to do better, and we’re going to do better.

**Mr. Dean Allison:** Finally, in terms of the Arctic, when do you see us having more troops ready to be there?

**Hon. Bill Blair:** The work has already begun. We’re in the north already.

I’ve met with the ranger program, which has almost 2,600 people right across the north. They’re not military, but they’re really impor-

tant eyes and ears, and they perform a really important function in the military. We’re going to continue to support them as well.

A couple of weeks ago, we broke ground on a new facility for the JTFN in Yellowknife. We’re already beginning to make those investments.

In fairness, the policy document just came out—

**The Chair:** We’re going to have to leave the answer there.

**Hon. Bill Blair:** The Canadian Armed Forces are clearly turning their strong attention and capabilities to making sure that we’re ready in the north.

• (1155)

**The Chair:** Minister, I don’t know who’s the worst one at this table. It’s neck and neck between the whole audience.

The final questions go to Madame Lapointe for five minutes, please.

**Ms. Viviane Lapointe (Sudbury, Lib.):** Thank you, Chair, and hello, Minister.

I note that a significant portion of the main estimates is set aside for major capital projects. That would include the Canadian multi-mission aircraft procurement project as well as the future fighter capability project.

Can you speak to this committee about the significance of these major investments? Just as importantly, how are we ensuring that we are procuring the right capabilities for our forces at the best price and value for Canadians?

**Hon. Bill Blair:** Thanks very much. I’ll just highlight some of the really important and challenging work that was done on the multi-mission aircraft project.

First of all, the air force clearly defined its requirements to replace the CP-140s. They have been great planes, crewed by extraordinary people, but they’ve been in service for a little over 40 years, and it was time to replace them. They’re primarily submarine hunters.

The armed forces very clearly defined its requirements, and then our team at DND went out and looked in the marketplace to see what was available. There was only one plane that was available that could be delivered in a timely way, within the two-year frame that the air force had defined as its requirement.

We went through a process. Frankly, in an ideal situation, we would have spent a lot more time working with the Canadian aeronautical industry, in particular. In this case, time was a bit of a commodity and wasn’t really available to us, so a decision was made—it was the right decision; in my opinion, it was the only decision—to acquire the Poseidon P-8 as the multi-mission aircraft for the Royal Canadian Air Force.

We have also been working with the air force to make sure that we have supply planes available so that we can fuel our aircraft on long-range missions. We’re also investing in an RPA system of unmanned drones for the High Arctic as well.

First of all, what is required is not a matter of some political person going through a shopping list. It's about the Canadian Armed Forces telling us what they need. They do that in consultation with all of our allies. They look at their needs and requirements and the job they have to do, and they tell us what they need.

We have great people who go into the marketplace and work through the important procurement processes to make sure that, first of all, we get the armed forces what they need, but just as importantly, we great real value for Canadian taxpayer dollars. When you're spending other people's money, you should do it carefully. We have to be able to demonstrate to them that we have gone out and got the best deal possible and acquired the best capability for the armed forces.

That's the job. It takes time and it can be frustrating, because you also have to ramp up production, and sometimes the delivery of these things.... The announcement that we've signed a contract is important, but the delivery of these things is every bit as important. That's why there's also a huge amount of work that needs to get done in order to make sure that the delivery stays on schedule and on budget and that the armed forces get what they need.

**Ms. Viviane Lapointe:** Thank you, Minister.

Can you share with this committee the new emerging threats in the cyber domain? Are there any targeted or specific measures around cyber-threats in the main estimates to address them?

**Hon. Bill Blair:** Yes, there is, actually, a pretty significant investment in the main estimates, but also in the DPU and in the Communications Security Establishment itself—and I'm joined here by the chief today, Chief Xavier.

I point out, first of all, that the threat environment is evolving and becoming far more concerning with each passing day. We see activities of certain adversaries—notably China, but also Russia and other adversaries as well—that are constantly attacking critical infrastructure in our systems. I think the CSE does a pretty remarkable job of protecting our systems, but what we've seen is those same adversaries are now targeting some of our northern regional governments, provincial and municipal governments and other forms of critical infrastructure, and so we are investing fairly significantly, through these main estimates but also in the DPU, to increase what I think is already an extraordinary capability.

I would be remiss if I didn't share with this committee that I've had a number of conversations with our allies, particularly in Five Eyes but also in NATO. Canada's cyber-capability is considered first in class right around the world. It's hard to brag about this because we don't want to scare people, but at the same time our people are doing remarkable work. Their work is valued by all of our allies. One reason we're making it even more significant is that they're demonstrating real value for every dollar we spend at CSE. We believe that spending more dollars, as is reflected in these estimates and in our new DPU, is going to produce real value for Canadians.

• (1200)

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

With that, we have to bring our first hour to a close.

Thank you, Minister, for your contribution to this animated conversation. We appreciate your appearance here from time to time—some times more than other times.

With that, we will suspend, let the minister leave, and then Mr. Matthews and his team will continue on with the next hour.

• (1200) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1200)

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

Mr. Matthews, do you have an opening statement, and do you wish to introduce anybody who is now at your table?

**Mr. Bill Matthews (Deputy Minister, Department of National Defence):** Thank you, Mr. Chair.

Just very quickly, I think the minister already covered it, but we have Mr. Crosby and Ms. Crosby, respectively in charge of procurement and our chief financial officer. The vice-chief you know, and we have Madame Xavier as well as her chief financial officer, Monsieur St-Pierre.

With that, let's get on with the questions.

**The Chair:** Mr. Bezan opens with a six-minute round.

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

First of all, I know a number of you are either retiring or moving on. I want to thank you all for your service, for your time at the Department of National Defence and the Canadian Armed Forces, and for serving Canada and serving our troops—although, with so many people running away, it's starting to look like a ship might be sinking.

No? Okay. I thought maybe it was, “Man overboard.”

Anyway, I go back to the issue of readiness, which has been a story and a major concern. We are now sending our forces into Latvia without that battle group having the battalion-level training we routinely have done at Wainwright, so my concern is how this is impacting our ability. I know we're saying it's great to exercise with our allies, but I can tell you that our allies are going out there battle-ready. I question whether or not our guys and gals are in tip-top fighting condition when they don't have that time to train, which we have routinely done in the past.

• (1205)

**Lieutenant-General Frances J. Allen (Vice Chief of the Defence Staff, Canadian Armed Forces, Department of National Defence):** Thank you very much. I absolutely agree with you that readiness is critically important for your ability to execute on operations, and you must be ready to execute on operations. The mechanisms through which you get ready and are ready, I think, are different, depending upon the organization that you're part of, be it the air force or the army. We know the key components to readiness, which are personnel, equipment, training and the sustainment elements that you need to deliver on operations....

Certainly, we have traditionally used the series of exercises in the west as one of the training and readiness functions for the Canadian army as they were moving into their high-readiness phase going forward. The stand-up and the move of the battle group to brigade in Latvia, with the many partners we have over there, is also causing us to reassess what is the best way to do both the individual and then collective training that needs to be done to be able to operate. We heard previously that it had quite an impact on families—

**Mr. James Bezan:** When we talk about readiness, the forces are sitting at only 61% readiness, and the amount of equipment that we have available that is ready and able to be used is now under 60%. We're always supposed to have at least one battalion at high readiness and another battalion training up to go into high readiness as a constant circulation, just for the protection of Canada and being ready to deploy if called upon.

If we haven't trained up our current battalion and brigade group that is in Latvia, where are we sitting with the level of readiness within the forces that are sitting domestically?

**LGen Frances J. Allen:** You are correct. We have people sitting at different levels of readiness.

As you come off of high readiness and you return to a lower state of readiness, that's a bit of a reconstitution time for people to do training, for equipment to be repaired and that sort of thing. The next group are on the road to high readiness while another group are sitting at high readiness moving forward.

This type of progression towards readiness is how the army does the managed readiness program that they have. Whether—

**Mr. James Bezan:** When you talk about the army at high readiness, and we are definitely behind those numbers, how many fighter pilots do we have today?

**LGen Frances J. Allen:** I'm afraid I couldn't tell you exactly the number of fighter pilots we have. We certainly do not have—

**Mr. James Bezan:** Would you be able to get that information to the committee?

**LGen Frances J. Allen:** Absolutely.

**Mr. James Bezan:** Can you ballpark it?

**LGen Frances J. Allen:** I would say there are currently fewer fighter pilots available than the commander of the air force would wish to be able to do both the missions we have today and the training for the transition to the new F-35.

**Mr. James Bezan:** Are we at 40, more than 40 or less than 40?

**LGen Frances J. Allen:** I would not be able to give you the accurate number.

**Mr. James Bezan:** General Eyre recently complained that the use of military personnel in fighting wildfires in Canada has become, in some cases, “wickedly wasteful”.

He went on to say that he had “made it quite clear to other departments that [the forces'] capacity to do what we did last year is not the same, especially with reduced readiness (and) increased deployments to Latvia.” He told senior officers on a video conference on April 23, “We're not going to have the same forces available...for the scale and duration of response.”

What are we doing to correct this, to make sure we can get back to a high level of readiness from the standpoint of doing what the Canadian Armed Forces are meant to do, which is be prepared to fight?

What's the long-term goal here on supporting domestic operations through Operation Lentus?

**LGen Frances J. Allen:** You're 100% correct that the Canadian Armed Forces need to be prepared and ready to fight. That's the mission that we can do that others cannot within the environment.

That being said, Canada has always turned to its Canadian Armed Forces in times of extraordinary crisis to be able to support domestically. We have IRUs that are established within the provinces to have that mission going forward.

It is challenging, and last summer's wildfires certainly did see Canadian Armed Forces members deployed for quite an extended period of time. It was longer than we had previously seen.

• (1210)

**Mr. James Bezan:** General, can I just ask a quick question? If you don't have time to answer, you can provide the information to the committee or answer it in a follow-up question from one of my colleagues.

Can you give us the current recruitment numbers that we have in the Canadian Armed Forces—air force, navy and army? Can you also do that from the reserves standpoint?

My understanding is that we're just barely treading water right now. We're still over 15,000 troops short.

**The Chair:** Thank you.

Madam Lambropoulos, go ahead for six minutes.

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

I'd like to thank all of our witnesses for being here with us to answer some questions today.

Minister Blair spoke about a \$1-billion ask for cyber mandates.

Given the fact that in the future we will be seeing more cyber-threats and this is going to be a bigger issue, I'm wondering if you could share how exactly the money will be spent.

Can you specify how the money will be spent? Also, what is the Communications Security Establishment's role in responding to cyber-threats and cyber incidents?

**Ms. Caroline Xavier (Chief, Communications Security Establishment):** It's a real pleasure to be here to answer the question.

In the mains, we have been given an increase of almost \$76 million. However, as was stated by the minister, the defence policy update gives us an additional almost \$1 billion over the next five years, investing in our cyber-defence and foreign cyber-operations.

In terms of what we do as an organization, we have a five-part mandate. Part of that mandate includes the cybersecurity information assurance, the cyber-defence landscape. We take that role extremely seriously. We play that role in the sense that we do it for Government of Canada systems. We also pay attention to that for critical infrastructure, for the private sector and for anything else the nation needs us to do in support of cyber-defence.

We really work hard at promoting cyber resilience. That's where we do a lot of that work, in partnership with the critical infrastructure, with the Government of Canada, with the private sector and with municipalities and provinces and territories. That is part of the role we play.

In terms of the investments that are made specifically in the mains, \$20 million of that funding is associated with the investment made related to the Indo-Pacific strategy, where CSE will play a role specifically linked to signals intelligence and the foreign intelligence that we'll continue to provide to senior decision-makers. As well, it's ongoing operations for the Canadian Centre for Cyber Security, which is our cyber centre and provides that role that I was speaking to, in particular related to information assurance and cyber-defence for Canada and our critical infrastructure sectors.

We see that our role continues to be important. We do see that cyber itself plays a role in warfare. That is why it is good that we have the foreign cyber-operation authorities that we have, both active and defence cyber authorities that are authorized by the minister through ministerial authorities and supported by the Department of Foreign Affairs.

**Ms. Emmanuella Lambropoulos:** When you say “resilience”, you're really talking about prevention, like ways of ensuring that our systems can't be breached.

**Ms. Caroline Xavier:** That's correct.

One of the things we really work hard at is promoting various ways in which people can protect themselves. We have the cyber.gc.ca website, which really does that in terms of looking at it from an individual all the way to critical infrastructure. No matter what type of person you are, whether you're coming in as someone who's very well aware of what the cyber threats are or as somebody who's less aware, that's how that website is helpful. That's in addition to all of the partnerships and information sessions that we offer to critical infrastructure sectors in particular, where we know that critical infrastructure is at risk because of all that we've seen from the various publications we've put out and what we've learned from the war in Ukraine.

We know that critical infrastructure is at risk, and we've put out many guidelines and publications with regard to this. We know that we need to continue to build that resilience so that when—because the answer is more than than if—an incident occurs we ensure that we can recover quickly, which is what that resilience really means.

**Ms. Emmanuella Lambropoulos:** Thank you for clarifying that.

You also mentioned the Indo-Pacific strategy. Minister Blair also spoke about Operation Horizon, which I believe is tied to that strategy and to that region.

I understand the importance of Canada playing an important role in that region and in the conflict there. Can you speak to what Canada's military presence in that region will look like over the next year?

• (1215)

**LGen Frances J. Allen:** Mr. Chair, I can speak to that question.

As part of the Indo-Pacific strategy, Canada agreed to increase its military presence in the region from a naval perspective by having three deployments into the region over every year moving forward. That is for us currently, with the *Montréal* to be followed by the *Vancouver* this summer and then the *Ottawa* later on this fall.

In addition to that, there are capacity-building exercises with partners within the region that we engage with, as well as training and activities that also support the women, peace and security initiative. We believe those are important for all of us as allies and partners to be talking and engaging on.

These types of engagements, from capacity building to deployments with our allies, participating in exercises and sharing our experiences, are all military activities that you will see this year and in subsequent years as well.

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

Next, we have Madame Michaud, for six minutes.

[Translation]

**Ms. Kristina Michaud:** Thank you, Mr. Chair.

I'd like to thank the witnesses for being here.

I'd like to ask a few questions about Operation Lentus. It's no secret that in recent years there have been increasing requests for Canadian Armed Forces responses to natural disasters in Canada. It seems the number of requests is going up fast, and the figures do not even include requests related to the COVID-19 pandemic. We can therefore assume that national emergencies will require the participation of the Canadian Armed Forces in the coming years.

The defence department's plan indicates that the forces will remain the last resort in the event of an emergency. Is that still the department's vision, even though we can foresee that Canada will be facing more and more natural disasters in the coming years? I imagine that the investments made in Canada take into account this type of operation in relation to natural disasters and the entire cybersecurity strategy to protect Canada from interference. In terms of military operations, what proportion of investments are made in Canada versus on the international scene?

**Mr. Bill Matthews:** I will answer your questions first, but I imagine that General Allen and Ms. Xavier will want to add something.

I'd say they might both want to add something. It's true that the Canadian Armed Forces are really the last resort to respond to emergencies.

[English]

We're trying to make sure that the demand on the armed forces for domestic responses is as manageable as possible. If they are needed, they will be there, but when you think about forest fires.... I will let my colleague, Ms. Xavier, talk about cyber-protection. Regarding forest fires, in particular, you have to look at a whole-of-government approach and multi-level government-type solutions. There has to be better planning, better preparedness and a leaning on civil society.

Once all of those tools are used, if there is still something to be done, the armed forces will be the last resort. They will get called, without a doubt. Once they are called, we want to make sure they are staying for only as long as they are needed. Once their critical work is done, they can move on, reconstitute and do other things.

In general, it also speaks to the reconstitution of the armed forces. The more numbers we have, the more we have at the ready and the more we're able to respond. However, it starts with a broader, whole-of-government approach with multiple levels of government, as well as civil society. This will determine how we best protect ourselves and prepare ourselves for a domestic urgency.

I don't know if LGen Allen wants to add anything.

**LGen Frances J. Allen:** No, Mr. Chair, Mr. Matthews has pretty much covered most issues.

As the esteemed colleague said, we are there as a force of last resort when needed. Canada and the Canadian Armed Forces have always come when the call has come in a true crisis, as we have in the evacuations in the north as well.

Thank you.

[Translation]

**Ms. Caroline Xavier:** I'd like to add something related to cyber-security.

We recognize the importance of added resilience, especially when it comes to infrastructure. It's true that if a hydroelectric or energy incident occurs, for example, it will have a direct impact on Canadians and residents of Canada. That's why we work very closely with the critical infrastructure sector, so that they understand what the threats are. We ask them to subscribe to our services in order to find out what the latest threats are, because we're in a position to have a lot of information. We also encourage them to contact us in the event of a cyber-incident so that we can give them the support they need. In addition, we meet regularly with a number of organizations, especially those in the fields of energy, electricity, finance and telecommunications, among others, that have critical infrastructure. We want them to become more resilient in the event of an emergency in a province or territory. Finally, we're working very closely with the provinces and territories so that they can provide the necessary support for this infrastructure.

• (1220)

**Ms. Kristina Michaud:** Thank you.

I'd like to come back to operations related to natural disasters. I understand that the armed forces are a last resort and that it's not

their priority. As one can imagine, this could have an impact on military availability, recruitment or personnel shortages.

The global geopolitical situation is certainly having an impact on Canada's operations elsewhere in the world. Is it safe to assume that, ultimately, the forces will no longer be available for domestic emergency operations, such as wildfires or floods? In other words, will international priorities always take precedence?

[English]

**The Chair:** Answer in 30 seconds, please.

**LGen Frances J. Allen:** You are correct. It is a constant prioritization of where the demand is coming from for the Canadian Armed Forces' services. What is it the government would like us to do? What have we made commitments toward? How will we manage crises that arise and come forward? What tools are available to us to support that moving forward?

The training that's often required, which is so helpful in natural disasters and emergencies.... It's just a formed group that can communicate and move itself to a location and be prepared to be involved in a domestic disaster response. That doesn't necessarily require the high level of readiness in training and skill sets that are needed—

**The Chair:** We're going to have to leave the answer there.

Ms. Mathysen, you have six minutes.

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

In Justice Arbour's report, she clearly warned about conflicts of interest within the integrated complaint and conflict management office's structure. She made it clear that the office cannot investigate and provide advice to both the senior leadership and the survivors, and its structural position makes it an easy threat for chain-of-command interference.

The Ottawa Citizen reported last week on the horrific failure of justice by the department. Officer X, an unnamed navy officer, had repeated complaints filed against him and investigated within the CAF by military police, going back to 2006. An internal ICCM report then found that this information was bundled up with 14 years' worth of multiple allegations and MP investigations against Officer X that resulted in zero action. These allegations reached as high as the head of the Royal Canadian Navy, Vice-Admiral Topsy, without any action being taken.

We wouldn't even have known about this incident if the report hadn't been leaked to the media. That harassment continues to date. It's worsening for those who are coming forward and calling it out. For all we know, there are so many more horrific cases being covered up.

Can you tell the committee whether or not the department has reviewed this internal ICCM report and what steps have been taken to get justice for Officer X's victims?

**LGen Frances J. Allen:** Thank you, Mr. Chair.

Certainly, I want to reinforce that any type of misconduct within the department is something that we take seriously, and there shouldn't be instances when members' complaints of inappropriate behaviour or conduct go ignored.

As it pertains to Officer X, I can't tell you that I know about the specific ICCM report to which you refer. It did not come to me directly as part of this process, but this issue has been looked at quite closely within the department.

I can't disclose exact details specifically about this particular case, because there are some privacy considerations that are part of that, but we take all allegations very seriously.

• (1225)

**Ms. Lindsay Mathyssen:** Deputy Minister, I assume you would have seen the report. What can you say about this?

**Mr. Bill Matthews:** I have not seen the report. My understanding is there's a process under way.

As the vice-chief has already said, I can't share more because of privacy, but no, I have not seen the detailed report in question. I'm certainly aware of the file, though.

**Ms. Lindsay Mathyssen:** The cover-ups by the chain of command and the department of Officer X are, of course, the latest example of barriers that survivors face. They need an independent, outside office to turn to when they're wronged in this way. They shouldn't, in my opinion, be asked to turn to the ICCM for help when they know that the chain of command is actively covering up an incident, especially from that same monitoring board that is providing advice to the chain of command.

They need the independent, external watchdog. I have a bill that aims to create that, but in the interim, CAF members and DND employees need that champion within the office of the ombudsman.

I'm concerned about the fact that during testimony, the current ombudsman, Gregory Lick, talked to us about finding his replacement. He announced his retirement. He will certainly be missed. It will take an active, robust search to find his replacement. We've been told that this replacement search hasn't started.

Given the fact that so much went on in the CAF throughout his tenure, when can we expect that process to find a new ombud to at least start?

**Mr. Bill Matthews:** I cannot give you an exact date. The work to launch the search has started, but the search has not yet been launched. There will be interim measures put in place to ensure continuity while a replacement for Mr. Lick is found.

**Ms. Lindsay Mathyssen:** There have been concerns that there will be a return to previous applicants, or that there won't be a new search taking place. Is that currently the case?

**Mr. Bill Matthews:** The process in terms of how it's followed to select Mr. Lick's replacement is an appointment that is outside of my control. All I will share is that the work to launch the search for a new candidate has started and that there will be an interim measure put in place.

**Ms. Lindsay Mathyssen:** The minister earlier touched on this in terms of Madame Lalonde's question on Bill C-66, which will enact Justice Arbour's recommendation 5. We know that correcting the

justice system isn't just about bringing justice for so many women who were failed by the institution. In fact, we've seen so many cases recently of women having their cases stayed due to CAF delays in transferring files. Other women have reported their cases being rejected.

What is being done by the department to make amends for current and historic cases that happened before this bill will be enacted?

**Mr. Bill Matthews:** I have a couple of thoughts here, and then the vice-chief may wish to jump in.

Number one, there are lots of reasons that cases do not get transferred. The member has outlined a few of them, but there are others as well.

I'm not aware of any measures in place, beyond numerous class actions that are under way, to look backwards. This is a going-forward change that we are looking forward to implementing.

**Ms. Lindsay Mathyssen:** The defence policy update signals changes to military equipment procurement. There is \$10.2 billion in spending for infrastructure and maintenance and \$300 million for the Canadian Forces Housing Agency.

There's no commitment on reforms to the outsourcing and contracting practices for bases for those maintenance services. UNDE and PIPSC leadership came to this committee and said that the government has no meaningful value-for-money analysis on these contracts. The Defence Construction Canada procurement practices mirror the ongoing ArriveCAN scandal. The department spent \$5 billion on contracting out services instead of on public servants.

**The Chair:** Ms. Mathyssen, you're well past your time.

• (1230)

**Ms. Lindsay Mathyssen:** Okay, I'll pick it up later. Thank you.

**The Chair:** With that, colleagues, I'm reliably informed that we'll be voting at 1:06, which means that bells are at 12:36. We'll basically have a 15-minute round and then the vote on the estimates.

Mr. Falk, I'm sorry to say that you have three minutes.

**Mr. Ted Falk (Provencher, CPC):** Thank you, Mr. Chair, even for those three minutes.

Thank you to all of you for coming to committee and for your service to our country. Thank you very much.

I'd like to begin with Chief Xavier for a moment.

Our partnership with the Five Eyes is extremely important. I think it's benefited us, and we've been a huge benefit to them. The minister reported earlier that your department, CSE, is first in class. We're the best of the best. We're as good as it gets. Were we invited to participate in AUKUS?

**Ms. Caroline Xavier:** I want to echo exactly what the minister said, in the sense that I lead an organization where everybody comes in every day very passionate about the work they do. They give 110% on a daily basis to be able to protect Canadians.

**Mr. Ted Falk:** Excuse me, but the Chair has really cut my time here.

I just want to know if we declined to participate or if we weren't invited?

**Ms. Caroline Xavier:** From a cyber perspective, we regularly work with our other eyes, all of our eyes, but in particular the U.K., the U.S. and Australia. We are ready to provide additional support in pillar 2 of AUKUS when the appropriate time comes and the government decides that it wants to do that.

I can tell you that, from a cyber perspective, we're very much a CANAUKUS. I feel that we work, from foreign cyber-operations and active cyber-operations perspectives, collectively with them. We're able to do the work that we do in defending what Canada believes is important from a partnership perspective.

**Mr. Ted Falk:** Okay, so we haven't been asked.

**Ms. Caroline Xavier:** We've been asked to work with the U.K. and the U.S. on a series of foreign cyber-operations. That is the type of work we do, as well as foreign intelligence. It's linked to our mandate. We are definitely working with those eyes.

**Mr. Ted Falk:** Okay, thank you.

Mr. Matthews, are you prepared to table the numbers that demonstrate the 1.76% with this committee by the end of the week?

**Mr. Bill Matthews:** Certainly, Mr. Chair. Those numbers are already on the department's website, but I'm happy to share them with the committee.

I have a reminder that it's a two-part formula. There's what the department is forecasted to spend, as well as some spending by other departments. I don't know if there will be OECD projections on GDP, but those numbers are on the website, and we will share them.

**Mr. Ted Falk:** General, Mr. Bezan asked you specifically about fighter pilots. Can you tell me in general what our pilot situation is like across the air force? Do you know the numbers? How many are we short?

**LGen Frances J. Allen:** I would not be able to give you the exact numbers of pilots for each of the platforms that we have pilots for. We can certainly provide those numbers moving forward.

One big challenge we have is that as we move from some platforms to others, a transition time is required. We have to train those crews to be able to operate on the new platforms, and that puts pressure—

**Mr. Ted Falk:** Do you have adequate personnel?

**LGen Frances J. Allen:** We still require more people in the same way that the Canadian Armed Forces is short of personnel. We are short of personnel within the air force.

**Mr. Ted Falk:** Thank you.

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

Colleagues, I'm assuming the bells are going to go off shortly. Do I have your consent to proceed regardless?

**Some hon. members:** Agreed.

**The Chair:** Thank you.

Mr. Collins, you have three minutes.

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

I have a couple of quick questions for Chief Xavier on the cyber issues that have been referenced in the committee today and the resources allocated to the same.

My questions are along the lines of the disinformation campaigns that have been generated by Russia and others to undermine our institutions here in Canada and to undermine the government's support on many files, including our support for Ukraine.

Much of that disinformation is spread on social media platforms. It's meant to change public opinion, and it has in certain quarters of the country. We're seeing increasing numbers of social media messages from our constituents—people who have bought into these campaigns that have been put out by Russia.

I'm just wondering about the initiatives that CSE is taking in terms of combatting that with the resources that have been provided in the mains, as well as the DPU.

What role can parliamentarians play from an education perspective to get at those campaigns that we know are increasing almost by the day?

**Ms. Caroline Xavier:** Indeed, we do see misinformation and disinformation as ubiquitous threats that we know we live through on a daily basis.

As part of the threats to democratic processes report that we published in December 2023, we highlighted that misinformation and disinformation are going to be pervasive throughout all the various activities that we see, either from a democratic process or from a warfare perspective.

In terms of disinformation campaigns, the Government of Canada has put in place a series of campaigns that we have led on its behalf, including up until March 2024 of this year. That website highlights different ways in which Canadians can get involved in terms of better understanding how they can combat myths and disinformation.

A big part of it is education, and we work on that with other government partners but recognize it's a whole-of-society situation. To your point about the role that MPs can play, you can continue to ensure that you are also using information that you can see from a base of facts or use more than one source of information. That's what we try to encourage on the website. It's ensuring that you have a good sense of where the information is coming from and looking for more than one source.

One of the campaigns we ran was, if it gives you a bit of a re-think—if you are asking a critical question about the information you're looking at, or if you raise your eyebrow—you might be looking at information that could be of concern to you.

We really highlight and recommend looking at more than one piece of information. We have used our foreign cyber-operations to disrupt information. We've also sanitized intelligence to ensure that information is made available, especially with regard to the disinformation campaign that Russia has run.

These are various aspects of our tool kit that we'll continue to use to ensure that information is factual.

• (1235)

**The Chair:** Thank you.

Unfortunately, it's been three minutes.

You have one and a half minutes, Madame Michaud.

[Translation]

**Ms. Kristina Michaud:** Thank you, Mr. Chair.

Mr. Matthews, my question is about the production of 155 mm shells.

A \$4.4-million contract was awarded to IMT Defence and General Dynamics Ordnance and Tactical Systems-Canada to develop a strategy to increase production of 155 mm shells. Last year, an investment of \$4.8 million allowed us to increase production by 3,000 to 5,000 shells per month, or nearly 66%. So it seems as though the current strategy is just delaying the production of these shells at a time when Ukraine desperately needs them.

Why invest in this strategy? What are the expected results and when are they expected? Is the goal to eventually increase production to support Ukraine?

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

Yes, the objective is clearly to increase production, but I must add that we also want to start buying a product that's a little different and of better quality.

[English]

Yes, there has been investment to increase production, but there's also.... The investment announced in the defence policy update is about an investment in infrastructure to hopefully also start producing a different kind of round that is actually of better quality and better range, etc. That's going to take time. One of the things we have learned from watching Ukraine and the response of Canada and allies is that we've all given what is on our shelves, and standing up new manufacturing takes time. We are starting the process of investing in infrastructure to increase production but also to get an

improved type of round. However, that will not be overnight. It's going to take months and months of work to get there.

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

Ms. Mathysen, you have one and a half minutes.

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

What I was trying to get to at the end of my last round, ultimately, was the fact that there has been a great deal of money spent on outsourcing. Not as much is being spent within the department on public services and public servants. We're talking about signing off on \$10.5 billion in terms of these contractors and so on.

There have been countless examples of P3 failures in the Department of National Defence. We have the CSE building fiasco and the Montreal supply depot. Now the defence policy update and budget 2024.... There is, again, billions of dollars for major P3s to provide military housing, for example.

What do you have in terms of evidence that these will be far more cost-effective and successful, considering that we have seen so many examples where that is not the case?

**Mr. Bill Matthews:** I have a couple of points here. I know we're tight on time.

First, the size of the public service or the number of public servants inside the Department of National Defence has grown, as well as spending on contracts, as our budget has grown. Both have been increasing. As we look to launch new products or projects, we basically look at the most effective way to deliver. Sometimes that is through public servants. Sometimes that is through contractors. Sometimes it's through a mix. That analysis, or options analysis, is ongoing.

We know that on things like housing we are in a rush to build quickly. Doing things the way they've been done in the past will not work. You will see a different approach on housing so that we can start to deal with that problem in an effective manner.

• (1240)

**The Chair:** Unfortunately, we're going to have to leave it there.

Thank you, Mr. Matthews.

Mr. Kelly, you have three minutes.

**Mr. Pat Kelly:** I'll pick it up right there. The budget contains zero dollars for new housing in each of the next two years. How is that a new approach? That seems to be exactly the same old approach.

**Mr. Bill Matthews:** I think there are a couple of ways here. New money, which will come, certainly helps, but you can also look at how it's delivered. There is existing money in the main estimates for infrastructure and for housing. Can we leverage that more quickly and effectively to generate newbuilds?

**Mr. Pat Kelly:** However, it's correct that there is zero in the budget.

**Mr. Bill Matthews:** There is money in the defence policy update for infrastructure.

**Mr. Pat Kelly:** There isn't this year or next year, though.

**Mr. Bill Matthews:** We have existing money for infrastructure.

**Mr. Pat Kelly:** Okay.

Canadians had the embarrassing spectacle of an allied ambassador telling a national television audience, "Canada has moved within NATO from being a bit of an outlier to being the outlier in the entire alliance."

Now, setting aside the issue of there being no plan to get to 2%, I'd like to go back to what I think was Mr. Falk's question about how the 1.76% of GDP calculation is arrived at. Many observers and analysts are having a tough time adding up what's in the budget and the estimates and getting to 1.76% quite a few years down the road.

Can you tell us more about how this is calculated, or let Canadians know how they can check your math?

**Mr. Bill Matthews:** The quick answer is that it is on the departmental website.

**Mr. Pat Kelly:** Where? Be a little more specific, because people are having trouble finding this.

**Mr. Bill Matthews:** We will send the link to the committee members in the backup. It's basically forecasted spending, on a cash basis, compared against the forecasted GDP for Canada as calculated by the OECD.

**Mr. Pat Kelly:** Okay. Thank you.

We haven't had a clear answer from the minister on the delivery of additional items that have been announced. We get a lot of announcements but no delivery dates. Will Canada's order of artillery shells—the quadrupled order announced in December—be received before December of this year?

**Mr. Bill Matthews:** We will continue to receive ammunition we've ordered, but you're...

**Mr. Pat Kelly:** You didn't answer my question.

**Mr. Bill Matthews:** I'm getting there. These are long-term contracts to see the augmentation. I expect it will be sometime after 2024 before you see a ramp-up.

**Mr. Pat Kelly:** Okay, so it will not be in 2024, as the minister told this committee.

**Mr. Bill Matthews:** I'm not going to say that unequivocally. I'm saying that if you talk to the manufacturers, they're talking about two-year lead times to order products.

**Mr. Pat Kelly:** The minister said 2024, but you don't think it's going to happen.

**Mr. Bill Matthews:** There has been increased production, but it's going to be a while before our stocks start to increase.

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

I'll take the final three minutes, and I'll direct this question to Lieutenant-General Allen.

I thought that, in watching all the back-and-forth here this morning, the most shocking statement the minister made was that 70,000 people wanted to get into the Canadian military in the last year, and we were only able to process 4,000 or 5,000 of them.

I find it borderline scandalous, frankly, that we have a bunch of young Canadians keen to join the military, and we can't even process them.

What's your response to that?

**LGen Frances J. Allen:** Certainly, we always want to do what we can to reduce both the time and the process necessary to bring Canadians into the armed forces. In any recruiting process, and this certainly has been true historically, not everybody who applies will meet the standards necessary to join the Canadian Armed Forces and not everybody's interest necessarily stays the same. We know, however, we have a role to play in making the recruiting process faster and easier so that people's interest does not go elsewhere.

**The Chair:** To be honest with you, that sounds like a series of excuses. If I know there are 70,000 people outside the door who want to get in and are, by and large, qualified, and we have a 16,000-person deficit—in other words, people are leaving more quickly than they're being replaced—commitments to improving sound like a series of excuses.

This committee has opined on this several times. I don't understand why, in 2024, we're not processing a lot of people a lot more quickly, because we desperately need them.

• (1245)

**LGen Frances J. Allen:** I would agree with you, Mr. Chair, that we need to take faster steps. Indeed, that has been happening over the last year.

Changes to the requirements for applicants coming in with respect to the medical standard necessary are under way, so that people with allergies, asthma, ADHD and anxiety are no longer automatically unable to join based on a medical standard moving forward. That risk assessment has been made to ensure we're not excluding Canadians who could operate effectively within the universality of service structure that we have.

As for security clearances, we're trying to improve that process and the time frame. As you know already, members are enrolled in the Canadian Armed Forces without the final security clearance. A reliability clearance is done, and then, during the time between when they are enrolled and when they start their occupational training and need access to classified material, their security clearance can go through.

Our paper-based processes are terribly antiquated and need to be replaced by the digital system, and the new online digital portal that has been created for applicants is one step of many that's—

**The Chair:** Unfortunately, we're going to have to leave that answer here, but what disturbs me is that you may be giving the same response this time next year and maybe even the year after that. That will be, from this committee's standpoint, completely unacceptable.

Unfortunately, I have to bring this part of the meeting to a close. I want to again reiterate our committee's thanks to Mr. Matthews. Apparently you're going over to the dark side now, and we're rather hoping that all requests for procurement and personnel from DND will proceed expeditiously from now on. Thank you again.

With that, I will let the witnesses leave.

**Mr. James Bezan:** If you're done, Chair, for Mr. Crosby, Ms. Crosby and General Allen, it's their last meeting as well. They're all retiring.

**The Chair:** Really? I didn't know.

Excuse me. Am I informed that the Crosby twins are finishing as well? And General Allen...? All right.

Colleagues, we have votes.

**An hon. member:** We're not adjourned yet, guys.

**The Chair:** Yes. I want to call the votes. I'd like to call the votes all at once, if I may.

**Some hon. members:** Agreed.

**The Chair:** Shall the votes on the main estimates 2024-25 under the Communications Security Establishment, the Department of National Defence, the Military Grievances External Review Committee, the Military Police Complaints Commission and the Office of the Intelligence Commissioner carry?

COMMUNICATIONS SECURITY ESTABLISHMENT

Vote 1—Program expenditures.....\$977,621,520

(Vote 1 agreed to on division)

DEPARTMENT OF NATIONAL DEFENCE

Vote 1—Operating expenditures.....\$20,236,301,508

Vote 5—Capital expenditures.....\$7,216,407,948

Vote 10—Grants and contributions.....\$893,526,093

Vote 15—Long-term disability and life insurance plan.....\$446,727,532

(Votes 1, 5, 10 and 15 agreed to on division)

MILITARY GRIEVANCES EXTERNAL REVIEW COMMITTEE

Vote 1—Program expenditures.....\$7,478,021

(Vote 1 agreed to on division)

MILITARY POLICE COMPLAINTS COMMISSION

Vote 1—Program expenditures.....\$5,101,677

(Vote 1 agreed to on division)

OFFICE OF THE INTELLIGENCE COMMISSIONER

Vote 1—Program expenditures.....\$2,415,887

(Vote 1 agreed to on division)

**The Chair:** Thank you. Shall I report these votes, less the amount voted in interim supply, to the House?

**Some hon. members:** On division.

**The Chair:** Thank you very much.

On Wednesday, we're going to continue with the procurement report consideration. Then, a week from today, there will be one hour for space defence and one hour for further consideration of the report.

With that, seeing no objections, the meeting is adjourned.







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