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• (1100)

[English]

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

Welcome to meeting number 33 of the House of Commons Standing Committee on National Defence.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, December 9, 2025, the committee is meeting to study the appointment of the chief executive officer of the Defence Investment Agency.

Today's meeting is taking place in a hybrid format.

I'll ask participants to consult the guidelines on the table. These measures are there to help prevent audio and feedback incidents and to protect the health and safety of our interpreters.

As we proceed, please wait until I recognize you by name before speaking. Interpretation is available through your earpiece by selecting the appropriate language channel. As a reminder, comments should be addressed through the chair.

Before we begin, I would like to acknowledge that we have a former chair of the defence committee and minister of defence watching us in our audience today. Mr. David Pratt, welcome to the committee and your old stomping grounds.

Let's begin with the witnesses. From the Defence Investment Agency, we have Doug Guzman, chief executive officer; Linda Drainville, chief financial officer; and Vincent Robitaille, assistant deputy minister, procurement.

We'll proceed to our opening statements.

It's over to you, Mr. Guzman, for five minutes.

Doug Guzman (Chief Executive Officer, Defence Investment Agency): Thank you, Mr. Chair and honourable members of the committee.

[Translation]

First I would like to acknowledge that we are here today on the unceded territory of the Anishinabe Algonquin nation.

I'm delighted to be here to discuss the creation of the Defence Investment Agency. Joining me today are my colleagues Linda Drainville, chief financial officer and assistant deputy minister, and Vincent Robitaille, assistant deputy minister for procurement.

[English]

On October 2, 2025, the Prime Minister announced the creation of the Defence Investment Agency to serve a dual purpose: to modernize and streamline Canada's defence procurement system and to ensure that Canada's significantly increased level of defence investment is directed in a way that delivers economic, strategic and sovereign benefits. I was appointed CEO effective November 12, 2025.

Growing global uncertainty and complexity underscore the need to properly equip the Canadian Armed Forces and effectively support the Canadian Coast Guard. The need has never been greater. At its core, the work at the DIA is about sovereignty, both military and economic. It's about ensuring that the Canadian Armed Forces have the capabilities they need to protect Canada while also building a strong, secure and resilient defence system for all Canadians.

Defence procurement is not only about acquiring equipment. It is also a powerful lever for economic growth. By strengthening our domestic industrial base, supporting Canadian companies and fostering innovation, we are ensuring that investments in defence generate long-term benefits for Canadians.

I joined the public service after a long career in business because Canada is at a pivotal moment. If I have the experience and ability to help our country, then I feel an obligation to do so.

My 35-year business career has not centred on procurement, but it has featured leadership of new organizations and large global ones, familiarity with structuring and investments, and experience in investing capital of all kinds—public and private equity and sovereign wealth—and in working with a wide range of commercial and government participants, both domestic and global. All of that experience is relevant to the DIA.

Improving how Canada delivers defence capabilities is urgent. The recently released defence industrial strategy is the North Star for our mandate in that regard. The strategy is clear, with the build-partner-buy approach. We will build in Canada when it is essential to maintaining sovereign capability and when we have the ability to do so. When we cannot build alone, we will partner with trusted allies to jointly develop advanced capabilities and systems. When it makes sense to buy, we will do so quickly, efficiently and with a clear focus on benefits to Canada.

This approach is supported by a greater emphasis on innovation, on support for small and medium-sized businesses, on supply chain security and on alignment with NATO and NORAD modernization objectives. Our role is to execute on these principles while keeping the operational needs of the Canadian Armed Forces front and centre.

As I'm sure we'll talk about more in the questions, the agency has moved quickly and is already delivering early results. In a short period, we have advanced major procurements and awarded significant contracts to Canadian suppliers. This includes the strategic partnership with Telesat and MDA Space for the enhanced satellite communications project to build world-class satellite communications, accelerating procurement timelines by up to two years and creating export opportunities for Canada. We also recently awarded a contract to Colt Canada for the Canadian modular assault rifle. We're delivering that capability approximately two years faster, while directly supporting Canadian industry.

As we speak, we are advancing one of the most complex procurements in Canadian history, the Canadian patrol submarine project, by applying a more commercial- and outcomes-focused approach. Canada's submarines will be in the water years earlier than what would have previously been the case.

This progress reflects a deliberate shift in how we operate through earlier engagement with industry, faster decision-making and a focus on delivering capability while maximizing economic benefits here in Canada.

I accepted this role because I believe Canada must and can do better in how we deliver defence capability. My focus is on measurable improvements in timelines, stronger accountability and better outcomes for the Canadian Forces and ultimately for all Canadians.

• (1105)

[*Translation*]

Holding an official position in the civil service is a privilege.

I'll be happy to answer members' questions now, but unfortunately, I'll be answering most of them in English.

[*English*]

The Chair: Thank you, Mr. Guzman, for your opening remarks.

We are going to proceed with our first round of questioning. We'll start with Mr. Bezan for six minutes.

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

I want to welcome our witnesses, especially Mr. Guzman, who is able to join us after a couple of hits and misses. I'm glad you're with us today.

You mentioned that you don't have any procurement experience on your résumé. Do you have any defence experience?

Doug Guzman: I have advised defence companies in the course of my career. I have not served—

James Bezan: Which companies?

Doug Guzman: I don't know if it's a public matter, but large—

James Bezan: It is a public matter if you're awarding contracts to companies that you have advised.

Doug Guzman: They're large Canadian companies and large U.S. primes over the course of a 30-year business career.

James Bezan: How are you going to ensure that companies you have consulted with or provided advice to in the past aren't favoured in this process? Do you own stocks and shares in them, as defined by your disclosure statement to the Conflict of Interest and Ethics Commissioner?

Doug Guzman: That's a two-part question.

On the conflicts of interest, I'm fully in compliance with all of the rules.

James Bezan: Sometimes that's not good enough.

Doug Guzman: As to what I'm permitted to own outside of the trust structure, I own open-ended mutual funds. By definition, there are likely stocks of all kinds of companies in those open-ended mutual funds. What I am not permitted to own directly is obviously in a blind trust.

Over the course of my career, I've advised or financed probably thousands of companies. The relationships with those companies are in the past.

The nature of the process that we engage in is designed to be fair, open and transparent. It is now being complicated in a good way for Canada by layering on buy Canadian. We have a mandate in our selection process to consider more things than we used to—not just price, contract, service and timing, but also benefits to Canada, Canadian sovereignty and IT sovereignty. It's a more complicated process, but it's designed—

James Bezan: You can understand, not only based on what you have in a blind trust.... You know which companies you have shares in. It's out there now for complete disclosure. You invested heavily in financial institutions, energy companies and mining corporations. I've gone through the list. Some of those mining companies may be involved in critical minerals now or down the road. Of course, that would benefit you if the DIA started directing those types of investments.

There's also the favourability of past clients of yours or those you helped finance as an investment broker in the past. Public perception is important here. It is the court of public opinion that matters.

What you are you going to do to ensure that the companies you've worked with in the past aren't going to taint their ability to participate in this? That looks like favouritism to the general public.

Doug Guzman: The process is designed to prevent that. At a very basic level, the Ethics Commissioner identifies companies for which I would have to put a screen in place. I have one of those, which is for my former employer, RBC. They made a judgment that no screen was required on the rest. I know that's not your question, or the full extent of your question.

The process of the procurement decision is a team sport. Frequently, the bids are considered against a predetermined grid of scales and weightings. It would be impossible for any individual to monkey with the process and change the scores in the clear light of day in front of the whole team.

James Bezan: Some of us have been around here as long as I have been. We don't always believe that is possible. Sometimes we have to take off the rose-coloured glasses and look at what's actually happening. Sometimes we find that things aren't as they seem.

Was there a competitive process to hire you as the CEO?

Doug Guzman: I don't know. All I know is the dialogue I had with—

James Bezan: The Prime Minister....

Doug Guzman: —the Privy Council Office in the course of discussing the position, its terms and the opportunity.

James Bezan: They offered you a salary that is the highest in Canadian history for a public servant.

Doug Guzman: As I understand the process, they rank the position on the basis of a grid of—

• (1110)

James Bezan: You're off the grid.

Doug Guzman: —in this case Crown corporation CEOs. As I understand it, I am in line with one of those levels on the grid.

James Bezan: It's not a Crown corporation yet.

Doug Guzman: I can't speak for the decisions they made, but that's my understanding of the process.

James Bezan: There was no competitive process.

Doug Guzman: I didn't say that.

James Bezan: You got the job based on your close, personal relationship with the Prime Minister.

Doug Guzman: No. I didn't say it was a non-competitive process. I don't know what process was.

James Bezan: I think we can assume.

Doug Guzman: I expressed a willingness to help the country and a desire to do so if my skills fit somewhere. I discussed with the PCO clerk and his team possible places where they could work and where the things I've done in the past have relevance to what the government is trying to do. We settled on this one. Frankly, I think the skills and experiences I have are quite germane to the exercise we're undertaking.

James Bezan: Do you live here in Ottawa or do you still live in Toronto?

Doug Guzman: I have a home in Toronto and I spend a lot of time here.

James Bezan: How much time is a lot of time?

Doug Guzman: The agency is, by intent, set up in both places. I was hired for a Toronto job. We have first and foremost prioritized the addition of procurement experts, like my colleague to my right, and infrastructure leaders, like my colleague to my left. Over time, we envisage that the team that is outward-facing to the supply chain will be quite logically located in Toronto, but the vast majority of the team right now is in Ottawa.

The Chair: Thank you, Mr. Guzman.

It's over to you, Ms. Lapointe. You have six minutes.

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

Welcome to committee, Mr. Guzman.

I recently held a mining and defence round table in Sudbury. We heard from local businesses and innovation hubs about the technologies that have been developed in the mining sector to keep miners safe, such as automation, remote systems and worker safety systems. We talked about how these same innovations and technologies could keep our Canadian Armed Forces members safe.

Can you tell us how the Defence Investment Agency will identify and integrate these kinds of capabilities in regions like Sudbury into procurement and investment decisions? How will we connect them to Canada's broader defence strategy? Is there a defined process in place for that?

Doug Guzman: That's a terrific question.

There are mountains of areas of opportunity in this big basket. If you will permit me, I'll outline how I think about them.

The first is the procurement exercise. It's about doing what we've always done as a government, but doing it faster, doing it better and including the benefits of that to Canada. The modular assault rifles, which I mentioned, are an example. It's a Canadian supplier. The army wants them. Do it faster and get more guns earlier in the hands of the army.

The second is renovating the process and doing things differently. My colleague Mr. Robitaille is the senior person on the submarine procurement process. I take no credit for it, because it was largely PSPC decision-making, but the innovation in that process was really quite clever and is germane to your question.

The navy was very helpful in identifying the capabilities it needed and turning it over to the rest of the team to meet those capabilities. That put the PSPC—now it's the DIA—in a position to look straight at the suppliers and say, “Don't worry about telling us how great your equipment is, because we're okay with either. Focus on benefits to Canada.” What has happened is that both of those parties, the German-Norwegian joint venture and the Korean team, have spent the last year criss-crossing Canada trying to find Canadian companies to add to their bid because they know it's a really important part of the selection process.

That's one way to get the Canadian supply chain into procurement platforms. You can keep going down the chain, and I can circle big pools of opportunity beyond that.

We're not set up right now to field inquiries from all small and medium-sized enterprises. We're set up to do very large procurements. We may drop that a bit as we go forward. I could go on for too long about this, but when I look at the opportunity to coordinate our dialogue with small and medium-sized enterprises to connect them with each other so they can present more capable inputs into platforms, there's a huge opportunity.

If you look at the defence industrial strategy, there is a list of sovereign capabilities. There's an exercise to do that is just starting. It will have to involve us, ISED and DND not just using that set of sovereign capabilities as a screen against which we make procurement decisions, but actually taking those capabilities horizontally and asking—if space is one of them or if avionics is one of them—how we have a conscious strategy across the country to find the companies that fit into them so that 10 or 15 years from now, as a country, we have something that is of comparative advantage to others and we can use it for trade.

• (1115)

Viviane Lapointe: I can tell you, Mr. Guzman, that the SMEs I met with in Sudbury would be very appreciative of and pleased with the response you just gave.

As the agency moves forward, how will you track and demonstrate that investments are translating into Canadian-made products and that we're leveraging Canadian supply chains and expertise and creating jobs for Canadians? What mechanisms will be in place to measure that in practice?

Doug Guzman: We'll score it. I'll ask my colleague to elaborate in a second if he wants to.

As we consider the submarine proposals, for example, there's a conscious observation of what Canadian content is in there and in what form. How much of it is jobs, which are always welcome? How much of it is jobs plus strategic benefits to the country? How much of it is IT transfer, technology transfer? How much is IP sovereignty? It's a conscious part of all of those procurement processes.

In addition, we need to set out a set of KPIs, which we're at the start of a discussion on with PCO, to be accountable and to be tracked against those kinds of things. On the examples I gave at the start, though, whether or not I'm right that it's two years earlier or two and a half years earlier, at the moment it's quite easy to point to some of these processes and identify chunks of steps we have eliminated that are not material to transparency and fairness and not material to arriving at a decision and getting there faster.

I don't know if my colleague has anything to add.

Vincent Robitaille (Assistant Deputy Minister, Procurement, Defence Investment Agency): I would emphasize the importance that we're now putting on Canadian content in the decisions that we're going to be making. Mr. Guzman was talking about the evaluation grid we're using. Moving forward, there will almost always be a consideration of Canadian content.

That's upstream, before the decision is made, but after that, part of the defence industrial strategy includes the renewal and updates by ISED of the industrial and technological benefits—the policy—and that will also include the tracking of the jobs that are created afterwards. We're going to be working together to have data about the number of jobs, and over time, we'll make sure this is well structured and aligned with the sovereign capabilities that have been identified.

Viviane Lapointe: Thank you.

The Chair: Thank you.

Monsieur Savard-Tremblay, it's over to you for six minutes.

[*Translation*]

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

I'd like to thank all the witnesses for being here and for their opening remarks.

As we know, there have been many attempts at reform, and some experts believe that these attempts fail because they always run into the same obstacle: The various agencies and sub-agencies end up stepping on each other's toes, as so often happens, and getting caught up in bureaucratic squabbles. Ultimately, when something doesn't work, everyone passes the buck and says it's somebody else's fault, not theirs.

We know that the idea behind the new agency is to consolidate functions that were previously scattered across several departments. In this case, defence, procurement and economic development would all fall under the same umbrella. Some believe that this should, in principle, make things easier. However, certain questions remain. For example, we know that National Defence will define the needs, that the agency will handle the purchases, and that other departments will also be involved in the decisions.

How do we untangle all of this? How do we avoid repeating the mistakes of the past?

[English]

Doug Guzman: Thank you for the question. I think it's very observant and relevant.

I'll make a couple of comments.

I understand this has been tried before by governments of different colours. I would say, first of all, that the landscape has changed. Our world has changed, and the need is much greater than it's ever been. I think that is a view universally held by Canadians, at least for the moment.

The necessity of doing it will hopefully keep people on the rails of executing. In the process of setting up the agency initially, as I joked when I first got here, the first step actually made things worse, because we set up a new group inside PSPC to be a new set of procurement experts. That was never the endgame, so my joke was a joke. Now the step we're going through, to get to the first part of your question, is to clarify and bring into one place the expertise from PSPC, which is the part we're farthest along with; the expertise from ISED, which we're in a good place with; and the expertise from National Defence.

I'll come back to what I think is the most important part of your question, which is the relationship between the DIA and National Defence going forward.

We're well down the path of the next step of the DIA, which is to separate it from PSPC. At that point, we'll have clarified completely our relationship with PSPC. There will be a division; there will be no overlap. It will be similar with ISED and similarly simplified with Finance and Treasury Board regarding the number of times we have to go back. I'm confident about all of that.

The big rock is defence and finding a way to have a military we have trained to hang on for the one thing they think they really need...because they only get a chance to buy something every 10 or 15 years. We have trained them to do what they are doing. They're behaving rationally as leaders, but we're in a new world where if it was one thing every 10 years, now it's 10 things every one year. In the process, the DIA is going to be involved with DND right at the beginning so that we can bring all of these principles to the start of the process.

I'm confident that once we get going, as in many countries—and many countries are doing similar things, by the way—we will get to a place where in places where the capabilities are truly differentiated in the eyes of the CAF, the system will deliver that. In the eight or nine out of 10 cases where it's a toss-up whether we buy the one thing we think is best or the one that meets some of our other objectives about like-minded allies, economic value for Canada or technology transfer, we'll be able to make progress on that.

We need to keep the focus. Because it's been tried before and because it's hard for government to change, this has to be a relentless pursuit of doing things differently.

• (1120)

[Translation]

Simon-Pierre Savard-Tremblay: Let's consider a hypothetical scenario: If there were a conflict between several departments over a project, who would have the final say?

[English]

Doug Guzman: With the exception of defence, it's very clear that decision-making is our accountability. The complex issue you're putting your finger on quite correctly is that they need to remain the experts on requirements. They need to be accountable for picking the platforms that protect their men and women in service and are most effective at protecting Canada. We have to find an overlap.

[Translation]

Simon-Pierre Savard-Tremblay: Let's consider another scenario in which a project fails. That's not something that you like to see, but it can happen; that's life.

If a project failed, who would get the blame? Who would be held responsible for that failure? Would it be the Department of National Defence, the Defence Investment Agency, Public Services and Procurement Canada, or some other agency?

[English]

Doug Guzman: Hopefully we don't spend a whole bunch of time on whose fault it is. We'd rather fix it and move forward. Whose fault it is probably depends on what went wrong. Did we make the wrong decisions in the procurement process and end up with litigation we didn't otherwise need? Were the specifications off? Did the CAF request too many customizations for the Canadian military that we couldn't execute properly?

I think it would depend on the circumstance.

The Chair: You have 15 seconds.

[Translation]

Simon-Pierre Savard-Tremblay: I only have 15 seconds left, so the chair will cut us off when the time comes.

Some experts, notably Colonel Davies, had recommended that military capacity-building fall under the purview of a designated minister.

Why does oversight of the Defence Investment Agency fall under the purview of the secretary of state?

[English]

Doug Guzman: That's beyond my pay grade. I didn't decide the form of this agency. As I understand it, before I got here, there were different perspectives on where it would sit.

If you look across our allies—I'm happy to elaborate at some point in these two hours, because it will get really boring if we're just talking about my appointment—different countries have it in different places, but all are trying to achieve a very similar objective.

The Chair: Thank you, Mr. Guzman.

Thank you, Monsieur Savard-Tremblay.

We'll go over to you, Mr. Anderson. You have five minutes, sir.

Scott Anderson (Vernon—Lake Country—Monashee, CPC): Thank you very much.

Thank you very much for appearing, Mr. Guzman, and the same goes to the folks you brought with you.

Many of us have taken a pay cut to work here, and I understand you took a pay cut as well. Is that correct?

• (1125)

Doug Guzman: I'm being paid less than I've been paid in the past, yes.

Scott Anderson: Thank you.

Have you heard of the dollar-a-year men?

Doug Guzman: That was C.D. Howe.

Scott Anderson: What were they?

Doug Guzman: I don't know the history all that well, but I think they were business folks who came to try to help government.

Scott Anderson: They were paid a dollar a year.

Doug Guzman: Okay.

Scott Anderson: When you expressed your desire to help, did you offer to be paid nothing to do this?

Doug Guzman: I did not.

Scott Anderson: You didn't.

You said it's beyond your pay grade. Your pay grade is the highest in the government at the moment, I believe.

Doug Guzman: I think we went through this.

Scott Anderson: I don't think there's much that's above your pay grade, then. Is that correct?

Doug Guzman: It's a turn of phrase, as you know—

Scott Anderson: Yes, it is.

Doug Guzman: —which means that I did not make the decision, nor was it my decision to make.

Scott Anderson: Exactly. Okay.

The media reports that you plan to hire up to 400 people and you're poaching predominantly from three departments: Public Services, Innovation and DND, of course.

If you fail to deliver on a project, is any portion of your salary going to be cut?

Doug Guzman: I guess—

Scott Anderson: In other words, is it set up like the private sector where you have bonuses, incentives and so on?

Doug Guzman: There's a bonus component to this package.

Scott Anderson: There is, so you will fail to get that if there is a failure. Is that correct?

Doug Guzman: That decision will be in the clerk's hands.

Scott Anderson: In whose hands...?

Doug Guzman: It's the Clerk of the Privy Council.

Scott Anderson: Okay.

How do you respond to the concern...?

Never mind, you already answered that. That's fine.

Doug Guzman: I can do it again.

Scott Anderson: You mentioned that you sped up the procurement of the rifles that we just did. In fact, that was started between 2009 and 2015 by the Harper government. That is when that project was done. It seemed to hit a dead spot for 10 years, and then, in 2024, responding to “we absolutely have to do that,” it was picked.

It seems to me that you came along and picked that off the top and are claiming credit for doing it, when, in fact, it's been in operation for over two decades. Can you explain that?

Doug Guzman: I would do the opposite. As I said about the submarines, most of the things we've announced were not creations of our agency. Some of these are 10- or 12-year procurements, so—

Scott Anderson: Actually, it's been two decades.

Doug Guzman: —if we shorten them by 50%, that's five years.

I credit DM Reza at PSPC and her team for having made decisions that sped things up. Most—

Scott Anderson: With respect, if I may, this has been going on for two decades, not 12 years. In fact, it was ready for delivery when you were appointed.

I will put to you that there is not much that has been sped up in this.

Doug Guzman: I understand it was delivered a couple of years faster than the track it was on.

Scott Anderson: Okay.

With regard to Canadian sovereignty and weapons procurement, in our submarines, the combat systems, weaponry and communications—the three primary operational aspects—are all American. We're shooting their MK-48 torpedos in mods four and seven. What steps are we taking to replace this?

We can get all the fancy Canadian hardware in the world, but if we have nothing to shoot from it.... What are we doing to switch over our armaments?

Doug Guzman: You've identified a real challenge the country has, which is that we have never prioritized building—

Scott Anderson: It's your job to fix that, sir.

Doug Guzman: If I may, we've never prioritized building capabilities in any of this.

If you look at what some of our allies with much smaller economies have done—

Scott Anderson: Are we doing that, though, now?

Doug Guzman: I'll get to it. Some like Sweden, France and Turkey, which is a little less relevant—

Scott Anderson: Sir, I only have five minutes, so I really have to try to make this count.

What are we doing?

Doug Guzman: We are favouring Canadian suppliers, when there are Canadian suppliers to favour.

I do not have in my hands the lever of industrial policy to build an industry. We might get to that point. Right now, my obligation is to use the procurement process to favour and build Canadian companies, but if there's nobody—

Scott Anderson: Specifically with weapons systems, what are we doing now?

Doug Guzman: —in the country who makes it, we are some distance away from being able to create a company that makes it.

Scott Anderson: We are not operationally pushing to create a Canadian industry in arms right now. Is that correct?

Doug Guzman: We are supporting Canadian companies that have capabilities, and we are helping them and encouraging the prime contractor to put them on their platforms and help them build their economic value.

Scott Anderson: Okay.

Are you involved in the F-35 purchase at all?

Doug Guzman: I am not.

Scott Anderson: Okay. Stephen Fuhr has said that it's not his file, and you're saying that it's not your file. I'm not sure whose file it is, but it's certainly sitting there.

The strategy is full of forums, councils and industry days. In terms of actual procurement timelines, do you have timelines set up right now?

Doug Guzman: In terms of what?

Scott Anderson: In terms of producing something....

Doug Guzman: Mr. Robitaille may be better at addressing some of this than I am. We have timelines, which I don't know off the top of my head, for almost everything that you have in the strategy.

• (1130)

Scott Anderson: You have timelines—

The Chair: We have timelines here, so I apologize for cutting you guys off.

Mr. Watchorn, it's over to you for five minutes.

[*Translation*]

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

Mr. Guzman, thank you for being here and for putting your tremendous skills to work for our country. I would also like to thank the other two witnesses for being here.

When I first started here, there were very long procurement lead times for military services. There were always four departments involved in procurement: Innovation, Science and Economic Development Canada, Public Services and Procurement Canada, or PSPC, the Department of National Defence and the Department of Finance. I met with former military personnel and people from PSPC, and I was often told that the best way to achieve more reasonable lead times was to have a single agency. That was before the creation of the Defence Investment Agency. I think we have a good procurement policy.

I had the opportunity to have dinner with some people from Ukraine, who were telling us about their product development cycles. We were very proud to tell them that we had reduced a lead time from 10 years to four years, for example. However, they replied that this wasn't practical and that their lead times had to be one month. That's very fast.

What improvements did you make to the process to shorten lead times for our military?

[*English*]

Doug Guzman: Do you want to start, Vincent?

[*Translation*]

Vincent Robitaille: Thank you for the excellent question. Accelerating procurement processes is at the heart of our mandate.

What I'm about to describe is just the beginning. We are continuing this work; it is not limited to this.

First, given the way the agency was established, we have less need to turn to Treasury Board for decisions. In the case of many procurement processes, this saves several months.

Second, as Mr. Guzman mentioned, we are involved much earlier in defining requirements with the Department of Defence, with whom we discuss the state of the industry and what could be done. Rather than spending months or years defining requirements without having that same connection to the industry, we're there to incorporate the procurement approach into the discussion.

Third, much like we did with submarines, we're trying to shortlist a small number of suppliers to speed up the process. This means we don't have to verify everything, since we know our suppliers or their products meet our needs. Our procurement processes can be faster and less complex.

Lastly, we're increasingly adopting a more commercial approach, for example by using simpler contracts in which the incentives for the various parties are better aligned. That's going to be important.

You mentioned the experience of Ukraine. This is a very central part of our thinking. Especially in the field of drones, the pace of change doesn't work with a procurement process that takes two or four years. It requires partnerships and a different approach to intellectual property, among other things. These are issues we're considering, but on which we'll need to move quickly. That is the agency's mandate.

Tim Watchorn: Do you have anything to add, Ms. Drainville?

Linda Drainville (Chief Financial Officer, Defence Investment Agency): As my colleague said, that's an excellent question. Thank you very much.

I'd like to add that Public Services and Procurement Canada has a security program in place that allows small and medium-sized businesses to obtain security clearance and be integrated more quickly into the entire supply chain.

The ecosystem is really gaining momentum. This adds value and allows the whole system to coordinate its approaches effectively, among other things. In addition to what my colleague said, I would add that this is something that will also help facilitate greater integration and make it possible to tap into Canadian expertise.

Tim Watchorn: I've spoken with former military personnel and people from Public Services and Procurement Canada, and they told me that, oftentimes, the economic benefit isn't even related to the military. It could be related to something completely outside the military realm.

Here's what I'd like to know: When analyzing a contract, how much weight is given to the economic benefit, and how is that benefit assessed to ensure it aligns with Canada's defence industrial strategy?

Vincent Robitaille: That certainly varies from project to project. We don't always have the luxury of giving them the same level of priority. However, what is really emphasized is integrating the capabilities we acquire into the platform's supply chain. It's really about being directly involved.

What's changing with the defence industrial strategy is that the focus is on sovereign capabilities. They are truly prioritized.

Generating economic spinoffs in Canada is certainly good news. We want that to happen. We can't pretend that certain sectors aren't important. However, as Mr. Guzman said, there are areas where we can have a comparative advantage over our allies. With regard to most of these sovereign capabilities, that is where we have potential. So we need to promote that.

Our colleagues at Innovation, Science and Economic Development Canada are working on updating the industrial and technolog-

ical benefits policy. Among other things, this involves looking at how we can further promote and recognize these investments.

• (1135)

The Chair: Thank you, Mr. Robitaille and Mr. Watchorn.

[*English*]

Monsieur Savard-Tremblay, it's over to you for two and a half minutes.

[*Translation*]

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

On March 27, 2026, secretary of state Stephen Fuhr told the media that the agency was preparing to separate from Public Services and Procurement Canada to become an independent entity through the passage of legislation expected in the spring.

In that case, to whom would the agency be accountable?

[*English*]

Doug Guzman: In the strategy, the government indicated its intent to set up the agency as a free-standing entity. There are a number of ways it could be set up, and we're working our way through them. I don't know the answer right now. It could be anything from a Crown corporation to a traditional department, or something in between.

[*Translation*]

Simon-Pierre Savard-Tremblay: In our previous exchange, you explained to us that the agency was designed to prevent future problems, that there would still be several departments and that the agency would certainly be accountable to a specific entity.

Now, you seem to be saying that it was designed to work well, but that, in the end, that won't be the case. We don't know when, and we don't know to whom it will report.

[*English*]

Doug Guzman: Linda, do you have any comments on that?

Linda Drainville: I could comment, definitely, if I may.

Thank you for the question.

[*Translation*]

Naturally, as Mr. Guzman explained, there are a variety of models upon which the organization can be based, ranging from a department to a Crown corporation. Each model has a different governance structure. Crown corporations are independent of any minister; they're usually part of a portfolio, but they have boards of directors that ensure their proper management. Departments are also part of a portfolio, but they report directly to a minister.

The recommendations we're making at the moment take into account the pros and cons of each option. We're waiting to see what decision is made; that's not up to us. The decision will be made in due course, taking into account the pros and cons. If it turns out that we are to report to a minister, that will be communicated in due course. It is not our decision, but one that rests with the Prime Minister. It could be part of a future decision that I'm not aware of.

Simon-Pierre Savard-Tremblay: Nevertheless, there was talk of a bill being introduced. I don't know if you were told that it was coming. If you don't know who the agency would report to, that means you don't really have any information on this, either.

Linda Drainville: I don't.

Simon-Pierre Savard-Tremblay: Do you know anything about an upcoming bill? It was supposed to come in the spring, but spring started on March 21, and it will end on June 20.

Linda Drainville: That's right.

Simon-Pierre Savard-Tremblay: So you haven't heard anything about this at all. Is that correct?

The Chair: Your time is up, Mr. Savard-Tremblay.

[*English*]

Mr. Kibble, it's over to you for five minutes, sir.

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

My questions are for Mr. Guzman.

Afterwards, if you could submit the address of your Toronto office, that would be excellent.

I'm sure you understand that submarines are highly classified, intelligence-gathering vessels. With your limited defence and military background, what specific steps have you taken to build operational knowledge of defence capability requirements and to understand the strategic threats to the procurement process of these sensitive vessels?

Specifically, have you been briefed by CSIS, CSE or others on this file?

Doug Guzman: I'll turn it over to Mr. Robitaille.

Jeff Kibble: The question is for you.

Have you been briefed by CSIS or CSE on the sensitivities of the information gathered and on threat assessments in the procurement process?

Doug Guzman: Yes, I've had a number of threat assessment briefings and security briefings, inclusive of navy and submarines.

• (1140)

Jeff Kibble: Were they from CSIS and CSE? Who were they from?

Doug Guzman: They were from DND.

Jeff Kibble: They were specifically from DND.

Doug Guzman: Yes.

Jeff Kibble: Thank you.

I reviewed the RFI for the submarine project, and—

Doug Guzman: Do you want me to answer the first part?

Jeff Kibble: Sure.

Doug Guzman: You asked how we were taking that part of the decision, and I think Mr. Robitaille could give you detail.

However, the integrated project team most definitely involves CAF. It involves very senior navy officers, including those right at the top of the navy, and we look to them for the expertise on capabilities.

Jeff Kibble: Thank you.

I reviewed the RFI for the submarine project. For the navigation and submarine warfare system itself, it's left open for the prime to define.

Why not have a Canadian company in the RFI?

Doug Guzman: We're seeking to combine the expertise of the manufacturer, the expertise of CAF and Canadian capabilities, so it's up to the manufacturer to decide. Do they want to put Canadian componentry on the submarine because they recognize that it's a key element in our decision or—

Jeff Kibble: Why would you not have a Canadian company do it? We already have a Canadian company with Canadian IP that does all the navigation and submarine warfare systems for our navy presently, some for our Coast Guard, and for 27 NATO and allied navies. Why would that not...? It seems to be a no-brainer.

Will you commit to putting our Canadian-owned IP into the submarine project?

Doug Guzman: I don't know enough about the specific IP, the capabilities, strengths and weaknesses of those pieces. There may be improvement here too, possibly, as we think about the future. For the moment, we're starting at the pointy end of the spear—the folks who are trying to sell us stuff. We're looking them in the eye and saying, “You need to make that as Canadian as you can if you want to be favoured in the process.”

Will there be a step in the future when we're more directive about specific components? I suspect so.

Jeff Kibble: Okay. Thank you.

Doug Guzman: On the submarines, just as an example, in-service support on all these platforms is two or two and a half times the dollar value of the purchase price.

Jeff Kibble: I appreciate that, but—

Doug Guzman: One thing this process has done is focus on Canadian content in the ISS.

Jeff Kibble: I'm not hearing a commitment.

I'd like to move on to my next question, if I could. Thank you.

Your RBC biography was, strangely, deleted online when you took this job. It stated that, as head of RBC, you provided coverage for high net-worth families, corporations, institutions and governments. You were also at Goldman Sachs in the global metal and mining section, where you worked with the Prime Minister.

Were any of the files you handled connected with Chinese state-owned enterprises or entities listed in OFAC, OSFI or allied registries? Have you disclosed these and any other high net-worth clients? Have you been screened for conflicts with identified hostile states?

Doug Guzman: I presume the bio was deleted by the bank because I don't work at the bank now.

Jeff Kibble: It's not typical for this to happen. Normally, they wait a fair bit longer.

Doug Guzman: I don't know about that.

Over the course of my career, I would have worked with thousands of clients. Is there possibly a connection somewhere to someone who meets some of those criteria? There's a strong possibility, I guess. I did business with Sherritt in a prior life. While that company is in compliance with Canadian laws, it had challenges with some of the U.S. laws.

Jeff Kibble: Do you feel you should be screened for those connections, then? It sounds like you haven't had—

Doug Guzman: I've been through the full ethics process, as requested, and—

Jeff Kibble: It's not ethics. It's security screening. This is about national security and intelligence gathering that—

Doug Guzman: I'm happy to participate in any screening the government would like and feels is appropriate. I think—

Jeff Kibble: You haven't been screened yet, though. That's what I—

Linda Drainville: You have been.

Jeff Kibble: You have been. There seems to be a lot of confusion. This is pretty important information—security screening. Maybe you could get back to the committee with a written answer to what steps have been taken for security screening.

I want to move on to the recent secret MOU the RCMP and China's Ministry of Public Security signed. It's been called a "counter-intelligence danger" by former senior RCMP members.

Were you briefed on the content of this MOU before it was signed? If not, how can we evaluate the role in terms of law enforcement information-sharing arrangements with adversarial

states? Does this create vectors for intelligence penetration into the work the DIA is supposed to do?

Doug Guzman: I'm not familiar with the MOU. I don't know that it's—

Jeff Kibble: Okay.

The Chair: That's it, guys.

Mr. Malette, it's over to you for five minutes.

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

My question will be for Mr. Guzman.

CFB 8 Wing Trenton, which is in my riding of the Bay of Quinte, is the backbone of Canada's strategic and tactical airlift capability. What specific procurement reforms is the DIA implementing to ensure that critical aircraft parts, support and equipment can reach 8 Wing and other transport wings faster and with fewer delays?

This may go, as well, to Mr. Robitaille.

• (1145)

Doug Guzman: Yes, I think Mr. Robitaille will probably be better at it than I am, but I'll start.

At the moment, we're focused on procurements that are \$100 million and up. To the extent that the componentry you're talking about is part of an in-service support package that comes with a platform, then we're accountable for making the right decisions along that path.

At the moment, to the extent that it is supplies and inventory for existing equipment, it either is being done by DND or will be done by PSPC.

Chris Malette: Okay.

Mr. Robitaille.

Vincent Robitaille: I would add that in-service support, especially for air platforms, is a sovereign capability. We have great Canadian companies. It's a great opportunity. We are already awarding contracts to Canadian companies. That will be a focus. It's an expectation that the vast majority of the in-service support will be done by Canadian companies, either directly or indirectly.

There are some components of platforms that we own that are based in the U.S.—for example, if it needs a part for which we have no choice. There are some limitations from time to time so that we cannot achieve.... However, the vast majority of in-service support we expect and plan to be done in Canada.

Chris Malette: Further to that, Canada's air mobility fleet, as we know, is central to domestic disaster response, NORAD operations and contributions, and international deployments as well.

My question is this: How is the Defence Investment Agency prioritizing procurements for fleets based at Trenton, particularly the CC-130J and the C-17 Globemaster, etc., to avoid any readiness gaps?

This is for Mr. Guzman.

Doug Guzman: A lot of that accountability resides with DND. They're in the best position to identify the gaps and needs and the evolution.

I don't know if you've seen the air force leadership's slide on the capability build in the air force. It is considerable. It is for them to sequence what they think they need and when and to afford an opportunity to match that with the immense challenge of training, infrastructure, staffing and inventories.

We will increasingly get involved at the front end of the process. We will increasingly have an influence on that Gantt chart of projects. However, at the moment, they are very much in charge of identifying what they need and when they think they need it. It will become part of a discussion as we go forward to be more involved in those.

Chris Malette: With respect to that and everything from evacuations to disaster relief—we're seeing an awful lot of demand on our transport fleet as well—how are we accounting for surge capacity and climate change resilience in future procurement and infrastructure planning?

This may go to whoever can answer it.

Doug Guzman: As unsatisfying as it is, I'm going to give you the same answer.

The RCMP, border control and the armed forces are going to have to identify the capabilities they need, and then we'll be involved with maximizing Canadian benefit and delivering those faster.

Chris Malette: All right.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Malette. You did it in four minutes. You had another minute to go, but I'm going to take it away from you now and give it to Mrs. Gallant.

I'll turn the floor over to you.

Cheryl Gallant (Algonquin—Renfrew—Pembroke, CPC): Thank you, Mr. Chairman. I'll take it.

Mr. Guzman, which steps or stages does the DIA save the procurement process? In other words, how are the defence purchases sped up?

Doug Guzman: I will hand this over to Mr. Robitaille.

At its core, it's looking at the whole process, a lot of which is inside DND. Historically, that would have been thrown over the wall to PSPC. Somewhere in that chain we use 10 or 12 years on a major platform.

It's bringing into parallel what used to be done by PSPC and DND, working with Treasury Board to get higher authorities—which we have—and the ability to not have to go and ask permission of Treasury Board, and bringing the ITB process into the DIA so that we can keep the cadence of that process in line with the cadence of the procurement process.

Who have I left out? I guess that's it. It's really bringing Treasury Board, ISSED, PSPC and DND into one place or bringing the processes into parallel.

I don't know if you have anything—

• (1150)

Cheryl Gallant: That's very fulsome. Thank you.

NATO has advised member countries to adopt a war “mindset” and even a war footing.

In terms of the potential to defend our territory or prepare for an expeditionary force, what action, visible to Canadians, have you taken to speed up the way procurements are processed?

Doug Guzman: I think that in the announcement we've made we can point to earlier delivery. It's unquestionable that the submarine process has saved years. Again, I don't take credit for it. It was largely the PSPC folks.

The decision to go very quickly down to two select suppliers and force those two suppliers to be focused on Canadian content is very different from what would have been done in the old world and skips a whole cycle of years of going back and forth with multiple suppliers. The navy was instrumental in that because they were able to satisfy themselves that a small number of boats fit their requirements. That freed the rest of the process to focus on getting on with the decision-making. That's a very clear example of saving years.

Cheryl Gallant: Do you consider the U.S. to be a trusted ally?

Doug Guzman: We're going to have to continue to do business with the U.S. as a country, whether that's military or not. Obviously, part of this exercise is to diversify our supply base so that we have a smaller percentage coming from a single supplier. That supplier, in many cases, is the U.S., but we don't have the domestic capabilities of some of these U.S. primes—at least, not yet.

If you look at what Sweden and France, as examples, have done to build their own domestic capabilities, it's really quite impressive, and there's a path there, but yes, it's about diversifying our suppliers.

Cheryl Gallant: Which other countries you mentioned have set up a DIA?

Doug Guzman: Almost all NATO countries have it in some fashion or other.

Cheryl Gallant: We've been waiting for a fighter jet replacement. I know that your department is not taking care of that, but we've been waiting for it for over a decade. Even though there was a capabilities competition and a clear winner in 2021, we still don't have a decision on the full order. Obviously, it's political interference.

Given that your secretary of state has been the chief opponent to one of the fighter jets in the final decision, what will you do to ensure there's no political interference in your decision?

Doug Guzman: It's quite simple. The decision isn't mine to take. The agency doesn't have a team on it. We're not involved in it.

Cheryl Gallant: Yes, on that one...but that was an example. There will be other procurements. On the submarine procurement, for example, will you ensure that political interference won't stall that?

Doug Guzman: Sure, and I keep saying that I'm going to pass to Mr. Robitaille. This time, I actually will.

Yes, it's a matter of running a process that keeps the decision-making and the alternatives evaluation away from the elected participants, for their protection and for the protection of the process.

You might want to elaborate, Mr. Robitaille.

Cheryl Gallant: I have just one more question. In terms of Colt Canada, what exactly did you do to speed up that procurement to get it ahead of time?

Doug Guzman: Were you in that, Mr. Robitaille? I wasn't—

Cheryl Gallant: You weren't part of that.

Doug Guzman: —in the middle of that one.

Vincent Robitaille: In the case of Colt, I think the process was already well advanced, but there was an advantage—

Cheryl Gallant: That's what I wanted to know. All right.

What percentage of the overall cost of a project does the DIA add as the administration fee? If you're going to look at a project and at how much you're allowed to spend, what portion of that is a consequence of dealing through the DIA?

Doug Guzman: There's no fee per se—

Cheryl Gallant: Not per se, but there's a cost.

Doug Guzman: There's a resource that almost entirely has been moved from other places of government into the DIA, so at that point the incremental cost to the government is zero. To the extent that we can run a process more effectively, run more projects and have more output, on that measure of efficiency, the government is better off. There's exactly one outside employee right now in the DIA and that's me. Everyone else has been—

Cheryl Gallant: Yes, very good, so—

The Chair: Ms. Gallant, we have to proceed. I'm so sorry.

Cheryl Gallant: I thought I was getting his extra minute—

The Chair: You did. I gave you extra. I'm kind to you.

Ms. Romanado, it's over to you for five minutes.

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

I'd like to thank the witnesses for being with us today.

Mr. Guzman, in this committee's 2024 report with respect to defence procurement, the number one recommendation was “That the Government of Canada internally review and map the defence procurement process from start to finish, across all relevant departments and agencies, with the purpose of simplifying Treasury Board Secretariat guidelines and removing any points of duplication.”

In your intervention at the beginning, you mentioned identifying those sticking points. We have various departments that are involved in defence procurement. The CAF identifies capabilities they need, and the statement of requirement is prepared. Then, in previous iterations, it would go off to PSPC to prepare the RFI or the RFP. Then it would go out and would take many years to get any of these projects finalized.

Can you elaborate on some steps you've taken to identify where we can streamline these steps, these efficiencies? The Prime Minister said very clearly that we need to work at the speed of relevance. As an outsider coming in and seeing that with a fresh pair of eyes, can you identify where we've improved the process?

• (1155)

Doug Guzman: I invite my colleagues to add to this.

Before I got here, the team had already accomplished meaningful additional authorities with the Treasury Board to, on a risk-based basis, be able to proceed with procurements and projects without another whole loop through the central agency. That's a big one.

Another one is the involvement of the DIA very early on, as CAF is requirement setting, to bring a lens of what complications or simplifications to the whole project can be influenced at the very beginning. There's also the internalization of the ITB process to the DIA. We're still going to need ISED in spots because, as was observed earlier, the benefits to Canada might not all be defence-related. If we become expert on the defence piece, we'll need our colleagues to continue to contribute, but it reduces the number of folks at the table materially.

Ms. Drainville has been involved in the next iteration of the DIA, and it's thematically similar: How do we continue to get more authorities within our own control, and how do we simplify or eliminate our relationships with others?

I would invite my colleagues to add their thoughts.

Vincent Robitaille: One thing that I would add is that the process was built very sequentially. Where we're moving is to doing things in parallel. Overall, for many of the activities, we may not be sure that we want to make them shorter, but it's more important that we don't wait for one to be completed before the others. For example, there is the involvement of the agency early on in defining the requirements and ensuring they reflect what the industry can do, especially taking into account what the Canadian industry can do.

Having leaders like Mr. Guzman brings a more commercial approach, such as having simpler contracts. It's trying to get more out of our contracts but also making them simpler, so that when companies bid, they don't need to spend as much time and they don't need to have big teams to create their proposals. We can focus on what's important as opposed to 1,500-page RFPs.

When we look at that, it means that more Canadian companies can participate, the RFPs are faster and the results are better. Then we get the capabilities to the Canadian Forces faster.

Sherry Romanado: Mr. Guzman, you mentioned that many of our allies have similar agencies set up. Have you had an opportunity to speak to some of your counterparts with some of our allies to get some best practices and feedback?

Doug Guzman: Yes, as has DND.

DND did a really good research piece, I presume in the run-up to forming the DIA, which lays out the differences and similarities, such as how nations weight domestic content, where the agency sits and what formal authorities in the agency are versus formal authorities in the military. Some are inside of DND and some are outside of DND, but we have had time to compare. I've started to build relationships with my equivalents, where I've had the opportunity to cross paths with them. I think there's more opportunity in that regard as well.

The Chair: Thank you, Mr. Guzman and Ms. Romanado.

Monsieur Savard-Tremblay, we'll go back to you for two and a half minutes.

[Translation]

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

As we know, the Department of National Defence conducted an audit in December 2025. The report stated that the average lead time for procurement projects could be as long as 10 years. We know that one of the agency's missions is to reduce lead times and accelerate acquisitions. That said, we're talking about significant amounts of money and large-scale projects. I imagine we don't want to sacrifice the need for rigour, due diligence and verifying who we entrust with such large sums.

How, in practical terms, will we maintain the balance between moving faster and doing things right?

• (1200)

[English]

Doug Guzman: It's an execution process. As I said, this whole exercise is complicating a decision, because we're bringing in many more considerations, as is buy Canadian across the economy—not

just in the military. We have to evolve our thinking. We have plenty of procurement expertise in the team. I come in with a fresh set of eyes. Mr. Robitaille can tell you that I ask, "Why can't we do this and why can't we do that?" In some places, he says that we just can't for the following reasons, and in other cases we do change the process.

It's a balance, frankly. It's a bit like business leadership in any regard, in that you're making trade-offs across the set of criteria with a goal of optimizing against objectives that are more complicated than they used to be.

[Translation]

Simon-Pierre Savard-Tremblay: Everyone agrees that 10 years is too long; the very creation of the agency is proof of that.

In practical terms, what would be a reasonable time frame? Are there western averages for this type of case? What is the goal? Is it to cut the time frames in half? Is there currently a specific target?

[English]

Doug Guzman: It's hard to identify a one-size-fits-all timeline. Certainly, choices that involve buying so-called off-the-shelf equipment for military, in which the capability exists, and you arrive at a decision to buy it without customization, can save a lot of time. To the extent that they're simple rearmament-type decisions, those time frames could be really collapsed. To the extent that they are really big, complex decisions—such as for the submarines—we've shown good acceleration, but we have to run those processes with rigour.

I don't know that there's a simple answer. I think we will be accountable for a set of key performance indicators. We are happy to be—and should be—scored against those over time, but I don't think there's going to be a one-size-fits-all time frame for any particular procurement.

[Translation]

Simon-Pierre Savard-Tremblay: Thank you very much.

[English]

The Chair: Monsieur Bezan, we'll go over to you for five minutes.

James Bezan: I want to ask some quick questions to follow up on some of the comments made earlier.

The office for DIA in Ottawa is 180 Kent Street. Is that correct? What's the office address in Toronto for the DIA?

Doug Guzman: The space that we were initially provided by PSPC was 4900 Yonge Street. I have deferred the decision to accept that space because, frankly, it's more than we need.

I am using space in CDEV. A few of us use the space, and there's zero incremental cost. In fact, there's negative incremental cost to the government because they're getting back 4900—

James Bezan: How many staff do you have with you in Toronto?

Doug Guzman: It's me and a couple of others.

James Bezan: You're going to be hiring up to 400. Will the bulk of the staff be working in Ottawa?

Doug Guzman: Yes.

James Bezan: What level of security clearance were you provided after you went through your screening process?

Doug Guzman: I was given top secret.

James Bezan: What level of top secret?

Doug Guzman: I'm not sure I know that off the top of my head.

James Bezan: Was it the highest? Okay.

I want to make sure that you can get the briefings you need to buy the right equipment.

You mentioned that you don't have a lot of experience on the defence file. What have you been doing to familiarize yourself with the work that the brave women and men who serve in the Canadian Armed Forces do? Have you gone out on training exercises with the navy, air force, army, special operations or Coast Guard?

Doug Guzman: In fact, I was supposed to be on a frigate in Asia next week, but I'm going to be here doing other things. There's been no end to the number of briefings—

James Bezan: If you really want to understand how things work, you need to be with those who serve.

Doug Guzman: Yes, and I'd much rather be there next week, but unfortunately I have to be here.

James Bezan: I'd encourage you to make the time to do it.

Doug Guzman: I regret missing it.

James Bezan: Learning on the job is the best way to figure out what we need and to hear the people who have to operate the equipment.

You talked about spending authorities being increased. How much spending authority do you currently have under DIA on any particular project? What's the maximum?

• (1205)

Doug Guzman: The authority I was referring to is with Treasury Board. It's the authority to proceed on procurements without having to go back to Treasury Board. That's up to medium-risk projects. They're the arbiter of risk.

James Bezan: What's the level? What's considered a medium-risk project versus a high-risk project? Is it based on expenditures or is it based on—

Doug Guzman: I don't know the specific criteria.

It's a qualitative judgment, I expect.

Vincent Robitaille: Yes. It's based on a number of criteria—the risk transfer with the company, the cost, developmental elements and whether there's limitation of liability.

James Bezan: Okay.

Vincent Robitaille: There's some legal risk assessment. That's—

James Bezan: Could you provide in writing to the committee, Mr. Robitaille, what is classified as medium risk and high risk?

Vincent Robitaille: Yes.

Doug Guzman: Whatever definition exists, we're happy to do that.

James Bezan: Thank you.

Will DIA be responsible for infrastructure on base as well?

Doug Guzman: DCC will continue to do that.

James Bezan: You don't have any control over building any infrastructure, housing or anything like that.

Doug Guzman: That will remain with DCC.

James Bezan: Okay.

Moving on, you talked about the subs. We had mentioned the two companies that are involved that you down-selected, but you reopened the request for proposal process, trying to get more ITBs out of them. When does that close off? Is anybody complaining that this might be coercion to try to get them to throw more money into Canada rather than get the kit bought faster?

Doug Guzman: Mr. Robitaille can handle the timing and process questions.

There were a couple of reasons for that. Both proponents had spent time since their bid continuing to have dialogue with Canadian industry and Canadian component suppliers. We saw merit in their explaining that to us and put it in the bid so that we could consider it. They had only so much time before they had to deliver their bids with the strategy. We told them to take another three weeks, have a look at the strategy and think hard about whether they had more to put on the table—

James Bezan: The question is, though, does that add cost? Are the bids going up? As well, does that extend the timeline for receiving the submarines?

Doug Guzman: We don't expect it to extend the timeline. We've compressed some things around it. We expect that it will have a positive effect on the benefits and the cost to Canada.

James Bezan: One thing that has been floated out there is operating a mixed fleet of submarines. Are you considering that at all? If the bids come in, they're fairly equal and both submarines have merit, would you consider a mixed fleet?

Doug Guzman: I don't have an educated opinion on that matter. I think that would have to be a discussion led principally by the navy.

James Bezan: Okay.

The Chair: Thank you, Mr. Bezan.

Ms. Lapointe, it's over to you for five minutes.

Viviane Lapointe: I wouldn't be doing an effective job as MP for Sudbury if I didn't talk about critical minerals and defence. As Canada's defence capabilities increasingly depend on secure and reliable access to critical minerals, can you tell us how the Defence Investment Agency can better integrate Canada's critical minerals sector into procurement decisions to strengthen the supply chain security and reduce reliance on foreign sources?

Doug Guzman: Yes. The stockpiling of critical minerals is a priority for government. When you work through the process of getting funding authority, identifying the mineral, buying the mineral, and storing the mineral, historically the government has not been set up to do that well. We're working through, led by the DIA, how to do that. How do we get authorities from Finance? How do we get authorities from Treasury Board?

DND has a list of critical minerals that relate to the military, so we have that list, as most countries do, frankly. The U.S. is very public about theirs. We're putting that capability in place.

Viviane Lapointe: In recent committee testimony that we heard here, experts were clear that secure and resilient supply chains for critical minerals are essential to Canada's national security. What mechanisms or decision-making tools will the agency use to ensure that supply chain security is consistently built into procurement decisions?

Doug Guzman: It's a key component of any procurement discussion, not just critical minerals. It has to be part of the process.

I would extend the comment in your question that it's critical for the country and for the military; frankly, it's also a source of comparative advantage as we have our discussions with allies. I think we as a country—this is me straying beyond the DIA, with a personal opinion—need to spend more time thinking about the places we are really good or can be really good, and disproportionately emphasize the development of those. That's what will have strategic value as we think about trading with either our current large trading partner in the States or anyone else.

• (1210)

Viviane Lapointe: Mr. Guzman, you've managed complex operations when timely decisions and coordination have been critical. What changes will you prioritize, and what processes will you implement to ensure that the Defence Investment Agency delivers faster and more reliable results for the Canadian Armed Forces?

Doug Guzman: It's a team sport. I need the expertise of my colleagues—I have two at the table, and the rest are behind us—who understand the system, who have been procurement professionals. My phrase when I got here was, "I need procurement expertise," senior, experienced expertise that has not been captured by the system. I need procurement experts who are capable of independent thought and innovation, which is how we've ended up with the leadership team we have.

Mr. Robitaille's the most senior procurement executive in the group. He could give you other examples of procurement innovation that he's implemented in other sectors of the government.

I'm a senior part of the team, but everyone has to play a role. As someone who's come from the private sector and seen faster decision-making, I drop down to ask, "What does it mean that you have ten-year procurement expertise?" It's a discussion.

Our leadership team at the top is quite small, a lot of it sitting right here. We sit down and ask, "How do we do this faster?" We'll sit down with Deputy Minister Fox and her team, and ask, "When we overlay this whole process"—and now we're talking about making it more parallel—"what are the points of interaction?"

Within DND, they obviously have the challenge of meeting that same objective between the CAF and the civilian side of DND. It's a leadership/management process, but I need the help of the people who know government, who know how we used to do it.

Nobody's confused that this needs to get better. There's nobody sitting around saying, "We are doing it just great." It's a matter of finding people who can go beyond that statement and say, "If we change this, this and this, we can get to a much better place."

Viviane Lapointe: Building on your response, the role requires balancing speed, accountability and long-term value for Canadians. We know that Canadians uphold the values of their national security. What processes should guide the agency to ensure that investments deliver both those immediate capabilities for the Canadian Armed Forces and lasting value for Canada's defence and industrial base?

Doug Guzman: The upfront selections have a role to play. In the answer that I gave at the beginning in response to your small and medium-sized business...creating conditions in a procurement competition that incent the bidders if they're non-Canadian to add as much Canadian content as possible.

The in-service support piece is very large, because it's two and a half times the upfront cost. Consciously making decisions about ISS at the time of the initial procurement, and making sure you're thinking through that whole journey... If it's a 40-year platform and we're done with the manufacturer in the first year or two, with four or five years to deliver all the capability, how do we make sure that Canadian companies disproportionately share in the value that's created from the initial choice for the next 45 years?

As a part of the submarine process, the consideration of ISS will be more and more part of every procurement discussion we have.

The Chair: Thank you, Mr. Guzman.

I have to proceed now, given that Mr. Anderson is up for the next five minutes.

Scott Anderson: Thank you very much.

Mr. Guzman, my colleague asked you a question, and I didn't really catch the answer. Is the U.S. a trusted ally?

You talked around the question. You didn't answer the question.

Doug Guzman: That's a question of opinion, I think. We interoperate with the U.S., in particular in the air force, in NORAD—

Scott Anderson: I'm aware of what we do with the U.S. I'm asking a question. It's a matter of opinion, but it's a matter of opinion that directs our future behaviour.

Doug Guzman: In a way it doesn't, because—

• (1215)

Scott Anderson: In your opinion, is the U.S. a trusted ally?

Doug Guzman: My opinion is not the relevant—

Scott Anderson: I'm asking your opinion, and that's what makes it relevant right now.

Doug Guzman: I think there are places in which we have to trust them, and we trust them, so when we interoperate—

Scott Anderson: Are they a trusted ally?

Doug Guzman: —we have to trust them in those places. When we make trade decisions, we can't always rely on the landscape remaining as it was the prior week, so that would be a little more complicated.

Scott Anderson: I understand that.

With regard to sovereign capabilities, you mentioned that with a submarine, it didn't slow it down. My understanding is that the two bids that were accepted were submitted on March 2. Is that correct?

Vincent Robitaille: Yes.

Scott Anderson: In April, we added a new requirement. You said that didn't add time to it.

Doug Guzman: Do you want to answer?

Vincent Robitaille: Yes.

We provided a limit of a three-week period in which they could improve their proposals. That's ending on Wednesday. We are on track, and we have—

Scott Anderson: You added a requirement to it, which actually extended the time.

Is that correct?

Doug Guzman: No, it didn't.

Scott Anderson: Would it have been two weeks of doing nothing, then, otherwise?

Doug Guzman: We were just running other things in parallel. We added a process to the existing process.

Scott Anderson: That's fair enough.

Do you have any government experience, Mr. Guzman?

Doug Guzman: I've advised governments.

Scott Anderson: Yes, but have you worked in government?

Doug Guzman: Not until the last four months.

Scott Anderson: I've noticed that, a lot of the time, you're spreading these questions out because you don't know the answers to them. I understand that in a leadership capacity, it's what you do.

You don't have experience in meshing.... You come with private experience, which is distinctly different from government process.

Doug Guzman: It is, and I think that's my intent. We have government experience. We have so much government experience at the DIA that we could never possibly be accused of not having enough government experience.

Scott Anderson: Okay.

What metric do you use to find a balance between sovereignty and cost?

Doug Guzman: Sovereignty and cost....

Scott Anderson: Yes. You want to have Canadian content, which will add a cost, in most cases.

Doug Guzman: The buy Canadian policy expresses hurdles and concepts, and that applies to us. When we make these decisions, it's never going to come down to a simple trade-off between A and B, because we would prefer to deal with a like-minded ally as a supplier, rather than someone who's less like-minded. We would prefer—

Scott Anderson: Do you use a metric, though?

Doug Guzman: We would prefer to have technology transfer over not having technology transfer. We will score this, as Mr. Robitaille said, on a grid, and—

Scott Anderson: You have a grid.

Doug Guzman: In the procurement, we have a grid. We put weightings against them, then score them. Then there are obviously judgment overlays, always. Global Affairs is going to have a view, at the end of the day. We will lead the process and take advantage of the expertise across government.

Scott Anderson: Okay.

Is the \$100-million threshold arbitrary, or is there something behind it?

Doug Guzman: I don't think there's any magic to it. It was selected before I got here, I think, as a means of controlling the amount of volume that came into the agency at its outset.

Scott Anderson: You're planning to buy Canadian. How are you planning to stop foreign countries from gaming the system by claiming to be Canadian?

Doug Guzman: You're right. It's not black and white. If you look at what the U.S. is doing with tariffs, they're trying to incent people to produce things in the United States and—

Scott Anderson: We're talking about us, though.

How are you going to—

Doug Guzman: That's exactly what we're doing. We will favour those who have significant economic footprints in Canada, who have employment in Canada, who pay taxes in Canada and—

Scott Anderson: That's regardless of whether they're foreign-owned.

Doug Guzman: They'll get higher points than someone who doesn't.

Scott Anderson: Okay.

You're being paid at a premium to fix procurement. What are your top three measurable outcomes for this year?

Doug Guzman: We're working through the KPIs with PCO.

Mr. Robitaille has heard me say this a million times. My first priority was to make sure we didn't lose a step in the existing procurement as we disrupted teams and brought in new people from different groups in government. We needed to keep those procurements running at the same speed. I'm satisfied to report that there's nothing we took over in the last six months that has lost a step at all. In fact, we can point to places where they've sped up.

To Mr. Savard-Tremblay's earlier question, we should be held accountable on the set of KPIs we report on, and we will be.

The Chair: Thank you, Mr. Guzman and Mr. Anderson.

I am now going to Mr. Malette for five minutes.

Chris Malette: Thank you, Mr. Chair.

Further to the question you just answered, Mr. Guzman—you were saying that you don't want to disrupt the teams—do you know how many people the DIA will employ when it's fully operational?

• (1220)

Doug Guzman: We're at 130 now. In a prior committee meeting, I circled 400, some way down the road.

The answer to your question really depends on what specific sets of procurements and groups we bring over. For example, maritime, the national shipbuilding strategy and the DMPB involve very large groups of people. If we arrive at a decision with PSPC and the rest of government to take those people over, we will be a lot bigger than if we decide not to take those people over.

It will be 300 or 400, absent that, perhaps. It will be considerably larger if we take those bigger teams over.

Chris Malette: What guidelines, then, will assist the DIA as it forms the integrated procurement teams you were just referring to? How many teams will there be? Do we know yet? I'm just trying to get a picture of how we're going to put flesh on the body, if you will. What will their specific functions be? Do we have that command tree built up yet?

Vincent Robitaille: The way we're approaching this, as a general rule, is that depending on the size, complexity and velocity—how quickly a procurement is going—we have a standardized team size. That's how we're generally approaching this. For the procurement that we have currently under our responsibility, and depending on what is asked of us as our mandate grows, we will be basing ourselves on those standards.

It's important to understand that every project, every capability, is different. Some of them are massive projects in and of themselves. We're talking about the national shipbuilding strategy, for example. We're going to have huge standards but also take into account the complexity of the industry and of the project to make sure that we appropriately serve the Canadian Forces and Canadians.

Doug Guzman: Madame Drainville is leading the work, but I would also add that before you make the decision to move off the \$100 million and drop it to \$75 million or \$50 million, you have to get your hands on what that means. How many projects are there? What does it imply in terms of people? Is that the right place for this group to have that leverage? Where should DND play, because their limits for procurement are quite low today?

Sizing the bigger team—I know you were asking about the team level—and breaking down what it implies for teams.... The bigger the procurement, the more efficient the team is, in a fashion. If the procurement is twice the size, you don't need twice as many people. Madame Drainville is leading the work so that we can have an educated opinion to take back to government and say that we think the right number is \$100 million, \$75 million or \$50 million.

Chris Malette: I understand that the end result is to reduce red tape and one group's tripping over another group when their mandate is often similar. Is that correct?

Doug Guzman: Yes, it is, very much so.

Chris Malette: What key objectives does the DIA hope to accomplish within the first year? I know we talked about KPIs just a moment ago, but are there any key objectives? Is there a white board in a boardroom somewhere that says, "We will hit these marks"?

Doug Guzman: Do you want to answer? I see that you're itching to go.

Linda Drainville: It's an excellent question. I think we talk a lot about how we want to speed up the delivery and we want to make sure that there's an impact for Canadians. Internally, following up on your previous question, what we want is to be successful in onboarding not only projects but people into an agency that will definitively change the future with respect to how we procure military capabilities for the men and women in the Canadian Armed Forces who really need it.

One big goal for us, if I look at it from a fiscal year perspective, is to get to March 31 with an organization that may not be at its end state, because it will take time, but that is very clear on the culture and the values that we want to promote, how we will process files and how we will interact together and with others. I think that's definitely what we want to promote.

The Chair: Thank you, Ms. Drainville.

Thank you, Mr. Malette.

Mr. Savard-Tremblay, it's over to you for two and a half minutes.

• (1225)

[Translation]

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

Mr. Guzman, we know you have the ambitious goal of increasing defence exports by 50%. If I may refer to Wendy Gilmour, an expert at the Canadian International Council and former NATO assistant secretary general for defence investment, to achieve this goal, Canada will have to consider controversial markets that aren't natural allies, including the Middle East. There is no need to dwell on the fact that the Middle East is currently a powder keg and that it is in an extremely precarious, even dangerous, situation.

If we want to achieve this goal, we have to go through there. If we do, how will we prevent these exports from falling into the hands of hostile powers?

[English]

Doug Guzman: Yes, I think that inevitably it's a case-by-case evaluation of the situation. Remember that our agency's role, first and foremost, is to buy. In the first step, we're not selling anywhere, but I understand your question: Are we enabling something down the value chain that has bad implications as it relates to actors that we don't want to participate with?

I think it's about being aware of where the value chain goes and making judgments around the things that you believe are consistent with your laws and values. That has to supersede the short-term or even longer-term financial considerations, for a person or an organization.

[Translation]

Simon-Pierre Savard-Tremblay: Will certain countries end up on a blacklist, so to speak—that is, on a list of countries with which we won't want to do business?

[English]

Doug Guzman: I'm sure there are. I suspect our GAC colleagues are better educated than I am, but I'm sure there are countries we'd prefer not to deal with.

[Translation]

Simon-Pierre Savard-Tremblay: I see you nodding, Mr. Robitaille. Would you like to add anything?

Vincent Robitaille: Actually, I was going to say exactly the same thing: Our colleagues at Global Affairs Canada can handle that.

I would add that our allies are set to increase their investments to 5% of GDP, just as we are. The export opportunities with our allies are immense. We believe that helping to position the industry to be strong will be a major game changer, even before we do business with the more controversial countries you mentioned.

Simon-Pierre Savard-Tremblay: Thank you.

The Chair: Thank you very much.

[English]

I'm now going to pass it over to Mr. Kibble.

I'm just sensitive that the bells are going to ring. I may have to interrupt you at that point, Mr. Kibble, to ask for unanimous consent to continue with this while the bells are ringing.

Mr. Kibble, it's over to you for five minutes.

Jeff Kibble: Thank you, Mr. Chair. I appreciate that.

Mr. Guzman, is there a firewall between Canada's new bilateral finance engagement with the Chinese Communist Party and the DIA's financial network?

Doug Guzman: I'm not even familiar with the agreement, so I don't—

Jeff Kibble: Do you think there should be?

Doug Guzman: I don't know the nature of the concerns.

Jeff Kibble: Almost every major platform in your procurement portfolio runs exclusively on Taiwanese semiconductors, a single point of failure. I appreciate that this can't be addressed in the short term, but has DIA modelled this dependency?

Do you also feel that the recently signed one China policy that Canada reaffirmed will affect the DIA's ability to engage directly with Taiwanese defence technology companies?

Doug Guzman: We have not modelled the chip chain.

Jeff Kibble: That's fair enough. Thank you.

Secretary Fuhr said that Canada is “last to the party” regarding establishing a dedicated procurement body. We're here now. Have you done a written comparative analysis of the U.K.'s, Australia's or France's defence procurement agencies in looking at differences and areas to replicate, strengths we can adapt here in Canada or weaknesses to look for?

Doug Guzman: I don't think it's fair to hold me accountable for Secretary Fuhr's statements.

Jeff Kibble: No, I absolutely—

Doug Guzman: I'm kidding.

No, that work has been done. It was done by DND in the run-up to the formation of the agency, and I'd be happy to share the report. It's actually quite a good report.

Jeff Kibble: Thank you. That's excellent. I look forward to that.

Will you commit to a semi-annual appearance before the committee during the duration of your three-year mandate to update us on whether you're on track, the gaps and the performance and just share your lovely demeanor with us here in committee?

• (1230)

Doug Guzman: Now you're nice to me.

Some hon. members: Oh, oh!

Jeff Kibble: Well, I'm asking you.

Doug Guzman: I don't know who controls the schedule on all of this. If people tell me that I should show up, I'll show up. I'm happy to engage outside of this forum as well. If we run out of time and you want my anecdotal observations on the process, I'd be happy to do that. It might be more suitable outside, but the amount of time that gets spent preparing for these things and the benefits coming out is a bit unbalanced.

Jeff Kibble: China has been identified by CSIS and Five Eyes partners as actively pursuing acquisition of Canadian technology, IP, etc., in all sectors that are relevant to the DIA's mandate. Under what circumstances will the DIA flag supplier relationships? I'm not talking just about primary, but secondary and tertiary contracts, and the relationship to CSIS or the Investment Canada Act national security review process. Who in your organization will trigger that?

Doug Guzman: I thought you were going to a different place with that.

Jeff Kibble: You can answer this first and then go to the other place.

Doug Guzman: I'm not sure if Mr. Robitaille has an answer.

I'm not aware of the specific process that does that. Certainly, to the extent that it comes to our attention and should be flagged, we would do it.

I thought you might be going somewhere else, which is that not just China, but other countries—

Jeff Kibble: Yes, absolutely.

Doug Guzman: —including the United States, are crossing the border and taking equity stakes in our companies, in our technologies and in our IP. As we develop the agency, there's certainly a concept that we are part of a government effort to do some of that so that we don't wake up to find out that 25% of a Canadian company with IP that has hit a liquidity crisis is now in U.S. hands. We want to see that coming and have an ability to invest—

Jeff Kibble: That's fair, and I appreciate your understanding of it.

Is there a dedicated team, then, within your organization to flag that and point that out?

Doug Guzman: I don't think there's a specific team.

Linda, go for it.

Linda Drainville: I can provide a little bit of insight on that.

We are very conscious of the exposure that we will be facing. Obviously, as we are transitioning the DIA as a special operating agency into a stand-alone entity, these will be taken into consideration. We will have the controls and the people in place to be able to—

Jeff Kibble: You're taking it into consideration, but are you committing to having a team that's going to be dedicated to doing that?

Linda Drainville: Definitely. Actually, we are already in discussions with CSEC and CSIS about the way forward.

Jeff Kibble: Does the DIA have a dedicated legal counsel for ITAR and import control expertise embedded into the team?

Linda Drainville: Yes, we have legal advisers on multiple fronts, not just this one but many other topics. Yes, they are embedded into the team.

Jeff Kibble: Thank you.

I have one last question, if I have time.

The Chair: You have time.

Jeff Kibble: The U.K.'s National Audit Office produces an annual analysis that flags cost overruns and capability gaps, etc., to identify them before they can become a public scandal. The PBO has a more limited mandate for real-time audits of capital programs.

Would you commit today to supporting an annual independent capability audit—not just a financial audit—of whether your programs are delivering the capability? This would be, say, to Parliament for programs exceeding \$1 billion, which is your mandate.

Doug Guzman: That, I guess, would be a group decision. That feels like something that adds to process, but to the extent that there's a concern that we should have the right governance over our activities, of course we would be open to whatever governance the collective opinion determines is the right thing to do. I'm reluctant to commit to internal processes when the biggest part of our mandate right now is to be responsible, to be fair, to be transparent and to colour inside the lines but do it more efficiently.

The Chair: Your time is up. I'm sorry.

I do want to address the members here to ask for unanimous consent. The bells are ringing, so we will be voting in 20-odd minutes. With your consent, we will proceed for the next 15 minutes or so, and then we'll adjourn the meeting at that point.

Some hon. members: Agreed.

The Chair: Next up is Mr. Watchorn.

You have five minutes.

Tim Watchorn: Mr. Guzman, you have extensive experience in the private sector, and you have people working with you who have extensive experience in the public sector. In engineering fields, when we want to reanalyze something, we try to get best practices.

I'd like you to explain some of the best practices you've brought into the DIA and some of the best practices the government officials have brought in to make the whole process better.

Doug Guzman: I'm a pretty straightforward person. What you see is what you get. I think a lot of it is just about being able to critically look at how we've always done things and ask, "Can you do A or can you do B?" I've built businesses, all in financial services. I've led teams in Asia, Australia, Europe, the U.S. and Canada, across the spectrum. There is a set of experiences and skills that comes with business leadership. The subject is not 100% relevant to the leadership of a business, which is why you see that the CEO of CIBC is now the CEO of Telus. It's because, presumably, people think he can do a good job of leading.

That's my part of the puzzle, to try to bring that experience from different environments. On the one hand, we are part of a very big civil service that has very entrenched processes and routines. On the other hand, we're a start-up. I mean, I got a blank organizational chart. My org chart had two people, not named, on two levels, and my box. Some of that is private sector, and then the experience that flanks me here says, "Okay, Doug, that's a nice thing to aspire to, but let's try to get halfway there now, because we can do that in three weeks, and let's leave the other half for the next three weeks."

• (1235)

Tim Watchorn: Okay.

We've been talking a lot about submarines today. I would like to hear about some of the other projects you guys are working on and where you are in the process for them.

Doug Guzman: Mr. Robitaille, you are on top of them all.

Vincent Robitaille: Yes.

One area that's quite exciting is our project in the space field. In his introductory remarks, Mr. Guzman spoke about the enhanced satellite communications project, for which we've signed a strategic partnership with Telesat. It is quite exciting for Canada to have its own constellation and sovereign capability of a telecommunications satellite and for our allies to diversify their sources of telecommunications. It is groundbreaking. We talk about dual-use technology. This will meet the needs of the Canadian Armed Forces, but it will also create a capability in which you can have, for example, a better Wi-Fi connection on the plane. Many of us complain about the lack

of reliability, so that will be a big benefit. This area is quite exciting.

There's also the training field. We have leaders like CAE, who are leaders in the field internationally on both the civil and military side. When we look at our future fighter lead-in program, we have a strategic partnership, in this case with CAE, to advance it. Having those strategic partnerships creates closer relationships so that we can negotiate and advance faster to make this happen. It also provides certainty for Canadians. When they make investments, they know that Canada is betting on them, and it allows them to make the investments. It also provides confidence for our allies.

Tim Watchorn: Thank you, Mr. Chair.

The Chair: Mr. Watchorn, thank you so much.

Ms. Gallant, it's over to you.

Cheryl Gallant: Thank you, Mr. Chairman.

You mentioned that you have early interaction with industry to speed up the process. What about academia or even research departments within the Canadian government, such as Canadian Nuclear Laboratories?

Doug Guzman: As we build, we'll take advantage of whatever expertise we can find, inside or outside. The primacy of the supply chain will help us make the actual procurement decision more effective in terms of understanding what Canada can supply and what non-Canadians can supply. It also, quite importantly, provides them with a signal of where we're going. It allows the private sector to make capital allocation decisions in the normal course of their business with more predictability, and they will therefore be there when we need them.

That's why we start by talking about the supply chain, but we are certainly open to input from any level of expertise in the country.

Cheryl Gallant: What exactly do you mean by modernizing? We've seen comments about modernizing the workforce. What we've come to learn is that this really means cutting jobs. What does it mean in your department?

Doug Guzman: It's a lot of what we've talked about around the table. I call it renovating the process and doing things differently, running things in parallel that used to run in sequence. Part of it is getting more output for whatever size the team is and being more efficient at delivering for the CAF and delivering for Canadians. Renovating the process is perhaps how I'd think about it.

• (1240)

Cheryl Gallant: Mr. Chair, I'll be handing the rest of my time over to Mr. Bezan.

James Bezan: How much time do I have?

The Chair: You have three to four minutes.

James Bezan: Okay. Good.

I want to follow up on the last question. You're talking about processes, streamlining, getting out of the sequential and running things in parallel time. You also mentioned earlier that the DIA isn't costing taxpayers any more for the administration of the agency, because they're taking resources from other departments. Can you point to corresponding decreases in spending in the other departments that you've taken over?

Doug Guzman: Well, there's the accounting piece of it and then there's the people piece of it. To the extent that we've moved Sally Smith from one—

James Bezan: You've moved people over, but was there a corresponding decrease on the other side?

Doug Guzman: Yes, because we moved the work. We moved the project. When we moved the submarine project to DIA, we moved the—

James Bezan: How many staff were moved over, as an example?

Doug Guzman: I don't know project by project, but we're at 130 people, of which 90 are—

James Bezan: Okay, it's 130 total. Is there a corresponding decrease of 130 people from PSPC, or are they still PSPC employees?

Doug Guzman: No, they've physically moved—gone.

James Bezan: Okay.

What's the entire budget of DIA for this year?

Linda Drainville: This year, the entire budget is \$8.7 million. It's mainly in operational funding, which is for day-to-day operations, not salary. We were not granted any funding in salary. The main purpose of that was to make sure that we leverage resources that already exist in PSPC and other departments and bring them within DIA with their own salary.

At this stage, because we are still a special operating agency, we made an agreement with all of those other departments—

James Bezan: It's not going to show up in the estimates at all?

Linda Drainville: No, exactly.

James Bezan: Okay. Thank you for that, because we were wondering where those numbers were.

You talked about doing business trying to diversify away from the U.S. primes. We do have Canadian prime defence industries as well. One of the complaints we often hear is that the small and medium-sized enterprises, especially new innovators, are having trouble getting through the front door of the Government of Canada, especially at DND. You talked about research and DRDC in particular in terms of providing opportunities for SMEs to collaborate. What are you doing to make sure that they have the opportunity to sell what they're producing, especially in the rapidly changing defence world?

Doug Guzman: That's a great question.

There are too many front doors to government. We're not staffed for it right now, but we've offered to play a role in steering those enterprises to different places in government. We don't aspire to absorb the capabilities and role of a BDC, the regional authorities or all the arms of government that deal with small and medium-sized enterprises, but as a newcomer, I find it obvious that we need to get better organized around it.

It's on the long list of things we think we can play a role in, but on being a coordinating function or a first port of call for manufacturers, we would actively manage relationships at the larger end, because that's an opportunity for government as well. We have not historically connected the dots completely with something that—

James Bezan: I hope you can appreciate that time is of the essence. That's why you're trying to speed up the procurement timeline. As you get your threat-level briefings from CAF and the Department of National Defence and as you look at conflict around the world and how even Ukraine is going more and more into drones and robotics on winning that fight against Russia, certainly you can appreciate that it's going to be those innovators—

Doug Guzman: Yes, I agree.

James Bezan: —the ones bringing up new entrepreneurial ideas whom we need to employ as quickly as possible.

Doug Guzman: A group activity around that sovereign list of capabilities is, as I was saying earlier, to turn them sideways and, between DND, perhaps ISED and us, come up with a coherent strategy around each of those capabilities, which is a key step to doing what you're saying.

The Chair: Thank you, Mr. Guzman.

Thank you, Mr. Bezan.

You have one question, Ms. Romanado, because we're going to have to adjourn soon.

Sherry Romanado: Thank you, Chair.

I'd like to have my five minutes. I know we still have another 15 before the bell, and I do have some questions for Mr. Guzman.

The Chair: Just proceed, then.

Sherry Romanado: Thank you.

Further to my colleague's question, part of the defence industrial strategy includes something with respect to BOREALIS and DISH, the defence innovation secure hubs. I know that the Department of National Defence is working closely with your team. It's a great opportunity for us to marry the expertise of research-intensive universities with the start-up SMEs and CAF and put them in secure locations with the necessary clearance to solve some of the issues that we have in a secure environment. I think this is the first time Canada's doing something in this regard. I know that we are working very closely together, Mr. Guzman, between the defence portfolio and your portfolio on that.

I'm going to preface this: I may be the parliamentary secretary for national defence, but I'm also the mother of serving members. We can have all the submarines, planes and so on that we need, but if we don't have the people, and they don't have the equipment and are not feeling the support of their government, it will be moot.

Now, the threshold currently for the DIA is contracts above \$100 million. Once we've had the opportunity to create whatever the agency will be—whether it's a Crown corporation, a stand-alone department or whatever—and once the machinery is working to lower the threshold, is the goal to look at some of the projects, funding and procurement we need for things that are much more basic for the troops?

For instance, I often hear about boots. I know that's probably not as interesting as submarines, but these are the things that matter to the troops—the living quarters, the air conditioning in the PMQs and so on and so forth. Is the goal to eventually reduce the threshold for contracts so that the DIA, once up and running, manages all defence procurement and all defence procurement contracts? Is that the goal?

• (1245)

Doug Guzman: That's not on the radar screen at the moment.

As you observed, we're at 100 and up. DND, I think, is at seven and a half. There's a lot of room between seven and a half and 100. Who does the area in the middle, if there is an area in the middle? Is it PSPC? Can you imagine a world in which you only get two players and there's a line somewhere between the two of us? This group is probably better educated than I am as to what DND is doing with respect to boots, arctic gear and all that.

I certainly feel that the intensity of solving those issues is a lot higher than it used to be, although I've only been here for a little while. For the foreseeable future, this will have to be DND-led.

Sherry Romanado: Thank you very much.

Thank you to your team as well.

The Chair: Thank you, Ms. Romanado.

Thank you to our witnesses.

Mr. Guzman, we wish you well in your role. We recognize how important it is to expedite these matters quickly, support the defence of Canada and, at the same time, promote our economic well-being. I give you kudos on that score. It's a big job to take on. We appreciate what you and your team are about to do and continue to do.

To the members, we have to go up and vote. Do we have unanimous consent to adjourn?

Some hon. members: Agreed.

The Chair: The meeting is adjourned.

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