

HOUSE OF COMMONS CHAMBRE DES COMMUNES CANADA

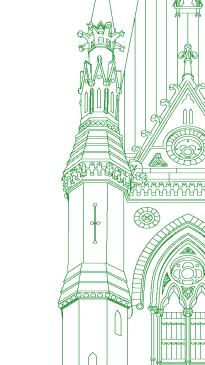
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Chair: Mr. Robert Kitchen

Standing Committee on Government Operations and Estimates

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• (1530)

[English]

The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)): Welcome, everybody. I will call the meeting to order and welcome everyone to meeting number 30 of the House of Commons Standing Committee on Government Operations and Estimates. The committee is convening today to continue its study on air defence procurement projects.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application. Regarding the speaking list, the committee clerk and I will do our best to maintain a consolidated order of speaking for all members, whether participating virtually or in person.

I would like to take this opportunity to remind all participants in this meeting that taking screenshots or photos of your screen is not permitted.

With that, I would like to welcome our witnesses here today. For your opening statements, we will start with Mr. Carroll followed by Mr. Norante.

You have five minutes, Mr. Carroll. Go ahead, please.

Mr. Simon Carroll (President, Saab): Good afternoon, Mr. Chair and members of the committee. Thank you for the opportunity to speak to you today.

With me is my colleague, Patrick Palmer, from the "Gripen for Canada" team.

Saab has a proud history in the defence and security industry. It dates back over 400 years and includes everything from submarines to fighter jets.

At present, we proudly serve the Canadian military with leading products such as the Carl-Gustaf weapon system that was provided by Canada to Ukrainian forces, along with several naval systems on board the navy's Halifax-class warships.

As you are likely aware, Saab remains eligible for selection in the future fighter capability project, having submitted a compliant bid for 88 Gripen fighters to Canada. Not only does Saab meet all mandatary requirements for capability, interoperability including NORAD and Five Eyes, and the delivery schedule, we also remain the only eligible bidder offering guaranteed pricing and economic benefits equal to the full value of the contract. Saab is the only competitor that committed to build, upgrade and maintain the future fighter in Canada, the first made-in-Canada fighter jet. This would create 6,000 high-value jobs across the country, maintained over 40 years to keep and grow critical aerospace skills within Canada's domestic industry. We partnered with Canada's leading aerospace companies, including CAE and GE in Quebec, IMP Aerospace & Defence in Atlantic Canada, Arcfield in Alberta, Leonardo Canada in Ontario and many more.

Our offer also included the creation of three centres of excellence: a cybercentre in Toronto, a sensor centre in Vancouver and an aerospace R and D centre in Montreal.

We further committed to the creation of a Gripen centre, the Canadian home of the Gripen fleet. The Gripen centre would employ Canadians to maintain and upgrade Gripen in-country, providing Canada with the sovereignty and independence to control the aircraft forever.

Recent statements by the government indicated that Canada is negotiating cost, a delivery schedule and economic benefits with our competitor. There should be no negotiation on these critical elements. These elements of the bidder's response were to be committed to and then evaluated as part of the competitive process. The fact that there are ongoing negotiations should be concerning to members of the committee and all Canadians. Saab is ready to provide Gripen fighters to Canada, as stated in our offer.

In addition to the fighter program, I would like to speak to another opportunity relevant to air defence procurement: ground-based air defence. Current world events have highlighted the importance of protecting critical infrastructure and populated areas from air threats, be they aircraft, drones or incoming fire.

Saab's mobile short-range air defence solution, MSHORAD, has been designed to meet such threats and can be rapidly deployed for use wherever and whenever it is needed. Canada has identified ground-based air defence as a critical and urgent requirement, given that it has no GBAD systems to defend against aerial threats, including the emerging threat from drones. Unlike traditional ground-based air defence systems, Saab's MSHORAD solution can detect, classify and eliminate small, low-flying targets with high accuracy. This capability is also important beyond the traditional conflict scenario. For example, our system, because of its unique mobility and flexibility, can be deployed at any location where security is of the utmost importance, such as a major sporting event or a meeting of heads of state.

Canada has recently released two urgent operational requirements closely associated with the broader ground-based air defence procurement, and we are confident that Saab's MSHORAD solution meets the needs of the armed forces for all three programs.

Saab is supportive of these urgent operational requirements and encourages the swift acquisition of this capability. As with the future fighter program, Saab is confident that it can meet the desired capability and delivery schedule requirements for Canada and, in the case of ground-based air defence, could deliver an interim capability within 12 to 18 months and a fully operational capability within two years of contract award.

We appreciate the opportunity to appear before this committee and welcome any questions.

Thank you.

• (1535)

The Chair: Thank you, Mr. Carroll.

Now we have Mr. Norante for five minutes, please.

Mr. Francesco Norante (President, Leonardo Canada): Good morning, Mr. Chair and committee members. It's a pleasure to be here today. My name is Francesco Norante. I'm the president of Leonardo Canada.

I also want to acknowledge that tomorrow is going to be the National Day for Truth and Reconciliation, so all Canadians are in our thoughts and we're very proud of that.

Leonardo Canada is part of the larger Leonardo group. Leonardo group is one of the top defence companies in the world. Last year we closed our revenues at 14.1 billion euros, more than \$30 billion Canadian.

We are presently in 150 countries around the world, in 26 of which we have production, and the majority of our revenues come from the international market. We have also invested in our supply chain extensively. We have more than 8,000 suppliers and a significant presence here in Canada as well.

Leonardo is active and present in all the spectrums of defence and aerospace. We have five key areas—air, land, maritime, space and cyber. In terms of aircraft and helicopters, we manufacture helicopters for all purposes. We proudly support search and rescue operations in Canada with Cormorant, and this is also the largest business we have in Canada.

We are also present in electronic defence. We cover basically the whole spectrum of defence electronics from U.S. command and control systems to radars and cybersecurity. We also manufacture aircraft. We are one of the few defence companies, if not the only one, that has heavily invested in jet trainers. We have a basic trainer and an advanced trainer, which are the two that we are going to offer in Canada for the next campaign.

We are very involved in the space business. We are in all the major space programs, and in particular, in Canada, we support Telesat for the low-earth orbit constellation program. We have a JV with Telus, so we manufacture the satellites for the next generation of satellites in Canada. We are also focused on customer support and training, so we do the entire spectrum from manufacturing to support, which is the activity we are going to implement here in Canada so we will be able to support all our fleets.

Leonardo Canada was established in 2018 here in Ottawa. Our office is here, with the purpose of expanding the business but also consolidating what we have. We've been present in Canada for 50 years in different configurations. Now Leonardo Canada is responsible for all the activities in the defence and security market.

In Canada, we have five service centres for helicopters across the country. We have more than 50 helicopters flying across the country. We cover search and rescue, air ambulance and also private purposes. We also have more than 40 ATRs, which are the medium aircraft for transportation. We are around 400 people. We own three subsidiaries: Leonardo DRS Canada based in Kanata, which is specialized in electro-optics and naval communication; Leonardo DRS Pivotal Power, which is focused on power units; and then Leonardo Canada - Electronics, which is specialized in simulation and training for electronic warfare.

We also are almost at the completion of the deployment of over 30 weather radars for Environment Canada, and we will also deploy more than 20 radars across all the main airports in Canada.

We have an extended supply chain. We purchased more than 3,000 engines from Pratt & Whitney. We are in partnership with CAE and all the key players. In terms of investment, we invested almost \$400 million last year in the supply chain.

Finally, I would like to thank all of you for this opportunity to be here today.

• (1540)

The Chair: Thank you for your opening statements.

With that, we'll go into questions, and we will start with Mr. Mc-Cauley for six minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Thanks, Mr. Chair.

Gentlemen, thanks for joining us today.

I'm going to split my time and try to keep it half and half between the two. Mr. Norante, I'll start with you, please. Leonardo was the main other bidder in the fixed-wing search and rescue procurement debacle. There's really no other word for what's gone on.

Are you familiar with what has gone wrong with the winning bidder, and would you care to comment on that? I realize you're a competitor, but we've heard stories about how it won't be certified, and how search and rescue personnel jumping out the back of the plane will be killed.

Mr. Francesco Norante: What I would say is that Leonardo presented a very compelling and very effective proposal for Canada. We would have obviously invested significantly in the country. As I said before, we invest a lot in research and development, but we were not selected so I'm not able to comment.

Mr. Kelly McCauley: With regard to the plane that you were offering, how many of those are currently operating around the world?

Mr. Francesco Norante: I don't have the total number, but it's a significant number, yes.

Mr. Kelly McCauley: It's a mature design. If the government had chosen Leonardo on that day several years back, would they be functioning, built, in the air and operating right now?

Mr. Francesco Norante: I'm not able to comment on the status of the program, because we were not selected. What I can repeat is that my company was definitely prepared to offer this solution for Canada.

I would say that now we've moved on. It was six years ago. We're focused on other propositions.

Mr. Kelly McCauley: Were the various requirements in the RFP easily adaptable for the plane you were offering? Were they reasonable, unreasonable...?

Mr. Francesco Norante: It's complicated to say right now. Obviously, we were not selected, so I don't know the status of the program. To be honest, we have not looked at the opportunity any longer.

Mr. Kelly McCauley: Is the plane you offered currently still being manufactured?

Mr. Francesco Norante: Yes. That's correct.

Mr. Kelly McCauley: Okay. Thanks.

I'm going to switch over to Saab.

Thanks for the information on the ground protection, especially against the drones, etc., because it's not something we've addressed yet in this committee. It's very interesting.

With Saab it's been a very long procurement process—not quite as long as it is for us to buy pistols, but it's certainly getting up there. How do you feel that Saab has been treated? Has the process been fair and transparent, do you believe, all along the way? Are there parts that you think certainly should have been improved upon?

Mr. Simon Carroll: Thank you for the question.

I believe the process was positive. We had a lot of interaction with the Canadian government throughout the process.

My colleague here has been part of it for longer than I have. I will defer to him to answer the rest of the question.

Mr. Patrick Palmer (Executive Vice-President, Head of Saab Technologies Canada, Inc., Saab): To echo Simon's position, we certainly felt that the process was very well defined. There was a lot of engagement and a lot of interface with the customer.

Up until the latter part of last year, where the customer moved to identify that we would offer a fully compliant bid, including interoperability and security...so we were able to demonstrate that we could meet the Two Eyes and Five Eyes requirements—

Mr. Kelly McCauley: I'm sorry. Did the Gripen meet the requirements for full interoperability and all of the other requirements?

Mr. Patrick Palmer: Yes. We passed all of those requirements. I think it was the end of last year when the Government of Canada announced that both us and our competitor met those requirements.

That said, one of the things I'll draw attention to is that, post that period of time, they entered into more of a quiet period, I would say, where there wasn't a lot of back-and-forth. One of the confusions we have right now is one of the minister's announcements that they're negotiating costs, economic benefits and deliveries for that program. From our perspective, those elements were to be clearly defined and committed to as part of the RFP. Ours was, and we're committed to that. We're committed to the deliveries.

• (1545)

Mr. Kelly McCauley: They asked you to pre-commit as part of the RFP, and now they're stating, "That's nice, but now we're going to negotiate further on these items," which were laid out in the RFP. Actually, that sounds very similar to the fixed-wing search and rescue RFP, where they had a 30,000-page RFP but they changed the rules afterwards.

What would they be negotiating with on the F-35, when there are no ITBs allowed as part of the F-35 program, in terms of economic benefits? Do you know?

Mr. Patrick Palmer: Thank you for that question, but we're not really privy to that level of what they're negotiating and what the final result will be. The only thing we can talk about is what we've committed to Canada. What we've committed to Canada is a fully compliant offer for 88 aircraft, including all of the training and all of the support structures.

Mr. Kelly McCauley: What IP sharing would there be with the government or was that—

The Chair: Excuse me for a second, Mr. McCauley. I hate to interrupt, but we're having a translation issue. I apologize.

I'm sorry about that. I think we've corrected it now.

Mr. Kelly McCauley: How much time do I have?

The Chair: I'll say you have 30 seconds.

Mr. Kelly McCauley: Thank you.

Very quickly, for the sake of argument, the government changes its mind and chooses Gripen tomorrow. When would delivery start? How fast would the turnaround be?

Mr. Patrick Palmer: Again, as per our commitment during the RFP process, we were committed to the 2025-27 time frame with respect to the initial operating capability and full operating capability by 2031. Really, nothing has changed.

Mr. Kelly McCauley: Is that for all 88?

Mr. Patrick Palmer: By 2031, all 88 had to be delivered.

Mr. Kelly McCauley: Great. Thanks very much. I'm sorry for the interruption.

The Chair: Thank you very much.

We'll now go to Mr. Bains for six minutes.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

I'd like to recognize that my questions are coming from the traditional territories of the Musqueam and Coast Salish peoples.

My first question is for Mr. Norante.

Recognizing that tomorrow is the National Day for Truth and Reconciliation, the government has been working on reconciliation through many initiatives, including a commitment of ensuring 5% indigenous procurement as a part of its mandate.

Can you please give an example of what your company is doing to help with indigenous procurement in the military sector?

Mr. Francesco Norante: I think Leonardo's doing pretty well on that front. We're very proud. We have a memorandum of understanding with indigenous communities in both Manitoba and Saskatchewan. We have also signed an agreement with a fully indigenous-owned catering company and, if we were awarded a contract, there is going to be several hundred million injected into those communities.

We are trying to do it not only particularly for Canadian campaigns but also for other activities we currently have in place. We try to involve indigenous communities in our international supply chain.

Mr. Parm Bains: Thank you for that.

I'm going to shift to November 2020. The federal government deemed Leonardo's proposal for the Cormorant mid-life upgrade unaffordable and began investigating alternative solutions. Leonar-do submitted an updated proposal in March 2021.

My question is this: Was the budget the only reason the government provided when they informed you that they would not be moving forward with your proposal?

Mr. Francesco Norante: Regarding Cormorants, it's an open negotiation at the moment, so I'm not comfortable or allowed to openly discuss an open competition. What I can say is that we have been working constantly with PSPC and the integrated team. Even when I left the office, the team was working collaboratively on this bid, so I personally think that any hesitancy has been fully responded to with the government. • (1550)

Mr. Parm Bains: Would you be able to answer how your new submission differs from the one that was refused?

Mr. Francesco Norante: Our submission in reality was never refused. They asked for further clarifications, and we answered all of them in terms of requirements, adjustments and so on. It's an ongoing discussion within the team, so it's almost a daily conversation. I think we have achieved what PSPC wanted.

Mr. Parm Bains: You've added some changes to that.

In May 2021, Leonardo Canada and Babcock Canada announced your joint bid for Canada's future aircrew training program, and the contract award is expected in 2023. What exactly will you be procuring for the CAF, and what period of time does the contract cover?

Mr. Francesco Norante: Once again, this is another open bid, so I cannot enter into a discussion of what we are submitting.

We are in the final phase of the RFP, and then the contract is going to be awarded in 2024. This is the new training syllabus for the air force. We think that our proposition is really compelling. We will generate an enormous number of benefits for Canada in terms of research and development and job creation in areas where, at the moment, the economy is suffering, so we are very confident in what we're going to submit.

Mr. Parm Bains: Okay. For the training systems and the instructors, do you have a cost estimate for that over the 20-year period?

Mr. Francesco Norante: Yes, we have everything, but, as you can imagine, this is sensitive information. We are in an open forum and the competition is not completed yet.

Mr. Parm Bains: Regionally, where will the training facilities be located? Would you be able to share that?

Mr. Francesco Norante: Yes. The training facilities are the existing bases, so between Manitoba and Saskatchewan, is where the training activities will happen. This has already been established since the beginning, so it's not going to change.

Mr. Parm Bains: Is there anything in British Columbia?

Mr. Francesco Norante: In British Columbia we're engaged with all the regional agencies. We are constantly engaging with the supply chain across the country, British Columbia included.

Mr. Parm Bains: Okay. Thank you.

If I have time, I'd like to ask the next question to Mr. Carroll.

Your experience in the navy and working at Saab is extensive. Can you speak about your experience as a warfare officer in the Australian navy and what you feel are the top three important quality factors when using military equipment? **Mr. Simon Carroll:** It's obviously a personal experience-based question. I think the top three would include confidence in your equipment and making sure you have good interaction between defence and industry, which I think is probably the number one that I would put as key. Early interaction between defence and industry is critical in making sure not only are the requirements met, but they are understood and shaped correctly. I would put that as the priority. The other thing, from a military perspective, is making sure you know how to use your equipment. Just because you have the equipment doesn't mean you have the capability. I think industry plays an important role in helping our militaries understand how to get the best out of their equipment.

The Chair: Thank you, Mr. Carroll.

Mr. Parm Bains: Thank you.

The Chair: Now we will go to Ms. Vignola for six minutes.

[Translation]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much, gentlemen, for being here today.

At committee, we've been told that the F-35 was chosen because it was a fifth-generation aircraft, whereas the Gripen E is fourth generation, and that means it would have limited capability against Russian air defences. Another reason cited is the fact that Sweden is not a NORAD partner country. This led to concerns about security within NORAD and about interoperability with the United States. However, you're telling us that you meet all these requirements.

In terms of operational capabilities, what are the advantages of the Gripen E relative to the F-35?

• (1555)

[English]

Mr. Simon Carroll: As you've correctly stated, we are fully compliant with the interoperability and security assessment piece of the program, and we remain committed to that bid that meets those NORAD and the Five Eyes compliances.

Regarding the technical capability, I'll hand that over to my colleague to respond to that part.

Mr. Patrick Palmer: To further Simon's explanation, when Canada and any country buys a fighter jet, they're buying a fighter jet for an extended period of time. They're looking at it for decades. What's relevant today is not necessarily relevant tomorrow from a threat perspective, a technology perspective and other perspectives.

When we look forward, the Gripen is designed to be credible, relevant and state of the art for the life of the program. The notion of fourth and fifth generations is actually more of a marketing term than anything else. What we've done is gotten away from generations and looked at it as a generation-less fighter. We want to make sure that fighter is relevant 20 and 30 years down the road, when we still need it. What we've done is we've created a fighter that's easily adaptable and easily upgradable.

To give you an example, some of the things to upgrade a typical fighter would take years to do the way the software and the mission systems are developed. What we've done is we've created an environment so that the software is easily adaptable. Now you can do things in a matter of hours or days or weeks, as opposed to years.

As new technologies become available to respond to new threats, whether you're introducing a new missile capability or whether you're introducing a new sensor or a new radar, our fighter is easily adaptable to meet those requirements for the life of the program.

[Translation]

Mrs. Julie Vignola: Thank you, that's interesting.

So, if Saab met all of the requirements and was the only bidder left to guarantee industrial and technological spinoffs, guaranteed pricing and timely delivery of the plane, why do you think the government turned to Lockheed Martin?

Why is it negotiating when your proposal offers everything on a platter?

[English]

Mr. Simon Carroll: We can't really comment on why the government chose Lockheed Martin.

We can comment on the fact that we offered a proposal in which there were no compromises to Canada. It offered budget stability. It offered the right capability for the aircraft in meeting all of the interoperability and security assessments, along with the operational and technical capability of the aircraft. It also offered a 100% guaranteed economic benefits package that would have benefited Canada now and well into the future.

The economic benefits package would have given Canada the opportunity to control the aircraft well into the future. As per my statement, the number of centres of excellence and facilities we were looking to set up in Canada would have employed Canadians in provinces such as Quebec and all the other provinces I mentioned before, to make sure that we put the maximum return into Canada for the life of the program.

[Translation]

Mrs. Julie Vignola: Essentially, what you are telling us is that this plane is adaptable and upgradable, that training and repairs would be done here, and you are offering everything Canada needs so it can to upgrade its own planes based on its future requirements. That is what I understood. And yet your offer was refused.

[English]

Mr. Simon Carroll: Yes. Your statement regarding what we were offering Canada is correct. We were looking to put not only the transfer of technology but also the ownership of the IP in Canada, so that they could have control over the aircraft for the period of the life of the aircraft.

Patrick, do you want to add anything?

Mr. Patrick Palmer: I would emphasize that it's far greater than just doing the maintenance. It's also doing the sustainment and the upgrade path.

When you look at Canadians and how we use our equipment, we use that equipment for a very long period of time. It's probably much longer than what was originally anticipated. In order to do that, you have to have access, as Simon said, to the intellectual property and the knowledge. What we've committed to—and we're still committed to doing it—is bringing that capability into Canada as part of the Gripen centre in the regional municipality of Montreal.

• (1600)

[Translation]

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Thank you, Ms. Vignola.

I'll now go to Mr. Johns for six minutes.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you all for being here.

I'll start with Mr. Carroll and Mr. Palmer.

The presentation you gave us identifies the Gripen as the only made-in-Canada solution that would create new, long-term jobs in Canada. Can you discuss how labour market shortages have impacted Saab Canada's operations?

Mr. Simon Carroll: At present, we have 50-odd employees across Canada. Like all other companies—not just in the defence industry but in other industries—the fight for talent is really quite intense at the moment.

The labour market shortages are something that we are working toward. We are looking at working with a number of different organizations and we are looking into universities. As part of the Gripen for Canada program, we were putting together an educational program for which we were looking to engage universities and some first nations communities.

Mr. Gord Johns: Is your focus right now on temporary foreign workers to fill the need?

Mr. Simon Carroll: With our current operations in Canada, it isn't. No.

Mr. Gord Johns: Okay. We're hearing lots of that happening right now.

I really appreciate your raising that we're on the eve of the National Day for Truth and Reconciliation. Call to action 92 is very explicit. It calls on the corporate sector:

...to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources. This would include, but not be limited to, the following:

 Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects.

ii. Ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects.

iii. Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal-Crown relations. This will require skills based training in intercultural competency, conflict resolution, human rights, and anti-racism.

How do you feel you're measuring up to meet that call to action? Where are you progressing and where are you failing?

Mr. Simon Carroll: Obviously, it's an extremely important issue given the current climate and the climate from the past as well. I would say, before I hand it to my colleague, we have identified it as a concern and an opportunity, for us to work with the indigenous communities in Canada. I'll ask Patrick to speak about what we were looking at as part of the future fighter program, but I'm happy to announce that we are already working with one of the indigenous first nations on Vancouver Island on a program that we are trialling. Only last week we started the trial.

Mr. Gord Johns: Where on Vancouver Island is that?

Mr. Simon Carroll: It's with the T'Sou-ke Nation.

Mr. Gord Johns: Okay.

Mr. Simon Carroll: Did you want to talk about the ...?

Mr. Patrick Palmer: The only thing I'll add is that, as part of the future fighter capability program and our offer, we recognize that as a very key component. We've had quite a few discussions and meetings with respect to how to support them from an academic perspective and bring them some of the talent and some of the skills sets that would leverage them and add to their future.

Mr. Gord Johns: Would you like to add to it as well?

Mr. Francesco Norante: Yes.

I can echo what my colleagues have said, but also, at Leonardo, in the current proposition we have the extensive involvement of indigenous communities. We also, separately from FAcT or Cormorant or the other current programs, established relationships with indigenous communities.

We are also supporting an organization called Orbis. That has the goal to detect diabetes in young indigenous people in the most remote communities. They use an aircraft. We install technology with them. They go into these communities. These communities are not accessible by roads. The only way into these communities is by plane. We leverage our technology, research and development and innovation, plus. We hope that we can do better for these communities.

• (1605)

Mr. Gord Johns: I imagine the CC-295 would help get to these communities as well.

Maybe just in 30 seconds could you tell us your top disappointment in the procurement process and what needs to be fixed? That's why we're here today. That's what we're working on in this study.

I'll let you have 30 seconds each.

Mr. Patrick Palmer: From Saab's perspective, certainly, the Canadian procurement process is very well defined. It's highly bureaucratic, but it's very well defined. I think we have a very good appreciation for it.

From a disappointment perspective from me personally, I think the Gripen for Canada offer is second to none. It's unparalleled in terms of the offer of economic benefits to Canada and the future sustainment and support of that aircraft in Canada. We still believe it's the right fighter for Canada for the reasons that Simon talked about earlier.

Mr. Gord Johns: All right.

Go ahead, sir.

Mr. Francesco Norante: In general, procurement can be improved in any country. I've been working in several countries so this is common across the board.

I would say that defence procurement is particularly complex and complicated. My experience here in Canada has been positive. We have a very good interaction with PSPC, with the integrated team. I would be disappointed after I lost my bid. At the moment, I'm still in the honeymoon. I would say so far the interactions have been excellent. I couldn't ask for better than this.

The Chair: Thank you.

Now we'll go to our second round. We'll go to Mr. McCauley for five minutes.

Mr. Kelly McCauley: Great. Thanks.

You'll have to excuse us, gentlemen.

I'm going to introduce my motion. I will use my time rather than the committee time for it. It's the one put on notice a couple of days ago regarding having Irving and PSPC appear to discuss indigenous hiring and indigenous corporations in light of tomorrow being the National Day for Truth and Reconciliation and some of the fine items that Mr. Johns brought up in very good detail about some of the obligations we have.

It can be considered to be part of diversity, but also part of the shipbuilding program as well.

The Chair: Could you read that into the record please?

Mr. Kelly McCauley: Sure. I move:

That, in the context of its study on the National Shipbuilding Strategy, the committee invite the President of Irving Shipbuilding Inc. and representatives from the company as well as the Deputy Minister of Public Services and Procurement Canada to appear before the committee to answer questions concerning the recruitment of foreign workers and the hiring process of hiring indigenous Canadians or indigenous businesses in the construction of the Canadian Surface Combatants.

Obviously, there are the AOPS as well.

This was the one that was put on notice a few days ago.

The Chair: So members know, it was put on notice. You received it back on Monday. However, it's just being sent out to you again just in case you want to see that.

Is there any discussion?

Mr. Kelly McCauley: One of the other things I wanted to add is obviously the very large news that we saw last week or the week before about bringing foreign workers into the NSS when very clearly we've seen all along that the intent was to build up capacity here among our workers' skills, among Canadian workers. Also, then, again, in light of reconciliation day tomorrow and the very fine detailed points that Mr. Johns brought up, I think it's incumbent upon us to have the two main people involved explain the issue and what they're doing toward providing indigenous contracts and the hiring and training of indigenous people.

The Chair: Thank you, Mr. McCauley.

I see Mr. Johns and Mr. Housefather. I'll go to Mr. Johns first.

Mr. Gord Johns: First, I think it's a great motion. I want to thank my colleague Mr. McCauley for bringing it forward, but we do want to make some friendly amendments that we're hoping he's open to.

After "workers and the", we want to strike "hiring process of" and just put "hiring of members of equity-deserving groups, including Indigenous"—we want "Indigenous" capitalized—"or contracting of businesses"—oh, sorry, cross Indigenous out—"businesses owned and operated by members of equity-deserving groups in the construction of the Canadian Surface Combatants".

Do I just sent the amendment out to everybody?

Do I send it to the clerk?

• (1610)

The Chair: If you can get a copy to the clerk....

Mr. Gord Johns: If that's okay, it could go out to everybody.

Mr. Kelly McCauley: I'm generally fine with that. I'm just worried that we may lose the focus. As we've seen in the past studies with this, that gets buried, that specific issue of hiring indigenous or of indigenous businesses. I just want to make sure it doesn't get buried—

Mr. Gord Johns: It won't.

Mr. Kelly McCauley: —and that's why I specifically put that, so we could study that specifically. When we look at the NSS, it's going to be 20 to 30 years before these ships are done. There's plenty of time to develop Canadians and talent. I just want to make sure we don't lose that focus, if you understand what I mean.

The Chair: Thank you, Mr. McCauley.

Mr. Kelly McCauley: Otherwise, I'm generally fine with it if Mr. Gords will support—

The Chair: Mr. Johns, do you have that in both languages? We can't distribute it unless you have it in both languages.

If you will give us a copy, the clerk will read it into the record.

The Clerk of the Committee (Mr. Paul Cardegna): The amendment is essentially to strike the words "hiring process of" and add after the word "hiring", "of members of equity-deserving groups, including Indigenous peoples", and adding the words "contracting of businesses owned and operated by members of equitydeserving groups".

The Chair: Could you read it as amended, please?

The Clerk: All right. The text of the motion, if the amendment were adopted, would read as follows.

That, in the context of its study on the National Shipbuilding Strategy, the committee invite the President of Irving Shipbuilding Inc. and representatives from the company as well as the Deputy Minister of Public Services and Procurement Canada to appear before the committee to answer questions concerning the recruitment of foreign workers and the hiring of members of equity-deserving groups, including Indigenous peoples, or contracting of businesses owned and operated by members of equity-deserving groups in the construction of the Canadian Surface Combatants.

Thank you.

The Chair: Thank you, Mr. Clerk.

Mr. Housefather, you have the floor.

Mr. Anthony Housefather (Mount Royal, Lib.): Mr. Chair, I wanted to speak to the principal motion, not really the amendment, so perhaps I could come back when we determine whether the amendment goes through or not.

The Chair: Thank you. Okay.

Is there any further discussion on the amendment? Everyone is good there.

(Amendment agreed to)

The Chair: Mr. Housefather, you're discussing the motion as amended.

Mr. Anthony Housefather: Thanks so much, Mr. Chair.

I also agree that Mr. McCauley has brought forward a very good and timely motion. I think it is important to note that we have heard from people on this issue. Irving's workforce is 98% Canadian. Irving has its pathways to shipbuilding program, which has members of the Black community in Nova Scotia and members of indigenous communities. They're studying at Nova Scotia Community College in areas like welding, etc. Those people are going straight to work at Irving. Pretty much 100% of them get hired following their degree.

I was just wondering—again, it's obviously up to Mr. Mc-Cauley—if he would consider adding Nova Scotia Community College to be a witness as well, given that the college is the one in partnership with Irving to give pathways to shipbuilding for minority communities. I think it would be useful to hear from them as well in the context of this study.

• (1615)

The Chair: Mr. Housefather, are you moving that as an amendment?

Mr. Anthony Housefather: I just wanted to hear if my colleague Mr. McCauley agrees to it. If he does, I would be happy to.

The Chair: Right at this point in time you're asking Mr. Mc-Cauley if he has consideration of that. Go ahead, Mr. McCauley. **Mr. Kelly McCauley:** Generally if there's support on your side and we can just settle this quickly, move forward and vote on it, then fine. My biggest concern is, again, it's a 20-year or 30-year project. We're flying in foreigners to work on this. I'm sure they're wonderful people, but we're flying in people from out of the country. I'd like to hear specifically why. I have capable first nations people in Alberta. Why are we not making the commitment to them over a 20-year or 30-year period to train and upgrade those skills, and so on? If you want to bring them in, then, perfect, I'd be happy to. We can vote on this, and then move forward and get back to our witnesses.

Mr. Anthony Housefather: Okay.

I move to amend it to add Nova Scotia Community College as a witness.

The Chair: We have an amendment to the amended motion. I'm looking around the room. Is there consensus?

I'm seeing thumbs up. It's unanimous.

(Amendment agreed to)

(Motion as amended agreed to)

Mr. Kelly McCauley: Thank you, Gord and Anthony.

The Chair: Thank you very much.

With that, I thank the witnesses for bearing with us as we dealt with that issue.

We'll go to Mr. Kusmierczyk. We have 10 minutes left. I am going to change the time frame and go with four minutes around the table. We'll go with two minutes for Mr. Johns and Ms. Vignola.

You have four minutes, Mr. Kusmierczyk.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you, Mr. Chair. It's terrific work and collaboration by the committee today.

Mr. Norante, I read with interest about the Cormorant Trophy that is handed out every year to a worthy helicopter rescue team. Last year, of course, it was the first time that a joint U.S.-Canada team received such recognition for a heroic rescue mission. It was described as operating in some of the most severe weather conditions known.

I just wanted to ask you this. The Cormorant has provided over 100,000 flight hours for the Royal Canadian Air Force. During that time what have we learned about the Cormorant and its capabilities?

Mr. Francesco Norante: I think what we have learned, in my personal opinion, is that it's the most-suited platform out there to do these types of rescue missions, especially in areas across the Atlantic and in the Arctic. It's a unique platform. The mid-life upgraded Cormorant is even better. It has been successfully delivering in different countries. In Norway it's being used very well. We are convinced that this would give us in Canada an advantage. It will help to rescue more people. It will diminish fatalities under critical conditions.

You even saw last year in British Columbia how successful the Cormorant operation was. We think the new platform is going to be much better and more advanced. We're looking at the next 20 years of operations.

Mr. Irek Kusmierczyk: Okay, that's terrific.

Obviously, with climate change and seeing more severe disruptions and weather conditions that our rescue crews have to operate in, how much more important is it to make sure that you have the right mix of platform and training for our search and rescue men and women?

Mr. Francesco Norante: Your question is well posed. I think that there is a technical requirement, and Cormorant is currently the only platform out there that is fully compliant with the requirements of the Government of Canada for search and rescue operations. You're looking at new capabilities, advanced capabilities, that are not present in any platform at the moment.

Leonardo invested years of research and development to be sure that we could offer to our ultimate client, in this case the Canadian Forces, the best machine out there.

Obviously training is the second part of the puzzle. People need to be trained, but there is artificial intelligence involved, so there are additional capabilities the machine has to diminish human error. The new Cormorant is going to be mind-blowing for the users in Canada.

• (1620)

Mr. Irek Kusmierczyk: Thank you very much.

I have a question for Mr. Carroll.

Gripen is arguably one of the best fighter jets in Europe, but in the last number of months, we've seen the F-35 win bids in European countries, in 2018 in Belgium and in 2020 in Poland. Switzerland, Finland, Germany and Czechoslovakia all selected the F-35, and they all operate within the same theatre of operations, arguably.

Can I ask what advantage it has, for example, for a country that is going to be operating in that theatre to follow suit, follow the same plane and platform and acquire the same plane and platform that other European countries are acquiring?

Mr. Simon Carroll: Thanks for the question.

I'll defer to my colleague, but I'll come back at the end if there's something else.

Mr. Patrick Palmer: I guess the way I'd answer-

The Chair: Mr. Palmer, answer in 30 seconds, if you can. I hate to put a time strain on you.

Mr. Patrick Palmer: I'll do my best.

What I would say is that I can talk about the capability of Gripen. I can't talk about the various countries in terms of why they choose different things, but I will say, about the capability of Gripen, how formidable it is, how relevant, upgradable and current it is.

I will also say that, if you look at that environment and you're putting all your eggs in one basket and you have an issue with one, where one of them isn't flying, then you're not able to do any missions. You're not able to have any mission success at all. There is some argument as well to not all have the same equipment, whether they be airframes, aircraft, fighter jets or anything.

Again, I'll talk to you about the capability of Gripen. I can't talk to you about what other countries have chosen.

The Chair: Thank you.

Mr. Irek Kusmierczyk: Thank you.

The Chair: Now we'll go to Ms. Vignola for two minutes.

[Translation]

Mrs. Julie Vignola: I will be brief.

Sweden is a relatively northern country. I think we can say Sweden is in the North and Canada is also a country with a large Arctic zone.

What are the Gripen's advantages in Arctic zones?

[English]

Mr. Patrick Palmer: Gripen is designed to operate in the Arctic. It's designed to operate in extreme temperatures, both hot and cold, but it's really proven to be operable in the Arctic. As you know, operating in Canada's far north is incredibly taxing and incredibly hard on, not only the equipment but also the people and everything else. Gripen is definitely designed for that activity.

When you look at what's happening around the world today and you look at the threats that Sweden faces, we face the same threats. Sweden, from a proximity perspective, have interactions, negatively, with Russia all the time. The Gripen was designed to meet those threats, to operate in that environment and to operate very well in that environment.

I think the Gripen is a proven, capable aircraft operating in the north.

[Translation]

Mrs. Julie Vignola: Thank you.

I would like to quickly come back to the fact that Saab met all of the requirements. You received written confirmation. And yet, the Government of Canada decided to choose Lockheed Martin. Do you think that undue pressure was deliberately placed on the government to lead it to make this choice?

[English]

Mr. Simon Carroll: We can't comment on what transpired between the Canadian and the U.S. government because, quite simply, we don't know. That said, we are very confident that our fully compliant Gripen remains the best fighter for Canada.

As we mentioned in our opening comments, Canada's decision to move into the finalization phase to negotiate with the competitor to determine costs, benefits and deliveries—which are mandatory requirements as part of the program—is inconsistent with the FFCP procurement guidance that we were given.

• (1625)

The Chair: Thank you, Ms. Vignola.

We'll go to Mr. Johns for two minutes.

Mr. Gord Johns: The presentation slide regarding the groundbased air defence references opportunities to streamline the procurement process. Can you elaborate on what opportunities you see in this regard, Mr. Carroll and Mr. Palmer?

Mr. Simon Carroll: What opportunities do we see to streamline?

Mr. Gord Johns: Yes. I'm asking about the procurement process.

Mr. Simon Carroll: Based on the fact that this has been issued as an urgent operational requirement, we have looked at all possibilities to provide the capability as soon as possible. Some of that has been looking into what is in stock and what is available, and how we can work with other potential partners to provide capability to Canada within the soonest possible time frame.

Mr. Gord Johns: Do you want to speak to it? I know you're all a little timid, because you want contracts with the government, but we're trying to get down to the nitty-gritty of how we can improve the procurement process and what's going on.

I'd like to hear a bit more about the ways in which there are some shortfalls, compared to what's going on in other countries around the world.

Mr. Francesco Norante: On this specific opportunity, I can say that Leonardo is already providing some of these technologies. For example, in the last few years in the U.K., we deployed some of the countersurveillance at Heathrow Airport.

This type of technology is available. Streamlining can be done using a combination of existing technology and customization for Canada.

Mr. Gord Johns: Is there anything that you want to add around the process itself that you would like to see improved, or that you can highlight as a top....?

Mr. Simon Carroll: As we raised earlier, the process is well-defined but it is extremely exhaustive. Some of the information that is requested in programs like fighter programs, in which there is a lot of technology involved, is traditionally available as part of further negotiations, rather than at bidding time. I think it requires quite a lot of government-to-government involvement and approvals to release some of that information. The detail that was requested was different from other programs and other procurements that we've looked at internationally.

The Chair: Thank you, Mr. Carroll.

Now we'll go to Mr. Lobb for four minutes.

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

I have one point, and it may be a naive question, but you brought it up. Airlines around the world don't go with one airplane. They have a number of different manufacturers with the fleet that they have. I think back to the issues that Boeing had, going back two or three years, with the 737 Max issue that got screwed up.

Are there other air forces out there that have a number of different models, or do you pick one and go for the whole thing?

Mr. Simon Carroll: There are a number of air forces that have multiple fighter jets in service.

Mr. Ben Lobb: Are there any the size of Canada that would have that?

Mr. Simon Carroll: I think we need to be careful when we talk about whether it's the size of Canada or the size of the air force—

Mr. Ben Lobb: Let's say the size of the air force.

Mr. Simon Carroll: I couldn't tell you off the top of my head. I know that there are some other countries within Asia, for example, that might have some older legacy aircraft that are still flying as fighter jets, but I'm not 100% sure.

Mr. Ben Lobb: Okay.

As far as what else Saab has to offer for air defence goes, what other products do you see that would help Canada get up to date and current with our air defence?

Mr. Simon Carroll: I would focus on the mobile short-range air defence system that we proposed and we gave some information on. That system provides a unique level of flexibility in that it is not one type of system. You can have multiple firing units and multiple radars that can be moved to the location required for that air defence. It's not something that is necessarily set in a specific location and then has to stay there. The system was designed with the idea that the radar could be relocated on short notice and the firing units, likewise, go with that radar. If all of a sudden you need to remove the firing unit from the platform and leave it as a more permanent fixture, then that can be done very quickly by a small team of people.

• (1630)

Mr. Ben Lobb: Where do they make that one?

Mr. Simon Carroll: That's made in Karlskoga, Sweden.

Mr. Ben Lobb: Thanks.

Mr. Simon Carroll: I'm sorry. I should mention that, obviously, should we be selected, we would look at multiple opportunities to engage the Canadian industry to assist with that.

Mr. Ben Lobb: Just to close, I'll go to Mr. Norante on the Cormorant helicopter.

One of the most famous Canadian helicopter pilots grew up down the road from me with the Cormorant—Jeff Powell. He's won a Governor General's award. He flies a Cormorant for the Coast Guard and was the first Canadian to fly with the U.S. Coast Guard around Washington. He grew up just down the road from me and went to high school. He's one of your top guns, I'd say.

Mr. Francesco Norante: I'm very pleased to hear that.

I don't know if it's possible, but I would like to add a comment.

Mr. Ben Lobb: Sure.

Mr. Francesco Norante: We were talking about efficiency in procurement and streamlining the process a bit. I was thinking, for example, that we are bidding for FAcT, for the future right to training. We are a manufacturer, but we also offer services for the entire fleet.

With our jets, for example, for all the phases of the training from FAcT to fleet to Snowbird replacement, whenever that happens, we can offer everything. Logistics are going to be shared and all these types of activities—the services, support and maintenance—could be shared across all three of these programs. This, for example, could be an efficiency for the procurement process.

The Chair: Your timing was perfect. Thank you very much.

I'm impressed at how you finished almost right on the button. I really appreciate that.

We have one last questioner.

Mr. Housefather, please go ahead for four minutes.

Mr. Anthony Housefather: Thank you very much, Mr. Chair.

Thank you very much, to both companies, for coming in today. It's very much appreciated. I definitely appreciate your role as suppliers and potential suppliers to the government.

I want to thank Saab for providing the Carl-Gustaf that we sent to Ukraine. I also want to note the F-35 versus the Gripen issue. In the last four years, six European countries have also chosen the F-35, Finland being the latest earlier this year. We don't have Lockheed here to talk about the functionality of their offering. This isn't meant to be a competition between the two. It's still an open contract process in which, theoretically, no contract has been signed yet, so I'd rather stay away from that and move to another area.

You talked about the ground defence and the MSHORAD, which I think is mobile short-range air defence, as you said. I understand the first live system firing took place in Sweden a couple of weeks ago. Could you talk to me about how new that product is and whether any other countries have already purchased it?

Mr. Simon Carroll: As I mentioned in my previous response, the MSHORAD is made up of a number of different components. Some of those components are fully operational and at what we call technical readiness level nine. Other components are parts of that demonstration that you correctly mentioned, and we're looking at how we can put that system into many markets into the future, Canada being one of them.

Mr. Anthony Housefather: I understand that. I understand that there are different parts of the new solution, some of which are already proven in other capacities and some not. I was just wondering

if any other country had actually acquired prototypes or alpha versions of the new system and was actively engaged with you in testing.

Mr. Simon Carroll: I would have to speak to our team in Sweden, who at the moment are controlling the marketing and the proposal side of activities related to that product.

Mr. Anthony Housefather: No worries.

I wanted to also ask you about another new facility that Saab is setting up in India to make weapons systems. Can you talk to us about the expansion of your manufacturing outside of Sweden and what new weapons systems are going to be built in India, for example?

Mr. Simon Carroll: Saab has recently engaged with what we call a "multidomestic policy", where we look to set up certain countries in the world as operational countries. The ones we have at the moment are in the U.S., Australia, the U.K. and Germany. With regard to India, I do know that facility has been established to manufacture the Carl-Gustaf weapon. Outside of that, I'm unaware and would again have to refer to my colleagues in Sweden.

• (1635)

Mr. Anthony Housefather: I just want to end with one other question to you, if I have time. On the MSHORAD, you mentioned that as a possibility. What other products...? I don't like to use the word "products" because what you're manufacturing is a product but it's obviously something far more to the armed forces. What other solutions do you have that you recommend that this committee think about in terms of our study that may be beneficial to the Canadian Armed Forces, leaving aside the jets, please?

Mr. Simon Carroll: Is that for air defence in particular?

Mr. Anthony Housefather: Yes, it's for air defence.

Mr. Simon Carroll: Previously, we would have referred to the RBS 70 ground-based missile system. That is a component of the MSHORAD system that you would have seen as part of the information that was given. For us, the main focus for ground-based air defence and air defence procurement outside of the fighters is that capability, which is why I wanted to bring it to your attention today.

Mr. Anthony Housefather: I appreciate that.

Mr. Chair, those are all my questions. I see we're over time.

The Chair: Thank you, and thank you, Mr. Housefather.

With that, I would like to thank our witnesses for coming today and presenting. It's nice to have you here in person, as opposed to doing things virtually, as we've done for the last two years or so. We do want to thank you for that.

If there is any other information that you feel might answer a question, which as you leave you think "I should have said that", please by all means put that down in writing. If you would submit it to the clerk, the clerk will spread that amongst the members so that they're aware of that information.

With that, I would like to thank Mr. Carroll and Mr. Palmer from Saab and Mr. Norante from Leonardo for coming. As well, I would like to thank the technicians, staff and interpreters for being here, as well as our analysts and our clerk.

With that, I declare the meeting adjourned.

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