



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

45th PARLIAMENT, 1st SESSION

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# Standing Committee on Industry and Technology

EVIDENCE

**NUMBER 009**

Wednesday, October 22, 2025

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Chair: Ben Carr





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Wednesday, October 22, 2025

• (1630)

[English]

**The Chair (Ben Carr (Winnipeg South Centre, Lib.)):** Good afternoon, everybody.

[Translation]

Welcome to meeting number nine of the House of Commons Standing Committee on Industry and Technology.

[English]

As a quick note to begin, all witnesses have completed the required connection tests in advance of the meeting.

Welcome to our witnesses who are here with us today.

By way of a very quick prompt, should you be using the earpiece and it's plugged in but not on your ear, make sure it's placed on the sticker in front of you. If it's not plugged in, there's nothing to worry about.

Colleagues, we're going to be continuing with our defence industrial strategy meeting today. Following that, as you are aware, we will have a 106(4) conversation, which will occur immediately following the conclusion of the second hour of today's defence industrial strategy meeting.

We have two witnesses with us for the first hour here. I would like to welcome, from Aerospace Industries Association of Canada, Mike Mueller, president and chief executive officer, and from the Canadian Association of Defence and Security Industries, Christyn Cianfarani, president and chief executive officer.

Welcome to you both.

You will have up to five minutes. We have a pretty strict timeline today, so I'll give you a little wave when you're getting close. If you have rehearsed remarks that go significantly over five minutes, I might have to give you a gentle cut-off. I'll apologize in advance for that.

Following that, there will be rounds of questions allotted based on a particular proportion of the represented political parties at the table here. If you have questions at any time, feel free to let us know.

Mr. Mueller, we'll begin with your introductory remarks for up to five minutes. The floor is yours.

**Mike Mueller (President and Chief Executive Officer, Aerospace Industries Association of Canada):** Thank you very

much, Mr. Chair and committee members. Thank you for the opportunity to appear before you today.

I am here representing Canada's aerospace sector, a strategic industry and national asset with world-class companies of all sizes in every region of the country. For more than a century, aerospace has been a cornerstone of our national defence and a driver of economic growth. We have consistently delivered the capabilities and services our armed forces depend on while supporting hundreds of thousands of Canadian workers across the country.

We have been calling for an industrial strategy for a number of years. We have been encouraged to see the commitments from Prime Minister Carney and the federal government, and it's good to see all parties supporting increased defence spending. This is and needs to remain a non-partisan issue.

With Parliament now back in session, this is Canada's moment to turn commitment into action, and action will deliver long-term industrial strength and security. The choices we make now will determine whether we seize this opportunity to build up the defence industrial base and provide the capabilities our armed forces need to protect Canadians and our sovereignty. With the federal government focused on defence and significant new spending commitments—2% of GDP this year and 5% by 2035—we are on the cusp of a generational opportunity.

A strong industrial base isn't just about jobs and growth; it's also about providing our armed forces with what they need. It's about ensuring that Canada has the autonomy and capability to deter threats and defend our way of life. A strong industrial base, guided by a strong industrial strategy, is key to deterrence for our armed forces and to ensuring we are, as the government says, building the strongest economy in the G7. This is something Canada has been missing, and we cannot afford further delays.

The forthcoming defence industrial strategy must flow from Canada's national security strategy and act as a road map to inform and guide the new Defence Investment Agency and ensure that investments are made in a way that develops desired domestic capabilities and meets long-term priorities for both defence and the economy.

The recent announcement of the Defence Investment Agency is a welcome step towards clarity and accountability, but the new agency alone won't deliver the capabilities Canada's armed forces need while building our industrial base without that industrial strategy. For industry to be a true partner of the government and our armed forces and to help achieve our collective goals for defence, we need a clear demand signal that translates into commitments through a defence industrial strategy, including the capabilities and capacities we need in Canada. To quote the former NATO secretary general, "without industry, there is no defence". Industry is ready to step up to the plate and deliver timely, relevant capabilities.

I am pleased to see the committee playing a role in this important work. If effective defence procurement is to succeed, it must embrace a culture shift and focus on outcomes that strengthen Canada's security and competitiveness. In order to achieve this, we require a system that is rooted in early, formal, ongoing engagement and collaboration among the government, CAF and industry, ensuring strong engagement that enhances readiness, strengthens the industrial base and creates high-value jobs right across this country.

The strength of Canada's defence industrial base will also depend on a strong civil sector. Canada's aerospace ecosystem is deeply integrated. Dual-use technologies, exports and innovation all flow across civil and defence lines. A strong industrial base is critical to equip, upgrade and maintain CAF requirements. That's why a broader aerospace industrial strategy to complement the defence industrial strategy is essential.

I would humbly suggest that, as one of the few countries that can design, manufacture, certify and maintain aircraft from tail to nose, aerospace be identified as a sovereign capability. The world wants what Canada already has. We need to ensure that we are leveraging our capability for the benefit of Canada and our economy. That's why AIAC continues to call for a defence industrial strategy, procurement reform, culture change and an aerospace industrial strategy. This will help secure our long-term strength and competitiveness.

• (1635)

Canada's aerospace sector stands ready to work with government, the CAF and Parliament to turn those commitments into action.

Thank you, Mr. Chair.

**The Chair:** Thank you very much, Mr. Mueller.

Ms. Cianfarani, you have up to five minutes. The floor is yours.

**Christyn Cianfarani (President and Chief Executive Officer, Canadian Association of Defence and Security Industries):** Thank you for inviting me.

The Canadian Association of Defence and Security Industries, which I lead, represents over 1,000 firms that make up Canada's defence and national security industrial base.

The government's commitment to establish a defence industrial strategy—the DIS—is the right course of action at this historic time. This is overdue given the threats to Canada's territorial sovereignty. The government's investment of over \$9 billion this

fiscal year to get Canada to the NATO 2% of GDP requirement, plus the commitment to achieve 3.5% within the next decade, risks being squandered without an underpinning strategy.

Canada has not had a DIS in living memory. This is one of the sharp distinctions between us and our closest allies. Both the U.K. and Australia have had defence industrial strategies for decades and are constantly adjusting them in partnership with their domestic industries to meet evolving national defence and domestic economic objectives. This initiative is a very big deal for Canada and we need to get it right.

The leading expertise on the Canadian defence industrial base and its technologies and services, as well as the motivations to incent business leaders to invest in our future, resides within companies. To date, CADSI has not seen a fulsome draft document in written format that describes the strategy's objectives, tools, instruments and frameworks, or what capabilities the strategy intends to sustain, grow and create in Canada.

We would expect to be able to review and provide feedback on a document that holds such transformational power, as is common practice in other nations. Instead, we've been asked in a non-structured way for inputs on various elements or concepts that may or may not find their way into the DIS. The simplest way to put it is this: We've seen some of the ingredients, but we haven't seen the cake.

If Canada's DIS is to deliver the outcomes the Prime Minister has articulated, it will need to be adjusted over time with recurring industry input. This is why we've recommended the establishment of a defence industry ministerial forum where executives from Canadian defence firms would meet with the Minister of National Defence and the Minister of Industry on a regular basis to discuss and resolve major impediments and map out and grow the industry to meet the needs of the government and the Canadian Armed Forces.

Any good strategy pursues clear objectives. For the DIS, those objectives must be aimed at enhancing Canadian sovereignty, independence of action and economic health. As the Prime Minister said in his speech at the University of Toronto this past June, a strong economy is foundational to national defence and security. That basic point should guide this strategy.

Another core objective must be the health, growth and resilience of the Canadian defence industrial base. More than a decade ago, a previous government had an initiative to improve economic outcomes from defence procurements. They set an explicit target to leverage defence procurement and grow the defence industrial base by over 40% over a decade—set at a time of zero growth in the defence budget. That target, which was met, is far too modest given the massive increase in defence spending and the Prime Minister's ambition to get as much as possible out of that spending for the Canadian economy. We suggest a growth target of 100% over 10 years.

One foundational issue that I know has been tricky for the people working on the DIS is the concept of sovereign capabilities. This is the idea that Canada will decide on a set of defence and national security capabilities that it will have some control over or be able to supply independently. We wouldn't need to rely on another country to deliver them in an emergency or otherwise. These could be services and technologies that we know Canadian firms are good at producing now or that we need more control over. This list will evolve over time.

To conclude, I want to be blunt about something that some find controversial. Any meaningful Canadian DIS must give procurement preference to Canadian firms that produce or could produce what the CAF and other national security agencies need. It's that simple. This means that it is integral to and informs the work of the Defence Investment Agency. The government needs the mindset and the tools to operate on that basis. If the defence industrial strategy does not embody that philosophy, I don't think it will meet the Prime Minister's ambitions.

Thank you.

• (1640)

**The Chair:** Wonderful. Thank you both very much for your introductory remarks.

Madam Dancho, the floor will be yours for six minutes.

**Raquel Dancho (Kildonan—St. Paul, CPC):** Thank you, Mr. Chair.

Thank you to both of the witnesses for being here. It's excellent to have your informed expertise at this important study.

I think you were saying, actually, a lot of similar things, which is really important in crafting the recommendations we will make to government.

We all share concerns around the challenges we've seen in our armed forces, in procurement and many others, in the last decade. I know as a patriotic Canadian that hearing our allies call us freeloaders in the allied defences is very hard to hear. I think we all agree we need to change that internationally. Certainly at home, I'm very happy to see that Canadians are putting sovereignty as a top issue for them, probably for the first time since the Cold War era. This is good news on that front—that Canadians are putting that forward as a main issue.

You both mentioned the importance of sovereign capabilities. We've had some challenges in this area over the last number of years. I'll first focus on aerospace and then speak generally. In

aerospace, of course, we have a large sector in Winnipeg that we're proud of and we would like to see grow.

To Mr. Mueller, what do you think it will take, from where the issues are today and the struggles we're having, to have clear sovereign capabilities on aerospace? What are the top two things you can give to this committee?

**Mike Mueller:** I would maybe bring it back one more step, which is what I mentioned in my opening remarks. I would agree that Winnipeg is a huge hub for aerospace. There are a lot of phenomenal companies there doing amazing things. When we look internationally as to how this is done, first you need that national security strategy to identify what those risks are to the country and to the CAF. Then that industrial strategy needs to flow from that and identify out some of the capabilities that are required and that respond to that threat.

One of the pieces we've been talking to government about for a while is a full index of the capabilities and capacities we have here in the country. You need that full understanding of what we have. We have a high-level understanding, but there's so much amazing capacity in this country that I don't think the government even fully recognizes. If we take a look at aerospace, I can go through the list. We're leaders in simulation, engines, maintenance, overhaul and production. We're one of the very few countries in the world that can design, build, certify and maintain an aircraft from nose to tail. It's something we need to preserve throughout that industrial strategy.

**Raquel Dancho:** I appreciate how you said that. We do really have so much to be proud of in aerospace, and generally in the defence space. It seems like we get gummed up a little bit in procurement and the lack of strategy, which you both outlined.

To you, Ms. Cianfarani, just more generally, as an overview, do you see the issues that aerospace is experiencing as a bottleneck issue? How do the procurement problems we've seen for a while in government play into that, and how do we solve it, in two minutes, if you could?

• (1645)

**Christyn Cianfarani:** I'll do my best.

First and foremost, we actually have a lot of really good sovereign capability already residing within Canada. That's one of the fundamental problems—that we think we don't have as much as we really do.

I would draw your attention to the fact that we study this sector every couple of years. There is a very detailed Statistics Canada and Department of Industry, or ISED, study that goes into the capabilities we have in the country, right down to microdata, which may or may not be available to you but is certainly available to the departments.

It is foundational, since procurement is the biggest lever, that we mindfully decide to procure sovereign capability through our procurement process. I would argue that one of the challenges we have is that our procurement process wants to, by nature, compete many things. We don't often use tools we have available to us, which are called, generally speaking, national security exceptions or "not in the public interest", where you can very expeditiously procure a sovereign capability should you want to.

Those would be a couple of things: We need to inform ourselves on what's already within the country, and data exists on that. Then, secondly, we need to prepare ourselves to procure these things without eroding the base we already have.

**Raquel Dancho:** It sounds like you're both in agreement that we have so much expertise, so much to be proud of. Of course, on the other side, we have incredible armed forces members. We have everything we need. It just sounds like we don't have this strategy where we're all rowing in the same direction. The government may not even fully recognize the capabilities that we have already.

To summarize, is that what you're both saying—that we need to recognize what we have and use it strategically, to put it simply?

**Mike Mueller:** The only thing I would add is to find out what the threat is and draw the linkages between the threat and the capabilities that are required here in the country. I think we have to be realistic. We're not going to do everything—we're a country of 40 million people—but we can sure do a lot. We have the capabilities and capacities here, and we need to double down to continue to grow that.

**Raquel Dancho:** We basically need to lean into what we're already doing really well, which is a lot of things, from what you're both saying. It's just not organized in the way we could be doing it.

I hope I'm saying that... Okay, yes.

**Mike Mueller:** Perhaps there's something we're not doing that we need to do, and we need to have those discussions.

**Raquel Dancho:** Would you agree?

**Christyn Cianfarani:** Yes.

**Raquel Dancho:** I think that's all the time I have.

Thank you.

**The Chair:** Thanks very much, Madam Dancho.

Madam O'Rourke, the floor is yours for six minutes.

**Dominique O'Rourke (Guelph, Lib.):** Thank you very much, Chair Carr.

Thank you very much for being here.

We heard a few weeks ago from an associate deputy minister that we don't have time for silos because we are not in peacetime, and it was quite jarring to hear that. There is an urgency to get this defence industrial strategy right both because of the global context and because of the need to expand our industrial base and supercharge our economy. Can you help me understand what the trade-off is?

Ms. Cianfarani, you fleshed out that we should know all of these things and we should basically have an organization that oversees

it. What's the trade-off between moving quickly and getting all those ducks in a row? How do we build and sail at the same time? That is my question.

**Christyn Cianfarani:** First, I don't know whether the ADM—I assume it was Hadwen—expressed that they have been working on the defence industrial strategy for almost 12 months now. I would argue the sense of urgency has been happening for almost over a year and, I would assume, given there have been many interventions to ask for information, they would be in a position where they could at least launch some elements of a defence industrial strategy, whether it was fully baked or not, at this particular point in time.

I also think we have procurements that are already within pipelines for which we have companies that are sovereign and are supplying goods and services to the Department of National Defence or that can be put under contract in a very quick period of time. A good example would be that we have companies that are already supplying things, whether they be ships or munitions, that are generally recognized as sovereign capabilities. I don't think we need new contract vehicles to be able to turn on the juice and start preparing ourselves for expediting contracts through vehicles that are already there.

That's one way you could start, by quick-hitting many procurements that are in the pipeline and then looking to the future—10 years, 20 years—as to how you would sustain this pipeline for the volume of spending that we're going to get, which you have to keep cueing up because the volume is going to far surpass anything we've seen in recent history.

• (1650)

**Dominique O'Rourke:** Mr. Mueller, I'll put the same question to you.

**Mike Mueller:** I have a couple of comments on the urgency required.

Absolutely, we need to get on with this. One of the things that we've really been calling for, for a long time, is political leadership. We didn't see that under the previous government. Under this government, we see that political leadership, and I think that is sending the signal throughout the bureaucracy that this is something that needs to happen, so that's very much appreciated by all parties across the spectrum on this. We need to get moving; we need to do it.

What Christyn said is absolutely correct. There are certain ones in the pipeline and we need to move on them, but there has to be that cultural shift with engaging early and often with industry and making sure industry has a voice at the table as these policies are being developed. There's been a flurry of activity, in fairness to the government, throughout the summer on this, but we need formalized input into these types of strategies.

Then, when the strategy is released, ongoing revision will be needed. The world is changing at an increasingly rapid pace. Innovation technology is also changing at a rapid pace, and that strategy has to evolve and keep up with that. You have to bring industry into that conversation.

**Dominique O'Rourke:** Okay.

We are going to have a budget on November 4, which is going to fund these essential initiatives. I'm wondering whether you want to speculate on what the cost of inaction on this file might be. How might an increased reliance on foreign supply, or missed innovation opportunities or an immature industrial supply chain, impact our opportunities as a country and our development in the coming years? Why is there the urgency to act and fund it now, for this moment, and also in the medium and longer term?

**The Chair:** You have 60 seconds for a collective response.

**Mike Mueller:** In aerospace in particular, there are very long lead times for product development pieces that are happening, so we need the clarity and the certainty as soon as possible. When companies are evaluating investment decisions across the board, that certainty is absolutely required. The cost of not doing it is the loss in creating high-paying, good-paying jobs right across the country and in developing that capacity and capability from a domestic perspective.

**Christyn Cianfarani:** I think the cost of not doing it is a bit different from Mike's answer. I think we have been signalling, on the world stage, that we are going to be prepared to meet our 2% of GDP commitment to the rest of the world, and failure to do so would result in serious reputational damage to Canada. We're already being looked at as a partner that doesn't, perhaps, put in its fair share.

[Translation]

**The Chair:** Thank you, Ms. O'Rourke.

Mr. Ste-Marie, you have six minutes.

**Gabriel Ste-Marie (Joliette—Manawan, BQ):** Thank you, Mr. Chair.

I want to extend my greetings to the two witnesses and thank them for joining us.

My first questions will be for Mr. Mueller, but I want to thank you both for being here and for all the information provided.

Mr. Mueller, before we talk about the defence aerospace industry, I would like to discuss the luxury tax on aircraft. Is this still a major concern for your industry? Where do we stand with regard to this tax, which I believe is dragging down the industry?

• (1655)

**Mike Mueller:** Thank you for your question.

[English]

We had talked about the budget, so I have hope that the upcoming budget will address this, but it is of serious concern to the industry right now. In my opening remarks, I talked about the interplay between defence and the civil side. Right now, we have government policy that is a job-killing tax on our industry. We are seeing significant impacts. We've lost over \$2 billion in revenue for the business aircraft industry. We've done some independent analysis. This is impacting over 6,000 jobs right across the country. The vast majority of that is throughout the supply chain.

When you take a look at the lost revenue that is there, we've lost \$90 million in GST, \$90 million in income tax. The government has only collected approximately \$15 million off of the aircraft, and it costs the CRA \$14 million to administer this program. It absolutely makes no sense, when we're all very attuned to increasing taxes, tariffs and all sorts of things across the board, to have our own government put in place a job-killing tax on our industry. We're talking about the good-paying jobs that the defence side brings, but on the civil side, it's absolutely devastating to certain portions of the industry.

If we want a strong aerospace economy, we need to take a look at the defence side, which is what we're doing, but the government also needs to take a look at some of the punitive taxation measures that are currently in place and impacting workers right across the country. It's a huge concern for us. It's something that we'll be watching very closely in the upcoming budget. We're very hopeful that the government will see the error of its ways and correct some of the taxation issues.

[Translation]

**Gabriel Ste-Marie:** Thank you.

Let's hope that the new government and the new prime minister will see reason. As you demonstrated, the figures speak for themselves. By crippling the industry, the government is missing out on revenue far greater than the revenue generated by this tax. Let's hope that the government will reconsider its position on this issue.

[English]

**Mike Mueller:** When I met with the Minister of Finance, I said, "I have a proposal for you to bring in over \$150 million in revenue. Get rid of the luxury tax. You're only bringing in \$15 million, but the lost sales alone will generate \$150 million." Usually when we talk about budgets, it's always asking, but here's a common-sense solution that would generate some revenue for the government.

[Translation]

**Gabriel Ste-Marie:** Of course, and not to mention the thousands of jobs directly lost because of this tax. Thank you.

Let's turn to the defence industry. You said that a defence industrial strategy plays a key role in setting clear guidelines and priorities to strengthen the defence industrial base.

In your opinion, should this be considered part of a more extensive and comprehensive aerospace industrial strategy?

**Mike Mueller:** Thank you for your question.

[English]

We've long been advocating for an aerospace industrial strategy. I'm very pleased that the government... It seems as though there's support from all parties for a defence industrial strategy, but, much like the luxury tax that impacts the industry, the need for an aerospace industrial strategy is also critical. When you take a look at innovation, the labour market and the interplay between the defence and civil side specific to aerospace, it's absolutely critical that we maintain both sides of that dynamic for our industry.

When you take a look at innovation, we have significant funds flowing through on innovation to the industry for certain projects. We need the government to be the first buyer of that innovation, and then, with aerospace, 90% of what we do is export-related. There is a huge component, both on the civil and the defence side, to generate contributions to Canada's GDP with respect to that export piece. On the civil and defence sides, there are huge export opportunities if we can get these strategies right.

• (1700)

[Translation]

**Gabriel Ste-Marie:** Thank you.

Both the defence sector and the civilian sector must be doing well for the industry to thrive. They can complement each other.

You also spoke about the need to change the culture and to consult with the industrial sector when developing policies. Can you elaborate on this?

[English]

**Mike Mueller:** That shift in culture is absolutely needed, and I will give credit to the Prime Minister for his announcement of the Defence Investment Agency. The third part of that announcement was identifying the need for that cultural shift.

How can industry help the government with respect to some of these procurements? Have earlier, ongoing engagement to make sure that we're shortening down these procurement timelines. That's absolutely critical.

[Translation]

**Gabriel Ste-Marie:** Thank you.

**The Chair:** Thank you, Mr. Ste-Marie.

[English]

Ms. Borrelli, you have five minutes.

**Kathy Borrelli (Windsor—Tecumseh—Lakeshore, CPC):** Thank you, Mr. Chair.

My question is for Mr. Mueller.

Mr. Mueller, as head of AIAC, you represent the aerospace firms that will be asked to deliver much of the hardware systems and dual-use technology behind any Canadian defence modernization. In my riding of Windsor—Tecumseh—Lakeshore, Ontario, we have a lot of precision manufacturers, and we have some aerospace suppliers as well, even though they all face trade and workforce pressures.

What concrete procurement and industrial policy reforms should the government adopt immediately to ensure that the announced defence spending translates into sustained jobs for small and medium-sized enterprises?

**Mike Mueller:** Thank you for the question. I would agree with you. There are world-class machine shops and world-class manufacturers right across the country. I've had the opportunity to visit quite a few of them, and in the most unexpected places also. They're creating good-paying jobs right across the country.

The number one piece—and we've been saying this for probably five or six years—is that industrial strategy. The number one thing the government can do is to put in place an industrial strategy to formalize where the government is going with respect to some of these procurements and paint that picture as to how that then flows through the different supply chains—and it has to be the full life cycle of this. You have to take a look at the innovation side. The government has some pretty serious commitments with respect to innovation funding, such as BOREALIS—not a lot of details coming out of that; that has to be formalized. Then there's first buyer for a lot of these pieces that the government is funding and then exporting.

The other piece of critical importance is the labour market side of things. If we don't have that pipeline of highly skilled workers... We have companies right now that are giving away contracts because we don't have that highly skilled pipeline within the country.

We always talk about aerospace being an ecosystem, and that strategy has to address all those different parts of that ecosystem.

**Kathy Borrelli:** I was going to ask you another question, but you just said something that piqued my interest in regard to having enough skilled labour. Can't we speed up making that happen?

We have colleges and universities that would love to put more butts in their seats and would love to be involved in this strategy and in getting our defence system up and running better. What can be done to speed that up?

**Mike Mueller:** I would agree with you. The labour market side is absolutely critical. We have many companies creating their own training programs to make sure that they're relevant and responsive to industry. When we talk about that cultural shift on the defence side, I think that has to come at educational institutions also, and that is starting to happen, which is very good. A lot of that responsibility, again, rests at the provincial level, so we're doing quite a bit of work at that level also.

• (1705)

**Kathy Borrelli:** Do I have time for another question?

**The Chair:** You have a minute, Kathy.

**Kathy Borrelli:** For Christyn, please, tens of thousands of Canadians are employed in the industry and today's industry invests heavily in R and D, yet many small and medium-sized enterprises across Windsor, across Ontario and across Canada, I believe, are worried about being shut out of major defence procurement. What policy reforms can help solve that problem?

**Christyn Cianfarani:** Thank you for the question. It's a very good one.

Our typical policies, in general, are to compete—compete for largely everything. In the case of small companies with unique technologies that are selling directly to the federal government, I would argue that we should potentially even be skipping a competitive process with foreign entities, perhaps by signalling that you want certain capabilities within your country. You can limit it to only Canadian companies, which we don't do very often.

The second thing is that we have largely passive policies with respect to foreign OEMs, which are largely the platform provider. In the case of aerospace, most of the platform providers—the platform being the aircraft—are foreign, even if they do have a small Canadian component to them. These smaller Canadian companies are in those supply chains. What you need to do is be far more interventionist as to how you want those foreign primes to pick up smaller Canadian suppliers within their supply chains. However, you need to do that a lot further up front because, when you purchase something off the shelf, largely, a foreign prime contractor is not incentivized to change over their entire supply chain for the low volumes that we do in Canada.

The industrial and technological benefits policy is one of the tools that could be used to try to stimulate getting small businesses into foreign supply chains, but as I said, it's largely passive. It's not done far enough up front in the development stages to push Canadian firms into the supply chains of these foreign OEMs when they're actually building the aircraft.

**Kathy Borrelli:** Perfect. Thank you.

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

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

Thank you to our witnesses for joining us today.

Mr. Mueller, it's great to see you here. I had the opportunity to discuss a lot of this in Abbotsford, British Columbia, during the air show. I also had the opportunity to meet with House representatives in the Pacific northwest, in the respective regions of our neighbours down south. Having our defence system so interconnected, we talked a lot about how many of the suppliers come from Canada.

In your opening remarks, you talked about how we can manufacture in the aerospace sector from tail to nose. I have some experience there. Many years ago, I used to work on aircraft.

With respect to the suppliers and the capacity of our suppliers here, how can we do that sovereignly in Canada?

**Mike Mueller:** It's great to see you again. I always appreciate your support at the air show and the industry event we do in British Columbia.

British Columbia is a great example of an aerospace cluster, much like—I have to go across the country—Manitoba, Ontario and Montreal.

The capacity is there. Industry needs certainty. Certainty comes through this defence industrial strategy from the government. Right now—and we've been saying this for quite a long time—we're in a process of a transactional approach with respect to defence procurement. That strategy will outline where the government is going, give the industry certainty and give those large primes certainty on how to invest and how to develop that supply chain within the country.

It's absolutely critical to have that industrial strategy in place sooner rather than later. Again, bring the industry into that conversation.

**Parm Bains:** I have the same question for you, Ms. Cianfarani.

Can you add a little bit more about the specific steps we can take with respect to incentivizing our suppliers and that sort of thing?

● (1710)

**Christyn Cianfarani:** One of the things we have shied away from.... To Mike's point about how we operate very transactionally, we look at everything on a procurement-by-procurement basis, which means you don't get these very large economies of scale. You also don't get business capital being invested because the buying is too small and it's lumpy.

If you want a very large prime—whether that's Canadian or even foreign-owned—to start integrating parts, components or sensors from your own supply chains, you have to be doing that much further up front. You have to have a relationship, which is going to guarantee that they are going to get their return on investment from you over time.

It's a little bit like flipping our minds around from doing buy-by-buy to a more longer-term strategy where you have a partnership with a particular company that you know is going to evolve a product over time. Think about Microsoft Office, and the next generation is coming.

If you build partnerships, with either foreign OEMs or.... I would argue, really good ones are like what we've done in our national shipbuilding. Then you can start looking 20, 30 and 40 years down the road. You then have more leverage to say to those firms, “Can you please integrate my Canadian technology within that very large and guaranteed longer-term investment plan?”

**Parm Bains:** Building on that, how can we ensure Canadian SMEs and start-ups in the defence and national security sector remain a focus of a national procurement strategy and don't get sidelined by a larger multinational firm?

**Christyn Cianfarani:** One of the ways you can do that is by being far more interventionist than we are currently. The tools we use are passive. They require other companies to choose where they invest.

Using a defence industrial strategy, you would call out specific areas of interest where you wanted foreign primes. For example, you would say that this particular sensor or this particular capability will be Canadian, and our expectation while we're doing the contract is that this Canadian technology will be embedded in our variant.

If you start to be heavily interventionist—which in general we are not because we have such low volumes and it's always in any given moment in time—and if we change our thinking around, I truly do think there will be more opportunities for small businesses to enter these supply chains.

I'll stop there.

**Parm Bains:** Thank you.

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

[Translation]

Mr. Ste-Marie, you have the floor for two and a half minutes.

**Gabriel Ste-Marie:** Thank you.

My question is for both of you. It concerns the topics just discussed by my colleague, Mr. Bains.

How do procurement timelines and predictability of demand issues affect your ability to invest in workforce innovation and development?

You have one minute each.

[English]

**Christyn Cianfarani:** One of the challenges is that innovation can come from any kind of company, but there is a lot of innovation that comes out of small to medium-sized enterprises.

One of the single biggest problems we see with the procurement cycles we currently have and the inability to procure, immediately, Canadian sovereign capability is that the procurement cycle being anywhere from five, 10 to 15 years will basically run small businesses out of cash flow, so they cannot retain the skills or sometimes even the service provider—the individual who has the knowledge—for such a long period of time. Basically, we get what's typically called a valley of death, where the innovation is funded, there is no procurement vehicle or the procurement vehicle happens five years later, and effectively the firm runs out of cash or has to look for other ways to keep itself and its people alive.

[Translation]

**Gabriel Ste-Marie:** Thank you.

Mr. Mueller, you can respond now.

[English]

**Mike Mueller:** To build on that, predictability and having the government come forward with its expectations earlier provides that certainty, especially for small businesses.

Government needs to take a look at those payment schedules: How do you pay in a timely manner and maybe pay ahead of schedule? A huge area of opportunity is on the innovation side. We have this BOREALIS and these commitments, so how do we make sure that small and medium-sized businesses can take advantage of some of these pieces? How do you take a look at some of the policies that keep these small businesses from scaling up and growing while building out that ecosystem?

Some small businesses are fine to stay small and some have ambitions. We need to have policy that enables them to grow, create more jobs and build more of that ecosystem.

• (1715)

[Translation]

**Gabriel Ste-Marie:** Thank you.

[English]

**The Chair:** Thank you.

Mr. Guglielmin, you have five minutes.

**Michael Guglielmin (Vaughan—Woodbridge, CPC):** Thank you both for being here.

Ms. Cianfarani, in your opening remarks you stressed the importance of very meaningful industry participation in the defence industrial strategy. You also alluded to this having gotten under way about 12 months ago.

In your opinion, since the government's announcement of the defence industrial strategy, how much engagement from the industry has been solicited?

**Christyn Cianfarani:** It's fair to say there has been a lot of disparate engagement. The challenge is that, to use my cake analogy, there are thousands of interventions to companies across the country. I would ask you, "What do you want in your cake?" You would say, "I think it needs eggs, flour, sugar and some sprinkles." Then I would say, "I think it needs to be chocolate, eggs, flour and maybe, I don't know, something else." In the end, I don't know whether we were baking a pancake, an actual cake or a multi-layered cake. In the end, we know that different facets of industry will have different opinions, but it all has to come together holistically to make sense.

What we are trying to express is that the component pieces have been conveyed, but we cannot now see what that makes in terms of a holistic, joined-up strategy. It is effectively industry that has to deliver to get us from where we are today to being able to absorb, within our companies—and I'm not assuming that we're going to be eating all the money that's coming from the government—roughly 150 billion dollars' worth of investment as compared to the amounts that we've seen in the last 10 years.

**Michael Guglielmin:** When we think traditionally about how this has worked, has the unwillingness to collaborate in this manner you're explaining with the defence industry hindered our procurement efficiency or innovation in the defence industry specifically?

**Christyn Cianfarani:** I don't know if it has hindered innovation necessarily, but we have a big distinction, which I call the separation between church and state, where we are very afraid and tepid in this country about unabashedly procuring, in the shortest frame possible, resident Canadian capability. We think in some way it is something cruel and unusual, or it's inside baseball or not fair if we're not giving other countries an opportunity to bid on our procurements.

The reality is that this is a managed market. This market is heavily protected and managed around the world. In some countries, you are specifically told who you are going to work with and what you are going to build. I'm not saying that we necessarily have to go that far, but we need to understand that this is a moment when our failure to be a lot more directive about what we want, what our expectations are and what we intend to buy for ourselves from our own country could effectively squander this high volume of investment money that we will have.

**Michael Guglielmin:** The PBO noted \$12 billion in lapsed defence spending between 2017-18 and 2022-23. Which factors would you say most contributed to those lapses in defence spending, and what risk would that pose as our defence budget necessarily increases?

**Christyn Cianfarani:** In some cases, procurements do move to the right; you're negotiating. However, I would argue that for the most part we see procurements get stuck in a couple of phases. One is the actual procurement-to-contract phase. It can take years, and the first happens a lot more up front. We call it requirements definition and options analysis, and it can take five years before it gets out of options analysis. One of the contributing factors for that, which you would have to validate with the Canadian Armed Forces as they are the owners of the requirements and options analysis part of the process, is I believe the changeover in posting cycles with individuals who come in and out of the procurement process.

Perhaps if we civilianized that a bit more, got it stable and actually set some targets and mapped out the process, we might be able to reduce bottlenecks and other inefficiencies in the process, as well as perhaps have stable individuals who are there year over year. That would allow a more efficient process.

• (1720)

**Michael Guglielmin:** Thank you.

**The Chair:** Thanks very much, Mr. Guglielmin.

Ms. Acan, you have five minutes.

**Sima Acan (Oakville West, Lib.):** Thank you, Mr. Chair.

Mr. Mueller, you mentioned the long lead time in product development. How prepared are our Canadian SMEs to engage in partnerships with countries that have field-proven or mission-proven systems in order to attract investments and strengthen Canada's defence industrial base? How can private capital be better utilized in this sector with the largest part of the defence industry being in the public sector? How can private sector funding and investments be made to strengthen the industry as a whole?

**Mike Mueller:** I'll take that in reverse, because it's a great question.

Private sector investment will follow government leadership, and that's incredibly important. We've long talked about the need for political leadership, and if we want to talk about delays, we needed that political leadership. I feel we do have that political leadership now, so we need to move forward on that and the consensus amongst all parties with respect to this.

It's interesting. I was at a meeting of an international group of industry leaders. They're paying attention to Canada and they are now seeing the commitment and the profile that is being given to defence, and international companies are looking at how they can invest in Canada because of what's happening. They don't know where to go or how to do it, but it's on their radar. They are looking for that defence industrial strategy, so it's absolutely critical.

When you take a look at the small and medium-sized businesses in aerospace specifically, it is truly a global supply chain. Our small and medium-sized business are no strangers to that international supply chain, so, again, the predictability that's going to come with a defence industrial strategy will spur on that private sector investment and spur on those opportunities for the supply chain. If we take a look at some of the impacts and benefits to the supply chains from some of these major procurements, 60% to 70% go through the supply chains, so it's absolutely critical for those small and medium-sized businesses right across the country.

**Sima Acan:** Thank you so much.

Mr. Mueller, you also mentioned the shortage of skilled labour. We all know that the defence industry is very skill-oriented labour. Our government has pledged to invest in training programs, skilled trades apprenticeships and retraining support for workers in key industries.

Do you see these investments as valuable for strengthening Canada's sovereign industrial capability?

**Mike Mueller:** In a short answer, yes. Any investment going into the labour market is much needed, but we need to be strategic about it and work with the provinces to make sure that the funding is going to the best places. Responding to industry needs as opposed to trying to fill seats is absolutely critical.

That cultural shift we need to see, that we're starting to see on the defence side, we need to also see that on the educational side. It is coming; it is a work-in-progress.

**Sima Acan:** Are there any particular areas where Canada is closer to achieving industrial self-sufficiency, especially when it comes to the defence industry?

**Mike Mueller:** I would say that it's on a case-by-case basis, but we're one of the few countries that can design, certify and build an aircraft from nose to tail.

**Christyn Cianfarani:** We're going to be receiving a lot of assets that have a significant amount of data. In terms of managing that data, having data sovereignty and having some of the things that we have in Waterloo or in the technology corridors here in Ottawa, like artificial intelligence that will parse through that data, Canada has those capabilities. We do have the capability to do our own cryptography, and we have the quantum computing capability that will allow for the next generation of encryption.

We've spent about 10 years rebuilding the shipbuilding sector, so I think we should be thinking about the next 10 or 20 years, because that is a sector that is now operational.

Last, our intelligence services rely on satellite information, and our population could soon be relying on low-earth orbiting satellites, which are made here in Canada. I think we should be declaring space cyber-deterrence and intelligence-gathering capabilities as sovereign capabilities. That's just a fraction of the many wonderful things we have here in Canada.

• (1725)

**Sima Acan:** Thank you very much.

**The Chair:** Thank you.

Colleagues, that's all the time we have for our first hour. I'd like to thank our witnesses very much for being available to the committee. We appreciate your insight and guidance on this important study.

Colleagues, we'll suspend briefly as we turn over to the next round.

• (1725)

(Pause)

• (1733)

**The Chair:** Colleagues, we're going to get going here in the second hour of our conversation.

We have three new witnesses with us here for the second hour of the conversation. From MDA Space, Mike Greenley, the chief executive officer, is joining us by video conference. From ONE9, we have Michael Smith, the chief operating officer, and from The Icebreaker, Matthew Lombardi, the co-founder, is also joining us via video conference.

Colleagues, it's the same process. As per usual, witnesses will be given up to five minutes to make introductory remarks, followed by a preallotted amount of time per represented political party around the table.

With that, Mr. Greenley, I turn to you for your introductory remarks. You have up to five minutes.

**Mike Greenley (Chief Executive Officer, MDA Space):** Thank you for the opportunity to make a presentation to the committee today. The study of the Canadian defence industrial strategy is important and timely.

My name is Michael Greenley. I'm the CEO of MDA Space, Canada's largest space company. We are a global leader in digital low-earth orbit satellite manufacturing; earth and space observation, with flagship programs RADARSAT and Sapphire; and space robotics and operations, with almost 45 years of Canadarm her-

itage. We have 3,800 employees across Canada, with a growing presence in the United Kingdom and offices in United States, Europe and Israel.

I would like to cover two related items today: first, the world-class quality and breadth of Canada's space industrial capability; and second, the enormous untapped potential of this sector in Canada's national security, its foreign and defence policy, its defence investment program and its future economic security.

For over 60 years, Canada has invested in a civil and defence space program in order to achieve its national goals to connect Canadians from coast-to-coast via satellite-based telecommunications and broadcasting, to monitor our large land mass and coastal approaches, and to explore, utilize and monitor space while burden sharing with key allies. A priority element of early national space policies in the 1960s and 1970s was to build a domestic space industry capable of building Canada's own space systems. Canada's present-day space industry is, therefore, the product of one of the country's earliest and most successful industrial strategies, with world-leading expertise representing a sovereign industrial capability that is sought out by governments and commercial customers from around the globe.

MDA Space is a result of three strategic decisions by Canada: to have space-based communications across the country, to use synthetic aperture radar to survey the maritime approaches to the country, and to contribute Canadarm to the space shuttle and the space station. As a result of those specific choices, MDA Space is now the world leader in space communications, radar-based earth observation and space-based robotics.

It's not just MDA Space. Canada's space industry includes world-renowned companies like MDA Space, Telesat, GHGSat, Calian and Kepler, along with a vibrant small and medium-sized business community, including SkyWatch, Terrestar Solutions and Mission Control. Collectively, we can develop, build and operate complex space systems, all from within our domestic borders. With commercial spaceports and rocket manufacturers—like Maritime Launch Services, Reaction Dynamics and NordSpace—quickly making progress, Canada will soon have launch capability, an important milestone that will complete our country's end-to-end space industry capability. There is little we cannot do.

In the past few years, a new and more commercially oriented space era has emerged, in which nations, along with their industry, are moving swiftly, decisively, strategically and in partnership to gain a foothold in this rapidly expanding sector. Catalyzed by the drastic reduction in the cost of launching satellites into space, the space economy is projected to grow from \$600 billion in 2024 to \$2 trillion by 2035, representing one of the fastest-growing and innovative industrial sectors in the world. Countries are partnering with commercial companies to quickly and efficiently bring sovereign space capability to market.

With rising geopolitical instability, global government expenditures on military space programs surpassed spending on civil space programs in 2023 for the first time, highlighting the growing importance of space to national security. Allied governments have recognized the power of partnering with their innovative space companies to jointly develop space and satellite missions, using alternative procurement processes that enable speed. In the context of a historic geopolitical shift, Canada's new government committed in June to reaching our 2% NATO target by March and to reach 5% by 2035. I commend Prime Minister Carney and his government for this significant commitment, which has the potential for far-reaching transformation of Canada's economy and national security.

To maximize this investment, Canada should focus on key areas of national strength where industry has the capacity to quickly deploy nationally significant and allied-relevant capabilities, with the potential to be a joint force multiplier. Canada's space industry meets these criteria and can enable one of the quickest paths between decisions and outcomes in areas like advanced military satellite communications; C4ISR; space domain awareness; position, navigation and timing, or PNT; and responsible counterspace operations.

• (1735)

By working with Canadian space industry leaders as strategic partners and leveraging dual-use commercial space technology, Canada can dramatically accelerate the design and delivery of required sovereign space capabilities to deliver advanced space missions at the speed of relevance. If new procurement approaches are empowered, this can be performed without significant demand on DND staffing capacity, as industry can design, build, operate and maintain these turnkey space systems under defence command and control or as a commercial service to DND.

Investing in space defence capabilities will not only enable Canada to protect and assert its sovereignty but will also serve to enhance Canada's economic security and high-tech sustainability with future prosperity.

Thank you for this opportunity. I look forward to your questions.

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

I think we'll stick with the online witnesses here.

Mr. Lombardi, we'll head to you for up to five minutes for your introductory remarks.

• (1740)

**Matthew Lombardi (Co-Founder, The Icebreaker):** Thank you so much, Chair and members of the committee, for the invitation to appear today.

My name is Matthew Lombardi, and I am the co-founder of The Icebreaker, Canada's defence innovation network. We represent thousands of members from coast to coast with a singular goal, which is to make Canada a net exporter of defence technology.

Earlier this year, The Icebreaker conducted a first-of-its-kind national survey, mapping Canada's dual-use tech ecosystem, and I'll note here that we have provided the results to DND and to the committee clerk.

I am here today to talk about what this data tells us and how it will help point the way to a defence industrial strategy that best utilizes Canada's natural, comparative and technology advantages.

Survey questions revolved around topics such as defence capabilities, familiarity with government procurement processes, patent ownership and barriers holding Canadian firms back from achieving success at home. What we learned is that there are hundreds of Canadian SMEs, firms that have the talent, scalability and product maturity to contribute directly to national security in cutting-edge spaces where Canada can be a net contributor to NATO. In fact, many of these hundreds of companies are already selling to our NATO allies.

While almost 90% of companies said that procurement was important to their success, about half of them said that access to customers, which includes government procurement, was their biggest obstacle to scaling. Nearly 30% of these respondents said they have seriously considered leaving Canada in the past year, and roughly the same percentage said they make more than three-quarters of their revenue exporting.

As you can imagine, this negative cycle stifles company growth and capital formation, yet our entrepreneurs persist in spite of this climate.

The reality is that SMEs want to help national defence, but the system does hold them back. Canadian entrepreneurs who are developing cutting-edge technologies must often wait years before landing a trial or even a sandbox contract to support the Canadian Forces. The defence procurement system is simply not designed for SMEs. The framework, which was built during the Cold War, still revolves around acquiring large platforms like aircraft, tanks, ships and armoured vehicles that will, of course, remain in service until their expiry date.

The procurement cycle stretches over seven or eight years, between the moment the Canadian Armed Forces identifies a capability deficiency and the delivery of a solution. While this long and cumbersome process, which is full of administrative hurdles, may work for something like an F-35 fighter jet that will serve for four decades, it does not work for a piece of software that becomes obsolete within months if not constantly updated.

At the same time, the threat environment has, of course, changed. Electronic warfare, drone detection and AI-powered threat responses are all here. Hybrid warfare is no longer theoretical. We see this every day when we see headlines about the EU president's flight being jammed, when we see unidentified drones appearing over Poland, Denmark and German infrastructure, and when we see attacks on critical infrastructure here in Canada, which are in the headlines almost daily in the form of cyberwarfare.

The old approach to procurement does not work at the speed of modern threats. In fact, many traditional defence companies are not structured to answer fast enough. We see this play out in Ukraine every day, where billion-dollar fighter jets are stuck several kilometres behind the front lines, stymied by disposable thousand-dollar drones. The same has occurred on the ground with tanks and in the Black Sea with billion-dollar warships.

The single worst thing that Canada can do today with our defence industrial strategy is to engage in a box-checking activity that hits our NATO spending obligation by procuring a backlogged laundry list of obsolete equipment, mostly foreign, at a cost of hundreds of billions—equipment that would be functionally useless in a modern conflict like Ukraine.

The answer is instead to find a way to connect our smaller domestic producers—the entrepreneurs we have found who are already selling Canadian technology to our NATO allies—to our own procurement system. The way we do this is by focusing on what we call “attributable mass”. This means moving away from the overfocus on exquisite billion-dollar weapons systems and instead looking at smaller systems that are cheap enough to risk, vast enough to replace and smart enough to bring new capabilities such as drone swarming to the Canadian Armed Forces.

Attributable mass systems are how Ukraine has held the line against a better-armed aggressor by using technology that is 90% as capable at 10% of the cost. This trade-off has delivered the Ukrainians operational freedom. It's allowed their military to operate and iterate faster than a larger adversary that was initially trapped in the crossfire of high-end hardware.

• (1745)

An attributable drone may cost as little as \$50,000, rather than several million. An attributable submarine might cost \$10 million, not \$2 billion. If Canada wanted to, let's say, patrol the Arctic, it might be nice to have a network of hundreds of attributable unmanned submersibles, which we can build in Canada and build quickly, as opposed to receiving just a handful of billion-dollar submarines many years from now.

Many people will appear before this committee and they will ask you to set percentage targets, things like a percentage of new procurement spending that must go to Canadian firms. The Icebreaker is asking for nothing less than a rewiring of how our country thinks about a defence industrial strategy.

In order to take advantage of Canada's existing strengths and our domestic entrepreneurs, and at the same time respond to the modern threat environment, we must rewrite defence production and procurement for the era of attributable mass production. Buying large quantities of attributable systems requires a fundamentally different

kind of defence industrial strategy, one where bespoke performance goals take a distant back seat to speedy production schedules and lower costs.

Thank you very much.

**The Chair:** Thank you.

Good. I was just going to stop you there. I appreciate it. We went a little bit over, but that's okay. It was useful information.

Mr. Smith, the floor is yours for five minutes.

**Michael Smith (Chief Operating Officer, ONE9):** Thank you.

Good evening.

The world is in a state of persistent competition, often devolving into conflict, enabled in large part by emerging and disruptive dual-use technologies. As Canada contemplates its way forward in this period of heightened geopolitical—

[*Translation*]

**Gabriel Ste-Marie:** I have a point of order, Mr. Chair.

The wrong microphone was turned on.

[*English*]

**The Chair:** Mr. Smith, perhaps you could start from the top, please.

**Michael Smith:** It would be my pleasure.

The world is in a state of persistent competition, often devolving into conflict, enabled in large part by emerging and disruptive dual-use technologies. As Canada contemplates its way forward in this period of heightened geopolitical risk, we must begin by asking what it means to win in the 21st century.

I argue that winning today is less about tanks, drones and artillery shells, and more about building a dynamic and agile economy, one that leverages Canada's comparative advantages to generate prosperity while ensuring our security. Achieving this outcome will be possible only through the deliberate alignment of public and private capital to accelerate the dual-use technologies essential to Canada's productivity as well as our national security.

My name is Michael Smith. I'm the chief operating officer of ONE9, Canada's first and only defence and dual-use focused venture capture fund. Before joining ONE9 in 2022, I spent 13 years in the regular force with the office of the judge advocate general, specializing in operational and international law. I completed a master of laws in 2019, focusing my research on lethal autonomous weapon systems. This combined experience now shapes how I see Canada's position in a rapidly evolving global landscape.

Canada finds itself at an inflection point. Public and private sectors alike have a rare opportunity to collectively shape the development of our defence and dual-use ecosystems. Taking full advantage of this opportunity demands that we focus on the three core components of any ecosystem: competency, capital and customers. Other witnesses have already spoken to elements one and three, highlighting Canada's need to safeguard our talent, as well as our abysmal history in procurement. I will focus on element two, capital.

Returning to the idea of winning in the 21st century, I begin by cautioning that a defence industrial strategy, in the absence of a broader industrial strategy, risks learning the wrong lesson. Indeed, Canada and our allies didn't win World War II because of our defence industrial base. We won because we were able to weaponize our existing industrial base, demonstrating the enduring truth that security is achieved, not by building more weapons but by investing to build the economic and technological strength that make weapons possible in the first place.

China, soberingly, illustrates this point by controlling the supply chains and technologies that underpin present and future productivity—rare earth elements, batteries, microelectronics, robotics and advanced manufacturing. It now possesses the ability to weaponize its manufacturing might without significantly impacting its industrial output. It is estimated that China could weaponize one billion drones by using less than 1% of its assembly capacity, less than 5% of its battery output and only a fraction of its printed circuit-board production. That capacity is not the result of a Chinese defence industrial strategy. It is the by-product of industrial strategy executed at scale and built upon a foundation of investment into emerging and disruptive dual-use technologies.

Canada will never match such industrial scale. We must, therefore, focus our resources on where we could lead. In a world of constrained capital and finite industrial capacity, we must be deliberate about where we invest to build sovereign capability and where we collaborate with trusted allies, striving to become a net technology maker rather than taker. Yes, we must maintain a baseline capacity of classically understood defence capabilities, such as shipbuilding and munitions production, but this alone will not guarantee our success in today's world. Canada's recognized strengths—artificial intelligence, quantum, advanced materials, energy and the critical minerals that underpin them—must form the backbone of a national strategy that builds economic power, strategic autonomy and deterrence in equal measures.

In the end, only capital will convert this ambition into capability—aligned, coordinated, patient capital—yet, among our allies, Canada stands out for what we don't yet have, which are instruments to align public and private capital towards strategic technologies, like the U.S. office of strategic capital or the U.K.'s national

security strategic investment fund. Thus, after setting a national strategy that plays to Canada's strengths, I believe that the single most impactful thing the Crown can do is seed the venture capital ecosystem to ensure that critical early-stage technologies make the leap from concept to commercialization.

However, we do not expect the government to do this alone. Like the OSC and NSSIF, the Crown's role is not to pick winners but to shape behaviours and catalyze change across private capital markets. By aligning public purpose with private capital, Canada can show that “defence” is not a dirty word but a cornerstone of national resilience, unlocking billions in investment and making capital itself a strategic instrument of national power. The task before us is not to build a war economy but a winning one. Government must set clear priorities, provide predictable demand and align policy so that private capital can flow towards technologies that advance both our prosperity and security.

• (1750)

When public purpose and private capital move in the same direction, we build more than technologies: We build the enduring industrial and economic strength that winning in this century demands.

Thank you. I look forward to your questions.

**The Chair:** Thank you very much, Mr. Smith.

We're going to begin our line of questioning.

Mr. Guglielmin, the floor is yours for six minutes, sir.

**Michael Guglielmin:** Thank you to all the witnesses for your opening statements and for appearing at the industry committee.

Mr. Smith, I'm going to start with you.

As a chief operating officer for a defence investment firm, you're familiar with the industrial and technological benefits policy. Conservatives definitely support benefits of defence contracts flowing to Canadian industry, but increasingly I've become concerned with some of the issues that have been raised with the policy.

I'm wondering if you feel that a comprehensive audit of the ITB might be beneficial to identify opportunities to maximize impacts on domestic industry.

**Michael Smith:** At the risk of sounding glib, I don't think it can get much worse. It would be a worthwhile effort to reimagine how we can use a policy that truly runs the gamut in terms of the size of companies to unlock this capital.

**Michael Guglielmin:** When it comes to the ITB policy as it stands, would you say that it fully maximizes benefits for Canadian defence and dual-use technology firms?

**Michael Smith:** Anecdotally it does not, but at the risk of getting outside my lane, I'll speak to it from the venture perspective.

There are policy instruments within it that ostensibly allow the use of ITB dollars for venture investment, but they are so constrained and hamstrung that they are essentially worthless. I don't have the policy directly in front of me, but essentially what it amounts to is that no more than 5% of an obligor's total obligations can be committed, after a five-times multiple, towards venture.

Again, it's money that's being left on the sidelines that could be funnelled into the private sector, into SMEs, but in a different way, rather than directly from the company.

Why force them to pick the exact company they can invest in, when going through experts such as ourselves, who understand the broad market, would allow them to hedge bets across the ecosystem to find the technologies that look promising?

• (1755)

**Michael Guglielmin:** Then to put it simply, could a review benefit Canadian SMEs?

**Michael Smith:** Yes.

**Michael Guglielmin:** Mr. Lombardi, I move to you.

Data shows that investment in industrial machinery and equipment in Canada is at all-time lows, while the Americans seem to surge along. In your view, have excessive regulatory issues contributed to this decline?

**Matthew Lombardi:** May I just clarify the question? Do you mean investment in defence R and D in particular?

**Michael Guglielmin:** Yes...particularly in defence.

**Matthew Lombardi:** I would actually defer to Mr. Greenley on this question, because I think it's often with the larger player that there's a larger issue.

When it comes to companies that are start-ups, scale-ups, SMEs and SMBs, I'll give you an example of some regulatory red tape, Mr. Guglielmin.

The average SME has told us that there is an 18-month wait to get a security clearance to be able to bid on a defence contract in Canada. When you double-click on that and you ask them why they are able to bid on security contracts in the United Kingdom or in Australia or in any of the NATO-allied countries, they will tell you that there's the same rigorousness of vetting, but it just happens much more quickly.

SMEs, start-ups and scale-ups will simply decide to opt out of bidding in Canada because of a simple bureaucratic backlog of this nature.

**Michael Guglielmin:** Would you say, then, that our tax environment or tax regime, combined with these regulatory or procurements issues, which seem less competitive than those in other jurisdictions, affect the defence industry's ability to grow and innovate?

**Matthew Lombardi:** We certainly have domestic entrepreneurs that are ready to deliver on innovation if they're given the opportunity to compete. I think what we're looking for is the opportunity for faster and smaller contracting vehicles. In the absence of those, it's not that there's red tape; it's just that there's currently not a playing field for them.

**Michael Guglielmin:** Mr. Greenley, you've indicated in the past that Canada is falling behind in military space capabilities due to ineffective engagements with the industrial base. What specific barriers prevent your company and others from contributing more effectively to national defence-based priorities?

**Mike Greenley:** I think that the biggest thing these days is what was discussed earlier in the previous hour, which is the ability to directly engage with Canadian industry and be able to state that we are going to leverage Canadian industry in procurements as a matter of first choice, and then engage directly in that.

I think that this is the single biggest thing we need to do to be able to make the most of it.

**Michael Guglielmin:** We've heard about Canadian struggles to convert research and development into commercial defence applications. Do you believe the current research funding ecosystem lacks a strategic focus to prioritize industrial applied research?

**The Chair:** Please answer concisely. Thank you.

**Mike Greenley:** I don't see R and D as being a big limiter in terms of defence. I think the engagement of the defence procurement process directly with Canadian industry is the single largest enabler.

In access to R and D funds, we're the number 31 R and D investor in the country. We're in the top 100. We can get R and D done in Canada. It's the access to procurement speed that is the most important thing.

**Michael Guglielmin:** Thank you.

**The Chair:** Thanks very much.

Mr. Bains, you have six minutes.

**Parm Bains:** Thank you, Mr. Chair.

Thank you to our witnesses, who are joining us here in person and online.

I'll begin with MDA Space. We're very fortunate in Richmond, British Columbia, to have MDA Space situated there and delivering geospatial intelligence and other programs.

Mr. Greenley, could you talk a little about the key capabilities in the Canadian space industrial base that should be leveraged for defence and economic sovereignty?

**Mike Greenley:** The Canadian space industrial base is a mature industrial base. In this area, similar to comments made earlier today on the aviation sector, we can produce and operate full systems. That's a very important thing to remember in defence procurement and in selecting strategic industrial areas where we can move out immediately.

In Canada, we have a full satellite industry. We can design, build and operate satellites, which means earth observation to observe the earth in support of military operations; space domain observation, so that we can observe satellites from space military operations; space communications in support of military operations, especially in the Arctic; and counterspace, where we put up spacecraft to protect satellites and/or investigate or interfere with other satellites.

In these areas, we are fully capable in Canada of designing, building and operating the systems from our industrial base.

• (1800)

**Parm Bains:** Thank you.

I'm going to build a little on the enhanced space situational awareness data services that you provide to the Department of National Defence.

How does that support our commitments to NATO allies, and how can the government help to assist companies like yours to reach new markets?

**Mike Greenley:** Yes, it's important. In the space awareness business, we have our own capabilities, but in the example that you've raised, we're also partnering with other small businesses in Canada to be able to provide space awareness capabilities.

That first serves the Department of National Defence in being aware of space operations when other satellites are getting near Canadian satellites and in being aware of their activities, and then being prepared in the future to be able to protect and defend using future counterspace capability.

This service and these capabilities are exportable for sure. We can partner with our defence department and with government departments that export to be able to provide those services and/or the hardware if other countries want them for space domain awareness. It's an area where Canada has a leadership position.

**Parm Bains:** With the collaborations that you have and with other companies that you're working with, how are you currently supporting the Canadian Armed Forces?

**Mike Greenley:** We own and operate RADARSAT-2, which provides radar-based earth observation data to the Department of National Defence. We deliver and support our space ground system environments on the coast within the Department of National Defence. We built Sapphire and we operate it for the Department of National Defence to be able to observe activities in space and provide that data, and we are currently engaged in the design of future earth observation, space observation and space-based communications, especially for Arctic capabilities for the Department of National Defence.

**Parm Bains:** I'm going to stick with you because I know that you're situated in Richmond, British Columbia, and there's a lot of work being done there. I'm always encouraged and I'm very eager to talk about the work that is being done in British Columbia.

We had witnesses earlier at this committee who spoke particularly with respect to drones. There were challenges with scaling their output while maintaining quality. Is this something that you have looked at or that you can solve? Are you doing any work in the drone area?

**Mike Greenley:** Yes. We've probably been one of Canada's largest contractors of drone services to the Department of National Defence.

We owned and operated Canada's drones in Afghanistan. We were deployed in theatre in support of Canadian operations. We have provided drone services to United Nations non-profit organizations. We monitored the borders of Russia and Ukraine up until, through and after the Russian invasion, using our drone services in support of those operations. We are in the RPAS drone project for Canada, and we have just recently won the RCN ISTAR contract to provide drones to Canadian ships.

We're in a situation where we can source drones from around the world, integrate those into an integrated drone intelligence surveillance and reconnaissance system, and then operate that either as a service or in commercial partnership with the Department of National Defence. We've demonstrated that over the last 15 years, as I have just summarized.

**Parm Bains:** Part of our role here is to get recommendations. I think there's only a little bit of time left, so very quickly, what do you feel are the key transformations that need to occur in order to spend four times as much money on defence, for the benefit of Canada's national and economic sovereignty?

**Mike Greenley:** We need to accelerate the procurement cycle. We need to strategically partner directly with Canadian industry very quickly in the procurement cycle. We need to change the roles of the Department of National Defence and industry. National Defence should be the mission authority and say what the mission should do, and then industry should be the system authority on the design details of the system.

Today, the National Defence groups work down into the details of system and design requirements, which takes all the time in the procurement process and generates a lot of the cost during execution, as they have to review and approve all of the documentation that goes with the detailed system and design specifications they have released.

DND needs to stay at the mission level, let industry work at the system level and partner early in the procurement process, which will dramatically collapse it.

• (1805)

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

[*Translation*]

Mr. Ste-Marie, you have the floor for six minutes.

**Gabriel Ste-Marie:** Thank you, Mr. Chair.

I want to extend my greetings to all the witnesses and thank them for joining us.

Mr. Greenley from MDA Space, do you currently believe that the space industry is sufficiently recognized in the national defence strategy?

[*English*]

**Mike Greenley:** Could I ask the interpreter to repeat? The interpreter's voice is so low that I can't hear it in comparison to the speaker.

**The Chair:** Just give us one moment, Mr. Greenley.

**Mike Greenley:** I apologize.

[*Translation*]

**The Chair:** Mr. Ste-Marie, would you like to try again to see whether it works better?

**Gabriel Ste-Marie:** Yes. I'll repeat my question. Mr. Greenley can tell me whether he can hear the interpreter clearly.

I asked him whether he currently believes that the space industry sector is sufficiently recognized by National Defence.

[*English*]

**The Chair:** Mr. Greenley, was that any better on your end?

**Mike Greenley:** I think the question was whether I feel that the Canadian defence industry is sufficiently recognized in any existing defence strategies. I would say no.

In the past, Canadian defence strategies talked about the needs of the military. The criteria for the engagement of the Canadian defence industrial base and the requirement to engage with the Canadian industrial base first are not recognized. The identification of strategic defence industrial competencies in defence strategy to ensure that procurement establishes, engages and advances those defence industrial capabilities has historically not been included. The considerations of industry have not been included, in my 35 years, in any industrial.... Defence strategies have not included any industrial strategies in the last 35 years.

[*Translation*]

**Gabriel Ste-Marie:** I want to hear your thoughts on how the defence and civilian sectors complement each other in the aerospace industry, and on the need for predictability and procurement timelines for military contracts.

[*English*]

**Mike Greenley:** I'm sorry. I missed it because the volume is so off.

I can't hear the interpretation. I apologize.

[*Translation*]

**The Chair:** Mr. Ste-Marie, would you like to ask another witness any questions?

**Gabriel Ste-Marie:** I can submit my written questions to the clerk, who will pass them on to Mr. Greenley. I have many more questions for the other witnesses.

**The Chair:** I can give you some time, if we find a solution.

[*English*]

Mr. Greenley, just to explain, I'm just going to afford Mr. Ste-Marie the opportunity to pose questions to other witnesses. We're going to try to fix the interpretation issue, and if we can't resolve it, we will get his questions to you in writing and ask for you to submit responses to the committee.

[*Translation*]

Mr. Ste-Marie, you have the floor.

**Gabriel Ste-Marie:** Thank you, Mr. Chair.

My next questions are for Mr. Smith and Mr. Lombardi, if they can hear the interpreter at a suitable volume.

As part of this study, witnesses told us that many emerging defence technologies come from civilian start-ups or small and medium-sized businesses. Their innovation cycles are much faster than the cycles of traditional defence procurement systems.

How should things be restructured? In your opinion, what type of support do these companies need in order to integrate military and civilian technologies into the defence supply chain? Would this involve financial, technical or regulatory support?

Mr. Smith, you can respond first.

Mr. Lombardi, you can then add to the response.

• (1810)

[*English*]

**Michael Smith:** Thank you for the question. It's a mixed bag insofar as the private sector is the wellspring of innovation in the 21st century. It has flipped on its head the innovation model that existed in the 20th century and gave us the Internet, GPS and digital cameras, so the innovation doesn't really need support. It's happening every single day in the private sector.

As previous witnesses have alluded to, the biggest challenge is crossing the valley of death that exists as a result of sclerotic procurement—an exquisitely designed system for the 20th century and completely unfit for task in the 21st. As I alluded to in my testimony, there are the three elements of any ecosystem—competency, capital and customers. Canada has competency in spades. The customer will maybe one day fix itself—we hope so. In the meantime, the thing that bridges that gap is the capital to simply keep the lights on, to allow them to iterate and continue to iterate so that, when the customer is ready, the product is fit for task, reflective of the modern operational environment and just ready to go.

I will die on the hill that capital will solve a lot of these problems.

[*Translation*]

**Gabriel Ste-Marie:** Thank you.

Do you have anything to add, Mr. Lombardi? I have one minute left.

[*English*]

**Matthew Lombardi:** There are some quick fixes, and then there are some more strategic “systems change” answers to your question, Mr. Ste-Marie.

On the quick fixes, you know, it's almost like the Hippocratic oath that doctors take of “First, do no harm.” The first thing I would ask is a simple change to the DND IDEaS program, which has so far proven itself wholly insufficient in so many cases.

I'll give you an example. If you look at the challenge sandboxes in the U.K. or the United States that try to get homegrown start-ups to test their technologies and are their versions of DND IDEaS, you'll see that if you win one of those challenges in the U.K. or the United States, you are automatically plugged in to a procurement stream. That is how it's supposed to work.

In Canada, if you win an IDEaS challenge, not only does it grant less money and take more time, but in many cases you are in fact prohibited from going into a procurement stream. That is almost Kafkaesque, in that it achieves the opposite of the goal that it's meant to achieve and does not align with best practices in any other NATO country. Addressing that would be a quick fix.

For another quick fix, there seems to be a cultural issue. In some of the qualitative results that we turned up in our survey, we turned up horror stories from Canadian SMEs, and I'll give you an illustrative example. I've heard a version of this story seven or eight times.

An entrepreneur who does light manufacturing out of Kitchener-Waterloo in Ontario called me and said that they'd made a heat sink or a cold plate, a little device that ends up going into a light armoured vehicle. In the past it's gone into a CF-18. They sell only into the NATO supply chain.

This entrepreneur told me that over the course of 18 years, he has been debanked not once, not twice, but three times by a tier one Canadian bank. Why? It wasn't because he's doing anything illegal but because there's a stigma around defence, a perfectly legal industry, and some local banker just decided to act on their own and de-bank this individual and not provide him credit. He got the letter saying that they need his money out of his account in 30 days.

There's a cultural issue here too, and as my learned colleague Mr. Smith alluded to earlier, hopefully unlocking capital from the BDCs and the EDCs will help free up the Canadian banks to feel better about lending to perfectly legal industries.

Then on the systems change side, again there are a couple of things, like the DIU model in the United States and the NSSIF model in the U.K. These are off-the-shelf models to help make sure that even when we're doing targeted procurement of massive foreign systems, we're still using that to do aggressive licensing of

technical data in direct support of domestic innovation when we have to buy foreign systems like submarines.

The last thing I would say is that there has to be an element of borrowing off-the-shelf best practices. We need to push procurement authority way down to the command level, and I think this riffs off Mr. Greenley's point earlier about restructuring. In the countries that do this best in the NATO alliance, not every procurement decision is made at a centralized level. You can set a threshold—call it \$200 million illustratively—and say that a commander is able to bring a start-up on base and test it out, and if there's a solution that's 80% there at 25% the cost, they can buy it tomorrow.

Yes, that will lead to some duplicative buying, but that trade-off is worth it to get the capabilities into the hands of the Canadian Armed Forces much more quickly.

• (1815)

[*Translation*]

**Gabriel Ste-Marie:** Thank you.

**The Chair:** Thank you, Mr. Ste-Marie.

[*English*]

Mr. Falk, the floor is yours for five minutes.

**Ted Falk (Provencher, CPC):** Thank you to all of our witnesses for joining us here today. I appreciate your testimony. It's very interesting and informative.

Mr. Smith, thank you for your service, first of all.

You used the term “dual-use” several times in your presentation. Can you expand on what you mean by “dual-use”?

**Michael Smith:** Yes, of course. It's a term we hear bandied about a lot, so I'll give you my definition from my experience over the last few years.

At the simplest, it is technology that has application in both the commercial and the defence and security realms.

**Ted Falk:** Thank you. That's very nice and concise. I appreciate that. That will be helpful.

Back in August of this year, in a periodical called the Ottawa Citizen, you stated that the Canadian defence procurement agency “will fail if it is run by the same risk-averse decision-makers previously charged with defence procurement” and that “a new mandate alone will not transform the system if those executing it remain tethered to the same institutional caution.”

What specific changes do you see need to happen in leadership culture and decision-making processes to make this a successful agency?

**Michael Smith:** I'm glad you read that article. That's someone other than my parents, so thank you for the question.

I was saying earlier that we live in risky times, and when you live in risky times, you have to take risks. To my earlier point, we have designed this exquisite system in which we haven't mitigated risk but have essentially eliminated risk. Risk elimination and risk mitigation are two different things.

Of course, the Crown should mitigate risk to the greatest degree possible in procurement, but that can't come at the expense, as Mr. Lombardi was saying, of arriving too late. It's creating a culture that is mission-aligned and well meaning, one in which the answer is going to be yes, subject to some certain constraints.

It's very difficult to prescribe how one fixes culture, but there has been a perverse, almost inverse, reward relationship for getting to zero risk. Now we have to flip that on its head. I think that's going to come from top cover, where well-intentioned risk-taking is rewarded, even if it's not perfect.

**Ted Falk:** Thank you.

In World War II, Canada produced 16,000 aircraft in a short time. We used 116,000 people in the workforce to accomplish that.

In our industrial complex today, we don't need the same type of aircraft, but for that day and age, it was complicated as well. If you have done a gap analysis in the industrial sector, are there gaps right now that we should be addressing so that if the need would arise, we would be able to do something similar today?

**Michael Smith:** I will preface this answer by saying that I am not an expert on Canada's industrial base capacity.

That said, I know there are pockets of world-renowned manufacturing in this country, but to reinforce my earlier testimony, I would advise more broadly that the government should be concerned with securing the inputs into the supply chains necessary for the 21st century. In so doing, you will secure the inputs into the supply chain for your defence industrial base.

When we talk about rare earth elements, if we are only looking for rare earth elements for defence, we are missing the point, because every single thing that we are going to need in the 21st century that is relevant is going to have an input of rare earth elements. That's because AI is not going to simply be on our phones; it is going to enter the world through robotics. If that robot is my personal support worker or if I weaponize it, that's a choice to be made, but it is the exact same manufacturing process and input that is necessary.

That also ties back to this idea of dual use. A spoon is a weapon, depending on how you use it.

• (1820)

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

Mr. Lombardi, you stated previously that we have excessive regulation in our procurement processes. Could you quickly elaborate on that and suggest regulations that we need to chop?

**Matthew Lombardi:** Sure. I think I previously discussed the security clearance bottleneck that certainly needs to be resolved. I think some of the other things around pushing procurement authority down not one, not two, but several levels have been covered by Mr. Smith and myself.

The other thing that I think is a very big barrier to SMEs is this cycle of Canadian companies leaving Canada. They are not leaving because they have any shortage of technical barriers. As our survey showed, a defence market isn't a market if companies are considering leaving Canada purely for sales and capital reasons and not because of technical or talent barriers. That's a blessing that this country has. In other countries, companies leave because they can't find talent. That never happens in Canada.

Without reforming the procurement pathway and the engagement strategies of SMEs and start-ups, we risk not only capability gaps in national defence but also economic leakage to other markets, and not just allied markets, unfortunately. I would say that at the risk of losing innovators, we have to close some of the knowledge gaps around procurement and security policies. We have to close this tremendous barrier around security clearances. These have to be expedited, so that people have the opportunity to bid on contracts.

We have to make sure that our dual-use innovators are in situations where Canada is not forced to.... In situations such as submarines, for example, we don't have our national strategy, and Canada is going to be buying some kit from foreign suppliers, which is okay. NATO is a market, and we won't make and deliver everything, but we will contribute to it.

However, when we do have to do targeted procurement and use exceptions where necessary, we have to make sure to aggressively license the technical data back to Canada and provide direct supports for domestic innovation, such as freeing up ITBs, which we previously talked about, and making the eligibility criteria a little bit wider so that some of these foreign primes who do have outstanding ITB obligations actually have more of an opportunity to support Canadian innovators. It's not just by trying to find a way to get them into their supply chain, which is the optimal way to do it, but also by providing dollars of hard support.

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

Mr. Bardeesy, go ahead for five minutes.

**Karim Bardeesy (Taiaiko'n—Parkdale—High Park, Lib.):** Thank you. I'll start with a question for Mr. Lombardi and then I'll bring in some of the others.

Mr. Lombardi, just so that I'm clear on your testimony, you are encouraging that the overall dollar spend in defence procurement should shift more towards software and away from hardware, and from higher cost per unit hardware to lower cost per unit hardware. Am I understanding that correctly?

**Matthew Lombardi:** If I were to summarize my five minutes, Mr. Bardeesy, it would be that it is about building the most of a given thing that is good enough and not necessarily building the most capable and impressive single thing.

**Karim Bardeesy:** Thank you.

I have a question to all the panellists around women's participation in the defence economy, whether it's women-owned businesses or women workers in the sector.

Do you have any insights that you could bring to bear, from your own experience in the sector or from the research, on how we could increase women's economic opportunities through this potential defence industrial policy?

**Mike Greenley:** From my perspective, a defence industrial policy would be no different from any other industrial policy.

Diversity and inclusion occur as part of our business practices. MDA Space is recognized as a "Women Lead Here" company by The Globe and Mail. We track various members of our population, whether that's for gender or cultural diversity, and we work all the time on improving that as we go forward. I think it's no different from what it is in any other business area. Defence can do that. We have demonstrated it in defence and space. We state the need and we do it.

• (1825)

**Karim Bardeesy:** In the last panel, Ms. Cianfarani alluded to a desire to get specific investments and specific procurements at the technology level that can help lay the track that we want for the involvement of Canadian sectors.

The defence industrial strategy document or proposal will probably not get to that level of specificity. What is the work, then, that needs to be done after we issue the broad policy document to get to the kind of specificity that will prime the kinds of investments that you're looking to see made?

**Mike Greenley:** It's very important to lay out those road maps, and those road maps are not short. They're 20 years long in terms of the major technology areas that the defence procurement process is going to go after.

The notion of horizons is very important in a defence industrial strategy. We have Canadian industrial maturity for some things we require immediately, and we can buy them from Canadian industry straightaway. Then there are areas that will be in a second horizon of technologies. They're going to come next. We should have R and D projects, as the other gentlemen were saying, but they should be R and D projects that actually flow through to procuring the resulting capabilities into that second wave or third wave of operational systems.

Industries need to invest. R and D projects need to target the second and third wave of defence procurement through policies that

bring the results of the development phases into operational systems in the second and third waves.

There's the notion of horizons. Then mapping out which technologies should feed into early R and D in order to result in future procurements is very important.

**Karim Bardeesy:** Okay. That's very helpful. Thank you.

Go ahead, Mr. Lombardi.

**Matthew Lombardi:** Thank you.

I think there are four pieces in answer to your question, Mr. Bardeesy.

First, after the policy is announced, Canada does need to build delivery architecture. Again, I'll borrow off the shelf from an ally. In the U.K., their director general for delivery model, which is used to execute certain large strategies, has an accountability lead. You might consider something like an interdepartmental defence industrial council, which would be co-led by DND, ISED and the new Defence Investment Agency, to make sure that all these entities are on the same page.

Second, there should be some sort of formalization of industrial base mapping. My organization has done a first pass at this, but we need to adopt some sort of defence industrial preparedness framework that ties the capability-based planning and the key industrial capabilities.

Third, I do think we need to pair promotion with protection. The Business Council has warned about this. An industrial strategy does need to include supply chain, counter-intelligence, cyber-protection and safe harbour data sharing.

Lastly, I do think we need to institutionalize procurement reform—

**Karim Bardeesy:** This is really helpful. Thank you.

Hopefully, the brief will have a bit more on this.

I need to sneak in one question for Mr. Smith because we have a unique opportunity given his background and his current role.

You mentioned your work on autonomous weapons. This is something that is going to become more of an issue. I don't think it's the role of just the defence industrial policy necessarily to have a perspective on this question, but do you have any comments for the committee about how we reconcile the need for a strong defence industrial policy with the emergence of ever more potent weapons that don't involve human delivery?

**Michael Smith:** Absolutely. You're speaking my language.

I can tell you that my colleagues in the office of the judge advocate general are experts in national and international humanitarian law and are working every day to craft policies to ensure that Canada's procurement of any new means and methods of warfare comports with domestic and international law.

Nobody in the world has a real solution to what happens when we separate in time and space the human decision-maker from lethal decision-making. It's an ongoing project that, at a certain point, actually jumps from law to policy. At a certain point, a government that is willing to use lethal autonomous weapons systems will have to be comfortable with a certain amount of risk and perhaps a certain amount of messiness.

These are more like policy than legal decisions and where a nation's comfort lies when we really enter uncharted territory.

● (1830)

**Karim Bardeesy:** Thank you.

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

Colleagues, that's the end of the time we have allotted today for the defence industrial strategy. I would like to thank the witnesses.

Mr. Smith, if you'd like, I can ensure that the clerk delivers to your parents a copy of today's transcript. They have a little bit of homework. It's very much appreciated.

Colleagues, I know you want to thank witnesses, which I'm going to give you 30 seconds to do, but we then need to go right into the other matter at hand.

Mr. Greenley and Mr. Lombardi, you are free to go, gentlemen. Thank you very much for your insights. We appreciate your being here with us this evening.

Colleagues, as per the letter I received from Mr. Ste-Marie, Madam Dancho and other colleagues requesting a 106(4), as we refer to it, we're going to move into that.

I just want to clarify something because I know we have some new members around the table. We're not delving now into the specifics of a prospective study at the moment, in terms of the study itself. What we're doing is that we're meeting to have a discussion about what that framework may look like. My understanding is that, in line with what has proven to be a very productive and collegial committee membership thus far, some discussion has taken place between the parties prior to this that I hope will position us well to move swiftly through this.

With that, Madam Dancho, I believe you'd like the floor in order to move a motion. I will give you the microphone.

**Raquel Dancho:** Thank you, Mr. Chair.

As you know, Conservatives initiated this emergency meeting because of the shocking news we learned last week that Stellantis, one of the largest auto sector employers in Canada, announced that it's moving production from its Brampton facility to the United States, which puts 3,000 Canadian jobs at risk. To date, those workers have received no indication that they'll be getting their jobs back. Again, there are 3,000 Canadian families who had a very rough week last week.

At the same time—and it was just shocking to hear this—Stellantis announced a \$13-billion investment in the United States that will create tens of thousands of American jobs. To add insult to all this injury that Canada is receiving from Stellantis, just a few years ago the Liberal government signed deals with Stellantis of up to \$15 billion from taxpayers for electric vehicle battery production, on top of \$1 billion from taxpayers for capital support.

It would appear, based on the actions from Stellantis, that despite these multi-billion dollar taxpayer subsidies, there was not a requirement in those deals to safeguard the broader Stellantis employment footprint in Canada. That is frankly unacceptable. We are deeply disturbed by this news. We feel very strongly that these 3,000 families deserve immediate answers and Canadians deserve accountability and transparency on upwards of \$15 billion of commitments of their tax dollars.

For those reasons, I move the following motion:

Given that the Parliamentary Budget Officer estimates the cost of government support for EV investment in Canada at up to \$52.5 billion between October 8, 2020 and April 25, 2024;

Given that Stellantis has announced it will move production of the Jeep Compass from its Brampton facility to Illinois, putting 3,000 Canadian jobs at risk, despite taxpayers providing over \$1 billion in capital support for their plants and up to \$15 billion in taxpayer subsidies to support their EV battery plant in Ontario;

That the committee undertake a study to defend the interests of Canadian workers and taxpayers by examining the short- and long-term commitments made with Stellantis;

That the committee invite as witnesses:

The Minister of Industry (for no less than one hour);

The former Minister of Industry, François-Philippe Champagne (separately from the Minister of Industry, for no less than one hour);

Relevant departmental officials involved in contract negotiations and subsidy approvals;

The Chief Executive Officers and Chief Financial Officers of Stellantis;

Lana Payne, National President, Unifor;

Brian Kingston, President & CEO, Canadian Vehicle Manufacturers' Association;

Flavio Volpe, President, Automotive Parts Manufacturers' Association; and

Any other industry representatives, impacted stakeholders, experts, and other witnesses.

That the committee hold no fewer than three meetings on this study; and

That this study take precedence over all other matters before this committee.

Thank you, Mr. Chair.

● (1835)

**The Chair:** Thank you very much, Madam Dancho.

Again, colleagues, because we have only been through this once, maybe twice, and we have some new members around the table, we are now debating the motion that's been presented by Madam Dancho. For any amendments, should there be any, we would then engage in debate on those amendments—the same would be true for a subamendment—until we eventually make our way back to a final version.

[Translation]

Mr. Ste-Marie will speak first. He will be followed by Mr. Bardeesy, Mr. Guglielmin and our new colleague, Ms. Kirkland.

**Gabriel Ste-Marie:** Mr. Chair, you have just deeply insulted Mr. Bardeesy.

I signed the request for an emergency meeting, pursuant to Standing Order 106(4), in light of a major change in the Canadian economy.

The automotive industry plays a key role in the Canadian and Ontario economies. Of course, there are also jobs in Quebec's automotive industry. Today, in the truck sector, we saw the loss of 300 more jobs at Paccar in Sainte-Thérèse, in the northern suburbs of Montreal.

We're facing a really tough situation. The American president is threatening Canada and its economy by saying that he wants the automotive industry jobs and that he'll take them away from us and move them to his country. Recent events have shown that this is exactly the case. Stellantis announced that the Jeep Compass will no longer be manufactured in Ontario, but rather in the United States. The company also announced that it will invest \$13 billion in that country.

This situation is really concerning for the Ontario and Canadian economies. The committee needs to address this matter urgently. I believe that we can take a non-partisan approach to this issue. We would like to ask the people on the list of suggested witnesses about what the government is doing, what the key players are saying and what can be done with regard to the American administration. As we can see, the automotive giants seem ready to bow down.

The motion under consideration calls for at least three meetings. We could quickly get to the bottom of the matter and then get back to the committee's other equally important studies. That's why I agree with Ms. Dancho's motion. If amendments are moved, I'll listen to them with an open mind, with the goal of working together on this spectacular effort.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Ste-Marie.

[English]

Mr. Bardeesy.

[Translation]

**Karim Bardeesy:** Thank you, Mr. Chair.

We support this motion.

[English]

We are in a context right now where the sector is facing a real challenge as a result of the unjustified tariffs coming from the United States.

Our government has been working extremely diligently and extremely aggressively with respect to the individual companies, as well as the sector as a whole, to protect and defend these jobs. This

built-up industrial base has a history that goes back for 100 years of manufacturing in Canada and that, as we heard from Ms. Hasenfratz from Linamar, is a source of pride today, where we have productivity, where we have an export market and where we have a built-up industrial base and proud partnerships across provinces, unions, management and governments.

This is something that we are very keen to help protect and defend and to look to the other side of this generational challenge so that the shared prosperity this sector has created for so many, especially but not exclusively in southern Ontario, is something that we can continue to enjoy, something that we have currently with, at the moment, five auto manufacturers with assembly plants and a whole number of other spinoff jobs and real strength.

We want to continue to defend that strength. In the spirit of collaboration, I have an amendment to propose that I believe I can table now and that does the following three—

**The Chair:** Just very quickly, Mr. Bardeesy, before you do that, do you happen to have this in writing yet?

**Karim Bardeesy:** Yes. It is in pen writing here, which I can hand over, because we were—

**The Chair:** Here's what I'm going to ask because you're capably bilingual. If you could present it in English, you're best to present it also in French, just to help out our interpreters, as well as out of respect to those who would like to have it in both official languages.

If everyone is okay with it, then what we'll do is get it in writing, and we'll pass it around. What we really need to make sure of, though, is that everybody understands it.

Go ahead and start in English. Do your best in French, and if we have to pause to get it in writing, we'll do that.

• (1840)

[Translation]

**Karim Bardeesy:** I'll read my amendment.

[English]

The amendment is as follows. First, it's to strike the clause “despite taxpayers providing over \$1 billion in capital support for their plants and up to \$15 billion in taxpayer subsidies to support their EV battery plant in Ontario”. Second, it's to add to the clause “and long-term commitments made with Stellantis”, the following words: “in the context of the current situation of the Canadian auto industry”. Third, it's to add to the witness list, as a bullet, “Global Automakers of Canada, David Adams, president and CEO”.

[Translation]

**The Chair:** Thank you.

Did everyone hear it clearly?

[English]

Does everyone have that? I'm just looking around the table for consensus so that we don't have to pause.

Okay.

Colleagues, just as a reminder, the speaking order that had been established previously is paused. We're now entering debate.

I have Mr. Falk.

Madam O'Rourke, I had you, but were you wanting to speak to the amendment or to the original motion?

**Dominique O'Rourke:** [*Inaudible—Editor*]

**The Chair:** Mr. Falk, the floor is yours.

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

We're finding ourselves, as a country and as a committee, in a very serious situation here. I take issue with the Liberals wanting to strike out the sentence in paragraph two that they've indicated they don't like, which would put accountability on the Liberal government for the policies that contributed to the situation we find ourselves in today.

Our auto industry has been very clear in the last several years, with this EV mandate, that they don't see their way through complying with the mandate. They've been very clear on that: maintaining the production levels they've had here throughout the years and the capacity they have built up here.

One of the factors contributing to the decision they've made to move their operations to the United States is the fact that there's uncertainty from the Liberal government and the policies that they have put on pause but have not rolled back yet insofar as the EV mandate goes. They have paused it for this coming fiscal year, but they haven't said they're going to drop it. That creates uncertainty for the industry. That's a contributing factor here. We need to acknowledge that. As is, the motion acknowledges it. That's why I don't agree with the first point that the amendment speaks to.

I also think we need to recognize that all the auto parts manufacturers that are downstream from Stellantis are going to be impacted by this decision. It's not just 3,000 workers in the Stellantis assembly plant. It's all the auto parts manufacturers who contribute parts and materials to the factories that assemble those automobiles who are also going to be impacted. There are many more workers who potentially will be out of work.

I would respectfully ask that the Liberals reconsider their position of including the deletion of that sentence in paragraph two of the motion, and leave that in there, because there needs to be accountability. That's the reason we're inviting the ministers to come to committee: to speak to the committee and to take responsibility for the decisions they have made.

• (1845)

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

Madam O'Rourke.

**Dominique O'Rourke:** Thank you, Chair Carr.

I chair the Liberal auto caucus. We've had many of the folks on this list come and speak to us throughout the summer and in September. I am from an auto parts manufacturing city, with 11,000 jobs from one company alone and a total of 16,500 jobs in direct manufacturing. I'm acutely aware of the challenges that are downstream.

My colleagues on the auto caucus and I are also acutely aware that there are multiple factors, most importantly the unjustified

American tariffs, that are driving these decisions. I support the removal of that clause because there are a number of factors. The questions can be asked with regard to any subsidies, but this attributes specifically.... It alludes to the fact that this is the driving force.

A number of automakers in Canada know that the future is electric and will tell you that. Their argument is usually with the timeline. It's usually that EV is demand-driven, so they have issues with the mandate, but they really see what is happening globally.

I don't want to, through this welcome study, frankly...because we do need to be having this conversation for our auto workers, for the communities and for our industry, which has 125,000 direct workers and 500,000 ancillary.... It's a massive sector for Ontario and we need to have a broader conversation about a number of factors. I believe this clause limits our ability to do that, and I'll support the amendment.

**The Chair:** Madam Dancho.

**Raquel Dancho:** Thank you, Mr. Chair.

I do very much share the concerns of our colleague, Mr. Falk. I think he outlined them quite well: that we take issue with taking out a pretty critical part of what we're seeing as part of this Stellantis issue, in that it was a big amount of taxpayer funding. I don't agree with taking it out.

That being said, I think the study and the accountability required are very important, and I don't want to derail having the ministers, those important representatives and the CEO and the CFO of Stellantis come. That is critical. For the record, we do not support taking this out, but we would be open to ensuring we can move forward either way.

Just so the committee is aware, we will be asking about this issue. We believe it's fully encompassed in the first part of our motion. In the spirit of collaboration to ensure the study does occur and begins on presumably Monday, Chair, as you've mentioned, as long as we can get those witnesses, Mr. Falk's comments very much stand, but we can move forward if we can make sure we get this motion passed today.

**The Chair:** Just for clarity—and I shouldn't get into a habit of speaking to hypotheticals—should we pass this motion momentarily, amended or not, I see no reason that a line of questioning related to the comment Mr. Bardeesy is suggesting be removed would be out of scope. We're in agreement on that.

Ms. Kirkland, did you want to speak to this?

Just as a reminder here, we can vote now on this amendment and I will resume the list, which includes Mr. Guglielmin and Ms. Kirkland, on the motion, as amended or not amended, depending on what the result of this vote is. It's up to members whether they want to speak to that. Can we move ourselves forward on the amendment question and then resume on the main motion?

Okay. I'll honour the speaking list. Don't worry.

I'm going to call the question. In terms of—

[*Translation*]

**Gabriel Ste-Marie:** I move that we adopt it on division.

**The Chair:** That doesn't really exist. I understand that there may be this type of vote on an amendment. The clerk said that she will try as hard as possible to ensure that this is reflected in the committee minutes, but we need to vote.

• (1850)

[*English*]

We're going to do things by consensus here. If we are in agreement that we don't need to call the vote but that we're going to adopt the amendment on division, I'm satisfied with that.

I'm looking to members.

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

**The Chair:** The motion has now been amended.

I'm going to resume the speaking order on the motion as amended. The floor goes to Mr. Guglielmin, followed by Madam Kirkland.

Madam O'Rourke, did you still want to speak to this? Okay.

Mr. Guglielmin, the floor is yours.

**Michael Guglielmin:** Thank you, Mr. Chair.

First, I want to thank my colleague Ms. Dancho, our shadow minister for industry, for her leadership on this file and for introducing this very important emergency motion.

The PBO estimated that government support for EV investments in Canada totalled up to \$52.5 billion between 2020 and 2024, yet, despite the vast sums of public money that have been shelled out, Stellantis has announced that it's going to move production of the Jeep Compass from Brampton to Illinois, potentially putting 3,000 jobs at risk. This is despite taxpayers having already invested over \$1 billion in capital and having committed another \$15 billion in subsidies for their EV battery plant.

We're seeing a bit of a trend here. We're studying capital flight and productivity at this committee. We've lost hundreds of billions of dollars of capital to the Americans. Here, we see Stellantis creating 5,000 new jobs across Illinois, Ohio, Michigan and Indiana. GM is pumping \$4 billion into U.S. facilities in Michigan, Kansas and Tennessee as it moves to boost production of gas-powered vehicles, given a slowing electric vehicle demand climate.

We have a pattern of lost jobs here in Canada despite that with possibly 3,000 here at Stellantis, another 300 from GM Oshawa, 500 at GM CAMI and another 1,200 at risk. We've heard of 300 at an auto plant in Quebec. Frankly, it's unacceptable. It's a betrayal of Canadian workers, taxpayers and communities.

I remind everyone on this committee that, as we are well aware, these aren't just numbers; these are families and livelihoods. They're good-paying Canadian jobs that benefit local economies. We have a duty to promote accountability and transparency. Canadians deserve that. They deserve to know that public funds that are committed lead to real enforceable commitments. Just imagine that

you're one of these workers who gets a robocall saying that your job is no longer available. These are the people we're fighting for today at this committee.

That's why I support this motion. I support that we undertake this motion through a study to defend the interests of Canadians.

Thank you, Mr. Chair.

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

Ms. Kirkland, welcome to the committee. Congratulations on your recent election.

The floor is yours.

**Rhonda Kirkland (Oshawa, CPC):** Thank you very much.

Thank you, again, to Ms. Dancho and the committee for inviting me to come to speak today.

I appreciate your comments, Ms. O'Rourke. In terms of being from an auto town, I am also on the Conservative auto caucus, hearing from these folks. There is a concern about EVs, but that will be a conversation for another day.

My riding is Oshawa, which is GM headquarters, but I don't want to be a voice for the auto workers just in Oshawa. I want to be a voice for auto workers across Canada. Right now, they're feeling abandoned, quite frankly. When I speak to them—and I speak to them on a daily basis, to the union presidents—I hear that they are worried that their jobs are on the chopping block, that they're up for grabs, in pursuit of other things. That's their biggest concern.

I feel like it's nothing short of an emergency, so I'm grateful that the committee seems to be willing to take on this very important study. I hope that it will be unanimous. I think that it should be, and if it's not, that will be concerning to me and to the entire auto sector.

I just want to briefly talk about the human cost. In 2022, the previous industry minister—who's now the finance minister—promised, on GM Canada, that a \$2-billion investment meant “that Canada's auto sector is here for the long term.” He also promised 2,600 new jobs with a third shift at GM Oshawa. That has now been cut. We now know that those promises have been broken, and GM Oshawa has announced that they are cutting the third shift, eliminating more than 750 first-line jobs. However, we know that this means probably three times more in the supply chain by moving production to the United States.

I didn't speak to the amendment, simply for the sake of time and the sake of collaboration, but this is taxpayers' money that we're talking about, money that was spent on this investment, which is now essentially creating auto jobs in the U.S. instead of in Canada.

The auto sector feels like they're going through some psychological whiplash. It's a bit of a trauma to be going up and down on this roller coaster. They have grand promises given to them, only to be ripped away months later—and now, of course, in Brampton, which is why we're here today.

What affects Brampton affects Oshawa, Ingersoll and Windsor, and it affects them all because auto workers are very loyal to each other. There's a lot of solidarity among auto workers. I know that the president of Unifor Local 222 in Oshawa has written a letter to the national president, expressing hope that they will fight for the jobs in Brampton, just like they did for the jobs in Oshawa, which did see some comeback, thankfully.

In Brampton, with regard to the auto workers and, as was mentioned already, the robocall, it is just disgraceful the way they heard about this. They're already worried, and we're not that far away from Christmas. There couldn't possibly be a worse time for that to happen.

I'll wrap up by saying thank you for allowing me to visit your committee and speak on behalf of auto workers in my community and across Canada. It is also my hope that this will be unanimous today and that this study will happen. I'll be watching it very closely.

Thank you.

• (1855)

**The Chair:** Thank you very much, Ms. Kirkland.

Madam O'Rourke, the floor is yours.

**Dominique O'Rourke:** Thank you, Chair Carr.

I think there are a lot of areas where we agree. We agree that Canada has the best auto workers in the world, and that is why so many of the contracts, so many of the lines and so many of the projects came here in the first place. We agree that these auto workers need their government to stand up for them.

I believe that we're going to do that. I'm hoping that we do that together, because we know that the driving force in these current challenges is American tariffs. It's not the quality of our workforce, and it's not the types of vehicles that we produce. It's these American tariffs.

I want the auto workers to know that there are supports from government, that this government is fighting for them and that we are investing in the future success of the sector.

I am hoping that in this conversation we certainly hold Stellantis accountable and ensure that it lives up to its promises. Those promises were made by the automakers, and they must uphold them. We're going to work together, I hope, with the Province of Ontario, with our government and with Unifor to fight for those auto workers.

**The Chair:** Thank you very much, Madam O'Rourke.

Colleagues, I think we've had a good and thoughtful discussion. Members have had the opportunity to put into the public record how they feel about this. I'll call the question, although I think we have unanimity on this.

All those in favour of the motion as amended...?

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

**The Chair:** Colleagues, before we break, we need to have a brief conversation about scheduling. In anticipation of this, I asked the clerk to do her best to have us start on Monday, with the first meeting occurring then, the second meeting occurring Tuesday and the third meeting occurring the following Monday. This would simply displace our current trajectory of the productivity and DIS studies and move them back with the proportioned date.

[*Translation*]

The issue is that it always depends on the witnesses and their availability. We need to be a bit flexible.

[*English*]

In the event...and I will communicate openly and transparently with the representatives from each party, but it doesn't afford much time for the clerk to get witnesses. While we're together, I just wanted to quickly say that we will do our best.

Madam Dancho, Monsieur Ste-Marie and Mr. Bardeesy, we will have to make a determination, potentially—if there's only one witness, for example—on whether we hold off and have our regularly scheduled meeting on Monday or if we hold that first meeting but are now turning it into more than three meetings, most likely, because we will still have a significant number of witnesses to make available.

My suggestion is that we ask the clerk and analysts to do their very best to get us a critical mass for Monday and we begin this study. We should have enough people by Wednesday and the following Monday, but if we don't, then I'll work with the party representatives. That's my suggestion.

On that point, Madam Dancho, go ahead, followed by Mr. Falk.

• (1900)

**Raquel Dancho:** Thank you, Mr. Chair.

We know that we have a very hard-working team and that Madam Clerk, who does an excellent job, will do everything she can to get the witnesses. I am comfortable that if that absolutely cannot happen on Monday, then it happens as soon as it can happen and we have an understanding as a committee.

One issue I would state is that if the minister is not able to come in the next two weeks, counting from today, that would be quite disappointing. We've had senior ministers come to multiple other committees. This is the fifth motion we've all agreed to in order to invite Minister Joly, and she has yet to attend. I believe we're in week five or six since Parliament resumed. I want to ensure that she's aware that we have the expectation that she is to come imminently. Frankly, the Conservatives don't want to hear excuses as to how busy she is. Her colleagues are also very busy. We expect her to come and be held accountable for what's happening in the auto sector.

I just want to make it clear, through you to the minister, Mr. Chair, that we would very much appreciate it if she could make time to answer our questions in short order.

**The Chair:** Madam Dancho, I hear you on that. The minister will have become aware of the invitation as soon as the motion was passed, so that message will have been delivered. As you know, I cannot compel, and neither can the committee, a minister to appear, but obviously she and the other minister who is implicated in the invitation will have received the notice that it is the will of the committee to have them be here to speak to this.

Mr. Falk.

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

I'd like to make two points. The motions says, "no fewer than three meetings". If it requires more meetings, I think it would be the will of the committee that we want a fulsome study on this and we want to make sure the witnesses have adequate time.

My second point—

**The Chair:** Mr. Falk, perhaps I can interrupt you while we're on that first point. The will of the committee would have to be established at that point in time. We can't predetermine that the will of the committee is more than three meetings. Otherwise, we would have amended "three meetings" to more.

But I hear what you're saying. Should the committee feel as though more than three meetings are necessary, we would have to reconvene to determine that more than that is necessary. That would be a future discussion.

**Ted Falk:** Mr. Chair, that could be done with the executive and Madam Clerk, the requirement of no fewer than three meetings, if you determine that in three meetings we can't get all the witnesses here.

The other point I want to make is, let's not overpopulate the witness list for each committee meeting so that we have an adequate opportunity to ask all the witnesses the questions we feel we need to ask them.

**The Chair:** Your point is taken, Mr. Falk. I will certainly do my best to find a reasonable balance between the two pre-existing studies that we have, a third study that we've now added, a fourth study that we have in the queue and a pile of witnesses we want to hear from. We will treat this newly added study with a degree of urgency

by virtue of how it has come to be. I will work alongside the clerk to make sure that we find a balance.

If the will of the committee following the established mandatory three meetings is to have more, I will call the question or a member of the committee is welcome to broach that when the time comes.

I think we're clear on that. Ms. Kirkland, do you have something you'd like to add?

**Rhonda Kirkland:** Yes, if I may.

I normally sit on another committee, but I am appalled to hear that the minister accountable to this committee has yet to appear and that now, only because we have an imminent emergency, she might show up and it might not be right away. I think that says a lot to Canadians, and if Canadians deserve answers, they deserve the answer that she's here.

I also note that the former minister of industry, now the finance minister, who is also being called, should also be appearing before this committee very much at the beginning.

That's all I wanted to say. Thank you.

• (1905)

**The Chair:** You're certainly entitled to share that view, Ms. Kirkland.

In fairness to the ministers, they are working. At least the ministers on this case are. I believe we're just looking to establish a date from a previous invitation. As far as this particular study is concerned, we just passed the motion, so let's give the minister and her office a bit of time to look at that.

We've passed a motion and we have very important business ahead of us. I want to commend all of you on a very respectful, productive and collaborative dialogue. I think we've advanced a couple of important things. If you have any questions, you know where to find me.

I want to thank the analysts, the clerks and the translators.

[*Translation*]

Thank you for your continued support.

[*English*]

With that, colleagues, I'm going to move to adjourn.





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