



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

Standing Committee on National Defence

EVIDENCE

NUMBER 017

Thursday, December 4, 2025

Chair: Charles Sousa



Standing Committee on National Defence

Thursday, December 4, 2025

• (0815)

[English]

The Chair (Charles Sousa (Mississauga—Lakeshore, Lib.)): I call this meeting to order.

Welcome to meeting number 17 of the House of Commons Standing Committee on National Defence. Pursuant to the order of reference from the House referred to the committee on November 7, the committee is meeting to commence consideration of the supplementary estimates (B), 2025-26.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person and remotely by using the Zoom application.

Before we continue, I ask participants to consult the guidelines on the table. These measures are to help prevent audio and feedback incidents and to protect the health and safety of the interpreters.

I'd like to remind the witnesses and members to please wait until I recognize you by name before speaking. If you wish to speak, please raise your hand. For members on Zoom, use the "hand raise" function. The clerk and I will manage the speaking order as best we can. For interpretation, use your earpiece and select the appropriate channel of floor, English or French. It's also available on Zoom. Again, all comments should be addressed through the chair.

I would now like to welcome our witnesses.

We have the Honourable David McGuinty, Minister of National Defence; Caroline Xavier, chief of the Communications Security Establishment; Stefanie Beck, deputy minister, Department of National Defence; Lieutenant-General Stephen Kelsey, vice-chief of the defence staff, Canadian Armed Forces; Marc Mes, deputy commissioner on behalf of the commissioner, Canadian Coast Guard; Jonathan Moor, chief financial officer, Department of National Defence; and Heather Sheehy, assistant deputy minister, materiel, Department of National Defence.

With that, I would now like to invite the minister to make his opening statement.

You have up to five minutes, sir.

Hon. David McGuinty (Minister of National Defence): Thank you very much, Mr. Chair.

Good morning, members of the committee.

Thank you for inviting me to appear before you today to discuss the 2025-26 supplementary estimates (B) for the Department of Na-

tional Defence, the Communications Security Establishment and the Canadian Coast Guard.

Mr. Chair, it's been about seven months since I was appointed and honoured to become Canada's Minister of National Defence. During that time, the Government of Canada has taken bold action to rebuild, rearm and reinvest in our military after—I think we would all agree—decades of chronic underfunding.

In an increasingly dangerous and unpredictable world, the Canadian Armed Forces need state-of-the-art capabilities to defend every inch of our territory, especially in the Arctic and our maritime approaches, and to meet our commitments as a reliable ally.

[Translation]

That brings me to the supplementary estimates (B), which are before us today and which were tabled in the House on November 7, 2025.

The additional funding that we are requesting today will help us continue our work to strengthen Canada's sovereignty, security and prosperity.

[English]

These are priorities that I believe we all share.

In total, National Defence is requesting \$1.1 billion more in funding, almost the same amount that would be transferred to other federal organizations, resulting in an overall net increase of \$35.6 million. This would bring the department's total authorities to \$46.7 billion for the fiscal year to date.

These estimates reflect a combination of recently approved Treasury Board submissions and re-profiles associated with major capital projects. Of note, these include \$476 million re-profiled for the future fighter capability project and \$295 million for 17 projects through the capital investment fund that are ready for further funding, including housing for primary reserve units, uncrewed aircraft systems and more. It includes \$215 million re-profiled for the River-class destroyer project, \$59 million for the domestic ammunition production initiative, \$4.8 million for Arctic over-the-horizon radar and many more projects.

• (0820)

[*Translation*]

We are also asking Canadian Coast Guard officials to support emergency towing services on the west coast.

In total, this funding request is offset by over \$1.077 billion in transfers to other federal departments and agencies, including \$36.5 million to the Communications Security Establishment.

[*English*]

Most of these transfers will support initial investments in our new defence industrial strategy—the first ever for Canada. The strategy will ensure that CAF members have the infrastructure and the equipment they need to defend our country and to support our allies. It will also prioritize investments that boost the Canadian economy and that create opportunities for our homegrown defence businesses to thrive, from small start-ups to larger, established anchor firms.

Through budget 2025, we will see a historic increase in defence funding to \$81.8 billion over five years, beginning this fiscal year.

[*Translation*]

That includes over \$9 billion from the funding announcement made by the Prime Minister on June 9, which was approved in the supplementary estimates (A).

[*English*]

Coupled with the estimates before us today, these investments will strengthen the readiness and resilience of the Canadian Armed Forces for decades to come, and it's long overdue. Our goal is clear: to give those who serve Canada the equipment, infrastructure, modern technology and support they need right now to do the critical work we ask of them right now. In uncertain and volatile times, this is what Canadians expect, and we cannot afford delay.

Before I conclude, I would like to take a moment to acknowledge the work this committee has undertaken in studying Bill C-11. I understand the committee has just concluded its substantive meetings and will shortly undertake clause-by-clause analysis. I believe, and I hope, the legislation before you takes the necessary steps to increase trust and transparency for victims and survivors of sexual misconduct in the Canadian Armed Forces.

With that, I am now ready to take your questions.

Thank you very much, Mr. Chair and members of the committee.

The Chair: Thank you, Minister.

We're starting our first round of questioning, and it goes to Mr. Bezan.

You have up to six minutes, sir.

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

Thank you, Minister, for appearing today on supplementary estimates (B).

You mentioned that there is \$476 million here for future fighter jet capability. I'm just wondering about this. We saw in a CBC story

that the F-35 beat the Gripen fighter jet by a mile in the 2021 defence department competition. In your report and recommendations to the Prime Minister on this review, did you let him know that the F-35 beat the Gripen by a mile?

Hon. David McGuinty: As you know, Mr. Bezan, replacing that CF-18 fleet will represent the most significant investment in the Royal Canadian Air Force probably ever. As directed by the Prime Minister, we are reviewing this decision to ensure that the F-35 continues to be the best choice for Canada. Canada will take the time we need to get this right. We are continuing with our commitment to remain on track for scheduled aircraft deliveries.

James Bezan: In your advice to the Prime Minister, did you let him know that the F-35 scored 57.1 out of 60 points, or 95%, that it beat the Gripen in every area of mission performance, upgradability, sustainment, technical criteria and capability delivery, and that the Gripen only scored 19.7 points out of 60, which is 33%?

Did you make sure the Prime Minister was aware of that? As CBC reported, it won “by a mile” in the capabilities and is the best aircraft for our Royal Canadian Air Force.

Hon. David McGuinty: As you know, Mr. Bezan, the review continues, and it will continue until it's complete. I am quite sure that the kinds of metrics you're alluding to and referring to will find their way into the final report.

James Bezan: Are you aware, Minister, that Brazil is also buying Gripens and is assembling them in Brazil? Were you aware that its production has been delayed by eight years?

• (0825)

Hon. David McGuinty: We are aware of the situation with respect to Saab and the production of the Gripen in Brazil and elsewhere.

James Bezan: Are you aware that the cost overruns could have bought more fighter jets, but now they have to kick the can down the road because of the lack of supplies and deliveries for the Gripen fighter jets for the Brazilian Air Force?

Hon. David McGuinty: We are aware of all of the matters you're referring to, yes.

James Bezan: That's good, because the costs have risen there.

Are you also aware that the production line for the Gripens in Brazil only created 110 staff directly on the production line and that 350 more were trained across the design, flight testing, production and maintenance sides? That's a total of only 460 jobs created in Brazil for the Gripens they're building there as well as for all of Latin America. They're not the numbers that were getting thrown around here—10,000 jobs—when Saab actually employs only 8,000 themselves in Sweden. Are you aware that—

Hon. David McGuinty: For your benefit, I've been studiously trying to avoid commentary in social media and other media—

James Bezan: At the same time, you're the main adviser to the Prime Minister on the selection of our next fighter jet. The F-35 won the competition here.

Hon. David McGuinty: You're right in calling upon us to focus on the facts, which is what we're doing.

James Bezan: Okay.

You're aware that the Czech Republic is also buying the F-35 to replace their Gripens.

Hon. David McGuinty: I'm aware that there are eight founding countries that were involved in standing up the F-35, including Canada, and there are something like 13 to 14 additional customers.

James Bezan: That's good. The F-35 was also selected by Finland in a very vigorous competition and again won on every part of their analysis over Super Hornets, Gripens and Rafales, and it was also the cheapest option, in their minds.

Hon. David McGuinty: I'm aware of all of that—

James Bezan: Fantastic.

Hon. David McGuinty: —and it will be part of the review presented to the Prime Minister.

James Bezan: Fair enough. For your recommendations to the Prime Minister, have you done a survey at all of our fighter pilots to see what fighter jet they prefer to fly? If the decision is to buy the Gripen, are they going to stay in the air force?

Hon. David McGuinty: I'm quite sure that the review being undertaken will reach out to the folks who run the Royal Canadian Air Force and will get their operational and other input.

James Bezan: Can you tell us how many fighter pilots we have currently in the Royal Canadian Air Force?

Hon. David McGuinty: No, I am not in a position to tell you that, because there are a number of folks who are being trained. The recruitment is up.

It is a very difficult thing to find a pilot. I'm told that it takes about 1,000 applicants to produce one fighter aircraft pilot, and folks are winnowed down over time. Some become helicopter pilots. It's a moving target.

James Bezan: You're saying—

Hon. David McGuinty: I would say as well that the actual pay schedule for pilots has been increased significantly. We're actually in a better position now to be able to compete with commercial airlines.

James Bezan: Are we still, in this fiscal year...? Getting back to the supplementaries, you're saying that we're spending \$46.5 bil-

lion. How much more do we need to get to 2% before the end of March? At one point, I know, it was around \$9.3 billion.

Hon. David McGuinty: Yes, we're good. The deputy is assuring me that we're good. We're on our way to fulfilling the 2% expenditures by March 31—

James Bezan: One thing the Department of National Defence hasn't been good at is spending all of the money they've been getting. We've had over \$10 billion lapse. Only roughly 10% of that has ever gone back into actual operations and/or capital investments in infrastructure.

How are you going to ensure we hit the 2% and don't fall behind the eight ball?

Hon. David McGuinty: We're proceeding line by line, expenditure by expenditure, procurement by procurement. As I said in the House yesterday, almost 38,000 jobs are being created right now in Canada, with 15 major procurements. We're on this and watching it like a hawk. You're right to raise it. We're making sure that we're going to be delivering on time by March 31.

The Chair: Thank you.

Ms. Viviane Lapointe, you have up to six minutes.

Viviane Lapointe (Sudbury, Lib.): Thank you, Chair.

Good morning, Minister. Thank you for joining us here this morning.

Supplementary estimates include additional authorities for ongoing capital projects and infrastructure upgrades across the country. Can you tell this committee how these investments will directly improve quality of life for Canadian Armed Forces members, whether that's through housing, modernized workplaces or equipment renewal? Also, how do these improvements support both recruitment and retention?

Hon. David McGuinty: It's hard to know where to start, Ms. Lapointe, in terms of the volume of undertakings right now at DND and CAF. We are busy rebuilding 33 bases. We're busy driving recruitment and retention.

We brought in the largest single pay increase since 1997. It's important for Canadians to remember that armed forces members don't have collective bargaining. They can't go on strike. They're in a chain of command. They have to respond and they have to deliver.

We have to make sure the quality-of-life contributions that we can make as an “employer” are there so that we can recruit and retain. I'll give you an example. We're moving aggressively right now to make sure every base has active and powerful Wi-Fi for all members, something that heretofore has not been present over decades.

If we're going to go in and actively recruit young women and men from different locations in the country and if we want to go get more fighter pilots, as Mr. Bezan was alluding to, we need to make sure we're meeting those folks more than halfway. We need to make sure they have proper housing, which we're investing in, child care, which we're investing in, the electrification of our bases, which we're investing in, water and waste water, which we're investing in, as well as kit, ammunition, rifles, kitchens.... We're investing in all of this.

As the deputy mentioned to me a moment ago, it's line by line and project by project. We're moving 50 balls down the field at the same time.

• (0830)

Viviane Lapointe: This committee has been studying and talking about increasing our defence in the Arctic and about modernizing NORAD. We note that these estimates provide additional funding tied to Canada's NORAD modernization commitments. It includes early-warning, command-and-control and surveillance systems.

Can you tell us whether these investments will keep Canada on track to meet our NORAD obligations and strengthen North American, Arctic and continental defence, at a time of rapidly evolving threats?

Hon. David McGuinty: We certainly plan on it. Two years ago, we launched a \$38-billion NORAD modernization effort. It is well under way. We all know why. Strategic competition, climate change and new emerging technologies are driving new security challenges in the region.

If Canada is going to assert its sovereignty, it has to live its sovereignty. We're working with our Inuit. We're working with indigenous peoples. We're working with our forward-deployed folks. We're looking at setting up a series of NOSHs, northern operational support hubs, across the north. We are, of course, putting in place an over-the-horizon radar system, a \$6.4-billion system, in conjunction with our Australian allies to make sure that Canada—and North America as well—is well prepared to see what might be coming at it.

This, of course, links into our discussions on integrated air and missile defence with the United States and NORAD. All of these things are aligning in a way now that we are better protecting Canada's security and sovereignty, and we're doing it conjointly with the only binational command in the world, which is NORAD.

Viviane Lapointe: The estimates include significant investments in procurement, engineering support and sustainment activities that rely heavily on Canadian suppliers. Can you tell us how these new authorities help us build a stronger, more resilient defence industrial base?

Also, what steps are being taken to ensure that regions...and I'm going to speak specifically to northern Ontario, where we have strengths in nickel and battery materials, advanced fabrication and mining technology. How can they participate in these opportunities?

Hon. David McGuinty: On the northern Ontario front, I was just in North Bay, visiting our base there, looking at the infrastructure requirements there, looking at the airport and beyond. It turns out that Canada is very blessed. We have an awful lot of critical minerals. We have 10 or 11 of the required NATO critical minerals in abundance. This is something that Canada can and will use to its advantage. It is stockpiling.

We are talking to the United States and other international and NATO partners. Northern Ontario and other parts of the country are well positioned to not only exploit but also convert, adapt and manufacture using critical minerals. We know that they will be important inputs.

The time is now. This opportunity we have in front of us is, as the Prime Minister calls it, a “hinge” moment. The time is now for us to give rise to a stronger, more diverse industrial base, drawing on defence. That's exactly what we're doing with the defence industrial strategy, which will be launched shortly. It will indicate where our sovereign capabilities are, what they would look like and what our needs are. In short—for Canadians who might be watching—what is it that we need, what is it that we can produce, and what is it that we can sell and share with others?

We're going to give rise to a much bigger energy in that sector, and we are convinced that it will go beyond what we're already doing.

I'll give you the snapshot I mentioned in the House yesterday: Fifteen major procurements are already under way. That's over 38,000 jobs. Those are families, parents and young people looking for opportunities for the future, and there's more to come.

• (0835)

The Chair: Thank you both.

Mr. Savard-Tremblay, you have up to six minutes.

[*Translation*]

Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot—Acton, BQ): Thank you, Mr. Chair.

I want to thank the minister and all of the witnesses for being here today.

Minister, we know that Canada is going to invest \$17.9 billion over five years in its military capabilities, including domestic ammunition production. That is very specific area. We also know that a large number of contracts were awarded to American companies over the past year. That was documented in an article by La Presse. It was found that these were either privately awarded contracts or contracts awarded through tendering processes that were rigged so that only American companies could bid on them.

Do you commit to ensuring that the investments will create sustainable industrial capacity in Quebec and the rest of Canada and that they will not foster dependence on American supply chains?

Hon. David McGuinty: You are absolutely right, Mr. Savard-Tremblay. That is exactly what we are working toward.

We have already begun this work. For example, IMT Precision now wants to manufacture 5,000 shells per month, an increase of 2,000 shells per month compared to December 2023, so this field is growing rapidly. We know that we need to improve in this regard and that Quebec has an enormous capacity. We want to ensure our military sovereignty.

Simon-Pierre Savard-Tremblay: How are we going to achieve that? It is easy to say that we have the capacity, but what strategy will the government use to ensure that we are not dependent on the American supply chain?

Hon. David McGuinty: The supplementary estimates (B) sets out \$59.4 million to expand our capacity to produce critical ammunition here in Canada. We are working with several companies. Once we launch our defence industrial strategy, we will see a significant increase in our capabilities. We are pursuing this goal together because we recognize that investing in munitions production here at home is essential to our sovereignty.

Simon-Pierre Savard-Tremblay: When you talk about expanding capacity, are you talking about subsidies to expand manufacturing plants or to increase production, for example? How will this work?

Hon. David McGuinty: It will be a mix of investments that will help people expand their production capacity. We will also be investing in research. We will create top-secret research centres where people will meet to help the Canadian Armed Forces with production and research. This will create a demand for munitions manufacturing. We want to create a whole ecosystem, and we will address this much more directly when we launch our strategy.

Simon-Pierre Savard-Tremblay: The Department of National Defence is requesting \$1.1 billion in the budget, including large amounts for F-35s and destroyers. I know that the F-35s have been the subject of debate for a long time.

Why are these needs not included in the main estimates?

Hon. David McGuinty: I would like to let one of the experts at the table answer that question. Perhaps the deputy minister or the chief financial officer can answer that.

Jonathan Moor (Chief Financial Officer, Department of National Defence): I thank the member for his question.

[English]

The supplementary estimates give us additional funding over and above the main estimates. In this case, this is payment—

[Translation]

Simon-Pierre Savard-Tremblay: There is no interpretation.

[English]

The Chair: Please proceed, Mr. Moor.

• (0840)

[Translation]

Simon-Pierre Savard-Tremblay: He can start again. Mr. Chair, I would ask you to give me an extra 15 seconds if necessary.

[English]

Jonathan Moor: This is in addition to the main estimates.

These are for additional payments, which we are making now, in order to meet our obligations—either contractual obligations in the case of the River-class destroyer or memorandum of understanding obligations for the F-35 program.

They are additional. They're not the total amount of expenditures for the F-35 or the River-class destroyer programs this year.

[Translation]

Simon-Pierre Savard-Tremblay: What I actually wanted to know is why.

[English]

Jonathan Moor: Maybe I can pass it to my colleague.

Heather Sheehy (Assistant Deputy Minister, Materiel, Department of National Defence): Certainly.

Good morning, Chair.

I would say that, as we manage contracts, it is not unusual for us to need to re-profile forward or backward between fiscal years as we continue to work with the companies—these are very big projects, as you can imagine—to make sure that we have the funding in the right fiscal year to meet our contractual agreements.

With respect to the River-class destroyers, we have, for example, just started construction on the first. That's an important milestone that we have reached this fiscal year, but we are always monitoring those payments.

[Translation]

Simon-Pierre Savard-Tremblay: What is left to finance this year that would require a supplementary estimates (C)? Can you identify any sectors or subsectors?

[English]

Heather Sheehy: Yes, I have categories of spending that we're going to be using this funding for and the funding that we have in this fiscal year for the River-class destroyers. They're things like spare parts, ammunitions, tools, materials and other key supplies.

This funding is also going to be used to develop and deliver training so that our members are ready to operate the new ships when they arrive.

[Translation]

Hon. David McGuinty: I just want to add something, Mr. Savard-Tremblay.

It is important to remember that the money invested to build three River-class destroyers will contribute \$719 million per year to our GDP and create 5,250 jobs per year between 2025 and 2039.

This shows that our investments in our industrial strategy and in our capabilities will be really good for the Quebec and Canadian economies.

Simon-Pierre Savard-Tremblay: I am sure they will be, but we obviously need to make sure that the investments stay in the country.

[English]

The Chair: Thank you.

Mr. Kibble, we're in our second round. You have five minutes.

Jeff Kibble (Cowichan—Malahat—Langford, CPC): Thank you, Mr. Chair.

Thank you, Minister, for being here. You mentioned in your opening remarks new funding for emergency towing services on the British Columbia coast. Could you say again how much that is, please?

Hon. David McGuinty: It's \$12.6 million.

Jeff Kibble: Thank you.

Weekly, there are U.S. heavy oil cargo barges that travel the inside passage along the Hecate Strait and up to Alaska from Washington.

What are these emergency towing services for?

Hon. David McGuinty: May I please ask the Coast Guard to answer?

Marc Mes (Deputy Commissioner, Canadian Coast Guard Programs, Department of National Defence): Thank you for the question, Chair.

These emergency towing vessels have been in place since 2018. They were funded through the oceans protection plan. They provide a backstop for a disabled vessel. That emergency towing capability is a supplemental towing service that the Coast Guard—

Jeff Kibble: It's a supplemental towing service. Thank you kindly.

This is for the minister. The secretary of state appeared here on October 23, and when a colleague asked him about the F-35 procurement review, he replied that it wasn't his file. That seems odd, given that it's the largest procurement project.

Is this your file that you're reviewing?

Hon. David McGuinty: To clarify, we're in an implementation phase on the F-35. If we were talking about the submarines, that's a file he would be more immediately involved in, with the new agency that has been stood up to procure.

It is a file right now that's being reviewed by—

Jeff Kibble: He said the new Defence Investment Agency bureaucracy would not be handling that file.

Hon. David McGuinty: That's correct.

Jeff Kibble: Okay. It's your file, then, that you're reviewing.

Hon. David McGuinty: That's correct.

Jeff Kibble: Thank you—

Hon. David McGuinty: It's at the request of the Prime Minister.

Jeff Kibble: Thank you.

We've heard from many industry experts and top air force generals that the F-35 is the best option for our next generation fighter, so what is the delay in this review?

Hon. David McGuinty: The delay is because we're going to make sure that we take the time we need to get this right. The Prime Minister has asked for a fundamental review. It's being performed.

For example, a couple of weeks ago, we saw lots of talk and lots of speculation. We're trying to drive through that, to be frank with you. The scuttlebutt, the gossip and the talk, which I call undisciplined talk, about acquiring something as important as a fighter jet is not something we're paying attention to. We're looking at the details. We're looking at industrial benefits. We're looking at Canadian companies.

● (0845)

Jeff Kibble: We've heard the review is complete, so are we rereviewing it because there's scuttlebutt and discussion?

Hon. David McGuinty: We're reviewing it because it's a \$28-billion acquisition for Canada, and the Prime Minister wants to make absolutely sure that it's the right one.

Jeff Kibble: The initial review was not good enough, and we're doing more review. Is that what you're saying?

Hon. David McGuinty: No, we're building on the original.

Jeff Kibble: We're building on it. Okay. There's more delay—

Hon. David McGuinty: We're building on it. There's more information coming in on more industrial benefits. There's more discussion.

Jeff Kibble: Could you explain, Minister, what this delay is costing Canada, either by the month or by the year?

Hon. David McGuinty: There's no additional cost, to our knowledge, in taking the time we need to get this right for Canadians.

Jeff Kibble: There's no cost in the delay. Okay. Thank you.

Perhaps the price of the fighter jets has increased while we've delayed this over the years. How much is that costing us?

Hon. David McGuinty: No, not to my knowledge. The fighter jet contract is the fighter jet contract. The Auditor General indicated some inflationary pressures, and we've addressed them in our response to the Auditor General's report on the F-35.

Right now, we are waiting for this review to be complete so that we can get it right for Canadians.

Jeff Kibble: The initial F-35s that were purchased.... Would the following jets, if that decision is made, be the same price as the initial ones, or will the price go up?

Hon. David McGuinty: I'd like to ask my deputy to give you a bit of insight, if I could.

Jeff Kibble: Please.

Stefanie Beck (Deputy Minister, Department of National Defence): Thank you for the question.

The prices per aircraft evolve over time, so the price we pay for aircraft number one is not necessarily the same price we pay for aircraft number 10, because of the length of time it takes to produce them. It's not a question of changing our project or changing our estimate.

Jeff Kibble: The longer it takes to make a decision, the more the price of the aircraft is going to go up.

Stefanie Beck: No, because we are continuing with the implementation of the existing arrangement that we have.

Jeff Kibble: Okay, so the existing arrangement will keep the prices the same. Even if we delay, there is no cost increase in the program.

Stefanie Beck: There is no increase to the expected cost, but that does not mean that the cost for aircraft number 16 is the same as the cost for aircraft number four.

Jeff Kibble: Okay, but those prices will remain the same, regardless of the amount of time it takes.

Stefanie Beck: Exactly.

Jeff Kibble: That's what I'm trying to get at.

[Translation]

Stefanie Beck: One does not preclude the other.

[English]

Jeff Kibble: Okay. Thank you very much.

Minister, you mentioned \$476 million that's listed in the supplementary estimates for the fighter jet program, including training and infrastructure. Does this mean that we will be investing in bringing flight training back home to Canada? As you know, our pilots are currently being trained primarily in the U.S. and Italy.

Hon. David McGuinty: That is the plan. Right now, when Canada does take possession of its first F-35s—as you know, we've committed to 16—pilots will be trained in the United States, but with the expansion of the fleet, we'll be looking forward to training those folks back here in Canada.

Jeff Kibble: Thank you.

The Chair: Thank you, Mr. Kibble.

Mr. Watchorn, you have up to five minutes.

[Translation]

Tim Watchorn (Les Pays-d'en-Haut, Lib.): Thank you, Mr. Chair.

I want to thank all of the witnesses for being here with us today.

Minister, I had the incredible opportunity to make an announcement with you at the Centre for Ocean Ventures and Entrepreneurship, or COVE, in Halifax last month. We met with some really innovative defence companies.

I am sure that you have travelled around the country and that you have met with many companies like these that will be able to benefit from the defence industrial strategy and from the bureau of research, engineering and advanced leadership in innovation and science, or BOREALIS.

I would like you to explain how these companies will benefit from this strategy.

Hon. David McGuinty: Mr. Watchorn, you are right in saying that at least 600 companies in Canada are involved in the defence sector. They are incredible businesses.

Our goal is to significantly increase the number of companies in this sector. That is why we are launching the first defence industrial strategy in the history of Canada. We looked at what was being done in 17 other countries. We spoke with over 1,000 stakeholders and hundreds of companies. Just a few weeks ago, we met with a dozen people involved in the venture capital market. For the first time, the Department of National Defence is working directly with people in the financial sector.

We want to give the private sector a lot more transparency, a lot more certainty when it comes to the needs of the Canadian Armed Forces, particularly with regard to equipment. We also need to work together to develop our capabilities at the national level. That is why we launched a pilot project at the Centre for Ocean Ventures and Entrepreneurship to set up a top-secret research centre between the private sector, the public sector and our universities, which are also involved. We want to develop the new technologies we need for the future, including AI, quantum technology and cryptography.

That is why we will be investing \$962 million to help launch this project because Canada can compete and win in these markets.

• (0850)

Tim Watchorn: Thank you.

These companies have expressed an interest in participating in the global marketplace. The technologies that will be developed in Canada can be exported, and we can become good suppliers for other countries.

Have you seen other countries expressing an interest in our technologies?

Hon. David McGuinty: Absolutely. I met with representatives from the International Business Machines Corporation, or IBM, in my riding two days ago. IBM launched its own new research, intelligence and security centre without any funding from the federal government. It knows that this is a forward-looking project.

Let's also look at what happened in Europe. We were able to negotiate a new agreement with the European Union. Canada is the only country outside the European Union that has been allowed into the European club to participate in procurement. That represents over \$1 billion in spinoffs over the next 10 years. We will develop markets.

The Prime Minister brought in financing from outside Canada. For example, he returned from the United Arab Emirates with \$50 billion U.S., or \$70 billion to \$80 billion Canadian, in investments, and that is only just the beginning. We will look around the world for foreign direct investments in Canada to help with our investments and to conquer markets around the world.

Tim Watchorn: I would like to ask one last question.

I saw in the supplementary estimates (B) that funds have been allocated to domestic ammunition production. Soldiers in Petawawa told us that they need more ammunition for training and to fulfill Canada's commitments in Latvia.

I would like to hear what you have to say about how we are going to provide our troops with this ammunition so that they are properly prepared.

Hon. David McGuinty: We decided to move quickly in this area because we know that, in order to be a sovereign country and in order to train our young soldiers and recruits, we need to give them access to the ammunition they need.

We have seen the demand and the needs at our bases across Canada and in Latvia. That is why we are accelerating production in Quebec and across Canada, as I told Mr. Savard-Tremblay. We are also accelerating research in this area to ensure that what we produce, consume and use in Canada is of the best possible quality for our Canadian Armed Forces.

Tim Watchorn: Thank you very much.

[English]

The Chair: Thank you.

Mr. Savard-Tremblay, you have two and a half minutes.

[Translation]

Simon-Pierre Savard-Tremblay: Thank you.

Minister, you are asking for an additional \$476 million for the F-35s and \$215 million for the River-class destroyers. We already talked a little bit about this. However, experience shows that the actual cost of these types of projects is often higher than the projected cost.

Do you have a strategy to prevent cost overruns?

Hon. David McGuinty: Yes. A strategy and measures are in place. The way the department manages its finances has also been improved. I think the deputy minister can tell you more about that.

We also need to keep in mind that these two projects create a lot of investments and a lot of jobs in Canada. For example, every F-35 represents \$3 million in economic spinoffs for Canada. Dozens of companies are involved in the production of the F-35s and River-class destroyers. For example, Irving Shipbuilding has 2,400 full-time employees in Halifax and 10,000 employees outside of Hali-

fax, across Canada, who are part of this shipbuilding ecosystem. We see that these investments are having a major impact on the economy and jobs.

Simon-Pierre Savard-Tremblay: Deputy Minister, do you have anything to add?

Stefanie Beck: When it comes to these two big projects and smaller projects as well, we meet with suppliers almost every week to look at how we can keep costs reasonable. The costs you see in the supplementary estimates are costs that have already been planned for. Now, it is a matter of timing.

• (0855)

Simon-Pierre Savard-Tremblay: To date, in your weekly discussions, are things going according to plan?

Stefanie Beck: Yes. What is more, other government partners are participating in these discussions, including Public Works and Government Services Canada, which, as you know, is responsible for procurement. The Defence Investment Agency will also be there with us in the future.

[English]

The Chair: Thank you.

Ms. Gallant, I think you're splitting your time with Mr. Anderson.

Cheryl Gallant (Algonquin—Renfrew—Pembroke, CPC): Yes.

Minister, what number of replacements for the Griffon helicopters is being prepared for? What type are they, and what is the amount thus far?

Hon. David McGuinty: That's a highly technical question. I'm not in a position to—

Cheryl Gallant: Okay: What type of helicopter is replacing the Griffons?

Hon. David McGuinty: Which type?

Cheryl Gallant: Yes.

Hon. David McGuinty: Which type are we working with, gentlemen?

Stephen Kelsey (Vice Chief of the Defence Staff, Canadian Armed Forces, Department of National Defence): The Griffon helicopter performs multiple roles—

Cheryl Gallant: No. What is the replacement for it, and are we preparing for it?

Stephen Kelsey: We haven't selected a replacement for all of the Griffon fleet yet. We are looking at the SOF version.

Cheryl Gallant: You're not preparing the hangars for receiving them yet...?

Stephen Kelsey: It's on an individual basis, so 427 Squadron, which you would know from your riding, is getting an upgrade to its facility, but it's agnostic of the selection of the helicopter.

Cheryl Gallant: Will the people remain the same? Is there allocation for the upgrading of the training as well as any new recruits and the housing for them?

Stephen Kelsey: This is an excellent question. It's absolutely what we need to consider in the integration of the capabilities. It's all going to be factored in.

Cheryl Gallant: Okay.

What amount has been spent so far, or allocated to, in regard to the SMR prototype? Has a place for the prototype been selected for the SMR that will eventually go into the Arctic? Do we know how much is going to be spent towards a prototype?

Stefanie Beck: I think you're referring to the funds being spent with AECL, which is developing a business case for a micro modular reactor. That is being delivered through Natural Resources Canada directly—

Cheryl Gallant: Onto DND property....

Stefanie Beck: Right now it's a prototype. It's in development. They would need to consider what place makes sense to do any testing, and then eventually, when it's all in good shape, where we could purchase as a government and deploy.

Cheryl Gallant: Go ahead, Scott.

Scott Anderson (Vernon—Lake Country—Monashee, CPC): My question is for the Minister, if I may.

Minister McGuinty, do you agree that our forces should have the best possible equipment to keep them safe?

Hon. David McGuinty: Yes.

Scott Anderson: Do you agree that the only metric we should be using is the quality of the equipment we're using and the advantage it gives our forces in the field?

Hon. David McGuinty: I agree that we should be relying on the operational advice of the Canadian Armed Forces.

Scott Anderson: Okay.

“Inflection Point 2025” considers four entire divisions, for a total of anywhere between 60,000 and 80,000 soldiers, and the infrastructure and equipment required to allow them to operate. At the present time, we can't fund a single brigade that's combat ready.

This paper contemplates 16 of those brigades, four of which have to be combat ready. So far, we have the Coast Guard dragged into the mix, and now we're moving part of Transport Canada. Can you tell us how much of the 2% is being allocated and how much of the 2% is being made up by the Transport Canada addition?

Stefanie Beck: It's a tiny fraction of the total.

Scott Anderson: How much money, though?

Stefanie Beck: I couldn't tell you, because they're not even here yet. This is still a discussion.

Scott Anderson: Okay. We don't know how much—

Stefanie Beck: In terms of FTEs, it's about 350 people. If you consider that in terms of overall budget, they will come with some operating money as well, but it's not going to be a significant increase.

Scott Anderson: Okay.

We're also moving another 3,000 civilians into DND, I understand.

Stefanie Beck: This would be part of the growth that is planned because of the new work we are taking on. Some of the 3,000 would be regular attrition and replacement of existing FTEs, existing people.

• (0900)

Scott Anderson: Okay. I guess my concern is that the claimed intent of the government is to turn what has become an atrophied military operation into a warfighting machine in the 21st century capable of symmetrical warfare. Is that the intent?

Hon. David McGuinty: That's the intent.

Scott Anderson: My concern is that with all of the scrambling to drag all this stuff into the DND budget without any real kinetic ability or addition, we are going to get second-rate equipment like the Gripen, for instance, instead of the F-35. Can you assure us that the only criteria we're using is the safety of our soldiers moving forward?

Hon. David McGuinty: You ask a very important series of questions, and I think we should all admit that we've all been negligent for the last 40 years. What we're—

Scott Anderson: I'm not arguing about negligence. I'm asking about going forward.

Hon. David McGuinty: What we're talking about now is that we've gone to the Canadian people. They have agreed that we should reinvest, rearm, rebuild—

Scott Anderson: Excuse me, sir, but that's not my question. My question asks that the only criteria we should use in getting equipment is the betterment of the safety of our soldiers and of their ability to operate.

Hon. David McGuinty: The most important criteria is to listen to the operational advice from the experts who run the Canadian Armed Forces.

Scott Anderson: Who say that the F-35 is the one.... Okay.

Thank you.

The Chair: Mr. Chris Malette, you have five minutes.

Chris Malette (Bay of Quinte, Lib.): Thank you, Chair.

Thank you, panel.

It's an all-star panel that we have here this morning for sure.

Minister, you, along with Minister Anand, announced earlier this week more than \$200 million in funding for Ukraine. Could you please detail how that investment will strengthen Ukraine's ability to meet its most urgent operational needs to defend its territory?

Hon. David McGuinty: Thanks for the question.

I think most members are aware that Canada, like every NATO country, has agreed to participate in the support of the creation of the PURL program, which was negotiated by the Secretary General of NATO with the United States and others.

Canada was one of the first contributors for the first package—one of the first three, I believe it was—of \$500 million U.S. We've agreed now and decided to go further and support Ukraine with another \$200 million Canadian, combined with others, to buy another package at a time when Ukraine is in desperate need of more equipment.

The benefit is to be able to procure the equipment and get it to the theatre of war as quickly as possible in Ukraine, because it is available. It is manufactured. The choice of materiel is a choice that is put forward by the Ukrainian military.

Chris Malette: On another note, we seem to have had a bit of a running ad for Lockheed Martin here this morning. Maybe we'll show a little bit of love to Airbus.

Minister, could you please provide an update on the major air mobility and transport aircraft procurement initiatives and how these acquisitions will strengthen operational capacity at 8 Wing Trenton, which is in, of course, my riding, Bay of Quinte?

As well, with that question.... Well, okay, we'll get that question out of the way first.

Hon. David McGuinty: Are you talking about the Huskies?

Chris Malette: I'm talking about the Husky fleet. I'm looking for any kind of update on where we are with that program and the improvements to 8 Wing, in particular, that are coming along to accommodate that fleet, sir.

Hon. David McGuinty: My understanding is that we're on the way to receiving these aircraft on time, and the \$850-odd million of reinvestment into Trenton, which will create 1,000 jobs in that region, is very helpful. There will be jobs in HVAC, electrics, concrete, lumber, gravel and construction. This is the net effect of this kind of investment, which we will see, Mr. Malette, across the country at all of the bases where we are making similar types of investments. It's a major economic generator for the country.

We're looking forward to seeing that process completed. I think it's a \$3.4-billion acquisition for this new fleet, which will, of course, help us refuel our new fighter jet fleet in the air. It's very important and long overdue, and we're moving forward.

Chris Malette: I have one more question. Perhaps it's for Ms. Beck.

Can you refer to how the current procurement projects will support Canada's international humanitarian and logistical missions, many of which deploy, again, in my riding through CFB Trenton?

• (0905)

Stefanie Beck: The minister would be better.

Hon. David McGuinty: Not at all.

I think a perfect example is what our women and men of the Canadian Forces just did in Jamaica. It's phenomenal. After the tragedy there, dozens of our CAF members deployed there to stabilize things and set up a system, and they are now passing the baton

to a different military configuration coming in to help rebuild and stabilize. That's the kind of incredible work our women and men do for Canada abroad. I think it's a testament to their dedication and their service.

The Chair: Thank you.

Mr. Bezan, you have up to five minutes, sir.

James Bezan: Thank you, Mr. Chair.

In these estimates, under capital expenditures, how much is going into housing? As you know, the Auditor General said we're short 7,200 residential housing units for our troops. We're hearing now that 10% of our new recruits are leaving because the barracks are in such poor shape and finding appropriate and affordable living accommodations is impossible.

I hope we're making some major investments.

Hon. David McGuinty: The exact number is not in front of me, but I can tell you what we are doing. We're constructing and renovating more than 2,000 units within the next five years in Gagetown, Halifax, Valcartier, Trenton, Kingston, Petawawa, Borden, Edmonton and Esquimalt.

I can tell you I've authorized new alternative methods to purchase housing. For example, we just purchased 37 units minutes from the Canadian Forces Base Esquimalt—an entire building—which had never been done before.

James Bezan: [*Inaudible—Editor*] ended up costing us double what it was originally listed for. We got into a bidding war, but I appreciate that—

Hon. David McGuinty: No, I don't think that's quite correct, but we'll review the numbers—

[*Translation*]

Simon-Pierre Savard-Tremblay: Excuse me, Mr. Chair. There was no interpretation for the last question. The interpreter said it was inaudible because of the microphone, even though the microphone is on. In any case, we did not hear the last question.

[*English*]

Hon. David McGuinty: My information, Mr. Bezan, is that we paid under asking—

[*Translation*]

Simon-Pierre Savard-Tremblay: Can the member repeat the question?

[English]

James Bezan: The question was on housing. We were talking about the investment in Esquimalt for the 37-unit condo building that was in receivership. It turned into a bidding war and went for more than what was originally offered. I think it was \$2.9 million and you got it for \$4 million.

Hon. David McGuinty: I don't think that's correct, but we will get you the numbers.

James Bezan: No, I have them from—

Hon. David McGuinty: In terms of overall numbers...

Jonathan, I'm sorry. Go ahead.

James Bezan: Sure. Go ahead.

Jonathan Moor: There was no additional funding in supplementary estimates (B) for housing. Significant funding was provided in the main estimates as a result of the ONSAF policy decisions last year.

James Bezan: Okay. Up until last year, only 32 houses were slated to be built by your predecessor.

In supplementary estimates (B), you also have the domestic ammunition production initiative at \$59.4 million. What is that for, and how does it benefit the CAF?

Hon. David McGuinty: I'm going to make sure I get you the right numbers. I have this for you.

For example, with investments we've made IMT Precision can now produce 5,000 shells per month. That's an increase of 2,000 shells per month since December 2023.

The \$59.4 million in supplementary estimates (B) targets funding to strengthen and expand our ability to produce critical munitions domestically. Over our defence policy timeline of 20 years, we're looking at \$9.5 billion to build a strategic supply of ammunition, which might, as—

James Bezan: As you're aware, Ukraine uses probably around 4,000 shells a day, so having 5,000 a month barely keeps up with building up our surplus, never mind if we want to donate any to Ukraine.

On the over-the-horizon radar—\$4.7 million—there's been a lot of controversy over the selection of the land, up north of Peterborough. A lot of farmers are upset. I guess you're talking about expropriation. Why was that site selected? Was there, in your opinion, enough consultation with the local community and the property owners?

Hon. David McGuinty: I think that goes back to Mr. Anderson's important question about operational requirements. The site was chosen on the basis of ionospheric data and physics. It wasn't randomly chosen, as you can expect. It's a very expensive and complicated system. The send and receive sites, or the transmit sites, were chosen based on best location, best capacity.

I can tell you that major outreach has taken place. Town halls have been held. I briefed members of Parliament. I've connected members of Parliament to the department for detailed briefings. That dialogue continues, so we're hopeful we'll be able to move forward.

• (0910)

James Bezan: For the polar over-the-horizon radar system, has the site been selected as well? Where are we with that? I know there were some initial dollars given to an organization up around Inuvik.

Hon. David McGuinty: It hasn't been finalized yet. It's under research. Certainly we'll give you any information we have on that. Obviously, it's a polar situation, so it's not quite the same.

James Bezan: Have you been concerned at all about making sure that our north warning system is fully functional until these are up and built? They're supposed to be done, end of life, in 2025. Guess what. We're at the end of 2025.

Hon. David McGuinty: Can I ask Ms. Beck to give a quick update on that?

Stefanie Beck: I'm happy to respond.

The north warning system, despite its age, is being properly maintained and is in full operation. We are working—

James Bezan: Is it at every site?

Stefanie Beck: It depends on the day, but we make sure that the vast majority is responded to, certainly in times of need. We're there within hours to make sure that the situation is resolved and that the equipment is back up and running. By and large, it's in really good shape for an old system like that.

The Chair: Thank you, Mr. Bezan. I did provide extra time because of interruptions.

We only have a few minutes left.

Ms. Romanado, would you want to...? I can't give you five minutes. I'm sorry, but take a minute or two.

Sherry Romanado (Longueuil—Charles-LeMoyne, Lib.): Thank you very much, Mr. Chair.

Thank you very much, Minister, for being here today.

You alluded to BOREALIS, but I'd like for you to elaborate on DISH. I know the defence innovation secure hub is something we are actively pursuing, if you'd like to elaborate quickly on that.

Hon. David McGuinty: We're one of the only jurisdictions that doesn't have a specialized series of locations where we can conduct classified research with, for example, CSE, with private sector actors like IBM, with start-ups and venture capitalists, and with foreign direct investors like sovereign wealth funds.

We need to connect our private sector with our public sector on the defence side so that the private sector will have a better understanding of what our needs will be. In so doing, we will give rise to research centres that are capable of having classified research conducted, because we don't want to necessarily tip our hand as to what we're doing and what we need to keep ourselves secure and sovereign. That's why we've decided to stand up a series of these DISHs around the country. We'll be catching up to other actors, like the United States.

In the design of this system, we've looked around the world at what has worked and what hasn't worked. We're very encouraged that we have so much Canadian talent, as you know, Ms. Romanado, in Quebec and elsewhere. There is so much talent, with so many engineers and with so many entrepreneurs. I like to say that we're going to compete and that we're going to win, and that's what we're trying to do.

Sherry Romanado: Thank you very much.

The Chair: Thank you very much, Ms. Romanado.

Minister, thank you for being here.

I am going to suspend for a moment to allow us to do a transition.

Hon. David McGuinty: Mr. Chair, if I could just take a minute, I would like to wish all members of the Canadian Armed Forces a great holiday, a happy holiday. Merry Christmas. Happy Hanukkah. We thank them for their service, wherever they are. I'm sure all members would join us in wishing them the very best and thanking them for their service.

Thank you.

The Chair: That is well said.

Thank you.

The meeting is suspended, just for a moment.

• (1910) _____ (Pause) _____

• (1920)

The Chair: Welcome back, everyone.

I want to welcome to the table Julie Chassé, chief financial officer at the Communications Security Establishment.

We'll continue to proceed with questions.

I will have Mr. Kibble go first for six minutes.

Jeff Kibble: Thank you, Mr. Chair.

I wanted to delve into the pay raises. We often hear about 20% pay raises and how it's good news and everybody is excited.

How many of the ranks are getting the 20% pay raise? We have a whole list of levels of ranks.

Stephen Kelsey: The 20% pay raise, which we're very grateful for, is for the lowest rank, which is the privates.

Jeff Kibble: It's just for the one rank.

The next level is 13%. Is that correct?

Stephen Kelsey: The next level is 13% for middle grade—

Jeff Kibble: How many rank levels are getting the 13%, if it's just one getting the 20%? The rest are getting...?

Stephen Kelsey: It is all trained privates, all the way to the rank of lieutenant-colonel.

Jeff Kibble: That would be about 12 or 13 ranks. Is that correct?

Stephen Kelsey: Yes, sir.

Jeff Kibble: Then, for the higher ranks, where they have the most qualifications, skill and experience, how much would their pay raises be?

Stephen Kelsey: It would be 8%.

Jeff Kibble: Eight per cent, in my opinion, is certainly not rewarding achievement, skill and expertise. However, I appreciate that it's a positive pay raise overall. It's just not quite as it was advertised.

I'd like to talk about the CFHD, which replaced the provisional post living differential. With the replacement by the CFHD, I've heard from the many bases that I visited and toured that there were certainly cases of people who, when they lost their PPLD, actually got a pay decrease, even with the new pay raise, because they were ineligible for the new CFHD.

Could you tell me which ranks do not get the CFHD?

Stephen Kelsey: The housing differential is agnostic of rank, but it does illustrate the importance of getting this right for all compensation and benefits. The intent is not to take away. It's actually to reward behaviour and the implications of living in certain locations where our bases are located.

Jeff Kibble: My understanding—and maybe you could confirm for me—is that for those who are earning.... The corporal ranks and above, because of their salary, are ineligible for the CFHD benefit. If they're living in PMQs, they're also.... Can you confirm that for me, please?

Stephen Kelsey: I'm unable to confirm the specifics, but again, the intention is that for folks who are residing in locations that have a higher cost of living, we use the mechanisms available to us to make sure that—

Jeff Kibble: My understanding is...and maybe you could confirm this and I'll say it a different way. If someone is making \$90,000 or higher in an annual salary, they're ineligible for the CFHD.

Can you also confirm whether they are ineligible if they're living in military quarters?

Stephen Kelsey: Chair, the committee deserves a complete answer. Unfortunately, I'm not able to provide that.

Jeff Kibble: That is my understanding. Really, there are very few who are getting the CFHD, whereas the PPLD was an across-the-board rate. Can you confirm that for me? The old PPLD was across the board, regardless of rank and regardless of ability. It was based on where you lived and what the cost of living was there. It doesn't seem very fair to me.

Have you heard of any stories, because I have, of people who are, even with the new pay raise, getting less per month? They've lost their PPLD and they do not get the CFHD, and that is greater than the amount of their pay raise. This happens to the majority of ranks, except for the private area.

Stephen Kelsey: It does illustrate the point that we really need to get this right. The intention is not to take away. For each individual, depending on trade and location, there will be a different circumstance, whether that's the type of unit, the specific qualification—

Jeff Kibble: I appreciate that you feel you need to get it the right way. Could you state for the record if you feel that we've gotten it the right way, and do you feel that this should be reviewed? I don't think our serving members.... Some should be getting a pay raise, but for some others, their pay raise is nullified and, in fact, they lose money. I've heard of many examples.

Do you think this is right?

Stephen Kelsey: One of the great benefits of this investment in compensation and benefits is that it's allowing us to make sure we get this right. It is constantly under review. The implementation of the housing differential was not to take away. It was actually to strengthen and incentivize the right behaviours. We will be continually looking at getting—

Jeff Kibble: You're stating that you feel the CFHD was to strengthen the right behaviours, or was it to compensate for the more expensive locations where people had to live? Regardless of your rank, regardless of the pay level that you've earned, should you not be receiving an equal amount? Is the cost of living not the same?

Stephen Kelsey: Thank you for allowing me to express this in the right way, because this is important.

It is a suite of benefits we're trying to provide the young soldier living in Toronto or the aviator in Cold Lake. Each circumstance is different. We need to continually look at it. The Canadian Forces housing differential, the way we conceived it and the way it was rehearsed and tested, did manifest in ways that we need to continually review.

We're very grateful for the investment. There is a suite of incentives, including the housing differential, pay for field and deployments on ships, incentives for folks who take postings—

Jeff Kibble: I'm focusing on the housing and not the other benefits, which I strongly believe our serving members deserve, whether it's for deployment or at sea. Specifically for the housing, are you stating that there is an ongoing review, or is this just a general platitude that you feel there should potentially be a review?

Stephen Kelsey: We will always look at the incentives—particularly with regard to housing because it's different in each location—to make sure we get it right.

Jeff Kibble: Is there an ongoing review at the moment?

The Chair: Thank you, Mr. Kibble.

Jeff Kibble: Is there an ongoing—

Stephen Kelsey: I'll get you a complete answer, Chair, for the specific housing question, but compensation and benefits are something we continually look at.

The Chair: Thank you.

Ms. Lapointe, you have up to six minutes.

Viviane Lapointe: Thank you, Chair.

Madam Xavier, the estimates include new resources for cyber-defence and communications security. Can you tell us what capabilities or capacity enhancements this funding will allow the Communications Security Establishment?

Caroline Xavier (Chief, Communications Security Establishment): In the supplementary estimates (B), the CSE is getting an additional \$70 million. The majority of that funding is going towards the cryptography program that is part of our mandate. Part of what we do at the agency is ensure that cryptography and communications security are well protected. We have to continue to invest in that infrastructure.

As a result, \$9.5 million of that is for exactly that. It's to replace aging infrastructure and to continue to modernize. Another way to look at that is that it's continuing to ensure that we're upgrading the locks and keys. The other \$22.5 million of that is a re-profile. We heard that term used earlier by the minister. It's an opportunity to ensure that we're aligning the funding with the project deliverables and continuing to keep the project on track.

Not all cryptography is created equal. We need to ensure that the cryptography we are using continues to ensure that our data remains secure and that it is going to be able to stay protected from adversaries who are potentially interested in some of that data. As well, it also underpins all military communications and ensures that we are able to operate all the capabilities—such as fighter jets, for example, that are used by the military—and ensures that cryptography is as protected as can be.

Most of the investments are there. There are portions of the investments that are going to other departments. They're called departmental transfers. They include ensuring that we're continuing to keep updated what we call our secure communications for national leadership program, which is our secure devices that we use to communicate. They also include transferring some funding to our foreign affairs department for our overseas footprint, as well as to the RCMP for it to continue to do the work it does on our behalf—when we're doing security screening in particular, for example.

Viviane Lapointe: Given your wealth of experience and expertise, can you tell us how the new funding will strengthen the CSE's ability to protect the government's systems and to ensure the support of secure operations across the federal departments?

Caroline Xavier: As mentioned, the CSE has, in its mandate, cybersecurity and information assurance. To be able to do information assurance, you need to have cryptography and really stay on the leading edge of what will come with regard to protecting our systems. Cryptography is protecting the house, but to be able to ensure that all the locks and keys remain secure and that we're able to have that communication remain secure, we have to continue to update it and invest in it to make sure that the keys aren't stolen and that they're not copied.

Being the national communications security authority for Canada, we protect the most classified information. We need to ensure that this information remains protected. We do this in allyship with other partners. In particular, I'm pleased about the announcements that were made by the Prime Minister in July. We're working, for example, with the U.K. in ensuring that we continue to diversify our cryptography. We continue to ensure that we have resilience in the Five Eyes partnership when it comes to cryptography, and we are making those investments, especially as we continue to invest in sovereign solutions for Canada.

Viviane Lapointe: Thank you.

Lieutenant-General Kelsey, the estimates include funding for training, for readiness and for equipment support. Can you tell us what improvements to operational preparedness this enables for the Canadian Armed Forces?

Stephen Kelsey: The significant investment relates to our ability to put more folks in the field for training and more flying hours. It's focused very much on the force we have today. It's increasing their availability, opening and accessing more parts, as well as delivering more training across the board—for air, land, sea and special forces.

Viviane Lapointe: Deputy Minister Beck, the estimates include additional authorities for several major capital projects. Can you outline how the additional funding will support progress on shipbuilding, aircraft acquisition and infrastructure projects already under way?

Stefanie Beck: In our discussions across the country with Canadian industry, what they have always been looking for from us are long-term commitments, a clear signal from the government that we are committed to all of our projects, as well as our being able to deliver our funding on time—and in advance, frankly, where possible—so they can procure long-lead items and be able to train their workforce to make sure they're ready when there's a surge requirement.

These are the kinds of funds that will contribute to that confidence in government's being able to deliver its side of the contract and, therefore, the military having the equipment it needs at the time it needs it.

Viviane Lapointe: Within that vein, how will the resources in these estimates help the department improve the management and the delivery of those capital projects?

Stefanie Beck: At the same time as we deliver on existing contracts—and by that I mean uphold our side of it—we are reviewing how we make our decisions internally. Of course, we can control how we manage our own department. I think this exercise of our coming before you today to look at how the supplementary esti-

mates work demonstrates the complexity of government right now in delivering any contract.

This is part of the overall review that's under way, including with the new Defence Investment Agency, to see how we can do better in the future for Canadian industry, as well as have better outcomes for the armed forces.

The Chair: Monsieur Savard-Tremblay, you have up to six minutes.

[*Translation*]

Simon-Pierre Savard-Tremblay: Thank you, Mr. Chair.

I would like to start with a motion, which according to the discussions that have taken place, will be adopted unanimously. It shouldn't take very long.

Sherry Romanado: Is it possible to get a copy?

Simon-Pierre Savard-Tremblay: Yes, I think we have enough.

The motion has to do with the study of Bill C-11. The only difference between the version that was distributed to you and what I will be reading is the addition of four characters, “C-11”. We forgot to indicate that, so that is the only thing that will change.

Whereas the committee was unable to hear the testimony of the Honourable Morris J. Fish, C.C., Q.C., or to question him, due to technical difficulties;

Whereas the Minister of Justice and Attorney General of Canada did not appear before the committee despite the invitation extended to him and despite the importance of his testimony, as emphasized in the study motion adopted on October 23, 2025;

Whereas the transcripts of the meetings of November 20, November 27, and December 2, 2025, are still not available in both official languages;

That committee members be granted an additional week following the adoption of this motion to submit their proposed amendments to the clerk, and that clause-by-clause consideration of Bill C-11 be postponed until Parliament returns in January 2026.

[*English*]

The Chair: It's a notice of the motion. It's not part of the supplementary estimates, the discussion we're now having. We do need unanimous consent to proceed if we put forward this motion.

Do we have unanimous consent?

Some hon. members: Agreed.

The Chair: For the debate, go ahead, Ms. Romanado.

[*Translation*]

Sherry Romanado: I thank my colleague for moving that motion.

I just want to make sure that I understood what he was saying. Did he say that he was adding “C-11” somewhere?

Simon-Pierre Savard-Tremblay: I'm just adding it at the very end of the motion, where it reads, “consideration of Bill C-11”. That is the only place it was added.

I think it is rather clear that the motion has to do with the bill, but we just wanted to spell it out.

Sherry Romanado: Okay.

I agree with my colleague's motion because we were not able to hear from the Honourable Morris Fish because of technical difficulties. I know that he sent us his opening remarks, but we did not have a chance to ask him questions. There is also the fact that the first report that he submitted was essential.

I agree that it could be useful for the committee to invite Justice Fish again and that it would be a good idea to have an opportunity to talk to him.

I don't know whether my other colleagues agree.

[English]

The Chair: Mr. Bezan, you're up next.

James Bezan: We're in agreement, and we also raise the concern around the lack of bilingual transcripts from our previous three meetings on Bill C-11. It makes it difficult to take testimony and build it into potential amendments to the bill. That is a concern, so I support this 100%.

The Chair: Is there anybody else?

Go ahead, Mr. Romanado.

[Translation]

Sherry Romanado: I see that we have an extra week to propose amendments, which means that the deadline would be next Tuesday. Can we get an exact date for that?

The motion states that members would have “an additional week following the adoption of this motion to submit their proposed amendments to the clerk” and that clause-by-clause consideration will be postponed until January.

I support the motion, but I would just like to know the deadline for submitting proposed amendments. That's all. That's what I wanted to clarify. We don't need to change the motion. I just want those instructions.

[English]

The Chair: I'm being advised that the amendments requirement would be by December 11 at 4 p.m.

Is there any further debate?

Are you requesting the addition of the amendment...?

Sherry Romanado: No, I just wanted to get clarity.

[Translation]

Simon-Pierre Savard-Tremblay: It is clear and the date is on the public record, so we have a date and we—

Sherry Romanado: That's right. We don't need to change the motion. I just wanted some clarification on the deadline. That's all. Thank you.

[English]

The Chair: This also then postpones our clause-by-clause for the next meeting.

Is unanimous consent given? Are we proceeding?

(Motion agreed to)

The Chair: Go ahead, Mr. Bezan.

James Bezan: In lieu of this, since we're talking about it and I gave notice of motion last Tuesday, November 25, I'll move the following motion:

That, pursuant to Standing Order 108(1)(a), the committee request the Department of National Defence to table the full, unredacted Memorandum of Understanding with the Province of Ontario concerning the implementation of the provisions contained in Bill C-11, and that the Memorandum of Understanding be tabled with the committee no more than five days after the passage of this motion.

Again, I think this is an important piece of information that we need in our full consideration of potential amendments.

The Chair: Is there further debate?

Go ahead, Ms. Romanado.

Sherry Romanado: Would it be possible for me to pull it up? I know we received it. Can you give me one moment to pull it up so I can follow along?

The Chair: I don't wish to suspend. Is it okay if we take a moment to have the review?

I'm sorry, witnesses. I'm trying to take care of business here.

A voice: That affects you guys.

The Chair: It affects you; absolutely.

[Translation]

Simon-Pierre Savard-Tremblay: I apologize as well, but I'm sure you understand that this is one of our last meetings before the holidays and there are some things that need to be discussed.

[English]

The Chair: This is maybe taking a bit longer; I apologize.

We'll suspend for two minutes.

● (0940)

(Pause)

● (0940)

The Chair: Go ahead, Ms. Romanado.

Sherry Romanado: Thank you very much for your patience. I just wanted to pull it up.

On that note, I'd like to move an amendment. I will explain the amendment, and then I'll read it out. I will happily send it around.

The amendment is to remove the word “unredacted” and to add, after the words “to table”, the following: “in accordance with the Access to Information Act”. Then it would replace “no more than five days” with “as soon as possible”.

The amended motion would read, “That, pursuant to Standing Order 108(1)(a), the committee request the Department of National Defence to table, in accordance with the Access to Information Act, the full Memorandum of Understanding with the Province of Ontario concerning the implementation of the provisions contained in Bill C-11, and that the Memorandum of Understanding be tabled with the committee as soon as possible after the passage of this motion.”

If you'd like, I can send that around.

The Chair: Is it in both languages?

Sherry Romanado: It's in both languages.

The Chair: For the debate, it's Mr. Bezan.

James Bezan: I don't have a problem with getting access to information and making sure we're protecting any sensitive information. However, the timeline on this has to be receiving it before we start consideration of clause-by-clause, and preferably before we have to get amendments in. That's why the "five days" is important. If we're going to do our work and do it in an informed manner, we need to have this document.

I'm opposed to the timeline you have, because "as soon as possible" can mean two years from now. I know some of my access to information requests with the department were six or seven years ago, and I still don't have those back.

[Translation]

The Chair: Mr. Savard-Tremblay, the floor is yours.

Simon-Pierre Savard-Tremblay: I agree with regard to the Access to Information Act.

With regard to the five-day period, honestly, I've experienced this before in another committee where we requested documents and where the same senior official promised us that we could have them within the proposed time frame and then, in the end, it took three or four times as long. The deadline isn't binding, but I don't think it is a bad idea to set one, whatever it may be. Honestly, I don't expect that we will actually get the documents within five days, but I think giving a time frame is a way of indicating that we want to move quickly.

As for the Access to Information Act, I agree.

Mr. Chair, I am therefore moving an amendment to the amendment to remove "as soon as possible" and keep "the Access to Information Act".

[English]

The Chair: We have a subamendment. Do we have further debate?

Mr. Savard-Tremblay, do you want to move the subamendment?

[Translation]

Simon-Pierre Savard-Tremblay: The amendment to the amendment would keep "five days" as part of the proposed change, so we are going back to the original motion in that regard. However, we are adding "the Access to Information Act".

[English]

Sherry Romanado: Let's be honest. "Five days" is not reasonable. We could say, "before the next meeting to study Bill C-11." Mr. Bezan mentioned that he would like to have it before we start clause—

James Bezan: Yes, get it before.

Sherry Romanado: Absolutely. "Five days" is not realistic. Let's be honest. You need time to produce this. I would say, "before the next meeting on Bill C-11", for sure. I don't think we're going to be able to get it in five days. I don't want to put something out there that we know is not going to happen.

[Translation]

Simon-Pierre Savard-Tremblay: I think the next meeting is in five days.

[English]

Sherry Romanado: The next meeting on Bill C-11 is going to be, hopefully.... We don't know when Justice Fish is available. We don't know if he's available next week. We said that we're moving clause-by-clause into the new year. It will be the end of January before the House comes back. I don't know Mr. Fish's availability. He may not even be here next week. Let's see if we can get Justice Fish scheduled to come.

I think it's reasonable to say, "before we start clause-by-clause", absolutely. I agree.

[Translation]

Simon-Pierre Savard-Tremblay: It's not that. In the beginning, when you were saying, "before the next meeting on Bill C-11", I thought that would be Tuesday, which is five days from now. If you are talking about clause-by-clause consideration, then that is a different story. I just wanted to clarify.

That said, what concerns me is that Mrs. Romanado's proposal does not send clear instructions and ask for documents to be produced by a certain date. We do not even know ourselves when the meeting will be. We are asking them to produce the documents before our meeting, but we don't know when that meeting will be held. That is all I am saying.

[English]

Sherry Romanado: Could we say, "before we start clause-by-clause"? Would that be sufficient?

[Translation]

Before we begin clause-by-clause consideration—

Simon-Pierre Savard-Tremblay: However, we do not know when that will happen.

Sherry Romanado: We just adopted a motion saying that we are going to postpone clause-by-clause consideration until January.

Simon-Pierre Savard-Tremblay: Yes, but, as you said, we may not be able to hold that meeting if Mr. Fish is not available or for other reasons. That meeting may be held the second week of February rather than the last week of January.

How are we indicating that in this motion? We are requesting documents and saying that they will have to be submitted eventually. That's all I'm saying.

Sherry Romanado: Let's put that back in the other motion that we just adopted. We said that we would not start clause-by-clause consideration until Parliament comes back at the end of January. If Mr. Fish is not available next week, then that would mean that he might only be available at the end of January, so we would not be able to start clause-by-clause consideration until early February, given that we need that MOU before we begin clause-by-clause consideration.

Simon-Pierre Savard-Tremblay: I understand that and that is what we want too, but my concern is this. If I was the one responsible for producing the documents and I got this order from the committee, the first thing I would want to know is how much time I have to produce those documents.

[English]

The Chair: Let's recap. We already have a unanimous motion that we've passed with regard to your proposal regarding Mr. Fish and so forth. That's already in.

Now we have a motion put forth by Mr. Bezan, amended by Ms. Romanado and subamended. Can I have a recap on the subamended motion? Clerk, do you want to recap where we are, please?

The Clerk of the Committee (Ariane Calvert): My understanding is that the subamendment of Monsieur Savard-Tremblay is to remove the "as soon as possible" and keep the "no more than five days".

[Translation]

Simon-Pierre Savard-Tremblay: If Mrs. Romanado wants to choose a more realistic deadline, then I would support that, but we need to include it in the motion. In other words, we can't say something vague like "before such and such meeting" when a date has not yet been set for the meeting in question.

I'm not sure if Mrs. Romanado heard me since she is in the midst of a discussion.

[English]

The Chair: I think what I understood, if I may interpret, was to have it before clause-by-clause.

We have Mr. Bezan first, and then Ms. Romanado.

James Bezan: On a point of order, you have a subamendment that removes "as soon as possible" from the amendment proposed by Ms. Romanado. We should deal with that. Then they have a chance to modify, to make a subamendment to the amendment, if that's so chosen, and then we can go there.

Let's vote on this as soon as possible.

The Chair: Yes, that—

[Translation]

Simon-Pierre Savard-Tremblay: I want to consider Mrs. Romanado's concern about the deadline being unreasonable. I don't have a problem with choosing a more reasonable deadline, but I don't think that tying the deadline for producing documents to a meeting that will take place on an as-of-yet unknown date is a good thing. Why not ask for them to be produced for when Parliament resumes in January, for example? Would that be better? At least we know when the House is scheduled to resume.

[English]

The Chair: We are still in debate. We're in debate on the subamendment, so let's continue with that debate. I think we're debating the terminology of when that date should be.

Go ahead, Ms. Romanado.

Sherry Romanado: I'm fine with dealing with the subamendment. It makes it a lot cleaner, but I think it would be helpful if we

could have two seconds to talk, because I think we can come up with a time, a solution.

James Bezan: Let's vote on the subamendment first.

The Chair: I can suspend so we can discuss this very quickly.

James Bezan: Clear out the subamendment first.

The Chair: We can.

James Bezan: Then we can deal with the amendment.

The Chair: We can do that in suspension too. I'll suspend just for a moment.

• (0950)

(Pause)

• (0950)

The Chair: We are returning.

Monsieur Savard-Tremblay, do you have anything to add?

[Translation]

Simon-Pierre Savard-Tremblay: Yes, Mr. Chair.

Members have convinced me to withdraw my amendment to the amendment and to move another one.

The subamendment to the amendment, which, I would remind the committee, addressed two issues, once again proposes to keep the part about the Access to Information Act but now proposes that the documents be produced "before January 15, 2026" rather than "as soon as possible".

That is the new subamendment that is on the table.

[English]

The Chair: Do we have unanimous consent to resolve the initial subamendment?

Some hon. members: Agreed.

(Subamendment withdrawn)

The Chair: Shall we proceed with the subamendment as stated by Monsieur Savard-Tremblay?

(Subamendment agreed to)

The Chair: Back to the witnesses.... Are we proceeding?

James Bezan: No, we have to vote on the full amendment and motion.

The Chair: Is there unanimous consent?

(Amendment as amended agreed to)

(Motion as amended agreed to)

The Chair: Okay.

We are back to the witnesses, and I believe, Monsieur Savard-Tremblay, that was your time, so thank you for proceeding.

I am going to go to a Conservative member, and that will be Mr. Anderson.

Scott Anderson: Ms. Beck, the modernization strategy assumes 8,500 new regular force and 8,500 new reserve personnel by 2040. Has your department modelled whether the current recruiting and training pipeline is capable of generating that number?

Stefanie Beck: I'll turn to the vice-chief to add more, but that is absolutely what we are seized with.

I would say that it's not just as simple, in fact, as recruiting more people. It's making sure they have the equipment they need, the training grounds they need and the housing and benefits. This is a complex process that marches together, so it's not just a question—

Scott Anderson: Indeed. Do you have an actual plan to do that?

Stefanie Beck: We do.

Scott Anderson: Do you have a model?

Stefanie Beck: We do.

Scott Anderson: Are we able to see that model?

Stefanie Beck: Not at this minute, but we can certainly come back and go into more detail.

Scott Anderson: Can we have that sent to us, then? Thanks so much.

General Kelsey, “Inflection Point 2025” makes it clear that Canada can't currently deploy and sustain even a single warfighting brigade, let alone a division. What is the timeline to grow the force to division scale?

Stephen Kelsey: The first step is aggregating the combat divisions, as you alluded to with regard to “Inflection Point”, but they are hollow. We have the ability to deploy only one at a time if we aggregate the people and equipment as one. The army commander has quite a bit of work to do. He has a solid plan, but it requires detailed investment over time.

To your earlier question, he has plotted it out. This includes equipment, where those folks will be located and all the systems that will enable the individuals and families.

Scott Anderson: Do we have a timeline on that?

Stephen Kelsey: He has a timeline, but that's the aggregation of the structure we have. What he's working on now with his leadership team are the specifics of when the manoeuvre division will be combat ready, the continental division and, more importantly, the sustainment division. Those are the three—

Scott Anderson: We don't have a date on that, then.

Stephen Kelsey: He does, but we need to actually plot through the specific investments.

Scott Anderson: Okay.

Expanding the CAF is impossible without retaining the trained force. What's the current attrition rate, and how does that compare with your forecasted attrition when modelling the force growth?

Stephen Kelsey: That's a huge consideration. Our attrition when compared with our Five Eyes partners is actually better, but we're not satisfied. We plot individually how many people were projected to retire or move on, but it's only as good as the package of compensation and the ability of people joining to use the equipment they aspire to or believe in. It's the complete picture. We're spend-

ing as much energy on retention of the talent we have and cultivating that as we are on getting folks in the door.

Scott Anderson: In terms of the net effect, then, is the force at this moment actually expanding, or is it degrading?

Stephen Kelsey: It is actually expanding for the first time in a decade.

Scott Anderson: Okay.

Can the army today generate even a single reserve battalion that meets NATO readiness standards for warfighting?

Stephen Kelsey: If the question is specific to a reserve battalion, the answer is no. That's not their role. They're not equipped, and they have not been invested in. That's what needs to change.

Scott Anderson: Okay.

With regard to the Canadian Rangers and Arctic expansion, the document highlights the Arctic as a priority and states that the rangers must be integrated into a second division structure for domestic defence. What additional personnel, training and equipment growth do you foresee for the rangers?

Stephen Kelsey: The ranger enhancement, as reflected in that document, focuses on the equipment and the roles. Each community is different, particularly across the north, in terms of what size of ranger patrol they can sustain. In fact, some of those communities are getting smaller. The intention is to grow, to make the most sense for the communities, but we want not just persistent presence; we want enhanced roles in communication and domain awareness across the Arctic.

Scott Anderson: Okay.

“Inflection Point 2025” acknowledges that Canada lacks sufficient range in simulation capacity and instructors to absorb more recruits. What new infrastructure projects are funded to expand training capacity, and what's the timeline for delivery?

Stephen Kelsey: The timeline is under review right now. We have a recruiting campaign board that's not just looking at the folks coming in. It's this more challenging pipeline to take the recruit to what we refer to as the “functional” point. It's ranges, it's growing housing and it's instructors. Our challenge is that we're trying to do it all at the same time. The sequence of the campaign board is to figure out just that. Each service is slightly different, but that is the singular priority of the chief of the defence staff.

In fact, the next meeting of the recruiting campaign board, which is next week, is to talk about that precise thing—the pipeline.

Scott Anderson: If the facilities lag behind, what does that do to the training bottleneck?

Stephen Kelsey: That is what dictates the tempo. It's an excellent question. It's something we recognize. We can make choices. We can do ad hoc. We can put people into the field in tents or take risks in how we deliver training on a ship. Our preference is to get the sequence right. That is why, despite attracting an enormous number of Canadians who want to join, we have to be disciplined in how quickly we open the gateway to make sure we can manage our growth correctly.

The Chair: Thank you, Mr. Anderson.

Mr. Watchorn, you have five minutes.

[*Translation*]

Tim Watchorn: Thank you, Mr. Chair.

I would like to bring up the subject of the Coast Guard today.

It is good of you to be here with us, so I want to include you in the conversation.

The supplementary estimates (B) allocate \$12.6 million for emergency towing services on the west coast, \$5.2 million for marine spot chartering and \$3.6 million for the reinvestment of oil spill revenue.

Can you tell us exactly how that money will be used? How will it be spent?

Marc Mes: Thank you for your question.

Towing on the west coast is a program that started under the oceans protection plan in 2018. It is a way of dealing with disabled vessels and ensuring environmental protection and marine safety.

[*English*]

Secondly, the government will be providing a national strategy on emergency towing. Transport Canada is leading that. They will be presenting that to the government the next calendar year with the support of the Coast Guard. That analysis and study has looked at all the needs for emergency towing from coast to coast to coast, including the Arctic. That study will then help inform government on what the next steps are. This is an interim capacity that will be extended that will provide that.

Just for your information, since 2018, these vessels have been used 120 times. It is not just for disabled vessels, but also for search and rescue and environmental response. They have provided that backstop for the west coast.

Tim Watchorn: Maybe you could just give us an update on how the integration is going into the Department of National Defence from the Coast Guard. How is that operating? How are the members taking it? How is that going?

Marc Mes: The transition to integration has been seamless from an operations perspective. From day to day, the Coast Guard continues to do the work it has done. We have received an extremely warm welcome from the department. We feel the love.

There is a huge amount of opportunity for integration and opportunities where we can now do joint planning. We can look at the procurement opportunities. There is a huge opportunity here. Also, we see ourselves as a real partner in defence, security and intelligence in what we do. We are not going to get away from what we

do in our key mandate, but we are now able to provide that multiplier from a Coast Guard perspective in what the government wants to achieve from a defence and security perspective.

Tim Watchorn: We have spoken in the past about information, data collection and surveillance. Has that begun with the integration?

Marc Mes: The Coast Guard has always been able to collect information. It's been able to collect information for the purposes of safety and has been able to share that information for the purposes of safety.

With the proposals under Bill C-12, we will now be able to collect the information for the purpose of security and then share it with our defence, security and intelligence partners. We have the capability. We're already collecting information for safety. We will now be able to share that same information—as well as with additional capabilities on our 126 ships, on our 23 helicopters, with our operations centres and all of the land assets that we currently have—to provide a greater domain awareness on the water, below the water and above the water.

Tim Watchorn: Thank you, Mr. Chair.

The Chair: Mr. Savard-Tremblay, you have two and a half minutes.

[*Translation*]

Simon-Pierre Savard-Tremblay: Thank you, Mr. Chair.

Since I will not be moving a motion, I will really only be speaking for two and a half minutes this time.

My question is for the representatives of the Communications Security Establishment, Ms. Xavier and Ms. Chassé.

In vote 1B, the CSE is asking for \$29.95 million in new funding, including \$22.45 million for cryptographic modernization and \$7.5 million for classified infrastructure.

Before we move on, can you tell us briefly which cryptographic systems are currently outdated or obsolete?

Caroline Xavier: As I said earlier, part of our mandate involves making sure that the information remains protected. To accomplish that, we need to continue to modernize the systems because of natural aging, but also because not all cryptography is created equal. We must therefore stay on the cutting edge and ahead of our adversaries. That is why we need to continue to modernize our encryption and cryptography systems.

That said, we are working with all our partners, particularly our partners at the Department of National Defence, to ensure that all of the systems are always up to date. We have a whole system based on very close co-operation and we perform maintenance on it every day.

I cannot tell you exactly how many systems need to be modernized. We have a plan, and we continue to regularly improve modernization.

Simon-Pierre Savard-Tremblay: You are saying that you need to stay ahead of the game and not fall behind, but is there anything that currently poses a risk to the government's internal communications, or is that not the case? Are we striving for the ideal or is the situation becoming problematic?

Caroline Xavier: Advances in quantum technology and the fact that we are always thinking about what could happen in the future...

I'm sorry. I'm going to continue in English because I am more familiar with the terminology in English.

[English]

Because we're always trying to ensure that we're staying ahead of what technology changes are coming, we're paying close attention to post-quantum computing, which is the technology that is perhaps within reach. I'd say by 2027 to 2030, we're seeing there could be a computer that's large enough to potentially break the encryption we have.

[Translation]

I am not saying that we are at risk right now, but we need to continue to invest to ensure that we do not put ourselves at risk. That is something that we are doing with the Five Eyes nations, and we are not the only ones doing it. We all need to make sure that we stay ahead of the game in terms of technology, so that we do not put ourselves at risk. We know that our adversaries would like to know more about our secure conversations and even steal our data. We cannot expose ourselves to that risk.

[English]

The Chair: Thank you.

Go ahead, Ms. Gallant.

Cheryl Gallant: Thank you, Mr. Chair.

Through you to the CSE chief, the last time you were at this committee, you promised to get back to us with the amount of money allocated to set up a cybersecurity collaboration platform and incident management tool between Shared Services Canada and the CSE. Can you give us that amount today?

Caroline Xavier: I cannot give you that amount today, because that work with our Shared Services and Treasury Board colleagues is still under way. As discussed, we commit to giving an update on that to the committee. I have no problem coming back with that information once it becomes available.

Cheryl Gallant: Thank you.

With the emergence of agentic AI, what amount is being directed toward the magnification of the threat environment?

Caroline Xavier: If I understand the question correctly, the threat of AI is definitely something we have seen from the various threat assessments we've done, including a national cyber-threat assessment that was published in the fall of 2024 and what we saw when we put out our threats to democratic processes report.

We were clear about seeing artificial intelligence as an amplifier when it comes to threats. We were clear that we know artificial intelligence will lower the bar of entry for cybercriminals and state actors to be able to leverage artificial intelligence to multiply the efforts they have. We know cybercrime, particularly ransomware, continues to be a persistent threat we see from cybercriminals, and we know artificial intelligence is used by cybercriminals to continue to amplify that threat.

It is something we're very conscious of. In working in the cyber-defence domain and working with partners, both domestically and internationally, we continue to find solutions to defend against those threats.

Cheryl Gallant: What additional amount is the government providing for you to tackle this threat amplification?

Caroline Xavier: Fundamentally, we are now at a budget of almost \$1.6 billion. That budget allows us to do what we call cybersecurity and cyber-defence. That is folded into my budget on a day-to-day basis for what I do in the mandate of CSC in leveraging foreign intelligence and staying on top of knowing what is required from a threat perspective. That includes artificial intelligence and all of the other threats we're concerned about when it comes to Canada's defence.

Cheryl Gallant: We're still suffering from incursions. What is it you need that you don't have right now to get ahead of the game?

Caroline Xavier: I have to say that I'm quite pleased about the ongoing investments that CSE has continued to receive. What we need is for Canadians to recognize that the cyber-defence of the country is a whole-of-society activity. We can't do it alone.

We have a role to play as government. We have a role to play as the Communications Security Establishment and the Canadian centre for cybersecurity, but this is where we work with industry and critical infrastructure. We have governance set up to ensure we're sharing foreign intelligence with them so they know what's coming at them. I'm proud to say that we have issued over 300 pre-notifications on ransomware to Canadian industry members to prevent them from having incidents occur. That's the type of work we're going to continue to do.

The investments are there. What I would ask Canadians to do—in particular, the private sector—is to continue to invest in their cybersecurity. It's not enough for government to do it alone.

Cheryl Gallant: Thank you.

I'm going back to the housing of our troops. Two thousand new units sound like a lot, but divide that over the different bases that you mentioned. Then there are the existing barracks, which in the usual municipal sector would be condemned. Where will the money come from for the replacement housing, let alone the surge you're anticipating?

Stephen Kelsey: It's a significant hole that we need to climb out of. Every location has suffered with the choice of whether we invest in readiness or in the infrastructure.

The good news is that our ADM for infrastructure has new authorities under the deputy to act quickly. There's more money for maintenance and repair, and the recapitalization of key infrastructure, starting with where our people are, is under way.

Cheryl Gallant: I understand that it's on a rotating basis. There's a list and whoever is in crisis is at the top, and then the constantly decrepit places never get that funding.

Is there some kind of injection so that these base commanders or the housing authority can get the money needed to do right away what needs to be done?

Stephen Kelsey: This is exactly what's occurred—

Cheryl Gallant: We have unemployed contractors right now, so now is a perfect time.

Stephen Kelsey: Absolutely, yes, and what's great about the way we have the authorities—and now the money—is that we can execute not in a linear fashion but in every location and can use local contractors to help us.

We're now in a different position than we've ever been in for a long time. We have the right folks working on it and, thankfully, we have the money and the authorities to do it quickly.

Cheryl Gallant: When is it anticipated to be complete?

Stephen Kelsey: It will never be complete. We'll never be satisfied, because it's an enduring.... I'm just thinking of the locations of many of the members here. In Petawawa, for example, it's such an extensive transformation that there will always be recurring maintenance and repair investment, as well as recapitalization.

We have work to do and we have the right leaders doing it.

The Chair: Thank you.

Mr. Malette, you're up next. We had suspended for a couple of minutes, and I do want to proceed with the votes for the supplementary estimates. Do you have one last question that you want to proceed with before I get to the votes?

Chris Malette: Yes, if I could, Mr. Chair. My question is for Ms. Beck.

I had the good fortune to be at the Halifax International Security Forum, as we discussed prior to the session here today. I was at one session that was on Sunday morning, I believe, and you were seated at that one as well. We had former defence minister Mr. Blair in attendance.

One of the questions directed to the panel was, I believe, towards Mr. Blair. Mr. Blair served it back to you. The question was this: Do we have the bandwidth? Now that we have the commitment dollar-wise, do we have the bandwidth to carry out all of the very ambitious plans—and we're hearing it here today—that are being heard?

We heard earlier from Mr. Anderson some of these questions on the challenge. Your answer was an emphatic “absolutely”. Could you expand on that for me, please?

Stefanie Beck: I was very pleased to have the opportunity to have that discussion in Halifax, in part because of the people in the room. They are the ones who are going to make this happen—all of us together. I think that's an important point. This is not an endeavor

our taken up only by this department. It's really the whole of government.

Of course, we have our priorities from an infrastructure perspective, from changes to how we help the rangers through to the Coast Guard's integration in the north. That is planned for the whole of the north, through our department. We are working very closely, for instance, with the new Major Projects Office, with our colleagues at CanNor and with those elsewhere to make sure the investments we're making are done with timing that works for everybody else, because there are lots of investments under way in the north.

We also want to ensure we are making them at a time and in a place that works for our communities. We're talking constantly to ITK, first nations and different levels of communities—in person, online and in writing—to make sure their needs are taken into account as we make our decisions throughout the year, in fact. This is an ongoing process.

The Chair: Thank you, all, for participating and for being here. You may want to remain so we don't disrupt our timing.

There are four votes on the supplementary estimates (B) for 2025-26. Unless anyone objects, I would like to seek unanimous consent for the committee to group those votes together for a decision.

Is there unanimous consent to proceed?

Some hon. members: Agreed.

The Chair: Ladies and gentlemen—

James Bezan: You grouped them, but now we need to vote on them.

The Chair: Shall all votes referred to the committee in the supplementary estimates (B), for the fiscal year ending March 31, 2026, carry?

Sherry Romanado: I would like a recorded division.

The Clerk: The count is four yeas and four nays. As it's a tie, the chair has the deciding vote.

The Chair: I vote in favour.

COMMUNICATIONS SECURITY ESTABLISHMENT

Vote 1b—Program expenditures.....\$29,955,913

(Vote 1b agreed to: yeas 5; nays 4)

DEPARTMENT OF NATIONAL DEFENCE

Vote 1b—Operating expenditures.....\$258,640,183

Vote 5b—Capital expenditures.....\$770,520,439

Vote 10b—Grants and contributions.....\$75,063,048

(Votes 1b, 5b and 10b agreed to: yeas 5; nays 4)

James Bezan: I have a point of order.

The Chair: Wait. I'll report the votes back to the House, though I guess it's automatic.

You have a point of order, sir.

James Bezan: Mr. Chair, at the end of the last meeting, you adjourned without seeking consent from the committee.

As you know, it's your job to ensure that all members are heard. You're to protect our right to speak at this committee. You didn't seek consent to adjourn. I wish you would take the time to read through the new, fourth edition of *House of Commons Procedure and Practice*. Chapter 20 is on how committees are to operate.

I also ask you to clarify that, if we need resources to extend our meetings, anyone on committee can make that request. How much time do we need to make that request in order to ensure extra resources are available to extend meetings?

[Translation]

Simon-Pierre Savard-Tremblay: I also have a point of order, Mr. Chair.

The Chair: You have the floor, Mr. Savard-Tremblay.

Simon-Pierre Savard-Tremblay: I remember proposing a motion that obviously did not receive unanimous support and members on the other side tried to delay things to—

[English]

Sherry Romanado: This is debate. This is not a point of order.

[Translation]

Simon-Pierre Savard-Tremblay: I will get to my point, if you let me speak.

Mr. Chair, at that time, you mentioned that we did not have the resources necessary to continue and you quickly adjourned the meeting. However, we have here written evidence that we had enough resources to continue for another 15 minutes, so the information you gave to the committee was wrong.

[English]

The Chair: If I may, I'll respond to this.

First, it's important to recall that both the Standing Orders and the *House of Commons Procedure and Practice* require interpretation in their application to real-time committee situations. Members may have differing views on how a particular rule should be applied and that's perfectly normal. What matters is that we rely on the full body of rules, practices and Speakers' interpretations to guide our work.

In this case, the meeting's scheduled time had expired. When the committee reaches the end of its allotted time or must vacate the room, it is the chair's obligation to adjourn the meeting. That adjournment does not dispose of the motion under debate, nor does it bring debate to an end within the meaning of Standing Order 116(2). The motion remains before the committee and the debate may continue.

However, it has been the practice...and, Mr. Savard-Tremblay, you yourself have asked for this meeting to adjourn on time and to not be extended. It is the discretion of the chair to enable that extra time, but no single interpretation is automatically determinative and matters can be challenged or tested. The role of chair is to apply the rules fairly and consistently based on the full set of authorities available to us, and I remain committed to ensuring that all mem-

bers' rights, both to speak and to have their motions considered, are respected.

I proceeded to adjourn, as had been my privilege and as was my responsibility as chair to maintain the time. We had already been delayed by 17 minutes. I know that you yourself have complained about the fact that it's gone on too long.

Mr. Bezan, you're next.

[Translation]

Simon-Pierre Savard-Tremblay: Since you are referring to me, I hope you will give me time to—

[English]

The Chair: I'm sorry, Mr. Bezan. Go ahead.

James Bezan: First of all, you didn't address the concern around who can make the request to have extra resources so that we can extend.

Again, you do not have the right to adjourn without consent from the committee. You adjourned because you wanted to shut down debate, which is in direct violation of the right to speak in the House and in these committees.

The Chair: I'll respond to that. That is your interpretation. That is not the case.

I had that flexibility. It's within the rules to enable me to adjourn. The time had expired and I chose to do so.

Mr. Savard-Tremblay.

[Translation]

Simon-Pierre Savard-Tremblay: Since you were referring to me, I would add that, yes, I asked that we finish earlier because, I would not have been able to stay, and I am not the only one. It makes sense to consult everyone about whether we can continue. I understand your reasons for wanting to finish on time, but why give false information about the availability of resources?

[English]

The Chair: There was no false information. I chose not to extend. We did not take on extra time because we were trying to respect your desire to be closed on time—

[Translation]

Simon-Pierre Savard-Tremblay: Mr. Chair, you said, “we are out of resources”. That is what you said, and it was recorded on camera, but we have proof to the contrary.

[English]

The Chair: We no longer had the resources because I didn't request them, so that's true—no resources and the time had adjourned.

James Bezan: Just a minute, I'm still on this point of order.

It's my understanding that the resources are available for two hours and 15 minutes per committee in case we run late. We started 15 minutes late, so that meant we had another 15 minutes when you adjourned at quarter to, at the last meeting. There were at least 15 minutes left for us.

I agree with Mr. Savard-Tremblay in that you adjourned before resources were out and you adjourned to shut down debate. Those two things are not boding well for you in that chair. If you want to maintain good order in this and good collaboration, then I ask that you be fair in your administration as chair of this committee.

The Chair: Thank you for your comments.

Ms. Viviane Lapointe, go ahead.

Viviane Lapointe: In terms of my point of order, there's a difference between ending debate and adjourning a meeting.

James Bezan: [*Inaudible—Editor*]

Viviane Lapointe: Mr. Bezan, I have the floor.

Adjourning a meeting is routine. It's procedural and it does not require the disposition of a motion, whereas ending debate does. The chair did not end debate; he adjourned the meeting. There's a

distinction that needs to be made here. We had already run 17 minutes past the meeting time we had—

James Bezan: We started—

The Chair: Excuse me, Mr. Bezan.

Viviane Lapointe: We continued until 17 minutes past the meeting time. Therefore, the chair had the prerogative to determine that additional resources had been used and, at that point, can adjourn a meeting.

Everything was done within the proper procedural protocols of a committee. I just wanted to make that clarification. There's a difference between ending debate and adjourning a meeting. What the chair did was adjourn the meeting. He did not end debate.

The Chair: Ladies and gentlemen, the time has expired. I am sensitive to that. With your concurrence, I will adjourn the meeting.

Now, for our next meeting we're trying to get Justice Fish to attend. That will delay clause-by-clause, so we'll proceed.

To the witnesses, once again, thank you for your service to Canada and all the work you do. We appreciate your being here.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>