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Chair: The Honourable John McKay





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Thursday, November 2, 2023

• (1530)

[English]

**The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)):** I call this meeting to order.

Colleagues, it's 3:30 p.m. I see a quorum, and everybody's time is precious.

We'll commence with Mr. Clark.

I thank you, sir, for your attendance here today. We're hoping to hear some interesting testimony with respect to how we deal with procurement. Again, thank you for driving all the way in from Cobourg. We appreciate that.

With that, you have five minutes for your opening statement. Then we'll go to questions.

**Mr. Michael Clark (Manager, Business Development, FELLFAB Limited):** Good afternoon, Mr. Chair and committee members. Thank you for the opportunity to appear here today.

My name is Michael Clark. I am an executive representing FELLFAB Limited for the defence and government sector.

FELLFAB is a 72-year-old privately owned Canadian business. We're based in Hamilton and we specialize in providing innovative textile solutions. We pride ourselves on transforming purchased fabrics into engineered solutions to meet specific industry applications.

We operate within a variety of industries. We are a multi-year award-winning vendor in the commercial aerospace world. We operate in the rail, nuclear, industrial and defence markets. We're also a vendor in the space market. When you look at the Canadarm and see its white textile wraps with the Canadian flag, those were made by FELLFAB Limited in Hamilton in our class 100,000 clean room. It's a very interesting story.

At FELLFAB, we employ 125 individuals and fall under the designation of a small and medium-sized enterprise, as laid out according to ISED. We leverage this distinction using the ITB policy for large government procurements, ITB being “industrial and technological benefits”. We work primarily with large defence contractors in this field. I'm going to save you from hearing about a whole list of programs we've worked on.

A 2022 report released by ISED indicated that firms with fewer than 250 employees represent nearly 90% of the companies in the Canadian defence sector. Like FELLFAB, these companies do not operate solely in the defence sector; they play a role in a number of

different industries as well. Navigating the complexities in large-scale defence programs is a continuous endeavour for us. While we acknowledge the complexity and nature of the defence procurement system, we also recognize and know first-hand the impact that small and medium-sized companies have in this sector.

I watched some of the recordings from previous sessions. A lot of the discussions have been about large-scale defence programs—planes, ships and those big things—but we must not overlook the smaller-scale initiatives and projects that impact the day-to-day operations of the CAF. Outfitting CAF personnel with necessary kit or products to maintain equipment is crucially important. Our experience in these projects has taught us that speed and efficiency are equally crucial. While the programs we work on may not boast billion-dollar budgets, their cumulative impact is far from trivial.

Today I would like to emphasize the critical importance of supporting Canadian companies for our defence needs. Choosing Canadian companies means investing in our people and highly-skilled jobs and fostering innovation within our borders. Furthermore, supporting Canadian companies like FELLFAB enables us to contribute to important initiatives, such as resettling refugees, integrating them into our communities and providing them with meaningful employment. In summary, every dollar we spend outside of Canada takes from Canada. The world is always changing, and our changes in the procurement world must keep step.

COVID taught us a very valuable lesson: Reliance on a non-Canadian-centric supply chain or procurement policy can be risky. Navigating defence procurement policy is not an easy endeavour, especially for small companies. Simply stated, if there is a requirement for the CAF with a suitable Canadian solution, you should buy it. It's the best thing to do. It's the right thing to do.

How do we make it easier and quicker for small and medium-sized businesses to work within the defence procurement policy? As somebody once said to me, the questions are easy; the answers are difficult.

• (1535)

Thank you for your time.

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

Mr. Kelly, you have six minutes, please.

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

Thank you very much for being here today. Indeed, we're hoping that perhaps through your testimony we can get some answers about how procurement can be improved.

For a small or medium-sized enterprise, what are the challenges in dealing with PSPC?

**Mr. Michael Clark:** It's not always just dealing with PSPC. When contracts are let and they're tendered, that goes through PSPC. A lot of times, programs or products required by DND don't necessarily go through that same tendering process. In those cases, when we talk about speed, that's probably one of the issues we run into—the ability to work with individual bases on individual applications. How are they able to get products?

**Mr. Pat Kelly:** Is it your suggestion, then, that it's easier to deal straight with DND than it is to go through PSPC?

**Mr. Michael Clark:** It's definitely quicker. The tendering process can be lengthy. Some things will drag on for a while. There are extensions and such.

**Mr. Pat Kelly:** For relatively smaller and lower-valued contracts, it would be better not to deal with PSPC. Is that what you're saying?

**Mr. Michael Clark:** In my opinion, yes.

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

The government operations committee studied PSPC and the challenges for small and medium-sized enterprises in dealing with PSPC. I recall the testimony. It was staggering. On the barriers to procurement across Canada, every witness talked repeatedly about how difficult it was to bid on contracts. It leads to fairly uncompetitive contracts, because most companies don't have the expertise and can't be bothered, frankly, to gather the skill to negotiate through PSPC.

This study was a little while ago. I'm not sure; would you agree with some of that characterization? Do you think it has gotten better over the last three or four years since that study was tabled?

**Mr. Michael Clark:** That's an interesting point. There are instances that I can think back to from a number of years ago—I can't remember the companies individually—of hearing that it was too difficult and onerous if you were a small company to get involved in some of these larger programs and tenders. They just didn't have the horsepower sometimes to pull it off.

Even with our organization, it sometimes takes a lot of time and a lot of manpower to work on a tender, pull things together and do what is being asked in the tender process to be able to submit a bid.

**Mr. Pat Kelly:** Does the Government of Canada, whether it's the department or PSPC, need to do a better job of concise and accurate RFPs?

**Mr. Michael Clark:** That's a tough question to answer, because each one is different. Some of them are definitely more complex than others. I don't know if I can—

**Mr. Pat Kelly:** Is that the RFP or the actual solution required?

**Mr. Michael Clark:** In some cases it's the actual RFP.

I don't know if I actually have a good answer for that. I've seen some that are fairly straightforward and simple and others that are quite complicated and have a lot of moving parts to them. I do pity some of the folks at PSPC who have to orchestrate these things, because they are complicated.

As I think somebody else stated here—I think it might have been Simon Page—when you look at some of these tenders, it's not just one department: You have DND as the tech authority and you have PSPC as the contracting authority, and then you have ISED also overseeing part of it. You have these three circles that are trying to intertwine.

When you're trying to get a balance that everybody is happy with, I don't think you're ever going to see one that goes so smoothly that everybody says, “Wow. That was perfect.” It would be very difficult to ever see that happen.

• (1540)

**Mr. Pat Kelly:** Okay, but surely we can do better than taking literally decades to figure out and decide what product to buy and fulfill the contract.

**Mr. Michael Clark:** Yes. It is a—

**Mr. Pat Kelly:** What do you think delay costs in the operational readiness of the Canadian Forces?

**Mr. Michael Clark:** I wouldn't even want to try to guess. I don't know. That's a question that would be beyond me.

**Mr. Pat Kelly:** Do you agree that delay is a problem and that it takes too long to replace important pieces, whether it is something big, which I know is not what your company does, or something small?

**Mr. Michael Clark:** I hear it from my peers, people with the large defence primes, who say, “Yes, it takes too long.”

They're complex systems. When you're talking about something like a ship, that is a very complex system. An aircraft can be very costly and complex.

**Mr. Pat Kelly:** What about the smaller things that your company bids on?

**Mr. Michael Clark:** The actual tendering process is fairly quick, but again, it's the identification from DND in asking, “What is it that we're looking for? What is it that we need?”

What DND has done more recently has been to ask, “What does industry have to offer?” It will actually interview industry, get industry involved to see what is available in the market today and try to select the best of the best, instead of what it did years and years ago, which was to invent something and then go to industry and ask, “Can you build it?”

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

Mr. Collins, you have six minutes.

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

Mr. Clark, welcome. It's always great to have a Hamilton perspective, but especially from, as you noted earlier, a very successful, long-standing small to medium-sized family-owned business that's done terrific things from an employment perspective in the city of Hamilton. I appreciate your providing testimony today.

To date, we've largely looked at some of the internal controls related to how the procurement process works between ministries, and the steps and layers it takes for a contract not just to be let but also to be awarded.

One of the questions I have asked some other witnesses is regarding when and where industry should be a part of that procurement process through those steps. We've talked about, in some cases, the lack of communication and the need for more transparency.

With your experience with these contracts, where do you see industry? How does industry play a role in terms of providing some advice all through that process?

**Mr. Michael Clark:** You see it even today with a lot of programs. DND and the tech authority are involving industry right from the get-go.

The first thing they do is look at whether there is something they need. First they identify their need. The next thing they do is go to industry and say, "We're looking for something like this. What have you got?" Industry is being engaged almost right from the beginning.

We've seen, over the last 10 to 15 years, that during CANSEC—of course, you're probably aware of the large show every year here in Ottawa—DND really tells its people to get out there, to go to these events, to engage with industry and to see who's out there and who does what. The people within DND are being educated as to where these companies are and what they do. They are engaging industry pretty much right from the beginning. They're engaging industry with industry days, for example, if there's a certain program.

Really, ever since COVID, these have become more and more common, because we can do hybrid meetings now. People are more used to the virtual concept, so they can get a lot of people involved and can ask them the questions: "What does industry have? What do you have to offer us?"

I think it is working now.

**Mr. Chad Collins:** The Parliamentary Budget Officer appeared before committee and talked about some of the inefficiencies that come with having multiple ministers and ministries involved in the procurement process. Too many hands on the wheel can make things a little bit difficult for those vendors going through that process.

What are your thoughts in terms of dealing with one or more ministries? Should it be one? Does the current system work now when you're dealing with multiple ministries?

**Mr. Michael Clark:** When you're getting into programs of that magnitude, those are the ones that are playing at that tier 1, tier 2, tier 3 level, so we'll be supporting those prime contractors. They're probably dealing with that a lot more than we are at the level where we play.

I would probably say I'm not the best one to answer that question.

• (1545)

**Mr. Chad Collins:** Fair enough.

I know you do a lot of business in the United States and outside of Canada.

Can I ask, in terms of their procurement process, when you're bidding on government projects in other countries, is there anything to learn from what they're doing right?

**Mr. Michael Clark:** In Canada, we have FELLFAB Limited, which is a privately owned, family-owned business. In the United States, we have FELLFAB Corporation. The CEO is common between both, but that is a totally separate entity. FELLFAB Corporation in the U.S. does very little defence business. We're trying to change that, but it's very different. I would say that we have nowhere near the same level of exposure in the defence market in the U.S.

**Mr. Chad Collins:** Okay. It's not surprising, I think, to many of us who've been in government for a while that one of the biggest complaints that comes through the procurement process from vendors who decide to formally complain is the whole issue of bias. Have you experienced that with some of the contracts that you've been on before? Have you filed any formal complaints? If you have, how have they been dealt with?

**Mr. Michael Clark:** No, we've never run into that, or at least not to my knowledge. I've been with the organization for seven years. I've never run into it first-hand. I don't have any recollection of us encountering such a thing or reacting to it.

**Mr. Chad Collins:** Okay.

We had a recommendation from another witness who talked about maybe structuring the procurement process a bit differently from the way we do it today, especially for our larger contracts. We talked about removing some of the barriers and hurdles that vendors need to go through when they're going through that process.

His suggestion was that while that might prove to have some benefit to us in terms of speed—and I think that's of the utmost importance, both for the government and for the vendors who are participating—it may have some impact on transparency in terms of almost bending the rules rather than breaking them, which could create a messy situation, certainly from a political perspective. Our constituents want everything to be open and transparent. We don't want to run into instances of vendors complaining at the end of the day that there has been some bias.

Can I get your reaction as we look at the procurement policies that have been developed over decades, probably for the entire life of your operation at FELLFAB there in Hamilton? What's your opinion in terms of removing some of the requirements that are embedded into the procurement process if the outcome is that we may have less transparency with what we put out from a procurement perspective?

**Mr. Michael Clark:** That's—

**The Chair:** That's a very important question. Unfortunately, Mr. Collins has left you no time to answer it, so if you could—

**Mr. Chad Collins:** Pat will let him answer it.

**Mr. Darren Fisher (Dartmouth—Cole Harbour, Lib.):** Thank you. He'll return the favour.

**The Chair:** I'm sure there will be some reciprocity here.

Madame Normandin is next. She will speak to you in French. I'll give you a second to get yourself wired up there.

We have Madame Normandin for six minutes, please.

[*Translation*]

**Ms. Christine Normandin (Saint-Jean, BQ):** Thank you for being with us, Mr. Clark.

I'm going to give you the opportunity to answer my colleague's question, because I also wanted to ask you the same question.

To make things easier for small businesses, could some of the rather excessive restrictions be removed on more modest procurement projects?

Are there any unnecessary barriers imposed on you?

[*English*]

**Mr. Michael Clark:** Thank you. That's a good question.

I talked about speed. Speed is critical sometimes. Part of what gets delayed is that if there's a part of DND that wants to do a small local purchase order, they have restrictions on how much they're allowed to spend without having to go through a more formal process. Sometimes they're not aware of what those levels are, but the fact of the matter is that those levels haven't changed in probably close to a decade, and we have seen, as you know, that inflation has gone rampant. The price of product is through the roof. In the province of Ontario, we've had labour increases since 2016.

The basic cost of product is higher, so when they come to us and say they would like to buy this many widgets, they can't buy that many widgets anymore. They either have to buy fewer of them, so they're not getting what they want, or they're not going to get the right product that they want, or it has to go back for reapproval. This all takes time. As you know, when you're talking about that small procurement, that's a piece of critical kit that they might need. It might be something that they're going to the Arctic with and they need it in two months, but the process is going to take two months.

I think some of the changes are to maybe update some of the procurement levels that these companies have access to or the money that can be spent for a single purchase order.

• (1550)

[*Translation*]

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

In response to a question a little earlier, you talked about the possibility of companies presenting their products to the Department of National Defence, particularly at the CANSEC exhibition or on other days.

However, it's sometimes said on the ground that small businesses have trouble finding out what the departments are asking for. For example, companies find out too late that a procurement project ex-

isted and that they could have participated because they have the same product, or even a better product, to offer.

Is it more difficult for a small business to know what the needs of the Department of National Defence are and to be able to meet them?

[*English*]

**Mr. Michael Clark:** That's a good question.

When I started getting involved in the defence sector, it was very much that sort of question: Where do I start? What do I do? How do I know about these things?

If you hear something on the radio that says there's this company in London that was just awarded this huge vehicle contract from the military and you think you should go visit them, you're probably about five years too late.

The thing with the defence sector is that the sales cycle is extremely long. You need to get involved earlier on. You can just Google how you do business with the Government of Canada and you'll find some information there.

I was actually giving this some consideration last night. If you want to get involved in the defence sector, pick up the phone, call your MP and say who you are and what you want to do. In some cases, they can put you in contact with your RDA, your regional development agency. They will help you tremendously in navigating the defence circle: what you do, where you go, who you can talk to, what associations you can join, what events you can take part in. It comes down to doing your homework on the industry and on where you play and who you talk to. Then it's just a matter of time.

I remember a number of years ago getting a call from a company out west and the gentleman saying, "I was told to give you a call because I want to get involved in the defence sector. I attended this meeting and sent off some information. When am I going to hear about the program?" I said, "Well, maybe in about three years." His answer was, "Three years?" I was talking to somebody who was used to oil and gas. He said, "I'm not waiting for three years. I'm going to go back to doing what I want to do."

There's a level of patience that's needed in the defence sector. Things do not happen quickly. You need to get involved in navigating it, going to the association meetings and the events, meeting the people within the defence sector who get involved with the design work, and understanding, from the standpoint of your company, where you fit into this whole world. When you look at different types of systems, putting a piece of textile on a ship is going to be different from putting that same piece of textile in a kit going to the Arctic.

There are different types of requirements, so you really need to understand, as with any industry, what that industry looks for, what the demands on your product are and whether your product meets them. There might be certain areas where you just don't play.

[Translation]

**Ms. Christine Normandin:** Should Defence be a little more transparent, or more easily accessible, in terms of its needs so that they are better known to small businesses?

[English]

**Mr. Michael Clark:** I'm trying to think of the best way to word an answer to that.

Should defence procurement be more transparent? Yes. If you follow things and you keep up to speed with things, for the most part I think it is transparent.

If a procurement process is not transparent.... Chad mentioned speeding things up for the sake of speed and maybe having less transparency. That's probably going to come back and bite you in the end, because it's guaranteed that somebody is going to cry foul on the play, and all of a sudden they are going to contest something and it's going to get tied up with committees and investigations and everything else, so are you really saving the time at the end of the day?

That's a comment from me. That's not necessarily from industry, but that's the way I would look at it.

• (1555)

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

Ms. Mathysen, you have six minutes.

**Ms. Lindsay Mathysen (London—Fanshawe, NDP):** Thank you for appearing today.

Further to questions that have already been asked, and I think you touched on it but didn't quite drill into it, a lot of times we've heard that during those processes of discovering what is needed—what DND wants, the idea versus the reality, and so on—industry is very perplexed by DND changing their mind halfway.

Have you seen that? Have you had experience with that?

**Mr. Michael Clark:** I can't say that I've experienced DND changing their mind—

**Ms. Lindsay Mathysen:** What about altering plans, asking for a bit more or things like that? Does that impact your company in particular or not?

**Mr. Michael Clark:** It depends on what the impact is or what the change is. If they change the fundamental....

Let's take a textile as a good example. If they change the requirement for that textile to say all of a sudden, "We want so many hours of UV resistance and we want it to be flexible at -50°C," or something like that, it changes the type of material you use. It's going to change the way you build it, and then it could have an impact on your solution or what you're offering.

I don't think I've ever seen a situation when they've drastically changed it to the point that we said, "Oh, no. We can't even build this anymore." I've not experienced that myself.

**Ms. Lindsay Mathysen:** I've been working on and have introduced a private member's bill, Bill C-300, which is trying to change the procurement system to give greater weight within that bidding

process to companies that manufacture within Canada and give them that one-up.

You spoke in your testimony about making that space for those Canadian companies and ensuring that this plays a role. Can you reflect on the relationship between that federal procurement and those dollars being spent within Canadian manufacturing, and how important that is? Can you speak more about that?

**Mr. Michael Clark:** I'll borrow something and twist it into a hypothetical answer. If we have a product and DND would like to buy that product from us, but they find out through their means that we're the only company that makes this great, innovative...we'll call it a widget. They want to buy that widget from us, but we're the only ones who make it and we're in Canada. What do they typically do? In some cases, they may open that tender up to everybody to quote on.

It's like saying I'm going to Hamilton next week and I need to get a new set of wiper blades, so I go to Canadian Tire, I get my wiper blades and I put them on. I don't go and get three quotes from three different places to buy my wiper blades. I probably paid a fair market price for them, but I got them right away because time was critical.

That's the type of thing when DND wants something and there's a Canadian manufacturer that can make it, and the analysis is, "Is there value for money?" You're buying a Canadian product that's made in Canada. Do you have to pay a few pennies more? Possibly, but what's it going to cost for you to go through a bidding process and evaluate products from around the world and everything else? Is there still value for money? Sometimes it's easier and quicker. You might pay a few pennies more, but you're going to get what you want and you're going to get it more quickly.

I don't know if that answers the question.

**Ms. Lindsay Mathysen:** Yes.

You also talked about those larger businesses versus the smaller SMEs. Do you believe, ultimately, that Canada could show a great deal of strength through more involvement in the diversity of those smaller SMEs?

**Mr. Michael Clark:** I'm not sure what you mean by diversity.

**Ms. Lindsay Mathysen:** Would more involvement and the strength of that Canadian innovation strengthen more projects, in your opinion?

• (1600)

**Mr. Michael Clark:** I think so, because success will breed success. In the case of the company I told you about that said, "Three years? I'm not going to get involved in that" and went elsewhere, if you could have turned that project around for this company and it could have been a success and they did it in a year and a half, they might look at it and say, "Okay. That's worthwhile."

We have a team of R and D people that we could throw at some other projects for DND. In some programs within DND, such as the IDEaS program, the government is looking for solutions. If Canadian companies are around that have the talent, but they don't know about the program because they don't play in the defence sector, you're missing out on some great ideas and some great researchers.

**Ms. Lindsay Mathysen:** You spoke about the industry associations and making better use of them in getting involved and having them help you. Of course, we heard from CADSI on their perspectives toward the procurement process.

As a direct manufacturer, though, do your opinions differ from CADSI's and what they presented here to this committee? Maybe you can talk about your relationship with them specifically.

**Mr. Michael Clark:** FELLFAB has been a member of CADSI for, I think, 20 years. I've been affiliated with the association for as long as that.

CANSEC at one point in time used to be at the Ottawa Convention Centre, which is now the Shaw Centre. It was very small in comparison. It eventually ended up at the EY Centre. The show is mammoth. It is huge. You spend two days running a million miles an hour with your head on fire. It's a tremendous event. I think CADSI does a great job.

CANSEC is just one of the events they host. In the spring, they host the Outlooks, which is a tremendous.... It's one day for each branch of the service, and that is where you get to meet some of the people and have face-to-face conversations, instead of running around a million miles an hour with your head on fire.

**Ms. Lindsay Mathysen:** So they spoke—

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

Then is the recommendation that DND should shop at Canadian Tire? Is that...? Let me write that down.

**Mr. Michael Clark:** They have more than just tires.

**The Chair:** There we are. I think we have a title for our report.

Colleagues, we have some other business after this meeting with Mr. Clark.

Is there an appetite to shrink the second round a bit?

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** No.

**The Chair:** There is no consensus. We're shrinking it a bit. There will be a minute off everybody, and we'll do it that way.

You have four minutes, Mrs. Gallant.

**Mrs. Cheryl Gallant:** Mr. Clark, this June we heard stories that our own soldiers in Latvia had to buy their own gear in the middle of deployment because it was outdated and of such poor quality that it prevented them from carrying out their operational mission.

Are individual soldiers able to purchase equipment directly from you?

**Mr. Michael Clark:** I read that article, and I think they called it Gucci gear or something.

The products we built in the past for the "Clothe the Soldier" program were to a DND design. In many cases, some of the products we build are to a prime contractor's design. We don't own the rights to those designs, so we wouldn't be able to sell the product.

**Mrs. Cheryl Gallant:** Okay, so—

**Mr. Michael Clark:** I was going to say that we do have outerwear that we produce as our own line, so yes, if DND wanted to call us to buy some, we absolutely could sell it.

**Mrs. Cheryl Gallant:** What about individual units? Do any individual military units buy from you directly?

**Mr. Michael Clark:** Yes.

**Mrs. Cheryl Gallant:** How do you find dealing directly with a unit or a regiment, as opposed to going through Public Works and DND? Is it smoother and more streamlined?

**Mr. Michael Clark:** Absolutely.

We do a line of Arctic-rated sleeping bags. We provide them for certain departments of the armed forces that go to the north. They'll call up and say, "Can I get 10? Can I get three?" They'll process it on a credit card, and they can buy it that way.

**Mrs. Cheryl Gallant:** Is it quick?

**Mr. Michael Clark:** It's about as quick as calling any e-retailer. You can just say, "Can I buy one?" "Yes." "Here's the purchase order."

**Mrs. Cheryl Gallant:** How long would it take if they had to go through all the machinery of government to do that?

**Mr. Michael Clark:** Typically, government is not going to want to go to tender to buy 10 of something. It's going to want to buy 100 of something. You're going to have to write the statement of requirement from DND, and then it goes to PSPC. PSPC does a whole tender process and issues a tender. There are questions and answers, and the next thing you know, three months go by before anything's done.

• (1605)

**Mrs. Cheryl Gallant:** Has the government awarded you any standing offer for certain items, so that if a soldier needs this piece of webbing or that...? I'm told the government can mix and match on its own, according to its own preferences. Is a standing offer for these pieces something it has tendered for?

**Mr. Michael Clark:** Not with us, no.

**Mrs. Cheryl Gallant:** From your expertise, given the quality of the tactical gear our soldiers use, in how many years on average would it need to be replaced? This applies to all gear, not just gear provided by your company.

**Mr. Michael Clark:** I really don't know. In some cases, there are some kits that are issued to a soldier that don't get used. They would probably last for a very long time. In other cases, the soldiers get deployed, and the kits get thrown off a truck or thrown off an airplane or out of a helicopter. They may not even last a year, so I don't know.

**Mrs. Cheryl Gallant:** You mentioned that you read a story about the soldiers in Latvia having to find their own equipment. How did your company and your industry, in general, respond to these stories?



**Mr. Michael Clark:** I don't think I'm going to be able to speak for industry. I read it and I said, "Yeah, okay, I could see that happening." If there's something that soldiers absolutely want to have and they can't get it quickly enough, yes, I could see them going to buy it on their own.

**Mrs. Cheryl Gallant:** You wouldn't be proactively saying, "Hey, we have these available. We want to get these to you."

**Mr. Michael Clark:** Yes, absolutely, I'd love to, but if it's a piece of load carriage that we built for DND and it's DND's design or somebody else's IP, we can't help them.

**Mrs. Cheryl Gallant:** The CADPAT or whatever—is that the kind of pattern you're referring to?

**Mr. Michael Clark:** It's not so much the pattern, but let's say, for example, that a vest is integral to something else. The integrated soldier system project uses a particular vest, and the design of that vest is owned by a company that created that system. Could we make it? Yes, but we don't have the authority to build it and sell it.

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

We will go to Ms. Lambropoulos for four minutes.

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

I'd like to begin by thanking our witness for being here with us today.

It's definitely a different perspective...not perspective, but you're bringing a different sector of the economy, I guess, or a different type of business than what we're used to.

You spoke about a lot of the benefits that choosing a Canadian company would have for all Canadians and for society at large, whether it's newcomers to Canada who get to work in these companies or just generally in terms of providing jobs to Canadians.

Because we're not used to hearing from small and medium-sized business, I guess I'll ask you this one question: Do you believe that Canadian companies have pretty much all that it takes or all that would be necessary or needed by the CAF? I know that when it comes to bigger companies and when it comes to larger procurement deals that require equipment that is going to be used by the military, it may be a little bit more difficult, but in terms of the small and medium-sized businesses, do you think that you can pretty much cover it? By "you" I mean the companies in Canada.

**Mr. Michael Clark:** That's a tough one to answer, because when you look at all of the kit the CAF buys, there's a lot of product there. You're not talking just ships and everything that goes on the ships. You're talking about everything about the airplane and everything that goes in the airplane, the truck, the vehicle or the tank. I don't know if there's a really easy answer to that question. The ITB policy is there because when Canada goes to buy a large system like a ship or an aircraft, no, we don't make certain parts of that system, so they will institute the ITB policy so that a representative amount of business has to be put back into Canada as an economic benefit to Canada. That's how you get your direct and indirect off-sets.

I don't know if I can properly answer whether the resources are in Canada to, for lack of a better term, meet all the needs of the CAF. I don't know the answer to the question.

**Ms. Emmanuella Lambropoulos:** I don't think the answer is yes, but I appreciate your response. Definitely, though, your point is that whenever they are able to, they should choose Canadian companies.

Maybe you can walk us through one of the better experiences you've had, one in which the procurement process was simple and you dealt with it in an easy way and there were no slowdowns. Can you walk us through what is necessary to make that happen, and do you have any good examples?

• (1610)

**Mr. Michael Clark:** Okay.

I can think of a couple instances this year in which somebody has called up from a base or a detachment and said, "You make this product. Can we get some of that?" and we've said, "Yes. How many do you need?" They said, "I need this many." We said, "Okay, great." They said, "Here's a credit card" and they purchased it.

In another instance, when we were contacted, they said, "Okay, we're looking for a piece of equipment to go on a vehicle. We're looking for it to do this, this and this. Can you help us?" so basically we helped them. We came up with a little bit of a design and a pattern and they gave us a purchase order and we built one for them—or, actually, we're building one now—and they'll trial it and see how it goes, so sometimes it can be fairly straightforward.

Where that one is going to get complicated is if they want to buy a whole bunch. What happens then? If they want to buy thousands of these, then we'll be back to this whole thing of how they buy this. It's over their delegation level, so how do they process a purchase order? How do they use the defence procurement policy so that they can now get the product they really want to get?

When you want to talk about defence procurement, that's a good example: Now that they know what they want, how do they get it?

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

We now go to Madame Normandin for a minute and a half.

[*Translation*]

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

I would like to come back to the issue of industrial and technological benefits.

I often hear that large companies find procurement processes complicated, that the government adds criteria along the way that get in the way.

For their part, small businesses say that they are advantageous for them, that large businesses have an interest in doing business with them and that this allows them more opportunities.

Am I oversimplifying this? Can industrial and technological benefits sometimes be a barrier for small businesses?

[English]

**Mr. Michael Clark:** That's an excellent question, because at some of these events where they have the large defence prime contractors—they're present and they're at a table and they're ready to meet small companies—sometimes what I hear from the primes is that the small companies come but are not prepared. They have not done their homework as to what it is we're going to be looking for and what it is that we could use from these companies. That's basically leveraging the ITB policy.

The ITB policy is not—and I've said this to a number of people—a guarantee that you get business. You're right that a major defence contractor now doesn't have to buy product from you. It's a ticket to the dance. If you want to go to a Boeing or to a General Dynamics, these are huge corporations. The offset policy gets you in contact with their people who want to find Canadian companies. It is a means for you to get an introduction to these large defence prime contractors, but you still have to show that you build good product and you still have to have certain qualifications. However, it's an entry point.

Yes, the offset policy does work. I would suggest that any small and medium-sized company read up on it and understand it and get involved with government agencies, such as the RDAs, that can help educate you on how to leverage this to your success.

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

Ms. Mathysen, you have a minute and a half.

**Ms. Lindsay Mathysen:** Oftentimes, the New Democrats have talked about an overall larger, long-term Canadian manufacturing strategy to have that bigger picture. Would that fall into play in terms of the defence strategy? Could that be used for both larger and small to medium-sized enterprises for that larger strategy within Canadian manufacturing?

**Mr. Michael Clark:** I'm trying to think of a decent answer to the question because....

When we engage with defence programs, maybe in my own head I divide it up. If it's a large program—a ship, a plane, a tank, a vehicle—we're going to be going to a tier one, tier two, tier three. What are they going to be looking for from us as product, as capability, perhaps also as offsets?

If it's a situation in which we're selling our capability directly to DND, that's almost a different process. It's a little bit of a different mindset, because now we're the, for lack of a better term, prime contractor.

• (1615)

**Ms. Lindsay Mathysen:** By switching it around, though, and having that longer term, would that provide companies like yours with the ability to plan better?

**Mr. Michael Clark:** When you say “longer term”...?

**Ms. Lindsay Mathysen:** I mean a 30-year or a 50-year strategy. Would that help or not?

**Mr. Michael Clark:** I don't know, because smaller businesses.... We're probably a little bit different because we have been around for so many years, but typically your small and medium-sized businesses are looking five or six years out.

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

Am I to conclude that there are no further questions? Okay.

With that, I just want to thank you, Mr. Clark, for your immensely practical advice and the utility of that advice, given that we sometimes get lost in the weeds of these major procurements and that this is actually where things are at for the daily experience of procurement at DND. Thank you for coming up from Cobourg. Thank you for your advice and thank you for your experience.

With that, I'm going to suspend.

[Proceedings continue in camera]

• (1615) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1640)

**The Chair:** Now we're back on.

Earlier there was a motion by Mr. Bezan, which you all currently have. Subsequently Ms. Lalonde moved an amendment to that motion. Mr. Bezan then challenged it for being in scope. I am referring to page 541—

**A voice:** [Inaudible—Editor]

**The Chair:** Do you mean I'm not going to get a chance to fake this?

Okay, go ahead, Mrs. Lalonde.

**Mrs. Marie-France Lalonde (Orléans, Lib.):** Mr. Chair, if I have approval with unanimous consent, I would like to withdraw my amendment.

**The Chair:** Did you say you want unanimous consent to withdraw the amendment?

**Mrs. Marie-France Lalonde:** Yes, unanimous consent.

**The Chair:** Does everybody agree to that?

**Some hon. members:** Agreed.

**The Chair:** Why did I get all this research done?

Okay, go ahead, Mr. Bezan.

**Mr. James Bezan (Selkirk—Interlake—Eastman, CPC):** I believe there have been some discussions among parties. I will withdraw my motion in favour of a motion being proposed by Ms. Mathysen, which is a good compromise.

**The Chair:** Do you have a copy?

Can you read your motion into the record, and are there copies? I have one in front of me....

We will suspend.

• (1640) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1645)

**The Chair:** Okay, colleagues, we're back. Everyone has copies now.

Before I call on Ms. Mathysen, I'll just review this. Mr. Bezan made a motion. The Liberals proposed an amendment. By unanimous consent, the Liberals withdrew their amendment. Mr. Bezan then withdrew his motion. I don't know whether he needed unanimous consent or not, but it's off.

With that, Ms. Mathysen, do you wish to speak to your motion?

**An hon. member:** Couldn't she read it into the record?

**Ms. Lindsay Mathysen:** I will do both.

As New Democrats always seem to be providing compromise and good governance, I am happy to bring this forward.

**Voices:** Oh, oh!

**The Chair:** Now we're really losing the crowd.

**Ms. Lindsay Mathysen:** The motion is as follows:

That, pursuant to Standing Order 108(2), the committee undertake a study on the contracting of consulting services and other professional services within the Canadian Armed Forces, including the impact of the reductions announced in budget 2023;

That the committee hold a minimum of two meetings for this study;

That the committee invite the Minister of National Defence, the President of the Treasury Board, the Commander of the Canadian Forces Real Property Operations Group, the Deputy Minister of National Defence, the Assistant Deputy Minister (Finance), the Assistant Deputy Minister (Infrastructure and Environment), and the Assistant Deputy Minister (Review Services).

**The Chair:** Do you wish to speak to it, other than that?

**Ms. Lindsay Mathysen:** I believe, ultimately, that this is a compromise between what both the Conservatives and the Liberals were trying to accomplish.

My motion gives further teeth to the study to ensure we have the people in the room to talk about the contracting services that are a significant problem that needs to be looked at and to deal with the budget and the reductions put forward. I think we could have some very good conversations with those who are actually involved with the process we're trying to get into.

• (1650)

**The Chair:** Is there any other debate?

(Motion agreed to)

**The Chair:** That motion passes.

Go ahead, Mr. Fillmore.

**Ms. Lindsay Mathysen:** I also—

**The Chair:** Sorry, but I saw Mr. Fillmore before I saw you, unless you have another motion.

**Ms. Lindsay Mathysen:** I do have another motion, yes.

**The Chair:** Okay, but I saw Mr. Fillmore before I saw you.

Go ahead, Mr. Fillmore.

**Mr. Andy Fillmore:** Thank you, and I thank members for the indulgence of letting me do this again.

Mr. Chair, I think everyone has a copy of the motion that I circulated regarding a study of space and the role in national defence.

I believe that a study on the industry of space defence is pertinent to many of the issues that our committee has within its purview and mandate right now, specifically and in particular around national security, sovereignty and the international dynamics of defence.

I was reflecting back to a comment made last year at the Halifax International Security Forum, or HFX, where one of the panellists very astutely pointed out, I thought, that the future of security was in fact in space. For instance, new capabilities in space represent the next frontier in how we protect ourselves from new and emerging threats. He said at that time that satellites are the future.

It's my hope that this study will illuminate the committee, and therefore government and Canadians, on what the major issues are in space defence and how we're prepared to deal with them—for instance, how we protect our satellites from space debris or anti-satellite weapons and cyber-attacks or how we use those satellites for climate monitoring activities at a time when climate monitoring is increasingly important to our security here on earth.

I also hope that this study will give us and Canadians a better understanding of how an increased focus on space defence will inform our international partnerships, including through NORAD.

I would also hope that we would learn from this study about Canada's space defence policies and our space capabilities and programs, including those of our armed forces and the 3 Canadian Space Division.

I also hope that the committee will hear from industry. This is another opportunity for Canada to be a leader in an emerging industry that can create good jobs for tomorrow with the right kind of support from this committee.

The motion is as follows:

That pursuant to Standing Order 108(2), the committee undertake a study on space defense that includes but is not limited to: The current state of Canadian space defense capabilities and programs; international agreements and partnerships related to space defense, including continental defense and space diplomacy; and the impact of advancements in space on Canada's sovereignty and national security;

That the committee hold a minimum of four meetings and that the committee invite representatives of the Department of National Defence, the Canadian Armed Forces, the 3 Canadian Space Division, Canadian NORAD Region, the Canadian Space Agency, Space Canada, and the private and academic sectors;

That the committee report its recommendations to the House and that, pursuant to Standing Order 109, the committee requests that the government table a detailed response to the report.

Thank you.

**The Chair:** Is there debate?

Go ahead, James.

**Mr. James Bezan:** Mr. Chair, I would say that it is an area of interest. To me, it's not a high priority, looking at the existential threats that are before us and also how recently the Canadian Armed Forces have become involved in space so far with the space command. My understanding is that they have only one defence satellite up as of today.

I would think that we could do this in fewer than four meetings. Most of the witnesses named in the motion are Department of National Defence agencies. We could probably do them in one panel. I would also suggest that the Canadian Space Agency would be a panel. That's one hour. Space Canada and the private sector would appear for an hour, and then your academics and other interested parties could appear in the final panel.

I would suggest the following amendment.

First is the correction in the spelling of “defense” to put it into Canadian English. Then I would suggest that the committee hold a minimum of two meetings.

• (1655)

**The Chair:** Okay.

**Mr. James Bezan:** With regard to that amendment, we just passed a motion about looking at the budgetary cuts and reductions in budget 2023, which are a billion dollars. We're looking at the contracting services that are currently done by Canadian Armed Forces. We will look at the impacts of both of those issues as they surround the recruitment and retention crisis that we have in the Canadian Armed Forces and the existential threats that Canada faces. We've only assigned two meetings to that study. To me, that is much more relevant and important.

I would say that if you're comparing apples to apples, motions to motions, for those reasons, two meetings would suffice.

**The Chair:** Thank you.

The conversation is on the amendment.

It's Mr. Fillmore and then Madame Normandin and then...

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

Mr. Bezan acknowledged the existential threats that Canada is facing. The solution to many or most of those is going to have an impact on exactly what this study is pertaining to.

In the development of the motion, I did pretty extensive outreach to the stakeholders I've listed in the motion. There is a long list of people who are very eager to have a say on this and to get what they have to say out into the world so that we can better support the work we're doing in space, in DND and in the 3 Canadian Space Division as well.

To compress that into two meetings... I mean, this isn't a perfunctory study; this is a substantial study. I actually brought it back from what I thought was going to be six meetings to four. This is an extremely meaty topic, and I believe, Mr. Bezan, you'll be at the Halifax International Security Forum in a couple of weeks and we will be hearing about space probably every single day, multiple times a day. I can hardly imagine a more important topic for a timely and substantive study.

**The Chair:** Madame Normandin, go ahead.

[*Translation*]

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

Without going back to the substance of the study, because I know we're looking at Mrs. Lalonde's amendment, this study remains particularly interesting. However, I feel that we've already covered a certain part of this issue. I'm thinking in particular of the fact that we've conducted specific studies on the issue of spy balloons, which indirectly touched on the aerospace industry. We've also carried out general studies on threats to Canada, where we looked at the aerospace issue.

I find it a little disappointing that we weren't able to discuss the schedule before we got into the motions. In any case, as long as we're looking at at least two meetings, it would seem to me that reducing the number of meetings and not having at least four is a good idea. Two meetings doesn't seem like a lot to me, but I'd be comfortable with three. At the very least, that's a minimum. We'll be able to adjust in due course. However, I still have the impression that some of the discussions will overlap with some of the work and studies we've already done.

[*English*]

**The Chair:** Mr. Fisher, go ahead.

**Mr. Darren Fisher:** I don't support the amendment to move it to two meetings. I think it's much more important than some of the things we've done on single motions.

This motion hadn't occurred to me. I remember Ms. Gallant and I were at the Pentagon, I think it was, and we were in the gift shop of the U.S. Space Foundation and I thought, “Wow, that's really, truly the next frontier.”

I think this is the future of defence and I think four meetings actually makes a lot of sense, so I support the original motion.

**Mrs. Cheryl Gallant:** That was Colorado Springs.

**The Chair:** Mr. Kelly, go ahead.

**Mr. Pat Kelly:** Notwithstanding Mr. Fisher's shopping experience—

**Some hon. members:** Oh, oh!

**Mr. Pat Kelly:** —at the Pentagon, we on many occasions will go with a minimum number, and we sometimes find that the subject matter and the availability of witnesses and the quality of the testimony we get demands that we have...or causes interest in the committee having additional meetings.

I am not opposed to four meetings; I am opposed to “a minimum” of four meetings.

We've done this before: We have planned on having a number of meetings and have found that we couldn't get the witnesses we needed and/or there have been other priorities. I think it would be more flexible on the committee's part, given the competing priorities, to have a minimum of two meetings. That doesn't preclude us from having four meetings and it doesn't preclude us from having six meetings, but if we're going to set a minimum that we're compelled to have under a motion, it ought to be a lower number. I would say two as a minimum, and we'll see where the study takes us.

• (1700)

**The Chair:** Are there any other conversations on the amendment?

Go ahead, Andy.

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

Of course, the worry then is that committee shenanigans take over and we truncate a study that's really taking off after two meetings, and that's untenable.

Mr. Chair, I wonder if I could invite my colleagues across the way to make a friendly amendment to their amendment to make it a minimum of three, and then I think we could rely on the good faith of members if more meetings are required, as Mr. Kelly has suggested we could do.

**The Chair:** I see collegial harmony breaking out here.

**An hon. member:** I'm not sure about that.

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

**Mrs. Cheryl Gallant:** Would we be able to travel to U.S. Space Command to get the real story on what's going on? We won't find out anything from our own people.

**The Chair:** You can put that in, I suppose, in the request for travel.

Go ahead, Marie-France.

**Mrs. Marie-France Lalonde:** Actually, I think here in Ottawa, you may be very surprised to know that there is a very important organization that I'm sure would be of value to visit, which is a walking distance. I think we possibly would add this little thing, hopefully.

**The Chair:** Okay. Before we go sideways here with all this harmony stuff, can I assume that the motion as framed by Mr. Fillmore for a minimum of three meetings is acceptable?

(Amendment agreed to [*See Minutes of Proceedings*])

**The Chair:** Go ahead, Ms. Mathysen.

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

I too have a motion. I presented notice a while ago. Unfortunately, we haven't gotten to it.

It's ultimately in response to a number of the stories that we've heard coming forward from people within the military or the department about the abuse they have suffered, whether that's military sexual trauma or other forms of abuse, and then facing harsh repercussions in their careers.

Survivors have been forced to ATIP themselves in order to get the necessary documents for legal claims, and they've come to quite a lot of non-responses or very long wait times on those inquiries, so I think it's important, when we're talking about that public trust and that transparency that's required for a lot of what's going on, that we study the following:

That, pursuant to Standing Order 108(2), the committee undertake a study into transparency of the Department of National Defence and Canadian Armed Forces, that includes but is not limited to: The Access to Information and Privacy System; the independence of the office of the Department of National Defence and Canadian Armed Forces Ombudsman; the declassification system for historic documents; whistleblower protections; the independence of the Grievance process; and information management systems.

That the committee invite the Canadian Armed Forces Chief of Defence Staff, the Corporate Secretary at the Department of National Defence, the Minister of National Defence, the Information Commissioner, the National Defence and Canadian Armed Forces Ombudsman, the chairperson of the Military Grievance and External Review Committee, veterans and veteran advocates.

**The Chair:** Is there any debate?

Go ahead, Mrs. Lalonde.

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

I'm generally very comfortable with the motion. In the spirit of collaboration, I was wondering, as we amended a few other motions—unless I misunderstood—if my colleague would be comfortable saying “a minimum of three meetings” instead of “hold a minimum of four meetings”. That's a proposed first amendment, Mr. Chair.

• (1705)

**The Chair:** There's an amendment on the floor. Is there any debate on the amendment?

Go ahead, Ms. Mathysen.

**Ms. Lindsay Mathysen:** I would prefer four. There are lots of officials. However, specifically with some of the folks coming forward—veterans, veterans advocates and those who have been through this—I don't want giant panels. I would like space to be given. I don't want them to feel like it's just a lineup, and I would like the capacity and the time to hear them in the way they need to be heard.

**Mr. Pat Kelly:** On a point of order, if I may—

**The Chair:** Yes.

**Mr. Pat Kelly:** —the copy that I was handed doesn't actually have the number of—

**Ms. Lindsay Mathysen:** No, it doesn't.

**Mr. Pat Kelly:** Just for the record, was that the only difference from what Ms. Mathysen read?

**The Chair:** I don't think she put in a number.

**Ms. Lindsay Mathysen:** I didn't.

**The Chair:** You were proposing....

**Mrs. Marie-France Lalonde:** It was a minimum of three.

**The Chair:** Yes. All right.

**Mr. Darren Fisher:** It's because we're so generous.

**Mr. Pat Kelly:** I thought I heard you say a minimum of four.

**Ms. Lindsay Mathysen:** Right. I was speaking to her amendment asking for three. I suggested four.

**Mr. Pat Kelly:** Oh, I see. Okay.

**The Chair:** At this point, that is not a friendly amendment, shall we say?

The only other question I had was this: What part of this is within Veterans Affairs and what part of this is in the Department of Defence?

**Ms. Lindsay Mathysen:** It's not Veterans Affairs, but it is those who have gone through the system who are now out and who have now dealt with their cases. Therefore, they are considered veterans.

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

**Mr. James Bezan:** I'll just say this. Even though it would involve veterans, it would be veterans who are ATIPing their own files from the Department of National Defence and Canadian Armed Forces. The Information Commissioner has been quite critical of DND for being extremely slow in getting information out through ATIP requests for the public at large. That includes the media and parliamentarians, as well as veterans and others.

My only question here is this: Where in the motion are we adding in a minimum of three meetings? Where is the functionality here within the motion?

**The Chair:** Are you putting it at the end?

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

I would say it's up to the wonderful people who have more experience, but my recommendation would be that after "and information management systems", we add, "that the committee hold a minimum of three meetings on the topic."

For the other paragraph, beginning with "That the committee invite", I will have another amendment.

**The Chair:** There's an amendment on the floor for a minimum of three meetings. Do people wish to speak to the amendment?

(Amendment agreed to [*See Minutes of Proceedings*])

**The Chair:** We now have an amended motion on the floor.

Do you wish to make another amendment, Ms. Lalonde?

**Mrs. Marie-France Lalonde:** Thank you, Mr. Chair. I hope it will be as quickly considered by our committee members.

As we go to the second paragraph, where it says, "That the committee invite the Canadian Armed Forces Chief of Defence Staff", I would like to strike that person and add instead, "the Deputy Minister of National Defence", who is ultimately the person responsible for the requests in the motion.

**Mr. James Bezan:** You're taking the CDS out and putting the deputy minister in.

**Mrs. Marie-France Lalonde:** Yes.

**The Chair:** Go ahead, Ms. Mathysen.

**Ms. Lindsay Mathysen:** I had put in the chief of the defence staff as the most senior officer. I believe he could speak to the repercussions against survivors speaking out. He is the final voice

on the grievance process, as far as I understand. We've done that research and that's why he is in there, so I wouldn't agree to that.

**The Chair:** Is there any other conversation on the amendment of taking the CDS out and putting the deputy minister in?

All those in favour?

Oh, for goodness' sake. We have a 5-5 vote.

I will cast my vote in favour of the amendment.

(Amendment agreed to [*See Minutes of Proceedings*])

**The Chair:** We now have a motion as amended. Is there any further debate?

Go ahead, James.

• (1710)

**Mr. James Bezan:** Just as a point of information, we got an email just last week from someone over at the Department of National Defence on ATIPs I've done in the past. They're looking for clarification on an ATIP I did in 2018. They're also looking for information on four ATIPs I did back in 2019.

I think there's a law that they're supposed to actually fill these and respond within a few months, not a few years, so this is a timely study.

**The Chair:** I'm sure you'll have a great time bringing up that information.

We now have a motion as amended. Are we all in favour?

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

**The Chair:** Do you have anything else?

**Mr. James Bezan:** Yes. While we're dealing with committee business, I'd like to move a motion. I move:

That the committee report to the House of Commons that:

- (a) The current state of morale of the Canadian Armed Forces is at an unprecedented low;
- (b) Lapses in defence spending and budget cuts have left our soldiers understaffed, under equipped and without a sufficient supply of affordable housing;
- (c) Military families and Canadian Armed Forces members have resorted to using food banks and asking for donations to help them deal with the high cost of living.

Therefore, the committee recognize the morale crisis is the result of a lack of political will and investment, leaving members feeling more undervalued and underappreciated than at any point in recent history, and recommend urgent action by the Canadian government.

As everybody looks at the motion, may I speak to it Mr. Chair?

**The Chair:** Yes.

**Mr. James Bezan:** We continue to hear stories about our soldiers and military families dealing with major concerns. Their morale is continuing to decline for all sorts of reasons. It's everything from feeling disrespected to often feeling they are not valued by the government or by leadership within the forces. They believe the defence spending cuts and the budget lapses that have taken place have significantly undermined their ability to have the equipment they need to do the job the government asks of them.

They are very concerned about the lack of affordable housing. We are hearing more and more that when Canadian members of the armed forces have to relocate as part of the rotation from one base to another...

I just had an email come in from a husband and wife who were stationed in Manitoba at Shilo. They are both well employed within the Canadian Armed Forces. They sold their house and transferred to Halifax. They can't afford to buy a home there, and are living in a tent. They earn a combined income of over \$200,000 a year and they are trying to buy a home. They have the revenue from the house they sold in Manitoba and they're bidding on homes above the asking price, but they are still falling short every time they try to buy a home. They can't find a decent house, condo or apartment to live in, and there's a lack, of course, of supply of housing on bases. We've heard from defence officials here, including the CDS, that the Canadian Armed Forces is currently short over 6,000 homes.

We know that the issues of affordability and inflation have impacted our members in the forces more than anyone else. When they're forced to live in high-cost areas, they are at a greater disadvantage than many others. They have resorted to going to food banks and asking for donations to help offset the high costs of living and the cost of the GST on home heating—except, of course, if they're now over in Gagetown. There, they're taken care of by the government, but if they're anywhere else in Canada, they're not. That type of divisive policy coming from the Liberal government and Prime Minister Trudeau is not helping.

It's important that we report this to the House. It's important that we show our Canadian Armed Forces that we are listening to them and that we're aware of all the problems they're having.

We know that we're short 16,000 troops. Just yesterday, Minister Blair, during question period in the Senate, said we are in a retention crisis and that attrition continues to exceed 4,000 to 5,000 a year over what they can recruit. We heard from the chief of the defence staff that in addition to being short 16,000 troops, we are short 10,000 members who are currently undertrained and undeployable. Again, this puts more workload on the current Canadian Armed Forces members who are having to deploy to places like Latvia, England, Kuwait and elsewhere and are expected to do more frequent rotations, whether they're on ships, in military missions or within the air force.

This is something we have to tackle. It's time the government took this seriously. Those are the reasons we need to get this reported back to the House.

• (1715)

**The Chair:** Next is Mr. Kelly, followed by Mrs. Kramp-Neuman, Ms. Lalonde, Ms. Normandin and Ms. Mathysen.

**Mr. Pat Kelly:** I support the motion, and I think it's important that this committee report it back to the House and report these findings.

We are in a crisis. We are in a time of global uncertainty. We know this well. We know this from the testimony we have heard at this committee on threat analysis and on the health study, which we are still wrapping up. In the testimony, we heard all of the factors

that are driving our men and women out of the forces, things like members being unable to get a family doctor, things like being unable to have access to housing. All of these things deeply affect morale.

We have had damning testimony from the defence ombudsman, who spoke about this at the committee. This needs to be reported to the House. We need to show and demonstrate to Canadians that this committee understands the crisis we're in with our forces and that the need is urgent.

We have not seen any sense of urgency from the government. We have seen a cut to the budget at a time when our international allies are shaming Canada for its inability to step up and fully fulfill its obligations under the alliances to which we belong—NATO. We committed to getting our defence spending to 2% of GDP, and yet the government is cutting the department's budget.

This is urgent. It needs to be done and it needs to be reported to the House.

**The Chair:** Mrs. Kramp-Neuman is next.

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

I certainly support the motion as well. There's no doubt. Let's get the facts on the table.

CAF presently is 16,000 personnel short. The personnel gap is expected to grow in the coming months. CAF continues to face an existential threat in the form of a combined recruiting and retention crisis. The morale of our troops has been completely eroded.

After eight years, personnel are leaving the ranks for a lot of different reasons—everything from affordable housing to support for families, lack of equipment, culture in general, lack of funding and a general lack of political will to support our military.

In my eyes, if we need to be war-ready in an ever-growing geopolitically complex environment, this Liberal—NDP government needs to step up, show respect and fully commit to our troops.

I certainly acknowledge and thank my colleague for putting this motion forward.

**The Chair:** Go ahead, Madame Lalonde.

[*Translation*]

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

I read this “motion”, and I find it a bit disheartening to see that some are taking a very partisan approach. I know that my colleagues will understand what I mean, since I see some snickering on the other side of the room.

I think we all recognize the importance of our military. I would also like to remind my dear Conservative colleagues that, during the years they were in power, their military spending was less than 1% of gross domestic product.

Right now, the committee wants to undertake studies. We have a busy schedule in the House where we talk about many things that are important to Canadians. For example, we've talked about child care costs, which we've reduced by 50%. We now have a national program, which can help our military members.

We're going to undertake studies here to move some things forward. We just talked about a study to improve space defence. I would love to learn more and see how we as a committee can help the government move forward.

In my opinion, there's an important perspective in what my colleague is trying to get at, but I'm a little uncertain as to the advisability of his approach. We just mentioned that our committee is going to be ahead of the game.

I see all the references my colleague is making to gaps and reductions in spending. However, I was in the Yukon recently, where we were talking about the \$38.6 billion that will be invested in NORAD over the next few years. I'm also thinking of the F-35s, a project that is moving forward. These are major projects.

Having said that, I don't deny the fact that we need to hear, listen and help our soldiers. That's what we want to do in the Standing Committee on National Defence. However, I wonder about the advisability of raising this in the House. I'm just trying to point out the value added of the motions that we would pass here.

Here at the committee, we're going to hold discussions; we're going to hear from witnesses; we're going to table reports; we're going to support the government in its initiatives. So I have a great deal of difficulty finding the merits of this motion. I'm looking at the aspects that Mr. Bezan wants to raise, and these are things that we're going to study here at the committee.

So I don't feel ready to support this motion, on principle, I believe. I think that efforts are being made on our side of the room to examine these elements in our committee.

• (1720)

[*English*]

Mr. Chair, what I was saying was that I really feel strongly and quite passionately about this because, as the member of Parliament for Orléans, I have the great pleasure of serving a lot of military and representing them. I know there are challenges that I think as a government we are committed to addressing. Here in committee, actually, there are aspects of this motion Mr. Bezan is bringing that we actually want to undertake.

I'm curious to know if that means he's not willing to do those studies here in committee and only do them in the House. I see a plus value, Mr. Chair, in having them here, actually, within this environment, where we can hear first-hand not only from our military but also from the government perspective, from senior officials and also from individuals who are impacted.

I also want to share that there have been numerous areas where I think the budget for operations has been increasing. We were just talking about the F-35. We were talking about NORAD and the \$38.6 billion for modernizations.

I would also like to reiterate our commitment—and I say “our commitment” and I hope all parliamentarians will feel the same—to Ukraine and the importance of Canada's supporting Ukraine in its war against this illegal invasion by Russia.

I don't see how, at this particular point, I could see the value of saying yea, although there are merits in some aspects and we're actually going to be studying those things. I'm quite surprised that my honourable colleague wants to do this again when we just talked about space defence and about another motion we just brought to the floor. I think this committee can do extremely good work in addressing some of his concerns through this motion, and the best place to do so is here in our committee.

Mr. Chair, I would like to ask that you adjourn debate.

• (1725)

**The Chair:** Oh, okay.

That's a dilatory motion.

(Motion negated)

**The Chair:** I will make a point of clarification that there will be no witnesses called on this motion. This is a straight motion that goes into the House.

Go ahead, Madame Normandin.

[*Translation*]

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

I agree with certain aspects of the motion, but there are others that I don't. I'll try to be as clear as I can.

We've always been able to come to a pretty good consensus at this committee. We're generally able to speak with one voice, and that's one of the strengths of the committee.

I hope that will be the case with this motion. For example, we did so when we held discussions on the issue of the 2% of GDP that wasn't being met, which somewhat undermined our ability to be a relevant ally internationally. We've always been able to find consensus.

What I like a little less about this motion is that certain elements haven't been the subject of testimony before the committee. For instance, I'm thinking of the issue of food banks. Unless I'm given evidence to the contrary, I find it hard to include this in the motion when it hasn't been discussed at all in committee, whereas other topics have. For instance, we talked about the fact that Canadian Armed Forces morale is currently at a lower level than ever. This is unprecedented. We did a full study on recruitment and retention, and we heard testimony to that effect. I don't think it would be a bad idea to mention it with one voice in the House, to remind people of the urgent need to act and the committee's fears.



There's also the fact that there have been gaps in defence spending and that budget cuts have left our soldiers understaffed. It's true that soldiers are underequipped and understaffed, but cuts may not be the only reason; indeed, there are others. I think that portion could be reworked. In its conclusion, the motion reads: "Therefore, the committee recognizes that the morale crisis as the result of a lack of political will and investment ...". But there are also other causes.

I think that the motion could be worked on in such a way that it is consensual and that it is a heartfelt appeal sent by the committee to the House.

I don't think it's consensual as currently drafted, but I think there's a way for it to become so. I'm sure we could get there if we discussed it, because the basis of the motion is good. I think we can also see it as non-partisan, depending on how it's written. It needs to be seen as a call to action from this committee to the government.

There is merit to this motion, and its content could be called upon to produce results.

I don't feel comfortable voting in favour of the current motion, but I think we can make changes to it, and then I could.

[*English*]

**The Chair:** Ms. Mathysen is next.

**Ms. Lindsay Mathysen:** I agree with Ms. Normandin. There are parts I absolutely do agree with, and I don't think that we just outright ignore those. I have concerns in terms of wording such as "undervalued and underappreciated than at any point in recent history". I think that's a bit hyperbolic, to be perfectly honest; I'm sure there are many other crises.

I am concerned. We have had a very good working relationship. We have gone into good studies where I have learned a great deal about what's happening on the ground and about how we can be supportive of people within the military, within the Canadian Armed Forces. We did have a very thorough study of the retention and recruitment crisis. We are going to go into a good study that I support in terms of studying housing for our Canadian Armed Forces, so I want to get to that. That's certainly part of what's named here, and I would love to get into that study.

One thing that is missing here, of course, is that when we talk about morale, we're not talking at all about the sexual misconduct—

● (1730)

**The Chair:** I apologize for interrupting this vigorous debate, but it's 5:30.

The meeting is adjourned.

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