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# Standing Committee on Government Operations and Estimates

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Chair: Kelly McCauley





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Thursday, November 6, 2025

• (1535)

[English]

**The Chair (Kelly McCauley (Edmonton West, CPC)):** Good afternoon, everyone. We are getting going. I apologize. We're running late, which is not like us.

Welcome to meeting number 14 of the House of Commons Standing Committee on Government Operations and Estimates. We're here undertaking a study of the creation and planning of the Defence Investment Agency.

We're going to start with Ms. Blanchard for a five-minute opening statement. There's no opening statement from PCO, so we'll go right to questions after that.

Quickly, colleagues, you will receive in your P9 a couple of letters that our clerk is forwarding on. We will address it in the second hour of the committee. We'll just have a brief overview so you're partially briefed on it, and then we'll address it. It is regarding the contract request.

We do have bells at 5:15, just before we end. As we get closer, we can decide if we have UC to continue for the last 15 minutes or if we'll just rise when the bells go. I'm hoping it'll just be when the bells go.

We'll turn the floor over to Ms. Blanchard. Welcome to OGGO.

The floor is yours for five minutes, please.

**Dominique Blanchard (Associate Secretary, Treasury Board Secretariat):** Thank you.

[Translation]

Thank you, Mr. Chair.

Thank you, members of the committee, for inviting me here today. I'm here with Mr. Emilio Franco, the executive director at the Treasury Board of Canada Secretariat.

I'd like to provide an overview of Treasury Board's role with respect to the Defence Investment Agency, which is a new special operating agency within Public Services and Procurement Canada.

First, allow me to provide a brief explanation of the role of special operating agencies, or SOAs. These agencies are not a new concept. They include well-established organizations, such as the translation bureau and the Canadian intellectual property office. Today, more than a dozen special operating agencies are in place within the government.

[English]

Special operating agencies, or SOAs, are not legally separate entities but are established as distinct units within an existing federal department. Importantly, they are subject to the same rules and requirements that apply across the federal government. Sometimes, SOAs will be granted particular authorities, policy exemptions or delegations that allow them to operate with greater flexibility in order to more efficiently execute on their mandates. For example, the Canadian Coast Guard has the authority to enter into sole-sourced contracts above normal limits to deal with emergency situations.

The Defence Investment Agency is one of the government's newest SOAs. As announced by the Prime Minister in early October, its mandate is to consolidate and accelerate defence procurement processes while also tying procurement to domestic industrial benefits. The establishment of the DIA and the authorities granted to it build on previous efforts to streamline Treasury Board's involvement in defence procurement while focusing on the areas of highest risk and maintaining a strong oversight role.

Since 2018, defence procurements have been subject to a risk-based approach, permitting low-risk and, more recently, medium-risk defence procurements to proceed without seeking Treasury Board approval. Underpinning this approach is a rigorous and mature governance in which the Treasury Board Secretariat is involved, as well as strong due diligence. An evaluation undertaken in 2024 of the risk-based approach found that this approach effectively decreased procurement timelines without compromising the integrity of the process.

The authorities granted to the Defence Investment Agency represent a further iteration of this approach. For high-risk defence procurements of any value, Treasury Board approval of a procurement and negotiating strategy will be sought in advance of proceeding with solicitation activities or negotiations and, barring deviations from the approved approach, the agency will have the authority to enter into contracts without returning to the board.

I should emphasize that this exceptional authority is specific to contracting. Other types of authorities, like project authorities or access to funds, will still require Treasury Board approval. To support transparency, this enhanced authority is publicly available on our website in the directive on the management of procurement, as are all other exceptional limits.

Mr. Chair, we've provided a copy of this enhanced procurement authority to committee members to assist with your study.

On the topic of transparency, members will be interested to know that the Defence Investment Agency, like all departments and SOAs, is required to report publicly on whether its programs are achieving the intended results. This includes regular reporting, for example, through PSPC's departmental plan and departmental results report. Further, its contracts will be subject to proactive disclosure, and its spending will be captured in the public accounts, so anyone interested can follow the plans, procurements and spending of the agency.

• (1540)

[Translation]

Treasury Board and its secretariat will continue to play their roles in ensuring adequate oversight at the appropriate stage of the procurement process while supporting the Defence Investment Agency in its efforts to streamline defence procurement.

We would be happy to take your questions.

[English]

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

We'll start with Mr. Patzer for six minutes, please.

**Jeremy Patzer (Swift Current—Grasslands—Kindersley, CPC):** Thank you very much, Mr. Chair.

Thank you very much, everyone, for coming today. I really appreciate it.

Ms. Blanchard, I'm wondering if you could quickly tell us what are the authorities given to the Defence Investment Agency that you just alluded to. Could you quickly summarize that?

**Dominique Blanchard:** Sure. They are specific to contracting.

I guess I should say, first and foremost, that the agency will have all the authorities that are already in existence within PSPC, but a specific authority related to contracting and exceptional contracting limits.

As I mentioned, low- and medium-risk procurements, subject to the existing governance that is in place around this risk-based approach, can proceed without coming to the Treasury Board. The Treasury Board Secretariat is involved in the governance.

High-risk procurements would require Treasury Board approval of a procurement approach and strategy prior to engaging in the procurement process. Assuming there are no deviations from that approach, they could proceed with the procurement process and the negotiations and ultimately to signing the contract without coming back to the Treasury Board for that particular authority.

**Jeremy Patzer:** Can I jump in right there? Could you quickly differentiate between a medium risk and a high risk?

**Dominique Blanchard:** Sure. There is an evaluation of risk process that is built into this risk-based approach. I might turn to my colleague Emilio to define that.

It takes into account things like financial risk, in terms of whether it's a developmental project or something that is being purchased outright, and legal risk, in terms of the approach of acquisition that is being proposed.

Maybe I can turn to Emilio to elaborate on that.

**Emilio Franco (Executive Director, Investment Management Sector, Treasury Board Secretariat):** Absolutely.

The risk-based approach follows an established methodology by Public Services and Procurement Canada. A number of questions go into that risk assessment. As Dominique mentioned, it looks at aspects like legal and financial contract risk, political risk and communications risk, as well as complexity. Looking into buying ammunition versus buying submarines has different complexities and different risk levels.

Based on that assessment, and based on the responses to those questions, there is a risk profile that is given to the procurement. That determines what authorities are required to proceed.

**Jeremy Patzer:** On the \$100-million threshold for it to go through DIA, who came up with the \$100-million threshold?

**Dominique Blanchard:** That was part of the authority that was requested.

• (1545)

**Jeremy Patzer:** It was requested by whom?

**Dominique Blanchard:** That was part of the secretary of state's request.

[Translation]

**Marie-Hélène Gaudreau (Laurentides—Labelle, BQ):** I have a point of order, Mr. Chair.

The interpreter has told us that the witness's mike is not properly synchronized, and so I missed the last part.

**Dominique Blanchard:** Sorry about that.

**Marie-Hélène Gaudreau:** It's not your fault.

[English]

**The Chair:** How far back did you miss?

[Translation]

**Marie-Hélène Gaudreau:** About 20 seconds.

[English]

**The Chair:** Is it fine now?

**Marie-Hélène Gaudreau:** Yes.

**The Chair:** Okay. Thanks.

Go ahead, Mr. Patzer.

**Jeremy Patzer:** Okay. Thanks.

Can you say that last bit again? Who requested the \$100-million threshold?

**Dominique Blanchard:** It was part of the secretary of state's request.

**Jeremy Patzer:** Thank you.

Is there any way that a high-risk item could fall into that \$100-million subcategory, or would it be only low- and medium-risk items?

**Dominique Blanchard:** It's a really good question, because we often grapple with whether or not dollar thresholds are a more appropriate measure. Where we've landed is that the dollar value doesn't always equate appropriately to level of risk. I think it would be rare to have a high-risk procurement that falls below \$100 million, but I wouldn't state that as a matter of definitive fact.

**Jeremy Patzer:** Was it you guys who approved the framework agreement and the business plan for the DIA?

**Dominique Blanchard:** Those were approved by the Treasury Board.

**Jeremy Patzer:** Okay.

Do you think you would be able to produce the governing documents for it?

**Dominique Blanchard:** Yes. Those documents belong to the department, but I'm happy to take the committee's interest back to colleagues at PSPC and the DIA.

**Jeremy Patzer:** Then you'll table them back with this committee, if you could.

**Dominique Blanchard:** I can follow up with the committee, sure.

**Jeremy Patzer:** Awesome. Thank you very much. I would really appreciate that.

I think I have time for one or two more questions here.

What is the government's definition of core defence needs? Do you know what that is?

**Dominique Blanchard:** I would only say that from my perspective those are the needs that are defined by the Minister of National Defence and the Canadian Armed Forces. I myself don't have a definition of core needs, but I would say that those are as defined by the forces.

**Jeremy Patzer:** Would it be inappropriate for the industry minister, then, to be commenting on what is defined as a defence need?

**Dominique Blanchard:** I think the Minister of Industry has a role, as does her department, in terms of dealing with the industry and with the defence industrial base. I wouldn't have a view on whether it's appropriate for her to comment on what core needs are.

**Jeremy Patzer:** They're trying to get to 5% for the NATO requirements. There is 3.5%, which would be committed heavily to military, but there is 1.5% that would be in parallel or maybe alongside but not necessarily required. Are you concerned about what may or may not fall into that 1.5%?

**Dominique Blanchard:** I think it is a really important area of discussion. I think you're referring to the dual-use investments that would fall into that category. It's not my area of expertise, but I would note that there are undoubtedly instances where one objective can serve both purposes.

**Jeremy Patzer:** I noticed that the minister commented on climate change possibly being part of the NATO commitments. Does that seem a little outside the scope?

**Dominique Blanchard:** Again, I apologize. I'm not an expert in what would meet the definition, but the NATO definition is something that all NATO parties will have to comply with.

**The Chair:** Thanks very much.

Mr. Gasparro.

**Vince Gasparro (Eglinton—Lawrence, Lib.):** Thank you for your testimony and for your service, all three of you.

Can you speak to why Canada chose to create a centralized defence organization?

**Dominique Blanchard:** As I mentioned in my opening remarks, the objective is to streamline procurement processes, to reduce some of the duplication and to consolidate some of the parties that are involved in the defence procurement process, with an objective of accelerating defence procurement. I think it's a broadly understood view that procurement processes are complex and can take a long time. The dual objective would be to use those investments to support domestic industry.

**Vince Gasparro:** I know that many of our allies, such as Australia, Germany, the United Kingdom and France, use a central defence organization like this. Was this part of the thought process? Are we learning best practices from some of these other organizations?

• (1550)

**Dominique Blanchard:** It's a great question. I can't speak to what factors were ultimately considered in the decision to go with a special operating agency. However, I do know that, in the defence procurement space, there has been a lot of analysis of what exists in other countries, with a view to doing exactly what you've described, which is incorporating or integrating the lessons learned from those organizations into the approach taken here in Canada.

**Vince Gasparro:** I'll drill down on that. What specific efficiencies do you expect the Defence Investment Agency to deliver, compared to the current procurement process, particularly with how projects require Treasury Board approval?

**Dominique Blanchard:** It speaks to the first point I was going to make, which is that the Treasury Board part of the defence procurement process is only one component. The organization, as it is stood up and as it undertakes its mandate, is going to have to look at the entire process from start to finish: from the definition of requirements all the way through to ultimately accepting delivery of goods.

On the consolidation of authorities and accountabilities, the organization is going to be drawing upon existing expertise in different organizations and bringing those organizations together. I think the approach is to have integrated teams managing each of the procurements that the organization undertakes. I think there are going to be some efficiencies to be had in terms of how those are approached, given the bringing together of those experts.

In terms of Treasury Board's role, we have looked at it and will continue to look at it as they evolve. It's a very new organization, so there is a lot to be seen. We will continue to work with them to see where they may need additional tools or flexibilities in order to achieve their mandate. The first thing I've noted is tied to the contracting authority and the early approval in advance of engaging in those contracting procedures.

**Vince Gasparro:** It is safe to assume, obviously, that we are trying to learn the lessons from past procurement models within the Treasury Board Secretariat and applying that to the Defence Investment Agency.

**Dominique Blanchard:** That is exactly right. As I stated in my comments, this is an extension of an ongoing.... It is not new to the Defence Investment Agency, but building on what we have seen or observed as successes and how we have approached this to date. Again, I would suggest this is a new organization. There is probably more we can do as a secretariat to strike that balance.

**Vince Gasparro:** That's great.

How much time do I have, Chair?

**The Chair:** You have one minute and a half.

**Vince Gasparro:** Okay.

Can we drill down just a little? I know you touched on some of this, but how will this agency simplify and modernize Canada's defence procurement?

**Dominique Blanchard:** Some of that remains to be seen. The organization was launched at the beginning of October. It has a new CEO who is coming on board, and who I am sure will have views on how best to execute. The consolidation of expertise into the integrated teams that are envisioned will provide some efficiencies in terms of engagement with stakeholders and domestic industry. The objective is to support domestic industry through this organization and this way of approaching procurement.

There are some efficiencies there, perhaps in compressing some timelines and accelerating some of the decision-making that takes place in the defence procurement process.

**Vince Gasparro:** That's wonderful. Thank you.

Did I nail it?

**The Chair:** No, you left 18 seconds on the clock.

**Vince Gasparro:** I will have to become even more efficient.

**The Chair:** I am afraid the Standing Orders say you are to apologize and resign, Mr. Gasparro.

Madame Gaudreau, please go ahead for six minutes.

[*Translation*]

**Marie-Hélène Gaudreau:** Thank you, Mr. Chair.

Some of my questions have already been answered. Thank you to the witnesses for coming here today. There's something deeply reassuring about catching a glimpse into the future.

I'll pick up from the questions my colleague Mr. Gasparro had about procurement processes in the U.K., Germany, France and Australia.

Indeed, procurement is a centralized process. However, with all due respect to the work you're doing, the process is managed by National Defence.

Given this very specific and specialized context, why would the agency not be placed under the department, similar to how it is done in the countries I just cited?

• (1555)

**Dominique Blanchard:** Thank you for the question. I made a promise to answer in French and I'm going to do that.

**Marie-Hélène Gaudreau:** You're doing great.

**Dominique Blanchard:** Unfortunately, I don't have an answer to that question. It's a government decision.

I can only say there is a great deal of expertise within Public Services and Procurement Canada. Even though it's not exactly the same model as the one in the other countries, I think we will reap the benefits of integrating the Defence Investment Agency within Public Services and Procurement Canada.

**Marie-Hélène Gaudreau:** I asked you that question because I have some concerns. I was wondering whether this approach might suggest a lack of confidence in the Canadian Forces. I'm also a member of the Standing Committee on Veterans Affairs and we're currently engaged in a study on the delivery of services and the connection we have with our veterans. I'm therefore wondering how things are going at Public Services and Procurement Canada.

You've just said there is a sufficient level of skills and expertise.

Canada's goal to commit 5% of its gross domestic product, or GDP, to defence seems quite ambitious.

Does this mean you'll need more expertise?

**Dominique Blanchard:** I just want to point out that National Defence will continue to play a major role. The department will define what they need. It's therefore not true that it will no longer have any role.

One of the aspects we're looking into at the Treasury Board Secretariat is how the two departments can continue to work together.

As for expertise, that question is best put to the new president and CEO. We do know that the agency will draw on talent from the existing departments, but it may well be that it will need more expertise down the road.

[English]

I don't want to speculate.

[Translation]

I don't want to speculate on the sort of expertise that would be needed, but that's possible, and if so, mechanisms will be in place to look for the necessary expertise.

**Marie-Hélène Gaudreau:** Congratulations on your French, it's great. I'm also doing my best to speak English.

Where do things stand in terms of the Canadian industry's production and maintenance capabilities?

Can it deliver projects in a timely fashion?

**Dominique Blanchard:** That's a great question.

It's not my area of expertise, but I do know that expertise is available. Under the proposed approach, there's going to be an opportunity to provide these businesses with support so they can play a part in meeting Canada's goal to invest 5% of GDP on defence.

**Marie-Hélène Gaudreau:** That brings me to my last question.

I know you're going to send us the document on governance and I appreciate that.

However, for the benefit of those who are wondering about this, how does it work in terms of authorities?

Who is in charge? Who will be held accountable if it doesn't work out?

**Dominique Blanchard:** There's no doubt that the secretary of state will play a leadership role within the agency. As we have previously said, Mr. Guzman will take office in a few weeks' time. Responsibility for defence procurement falls under the Minister of Public Services and Procurement Canada.

Mr. Franco, would you like to expand on that?

• (1600)

**Emilio Franco:** The Defence Production Act does give the Minister of Public Services and Procurement Canada the authority to make defence-related purchases.

The minister and the secretary of state would be best placed to answer the question on how they will manage their relations.

**Marie-Hélène Gaudreau:** Okay.

Do you believe that a centralized defence procurement process will deliver additional efficiencies? You have a lot to manage.

**Dominique Blanchard:** It's too early to tell. Perhaps we'll have another chance to talk about it.

**Marie-Hélène Gaudreau:** We may invite you to come back another time.

Thank you very much, Mr. Chair.

[English]

**The Chair:** Then we'll invite you to come back.

We'll now go to Ms. Block for a five-minute round.

**Kelly Block (Carlton Trail—Eagle Creek, CPC):** Thank you very much, Chair.

Thank you to our witnesses for joining us today.

I want to share a few facts, because my questions are going to be around the salary and how that salary was derived.

Here are some facts. The chief of the defence staff's salary is somewhere between \$279,000 and \$329,000. The Secretary of State for Defence Procurement's salary is \$284,500. The Minister of National Defence's salary is equal to \$309,700. The Prime Minister of Canada's salary is equal to \$419,600, yet the CEO of the Defence Investment Agency, Mr. Guzman, who is a former Goldman Sachs colleague of the Prime Minister's, will have a salary of \$670,000 plus bonuses. When I look at the chart for the bonuses, it looks like he's going to get, at maximum, a 33% performance bonus, which would equal over \$900,000.

Can you tell us why he is being paid so much per year, and can you tell us why what he's being paid exceeds by so much the compensation set for Crown corporation CEOs as posted on the government's website?

**Donnalyn McClymont (Deputy Secretary to the Cabinet, Senior Personnel and Public Service Renewal, Privy Council Office):** Mr. Chair, I'm from the Privy Council Office, and I'm the deputy secretary responsible for appointments. I will do my best to respond to your question. In terms of the salaries that you quoted, you are absolutely correct.

In Mr. Guzman's case, it is not uncommon for us to bring people in from outside the Government of Canada. It's a decision for which the discretion rests with the Governor in Council, to make decisions around the kind of leadership that's required from important organizations such as this one. We are responsible for working within the frameworks that the Governor in Council sets to negotiate compensation for folks when they come in from outside. As you alluded to, there is a framework in place; we work within that framework, and the salary is consistent with the framework.

As you suggest, there is not only compensation but also performance pay associated with that. It's not a given that people are going to receive the top end, as you suggest. I think, to the point of my colleagues at Treasury Board, that it will depend on the ability to achieve the objectives that the minister and, ultimately, the Prime Minister have set for the CEO.

**Kelly Block:** Thank you.

It's my understanding that, according to the order in council, this appointment was made on the recommendation of the Prime Minister. Were there any other candidates considered for this position?

**Donnalyn McClymont:** When we learned that the government was interested in setting up this organization, I did provide some ideas to my boss, the Clerk of the Privy Council. At the time, it was John Hannaford.

I can't get into the specifics of the individuals, obviously, to respect their privacy, but as far as I'm concerned, and from what I know from where I sit, we did have some names that we suggested from our end.

**Kelly Block:** Did your ideas include Mr. Guzman?

**Donnalyn McClymont:** I wouldn't be in a position to give that kind of level of detail around personal information about the individual candidates we suggested.

**Kelly Block:** I'm just asking about Mr. Guzman. He was obviously the successful applicant—if, in fact, he was on a list.

Okay, thank you for that.

In budget 2025, there will be both funding allocated to PSPC to establish the DIA and set-aside funding for the agency, starting in 2026. If we look at page 199 of the budget that was tabled yesterday, it states that the new Defence Investment Agency will receive \$13 million in the year 2026-27. Is that correct?

• (1605)

**Dominique Blanchard:** I don't have the exact reference in front of me. I recall that it was in the order of \$38 million over a period of four or five years.

Yes, that would be to sustain the operations. I think the organization now is being sustained with some internal funding from PSPC.

**Kelly Block:** I guess my last comment will be that, with \$13 million in 2026-27 and possibly a salary and bonus of almost \$1 million, the CEO is taking one-thirteenth of the budget for the year 2026-27.

Thanks.

**The Chair:** Thanks.

We'll now go to Ms. Rochefort, please, for five minutes.

[Translation]

**Pauline Rochefort (Nipissing—Timiskaming, Lib.):** Thank you, Mr. Chair.

[English]

I would like to drill down on some of the questions that have already been asked to understand the extent to which the Treasury Board of Canada, your secretariat, will be involved in supporting Public Services and Procurement Canada to develop the departmental result indicators and measurement standards related to this new organization.

**Dominique Blanchard:** I would say that, as with all departments, those requirements will be the same for the Defence Investment Agency, and they will be reflected through PSPC's departmental reporting.

The Treasury Board does play a role in the approval of the core responsibilities of departments. Should there be amendments to the framework required, those would come to Treasury Board or to the appropriate delegated authority in that regard.

Is there anything you want to add on that, Emilio?

**Emilio Franco:** Treasury Board does have a policy on results. Like any department, PSPC, and the Defence Investment Agency

within it, will have to establish its results for its programs, and those will be, as Dominique mentioned, reported through DR.

**Pauline Rochefort:** Do you have examples of what these metrics would look like or could be?

**Emilio Franco:** I wouldn't be able to speculate. The department would be best positioned to speak to how it will assess its results and report them to Parliament and to Canadians.

**Pauline Rochefort:** Thank you.

Could you speak to the role that the Treasury Board will play in defining the legal and policy framework for federal contracting and procurement for the new defence agency?

**Dominique Blanchard:** I can maybe start and then turn to Emilio.

The legal framework and the policy framework are now the same as they are for all departments as it relates to procurement, with the exceptions that I've already noted in the case of contracting. As and when they may need additional delegations or additional exemptions from policies, they could seek those from the board, and we, as the secretariat, would have to do some analysis on a case-by-case basis to see how we would advise on those.

Do you want to add anything, Emilio?

**Emilio Franco:** Absolutely, I'm always happy to talk about procurement.

I think it's important to emphasize that, again, this organization follows the same rules as everyone else, with the exceptions that we've highlighted. That includes laws, regulations, trade agreements and Treasury Board policies around procurement.

The department will also have—I think it's important to emphasize—its own set of controls, systems and processes around procurement that are going to be specific and unique to how they operate. That will be in addition to those broader frameworks. They'll also be required to have, like any other organization, controls in place like oversight, audit, financial controls and record-keeping. All these rules will apply to this organization, just as they do to any other organization.

Of course, the Auditor General and the procurement ombudsman will continue to have a role in overseeing procurements conducted by any organization, including this one.

Last, and very important to me, is transparency. Its procurements will continue to be published proactively on the Open Government portal.

**Pauline Rochefort:** Maybe I'll ask just a quick question, then, to follow up on that matter of transparency.

How will it safeguard sensitive defence information in that context?

**Emilio Franco:** The publication of procurements is managed under the Access to Information Act, so of course, if there are sensitive aspects to a procurement that are not appropriate to be published, that information can be withheld. The general practice is that you still publish as much as possible and only withhold the information that is sensitive.

• (1610)

**Pauline Rochefort:** Thank you for that information.

That's all for me. Thank you.

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

We will now go to Ms. Gaudreau for two and a half minutes, please.

[*Translation*]

**Marie-Hélène Gaudreau:** Thank you very much, Mr. Chair.

The matter of Canada's industrial capacity came up earlier. The government says it wants to align defence, Canadian businesses and domestic industrial capability. Dealing with Ottawa is already complex. Some people have told me it's so complicated that they had to conduct studies and so forth.

Davie Canada, a Quebec-based shipbuilding company, had to take a loan from Investissement Québec to do business with the federal government.

Will the Business Development Bank of Canada, or BDC, and the Community Futures Development Corporation, or CFDC, support regional businesses? I'm very concerned about that.

**Dominique Blanchard:** That's a very good question. I'm not sure I have the right answer.

It's true that the agencies and corporations you've referred to have a role to play to support industry, but that does not typically apply to the defence industry. I don't want to speculate, but they may be able to play a bigger role in this area given that the government has an exceptionally ambitious goal.

**Marie-Hélène Gaudreau:** Defence-related practices in other countries were taken into consideration. That's great.

France has the Loi de programmation militaire. The Parliament of Canada votes on policies. Procurement gives parliamentarians leverage.

That said, the ultimate goal is transparency and predictability for industry, which is good for our economy.

What plans do you have to consult Parliament and to talk to industry? It's a matter of choices and predictability. We are looking into what's going on at this time of crisis.

What can you tell us about that?

**Dominique Blanchard:** That's a great question. However, you might want to put it to the Defence Investment Agency. The representatives would be in a better position to answer your question once the agency is in place.

**Marie-Hélène Gaudreau:** Okay, Ms. Blanchard.

Thank you, Mr. Chair.

[*English*]

**The Chair:** Thanks.

Ms. Jansen, go ahead, please.

**Tamara Jansen (Cloverdale—Langley City, CPC):** I hope you don't mind. I'm going to start a little simple.

The old system, if I understand correctly, works like this: The Department of National Defence decides what's needed. Procurement Canada handles the contracting. The Department of Industry adds the gadgets and the tech requirements, and the Treasury Board signs off on the money. Therefore, there are four departments involved in every major defence purchase. Is that correct?

**Dominique Blanchard:** It is, yes, at a minimum.

**Tamara Jansen:** Okay. Each one of them has its own mandate, approval process and risk team. Is that correct?

**Dominique Blanchard:** Yes, I think that's correct.

**Tamara Jansen:** Do you agree, then, that the system just wasn't really working, caused massive delays and cost overruns?

**Dominique Blanchard:** I think there are a number of reasons for cost overruns, but yes.

**Tamara Jansen:** Okay.

The Prime Minister's solution was to add a fifth organization, the new Defence Investment Agency, to fix that process. Is that correct?

**Dominique Blanchard:** I would say that what's important is the way this organization takes on some of the roles and responsibilities that were previously undertaken by the ones that you mentioned.

**Tamara Jansen:** Okay.

Just so we're clear, none of the original four departments are being removed or losing their involvement in the process. Is that correct?

**Dominique Blanchard:** I think that remains to be seen. These are early days for this organization. Certainly, some of the capacities within those organizations may step back—

**Tamara Jansen:** They're still there.

**Dominique Blanchard:** The organizations are still there, yes.

**Tamara Jansen:** We still have National Defence, Procurement, Innovation and Science, and the Treasury Board, plus the new agency that's sitting on top of them doing the big buys—over \$100 million. That is what I understand.

**Dominique Blanchard:** Yes, again, there may be organizations within those departments that would be stood down or have smaller roles going forward, but they would still have a role, yes.

**Tamara Jansen:** Okay.

The person who was chosen to lead it, and for what seems to be a salary of close to \$1 million if you include the bonuses—we shall see—is Mr. Guzman. He comes from banking—a career in finance, wealth management and capital markets—with no background in government procurement and with no military experience, as far as I can see, not even as a cadet.

Ms. McClymont, was he actually on your list?

• (1615)

**Donnalyn McClymont:** As I mentioned earlier, and as was mentioned in the Prime Minister's announcement, Mr. Guzman was chosen because, as you just said, he has decades of experience in investment and finance, capital allocation, project execution—

**Tamara Jansen:** I was just asking if he was on your list.

I wonder, Mr. Chair, if you might help me out. It's a fairly direct question.

**The Chair:** Are you able to provide an answer?

**Donnalyn McClymont:** Out of respect for personal information, I'm not in a position to speak to who, specifically, was on the various lists.

**Tamara Jansen:** I'm just asking specifically about Mr. Guzman. I'm just wondering whether the Prime Minister went over your head if Mr. Guzman wasn't on your list.

**Vince Gasparro:** Mr. Chair, I have a point of order.

The witness has answered this question three times now, so—

**Tamara Jansen:** No, she hasn't answered the question.

**Vince Gasparro:** She has answered. She's given you an answer.

**The Chair:** Colleagues, let Mr. Gasparro finish his point of order.

**Vince Gasparro:** She's given an answer three times on this exact question. The member is borderline badgering the witness.

Are you going to spend the rest of the time asking the same question? She's given you the answer.

**The Chair:** Mr. Gasparro, thanks. I've heard the point of order.

I don't think it's badgering. I do believe that it's a very straightforward question, and I think we'd appreciate a straightforward answer to this. I don't think it's betraying any confidentiality.

**Donnalyn McClymont:** The simple answer would be that, obviously, he was a name that was under consideration, because he was asked to take on the role. That would be the best I could answer for you.

**Tamara Jansen:** The reform isn't being led by someone who has ever bought a sub or an F-35 jet. It's being led by someone who has managed portfolios and investment funds.

How much time do I have left?

**The Chair:** You have just over a minute and a half.

**Tamara Jansen:** If we look at what appears to be happening here, we see that we have a massive new spending envelope of more than \$80 billion over five years, centralized control—so, one agency managing the big purchases—a private sector banker in charge, whose expertise is moving capital, not delivering hardware, and language straight out of an industrial strategy: building domestic supply chains, leveraging innovation, etc. It sounds like the government is building an investment portfolio, not a stronger military. The idea of building a military industrial complex that's market-driven seems quite un-Canadian.

I'm just wondering, should we be concerned that, with Mr. Guzman at the helm, our defence dollars are going to be leveraged for market outcomes rather than military ones?

**Donnalyn McClymont:** Mr. Chair, I would again reference the Prime Minister's news release, in which he was quite clear that he was of the view—and it is the Governor in Council's prerogative to pick the people they feel are best suited for the roles of these, I would say, high-priority Governor in Council positions—that Mr. Guzman has the expertise, as the member alluded to, in capital allocation, project execution and large financial projects.

I would just go back to some of the comments that my Treasury Board colleagues made. Oftentimes, when we're looking for great people to lead these organizations, we look for specific backgrounds that we in the government may not have. We look for leadership acumen, and we know that we have skill sets within the government that can support the individual in terms of succeeding.

**The Chair:** That's our time.

Ms. Sudds, you have five minutes, please.

**Hon. Jenna Sudds (Kanata, Lib.):** Thank you very much, Mr. Chair.

Thank you to the three of you for being here and for the work that you do.

First of all, I have a simple question, for whoever is best positioned to answer it: How is it intended that the new Defence Investment Agency will work with Canadian industry?

Of course, there is a tremendous amount of interest, given the steps that our government is taking around our commitment to NATO. That opens up massive opportunities for Canadian industry when it comes to innovation, jobs and investment. How will this enable us to grow Canada's defence industrial base?

**Dominique Blanchard:** Maybe I can start, and if others have comments, they can jump in.

I understand that there have been, and there will continue to be, extensive consultations with the domestic industry regarding what roles it thinks it can play and how the government can best support it in executing those roles. As was noted earlier, there are a number of areas of real strength within the domestic industry as it stands, so there may be opportunities to bolster those capacities based on the types of strategic investments the investment agency is positioned to undertake. I think they will have a better sense of that and a better answer to the question than I'm able to provide here, unfortunately.

As I said, those conversations are very actively under way on a number of different fronts, including with PSPC, National Defence and those who are at the Defence Investment Agency.

• (1620)

**Hon. Jenna Sudds:** Incredible. Thank you for that. It's certainly a massive opportunity for our Canadian defence sector.

Pivoting slightly to thinking about how the Defence Investment Agency will work within the Treasury Board's existing approval frameworks, I would imagine that there are some changes being contemplated in order to streamline the decision-making process without compromising on accountability. Can you speak to that?

**Dominique Blanchard:** For us at the secretariat, it's not a choice between maintaining the status quo and completely withdrawing and abrogating our responsibilities; it's a matter of finding the right point in time for the board to be involved. The example we gave today as it relates to the contracting authority is a really good one. This will give the Treasury Board an opportunity to have line of sight on the procurement approach that is being considered at a much earlier stage than they would under the current approach, and potentially influence that as they see fit.

As I noted, it takes a risk-based approach, rather than basing it purely on other determinations, like dollar amounts. It's focusing attention on the areas that are the most important. We, as a secretariat, are in a process of continuous improvement when it comes to calibrating our role in terms of the challenge function that we perform. Our mandate is not solely to challenge, but to support departments in achieving their objectives and help them identify risks and mitigation. Where we situate ourselves in that process is a really important question that we reflect on a lot, and we continue to do that.

The case we're talking about today with the defence procurement dimension is one part of that, but we are continuing to look at that more generally: How can we be more efficient? Are we asking for the right kind of information, and are we asking for it at the right moment in time so that we can provide sound advice and support to the Treasury Board as it makes its decisions?

**Hon. Jenna Sudds:** Incredible.

I think that pretty much wraps up my time.

Thank you.

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

We have Mr. Gill now for five minutes, and then Ms. Khalid.

**Harb Gill (Windsor West, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for coming.

Last night, the industry committee heard from experts who testified that the Defence Investment Agency bureaucracy would be responsible for only 8% of defence procurement. That leaves 92% of procurement stuck in the other five-department loop, which is DND, PSPC, ISED, Justice and TBS.

What are the plans to fix the other 92% of procurement?

**Dominique Blanchard:** I don't have the statistics you cited. I will only say that, again, this is a very new organization, so an area of interest for us at the secretariat is working with the organization to understand the process to onboard new procurement.

It's true that there will be procurement still taking place outside of the Defence Investment Agency. Supporting the organization and making sure that it is equipped to take on the procurement is an ongoing area of conversation that we will have with the agency.

**Harb Gill:** What access will Mr. Guzman have to senior government officials besides the defence secretary? What screens have been put in place to make sure there's no perception of any ethical violations or improprieties that could be perceived as such by the general public?

There's already a significant erosion of public trust when it comes to these kinds of appointments out there.

• (1625)

**Donnalyn McClymont:** Mr. Guzman will be part of the senior echelons of the public service. He will work closely with colleagues at Treasury Board, at National Defence and at Public Services and Procurement Canada.

On the question of the ethical conflict of interest, if you will, certainly he will be subject to the Conflict of Interest Act, as would any reporting public office holder.

For our part, we have been working closely with the commissioner when we have prospective candidates who are coming in from outside and who may or may not have assets or holdings that will need to be governed by the act. For a prospect, we have a range of information sessions with the Ethics Commissioner to make sure that individuals can comply with the law before we consider them for an appointment. The Ethics Commissioner was good enough to do this in this set of circumstances.

I don't have specific details about the conversations that the commissioner would have had with Mr. Guzman, but certainly that will be part of his responsibilities as a reporting public officer holder.

**Harb Gill:** Will he have that one-year cooling off period?

**Donnalyn McClymont:** He'll be subject to all of the requirements for all reporting public office holders under the Conflict of Interest Act and the Lobbying Act, as well.

**Harb Gill:** How much time do I have, Chair?

**The Chair:** You have a minute and a bit.

**Harb Gill:** I come from Windsor. We've had an affordability crisis brewing for quite a while now.

How does creating this new agency with a high-paid executive reflect the government priorities? As we heard from Ms. Block, one-thirteenth of the budget will be going to him. What's the expected return on investment?

Will this agency commit to publishing clear results, like procurement savings, faster delivery timelines and support for the industry? Will it also be involved in the acquisition of the F-35?

**Dominique Blanchard:** I can't speak to specific procurements that it will undertake. That would be a question to ask the agency and the CEO.

In terms of whether it will be required to report on its results, yes, it will be, just as all departments are required to report on results through departmental reporting.

**Harb Gill:** Is there any kind of governance or oversight framework that the agency has been given? Is there some establishment of those frameworks that you could share with us?

**Dominique Blanchard:** I think some of the documentation that was already requested would speak to some of what you're looking for.

In terms of governance frameworks, I can only speak to the Treasury Board part of what exists for governance and oversight. I can say that, as it relates to defence procurement, there are several layers of governance and oversight already in place. The agency will continue to be subject to that oversight.

**Harb Gill:** Since you hold the purse strings and hold the wallet, can you provide us with a breakdown of the budget and the staffing plan?

You're going to be signing the cheque for these folks, I'm assuming.

**Dominique Blanchard:** The funding was just announced in the budget. There will be a proposal that will need to come to the board to access that funding.

More details will be provided.

**Harb Gill:** Can you give us that breakdown?

**Dominique Blanchard:** I don't have that information now.

**Harb Gill:** Who would have it?

**Dominique Blanchard:** It will be for the agency to provide to the Treasury Board when it's ready to come and access that funding.

**Harb Gill:** You sign the cheque, but you can't give us that information.

**Dominique Blanchard:** I'm speaking only about the funding that was just announced in the budget.

**The Chair:** Thank you. That is our time.

Ms. Khalid, go ahead, please.

**Iqra Khalid (Mississauga—Erin Mills, Lib.):** Thank you to the witnesses for being here today.

I'll start by asking, for the purposes of our constituents who are listening in on this committee today, what's the difference between an agency and a department? Why does it matter?

**Dominique Blanchard:** Thank you for the question. It's a very good question.

What I would say about the special operating agencies that have been established—as I noted, there are over a dozen in existence today; the earliest are from the early nineties—is that they are units within existing departments. It's relatively straightforward to stand them up in that regard. They are subject to all of the same requirements and structures that a department would be.

They can, as I noted, be given special authorities. I would say that most of the SOAs that we've looked at are service-oriented and

have a really discrete mandate. Some can be quite large, like the Canadian Coast Guard, or they can be very small.

As I said, they don't require legislation to establish. They are subject to all the same rules and requirements as departments. They can perform a discrete function and have their own unique footprint.

• (1630)

**Iqra Khalid:** What I'm hearing you say is that a lot more discretion is allowed in agencies versus departments.

**Dominique Blanchard:** Not necessarily. They could seek those authorities should they wish and should those be tools.... I am speaking only about authorities that rest with the Treasury Board, but there are other authorities or delegations that exist even within a department and that may or may not be given to those special operating agencies.

Authorities that rest with the minister could be delegated to the special operating agencies as well. That would depend on the specific mandate, I would say, of those agencies.

**Iqra Khalid:** On this specific agency we are talking about, can you outline for us what discretions are allowed for them? What decisions are they able to make on their own as an agency, without the executive branch filling in?

**Dominique Blanchard:** Do you want to speak to that, Emilio?

**Emilio Franco:** Again, I would just say that the Defence Investment Agency is an entity within Public Services and Procurement Canada, which, in setting up that agency, will need to determine to what extent the existing processes and controls within the department extend to it or what internal flexibilities they're providing. I think they would be best placed to elaborate on how that will be managed.

**Iqra Khalid:** Thank you.

Ms. McClymont, if I can please ask you, how does an agency like this interact with international obligations that we have with NATO, for example, and with other multilateral organizations? How do they fulfill the role Canada needs to fulfill with these obligations?

**Donnalyn McClymont:** I would love to try to answer that, but I'm the appointments person. I'd love to give you my own personal view, but that would probably be bad. I don't know.

Can you take it, Dominique?

**Dominique Blanchard:** Thank you.

I'll try as well. I mean, I can't speak to the specific interactions with NATO itself, but certainly in terms of the objective of meeting the spending target, this is going to be a really important tool in terms of achieving that objective, with a view to streamlining the approach to procurement and expediting it, certainly in the amounts that are being talked about, to achieve the 2% and ultimately the 5% target.

The pace of procurement, as I think is well understood... In some cases, it can take a really long time. As I noted, the objective or the driver, in part, for this organization is to ensure that it can expedite and accelerate the process with a view to achieving or meeting those international commitments, including the NATO target.

**Iqra Khalid:** When we talk about meeting those commitments, does the creation of the agency and the amount of money spent in the creation of the agency count toward that obligation?

**Dominique Blanchard:** That's a good question. I don't know if Emilio knows the answer, but that may be one we have to get back to you on.

**Emilio Franco:** I don't know the answer as to whether or not this organization is contributing to the 5%. I know that there is an exercise to assess Canada's contributions to its NATO targets, with organizations bringing forward the work they do in support of defence, but I don't know specifically about this organization and how it contributes.

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

We will finish with Ms. Gaudreau for two and a half minutes.

[*Translation*]

**Marie-Hélène Gaudreau:** Actually, I'd like to ask another question, Mr. Chair.

I have some serious concerns and I need some reassurance.

How can it possibly be said that there are no overlapping roles when it comes to procedures, management decisions and the chain of command?

Perhaps I hadn't realized it, but we're talking about four organizations that can make simultaneous decisions. There is National Defence, Treasury Board, Public Services and Procurement Canada, and the Privy Council Office.

Who will be accountable for any failures?

• (1635)

**Dominique Blanchard:** Thank you for the question.

The Defence Investment Agency would be accountable. We're trying to consolidate authorities to have fewer decision-making points in the procurement process.

This is a new agency and so duplication of roles will be an issue on their end and on our end. We want to eliminate existing duplication.

**Marie-Hélène Gaudreau:** I do have one wish, Mr. Chair.

We have a rare opportunity to have a glimpse into the future. We usually find out what worked or congratulate people when things go well after the fact. Unfortunately, that doesn't always happen here.

I'd really like us to have an opportunity to follow up the various stages upfront. We could look into the issue of governance. Maybe in six months, witnesses will have answers to the questions we've asked them.

Mr. Chair, we need to keep a close eye on the situation because public dollars are involved.

People on the ground think it's just another scenario that will be difficult to track and that ultimately it won't go far.

If we want to prove otherwise, then I think we should ask the witnesses to come back in due course and we can ask them to provide additional information.

**Dominique Blanchard:** I think Public Services and Procurement Canada and the Defence Procurement Agency will be in a better position to answer your questions.

**Marie-Hélène Gaudreau:** Thank you very much, Mr. Chair.

[*English*]

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

We're going to add a couple more interventions.

We'll go to Mrs. Block for five minutes, please.

**Kelly Block:** Thank you very much for the opportunity. We'll see if I can use up the five minutes.

The government announced a new policy, the buy Canada policy, which would apply to contracts given out by the federal government. How many Canadian suppliers are expected to replace suppliers from other nations with the buy Canada directive in effect? Do you have any idea of the displacement that might take place?

**Emilio Franco:** I don't have the specific numbers in front of me. On the policy that was announced back in September, the specific details of how that will be implemented are being finalized. The commitment in the announcement was by the end of November. That should be forthcoming.

I think what's important to highlight is that right now the government does most of its business with Canadian suppliers, but the opportunity through the buy Canadian policy and strategy is to look at how we support inputs, materials and the use of Canadian content in the procurements that we're conducting. One of the announcements spoke to how we can support Canadian materials—aluminum, steel, wood—by making sure that those are components of the things we're buying. We're buying from a Canadian company and looking at how that Canadian company can leverage inputs from Canada in the delivery of that work.

I think that's an important piece of that. The specific details will follow, but as I mentioned, I think the vast majority of our current contracts are with Canadian companies. This is about how we work with those Canadian companies to support more Canadian content and inputs.

**Kelly Block:** Thank you very much.

The national shipbuilding strategy sought to ensure that all provinces would be able to participate in the supply chain of the shipbuilding initiative. Can you tell us how that might impact what we're seeing with the new Defence Investment Agency? For example, over the last couple of years, the committee has learned that oftentimes contracts are constructed in ways that favour particular companies and exclude others. Are you contemplating what the rules may need to look like for contracting through the Defence Investment Agency to ensure that smaller companies, perhaps, continue to have the chance to seek those opportunities to procure with the Government of Canada?

**Emilio Franco:** I think there are two aspects to this. First, it's important to highlight that National Defence remains responsible for setting its requirements. It needs to determine the technical capabilities and needs of the forces. Those are articulated to the Defence Investment Agency to then determine the procurement.

The Defence Investment Agency does have a mandate—it was one of the core objectives in its announcement—to work with the Canadian industry. I would expect that, in those conversations, they're looking at how procurement can best support domestic industry, either through the prime contractors or through the broader supply chain. That will be a factor, I expect, in how they determine the procurement approach, which should ultimately result in the broader supply chain across Canada being supported through these activities.

• (1640)

**Kelly Block:** Thank you.

**The Chair:** Mr. Gasparro, go ahead, please.

**Vince Gasparro:** Great. Thank you.

Can you get into how the primary objectives of the organization will contribute to Canada's GDP growth? What multiplier effect is expected from defence-related industrial activity?

**Dominique Blanchard:** I don't have the metrics in terms of those targets. The intention is to use procurement in support of equipping the forces as a tool or mechanism that can also support Canadian domestic industry. I don't have the metrics. We've mentioned that the agency will have to establish its own targets, and those would be good questions to be put to the DIA.

Again, from the perspective of Treasury Board Secretariat, it's only one component of what is a much larger procurement process chain.

**Vince Gasparro:** It's probably safe to assume that if you're streamlining waste, you're making it more efficient for large procurement. As an offshoot of infrastructure development, it will provide a positive impact to our gross domestic product. It's safe to assume it will be positive. The fact that we've attracted talent to the agency to help drive that is something that should be viewed as positive.

**Dominique Blanchard:** I would agree with you.

**Vince Gasparro:** How will the Defence Investment Agency, from your perspective, operationalize its goal to tie procurement to domestic industrial benefits?

We can then talk about some of the metrics that could be used in that regard.

**Dominique Blanchard:** I might turn to Emilio.

There is an industrial and technological benefits policy that is in place. The way the DIA is structured, it's going to be helpful in terms of executing on some of the commitments and requirements under the ITB policy.

Did you want to add to that, Emilio?

**Emilio Franco:** I think you hit on it, but I'll just highlight that the ITB policy requires that defence procurements over a specific threshold look at the benefits that will be created within Canada by virtue of the work. It actually requires that suppliers comply with that policy for contracts. For every dollar of contract value, there's a dollar of investment in Canada, whether it's direct industrial input, training programs or other kinds of spinoff benefits.

The key commitment here is that for every dollar we spend on the contract, benefits need to be generated for Canada in some form. That becomes a commitment from the supplier. It is tracked and managed throughout the life of the contract. I think the DIA will play a key role.

We've seen that ISED personnel will be joining the DIA to support the delivery and execution of those benefits for Canada.

**Vince Gasparro:** Are you comfortable that Canadian firms will benefit from these major defence contracts where appropriate?

**Emilio Franco:** That's one of the key objectives of the DIA. It is intended to work with Canadian industry to look at opportunities, and how to leverage and build our procurement process in a manner that supports work for Canadians and Canadian businesses.

One of the things that we see with this approach is that.... Canadian companies have seen, in the past, challenges with booms and busts and short-term contracts that made it difficult to build capacity and strong footholds. The agency will be looking at contract approaches—more long-term contracts and more contracts that allow for more sustained economic growth—to see what opportunities there are to drive both the delivery of equipment to the forces and the Canadian economy.

• (1645)

**Vince Gasparro:** I'll yield the rest of my time to my colleague.

**Pauline Rochefort:** Is there another round?

**The Chair:** No. You have 20 seconds.

**Pauline Rochefort:** I'll just make a quick comment to follow my colleague's questioning.

Regarding Mr. Guzman's background, I noted that the mandate of the agency is not just purchasing. It's also to help Canadian companies scale up, so that they can develop cutting-edge capabilities and compete globally. Mr. Guzman's background really fits that ability to help Canadian companies. In that sense, he's an excellent choice.

Thank you.

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

Colleagues, that's it.

Witnesses, thank you for being with us.

Just very quickly, I have a question. You mentioned that Mr. Guzman would be subject to the one-year cooling off period. My understanding is that this is the general rule, unless overridden or excused by the Ethics Commissioner. Do you know if that has been the case for Mr. Guzman?

**Donnalyn McClymont:** I'm not aware. We could certainly try to follow up for you, but usually that happens bilaterally between the commissioner and the reporting public office holder directly, so we don't often have that direct information.

**The Chair:** If you have it, would you provide it, positive or negative?

**Donnalyn McClymont:** For sure, we can check and see what we have on our records.

**The Chair:** That's wonderful.

We will excuse you.

We're going to suspend for a few moments to dismiss our witnesses and bring in Mr. Bédard.

• (1645) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1655)

**The Chair:** We are back in session. Thanks, everyone, for your patience.

Joining us is our law clerk, Mr. Bédard.

Very quickly, colleagues, I want to cover a couple of things, and then I'll turn it over to Mr. Bédard.

The original motion for the Stellantis documents snared, for lack of a better word, some documents we probably weren't looking for. One was from the RCMP. They came back, and it appears that the motion would also have them find, translate and look for individual purchase contracts. I'm suggesting that we agree as a committee to remove them from that, because I don't think that's the intent. It's creating extra work for the RCMP for no reason.

Are we fine with that, colleagues? Do you want to have that from the RCMP as well?

**Iqra Khalid:** I want to talk about it, Chair. I want to talk about the importance of their correspondence to us today on this issue.

**The Chair:** Okay, we can save it for another time.

We'll let the RCMP know they'll have to provide it.

**Iqra Khalid:** I'm sorry, Chair; I don't think that's a unilateral decision for you to make.

**The Chair:** Ms. Khalid, first of all, that was the motion. It's not a unilateral decision from me; that is the motion.

**Iqra Khalid:** My apologies, Chair. I'm sorry if I mis-phrased it.

My point is this: If we are responding to the RCMP and their correspondence, I believe that the response to them should be a collaborative and consensus-built letter.

**The Chair:** It's more of a yes or no, whether we want them to fulfill the request in the motion.

I had suggested saving them the time, because I don't think that's what the committee had intended, but because I don't have UC, we'll continue to ask all departments to fulfill what the motion asks for.

**Iqra Khalid:** Chair, may I?

**The Chair:** Go ahead, but briefly, because I want to get to the other stuff.

**Iqra Khalid:** I think it's a bit premature to ask for UC on a letter that was received by the RCMP—

**The Chair:** I'm going to interrupt you, Ms. Khalid, because we are short on time.

UC did not pass, so the issue is closed and we're moving on.

Ms. Khalid, please, I've made a decision.

**Iqra Khalid:** I have a point of order.

**The Chair:** What is your point of order?

**Iqra Khalid:** I should be allowed the floor when I'm trying to make a point. We are discussing a very important issue.

**The Chair:** I have ruled. That is not a point of order, and we're moving on. If your intent is just to delay for the 15 minutes, say so.

**Iqra Khalid:** Chair, I'm not trying to delay. I'm trying to understand why we are overlooking what the RCMP has to say.

**The Chair:** We don't have UC, so the issue is closed.

We're moving forward.

**Iqra Khalid:** Chair—

**The Chair:** Madame Khalid, I've ruled and we're moving on.

The second issue is this. You've all received correspondence that the clerk has sent out with a response from the Department of Industry about the documents we've requested. In a nutshell, they have delivered redacted documents to the clerk that do not fulfill what is in our motion, which is why Mr. Bédard is here. I'm going to ask Mr. Bédard to explain what the Department of Industry has said and what our rights are, or what should be done under the motion.

**Hon. Jenna Sudds:** Mr. Chair, may I?

**The Chair:** Go ahead, briefly. Is it a point of order? What is it about, please?

**Hon. Jenna Sudds:** It's the fact that this letter was just received as the meeting was starting, and I think it's important that this letter be read into the record.

• (1700)

**The Chair:** That is not a point of order.

I'm going to turn the floor over to Mr. Bédard, and I'm not going to entertain any more interruptions. Please show respect for Mr. Bédard, our law clerk, who has made the time to be here on this.

**Iqra Khalid:** I'm sorry; my apologies, but it was not on the notice of meeting that Mr. Bédard would be appearing today. The notice of meeting was—

**The Chair:** Technically, because the notice says, “Committee Business”, it does not allow his specific name to be on it. Regardless, we're in committee business, so I'm asking Mr. Bédard to explain.

**Iqra Khalid:** I will ask for clarification on this, then, Chair.

The notice of meeting says, under “Committee Business”, “Response from the government to the motion for the production of papers adopted on Monday, October 20, 2025”. I'm not sure, so please correct me if I'm wrong, as you have a lot more experience than I do, but how did we get to the understanding that Mr. Bédard, as much as we love him and appreciate his being here, was going to be coming in today? I would have liked to be prepared to ask the relevant questions, because I do think that his being here in this committee is very important and he does have a lot of light to shed on this issue.

Chair, I put it to you.

Thank you.

**The Chair:** Mr. Bédard is here to advise the committee.

**Iqra Khalid:** Why weren't we told about it?

**The Chair:** I told you at the very beginning of this meeting.

**Iqra Khalid:** No, you didn't.

**Pauline Rochefort:** Absolutely not.

**Iqra Khalid:** Was it in a private conversation, Chair, 30 seconds before the meeting started?

**The Chair:** Ms. Khalid, you asked me a question, and I'm trying to respond. I would appreciate it if you stopped interrupting me.

**Iqra Khalid:** My apologies, Chair.

**The Chair:** I told you, and I asked you to provide the information to your members. Mr. Bédard—

**Iqra Khalid:** [*Inaudible—Editor*]

**The Chair:** Ms. Khalid, I will stop recognizing you if you're going to play these games and continue to interrupt. You are continuing to interrupt me.

I have asked Mr. Bédard to explain to this committee the rights of parliamentarians when a very clear motion is not being fulfilled by the Department of Industry.

I've ruled. I'm going to turn the floor over to Mr. Bédard. We'll entertain points of order after Mr. Bédard speaks.

**Pauline Rochefort:** I have a point of order.

I'm glad Mr. Bédard is here. What I object to is not knowing. I was not aware and not informed.

**The Chair:** That was not a point of order, but I appreciate your saying that it was not known.

That is not a point of order. I have invited Mr. Bédard. I can do that as chair.

**Iqra Khalid:** I challenge your ruling.

**The Chair:** I'm not sure what ruling you are challenging.

Is it Mr. Bédard's presence?

**Iqra Khalid:** No, absolutely not.

**The Chair:** Is it my decision to invite him?

**Iqra Khalid:** No, as I have said, I really appreciate Mr. Bédard's being here.

I challenge your inability to let members of this committee speak to question you as to why committee members were not consulted and why they were not told until 30 seconds before you struck the gavel as to what this meeting was going to be about today.

I challenge that, Chair, and that is a dilatory motion.

**The Chair:** I'm not sure what you're challenging. What is the outcome that you hope to achieve with such a challenge? Is it Mr. Bédard's dismissal or my right as a chair to be able to call witnesses?

**Iqra Khalid:** Is that a question for me, Chair? I would like to answer it.

**The Chair:** Yes.

**Iqra Khalid:** Thank you.

My challenge, and the point that I'm trying to make here, is that whatever we do in this committee—

**The Chair:** I'm sorry. Let me interrupt for two seconds, and then I'll give the floor back to you.

What is my ruling that you're challenging?

**Iqra Khalid:** It is refusing to give me the floor, Chair.

**Jeremy Patzer:** It's not a ruling. You have the floor now.

**The Chair:** There's no right for you to have the floor when I am in discussion about something. If you're trying to call a point of order and I've ruled against the point of order, you are welcome to challenge that point of order for my saying that it's not a point of order.

Go ahead.

**Iqra Khalid:** The point I'm trying to make, Chair, is that I would really appreciate if we could work more collaboratively together and not get "Hey, by the way, this is what's happening at the bottom half of the meeting today," when you could have said the exact same thing.... Look, I'm here to work with you, Chair. I'm here to work with all members on this committee to make sure that we are doing the work and the mandate of this committee. It boggles my mind as to why you need to play these games, Chair. We can just have open conversations ahead of time.

• (1705)

**The Chair:** I'm going to interrupt you right there, Madame Khalid.

It's very offensive for you to claim that I am playing games.

**Iqra Khalid:** You accused me of the exact same thing just two minutes ago.

**The Chair:** I did not say that you were playing games.

**Iqra Khalid:** You did.

**The Chair:** I said that you were going to.

**Iqra Khalid:** Read the blues, Chair.

**The Chair:** I'm now turning the floor over to Mr. Bédard.

Go ahead, sir.

**Michel Bédard (Law Clerk and Parliamentary Counsel, House of Commons):** Thank you, Chair and members of the committee.

The chair asked me to be present to provide a briefing about parliamentary privilege, and in particular the power to send for records and papers.

I will present the privilege, and then I'll be pleased to answer any questions that the committee may have.

As the grand inquest of the nation, both Houses of Parliament have the right to institute and conduct inquiries. That right is part of the privileges, immunities and powers that are collectively known as parliamentary privilege and that are rooted in the Constitution and the Parliament of Canada Act. These rights are fundamental to the role of the House and its committees and have been recognized by the courts. They include the constitutional power to send for persons and records.

[*Translation*]

There is no limit on Parliament's right to order the production of documents, as long as these documents exist, either in physical or electronic format, and are located in Canada. This power to order the production of documents is only subject to the exceptions or limitations expressly provided for by the House or its committees.

That said, in exercising this power and determining what information is needed for the purposes of their business, committees should strive to balance their role as the nation's chief inquisitors versus the legitimate policy considerations that may justify limiting the disclosure of some of the requested information, including contractual confidentiality clauses.

When faced with a confidentiality claim, which is the case before us, a committee has a number of options. It can decide to insist on

the production of the information or part of the information. It can also choose to put measures in place to safeguard the confidential nature of the information, or it can maintain its original request and insist on the production of unredacted documents.

[*English*]

In its order of October 20, the committee put in place certain measures to potentially protect confidentiality—namely, to allow the government to propose redactions in writing alongside unredacted documents and to review such redactions in camera in collaboration with me. Some other measures may be contemplated by the committee to ensure that the information is kept confidential. They could include, for example, referring only to excerpts relevant to the policy issue being discussed when discussing the matter publicly and arranging for the disposal or destruction of copies of the documents after the committee has met. It is up to the committee, and ultimately the House of Commons, to determine how it wishes to proceed in that regard.

I will be pleased to answer any questions the committee may have.

I also understand that the letter from Stellantis was distributed to committee members. I received it this afternoon as well. My understanding—I have not seen any documents they have provided—is that in response to the production order, they produced documents that, according to the letter, contain redactions, whereas the committee asked for a copy of the documents with no redactions.

They also stipulated that the provision of the documents was conditional upon certain restrictions. Notably, they suggested, as part of the conditions, that the documents should be consulted only "under the supervision of the committee clerk," that "no personal mobile, electronic, or recording devices...be allowed in the room," and that "no notes...be taken".

Ultimately, as I was saying, it is up to the committee to decide on the measures it wants to put in place to protect the confidentiality of the documents.

• (1710)

**The Chair:** Thanks.

Can I ask a quick question? Then I'll open up the floor.

We've been through this before with the vaccine contracts, but also with this one, specifically. In the end, were unredacted documents provided to the committee under conditions, such as no cameras or no phones, etc.?

**Michel Bédard:** With the vaccine contract—and this is a precedent from the public accounts committee—my recollection is that the committee put in place measures so that members could consult the documents in the clerk's office, and then they had an in camera meeting with a paper copy of the documents with public servants present. The documents for the vaccine contract were provided unredacted.

**The Chair:** This is my last question.

Just to clarify, Parliament is supreme. We have the rights. Redacted or unredacted, whatever conditions might exist within the contracts, we can still call for any document.

**Michel Bédard:** The power to send for records is constitutional in nature. It's up to Parliament, the House or this committee to put in place the restrictions and limitations it wants.

**The Chair:** I have Ms. Sudds and then Ms. Khalid.

**Hon. Jenna Sudds:** Thank you very much, Chair.

Mr. Bédard, when did you see a copy of the letter that we received just an hour or so ago?

**Michel Bédard:** I saw the letter for the first time this afternoon. It was between one and two o'clock.

**Hon. Jenna Sudds:** Thank you for that.

When were you asked to come to committee?

**Michel Bédard:** There was some contact between the clerk and my office a few days ago. I don't exactly remember when.

I will add that, at the time, it was just in anticipation of an appearance after the break week—after next week. My understanding is that contact had been made by my office in accordance with the order of October 20, which contemplated that I would have a role, once the documents were provided, with a set of unredacted and a set of redacted documents, so that I could assist the committee in navigating this.

There's a constant liaison between various committee clerks and my office so that I can make sure that I'm available.

For this appearance, I think it was only late last night that it was confirmed that there was a very high possibility that the committee may be in need of my support.

**Hon. Jenna Sudds:** Excellent. What was the reason you were given for being here today?

**Michel Bédard:** It was a reference to the October 20 order of the committee to review documents.

**Hon. Jenna Sudds:** Okay.

You mentioned that you were given a briefing. Can you tell us what that was?

**Michel Bédard:** The briefing I referred to...unless I misspoke. My intention was to provide a briefing to the committee on its powers to send for records. I apologize if it wasn't clear.

**Hon. Jenna Sudds:** Thank you. I appreciate your being here.

My line of questioning is going to the point that it would have been nice to have been notified. It certainly seems as though this is—

**The Chair:** Let me interrupt very briefly.

I received it probably... I was in another committee in lockup when it came through. I did not, probably, get to it until just before QP today, so it's not something that arrived long ago.

Go ahead.

**Hon. Jenna Sudds:** Every minute counts.

**The Chair:** I'm going to interrupt again.

We're going to have bells soon. We'll lose everything soon, so if there's anything specific for Mr. Bédard, I'll ask you to get to that.

**Hon. Jenna Sudds:** Thank you, Chair.

Certainly, as I said, I appreciate your being here, Mr. Bédard. Thank you for answering the questions.

My comment still remains that every minute counts in order for us to do our jobs well and to come here prepared to ask Mr. Bédard questions and able to do the work of this committee. It would be nice to receive timely information.

Thank you.

**The Chair:** We'll go to Ms. Khalid, Ms. Rochefort, Mr. Gasparro and then Mr. Gill.

**Iqra Khalid:** Thank you, Mr. Chair.

Mr. Bédard, have you read the correspondence that was received by this committee from the RCMP and ISSED?

**Michel Bédard:** I read the letter dated November 3 from ISSED, and the letter that is dated November 5, but I understand that it was received today.

• (1715)

**Iqra Khalid:** It seems to me that you received these letters and this correspondence before members of this committee did. How does that work with the privilege of members and the role of the chair in our committee with respect to the receipt of documents?

I'm asking for your legal opinion on this.

**Michel Bédard:** In terms of distribution of documents, this is something that is within the prerogative or the purview of the clerk and the chair, as per the instruction of the chair.

Knowing that I may be called upon to support the committee today, of course, my office was in contact with the clerk, and we asked—

**Iqra Khalid:** Did you know that members of this committee did not receive the correspondence that you had received before we did?

**Michel Bédard:** I didn't know.

**Iqra Khalid:** How would you categorize that in terms of no-nos with our committee chairs and clerks—

**The Chair:** Don't use that language with us.

**Iqra Khalid:** I could use other language. I'm using no-nos today. Is that okay?

I do want to hear your opinion on this.

**Michel Bédard:** This is a political question.

**Iqra Khalid:** It's not. We follow rules, and that's how committees function. That's how we are able to ensure that committees are fair, transparent and equal to all members—not the governing side, not the opposition side—so that all members have an equal standing on this committee.

I'm sorry to put you in this position, but I do need to know why you had letters before members of this committee did.

**Michel Bédard:** As I mentioned, I received the letter between one and two o'clock this afternoon. I don't know what—

**Iqra Khalid:** We didn't receive it until after the committee started.

**Kelly Block:** [*Inaudible—Editor*] weigh in on things that aren't within his purview.

**Iqra Khalid:** No, but that's exactly—

**Kelly Block:** Maybe ask the clerk your question.

**The Chair:** I'm sorry, but I'm going to interrupt here.

Quickly, for the record, all the parties received the letter at the same time from the clerk.

Mr. Bédard is not a witness to be badgered. He's not a witness providing testimony. He's here to answer questions regarding the Department of Industry's letter to us and the rights of Parliament.

The bells are ringing, so we are going to adjourn.

We'll continue this at our meeting on the 18th.

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