



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 023

Friday, June 3, 2022

Chair: Mr. Robert Kitchen



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• (1325)

[English]

The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)): Thank you, everybody, for being with us today. Votes in the House have curtailed our time a little bit, so I apologize to our witnesses.

With that said, I would like to welcome everyone to meeting number 24 of the House of Commons Standing Committee on Government Operations and Estimates. Today we will continue to study our air defence procurement projects. We will also discuss committee business during the last 30 minutes of the meeting.

Today's meeting is taking place in a hybrid format pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application.

Regarding the speaking list, the committee clerk and I will do our best to maintain the consolidated order of speaking for all members, whether participating virtually or in person. I would like to take this opportunity to remind all participants in this meeting that screenshots or taking photos of your screen is not permitted.

As the chair I will be enforcing these measures for the duration of the meeting, and I thank members in advance for their co-operation.

I'd like to welcome our first panel of witnesses from NORAD. You will have seven minutes to make an opening statement. My understanding is that each of you would like to make a brief statement, and with that, recognizing the time constraints, I will start with Lieutenant-General Pelletier.

Lieutenant-General Alain Pelletier (Deputy Commander, North American Aerospace Defense Command, Department of National Defence): Mr. Chair and members of the committee, good afternoon.

[Translation]

My name is Alain Pelletier and I am the deputy commander of the North American Aerospace Defence Command, NORAD, here in Colorado Springs, in the state of Colorado.

[English]

I've held a broad range of roles across the Canadian Armed Forces that include the director of air requirements, chief of the fighter capability program, deputy commander of the continental U.S. NORAD region, and most recently as the commander of 1 Canadian Air Division and Canadian NORAD region.

[Translation]

In my current role as the NORAD deputy commander, I support the commander, General Glen VanHerck, as he carries out the three roles assigned to him: aerospace warning, aerospace control and maritime warning for North America.

[English]

NORAD provides detection, validation and warning of attacks on North America, whether by aircraft, missile, space vehicles or from the maritime approaches. NORAD is a unique binational command composed of Canadian and U.S. service members and is co-located with the U.S. Northern Command, for which General VanHerck is also the commander.

Together, NORAD and USNORTHCOM offer a unique focus on the continental defence of North America, which we execute proudly with the Canadian Joint Operations Command and the Canadian Special Operations Forces Command.

[Translation]

The world has changed and NORAD's approach to address evolving threats is also changing.

NORAD has actively communicated its requirements to the leadership of the U.S. Department of Defense and to the Canadian Armed Forces in order to remain relevant towards our mission, our countries and our allies and to close the capability gaps generated by the evolution of the threats to Canada and the U.S.

[English]

As such, I work closely with the three services of the Canadian Armed Forces and numerous departments within DND to include the ADM policy and the chief of force development, both of which are represented here today, to advocate for the requirements and capabilities necessary for NORAD to carry out its assigned mission.

I am privileged to be working in our great binational organization that is NORAD to deliver on our mission with such a dedicated team of Canadian and American professionals who maintain the watch 365 days a year for the safety of both of our nations.

With that short overview, I want to thank you for the opportunity to speak about NORAD and include our requirements for air defence in the context of continental defence, and I look forward to actually answering your questions today.

Thank you.

• (1330)

The Chair: Thank you, General.

We'll now go to Mr. Quinn.

[*Translation*]

Mr. Jonathan Quinn (Director General, Continental Defence Policy, Department of National Defence): Thank you, Mr. Chair and members of the committee.

Thank you for the opportunity to speak about NORAD modernization and our current efforts to strengthen continental defence.

My name is Jonathan Quinn and I am the director general of Continental Defence Policy at the Department of National Defence.

My division is responsible for policy development related to continental and Arctic defence, NORAD modernization...

[*English*]

Mr. Majid Jowhari (Richmond Hill, Lib.): I have a point of order, Mr. Chair.

My apologies for interrupting our witness. I'm hearing both English and French translation at the same time.

The Chair: Thank you, Mr. Jowhari.

Mr. Quinn, please bear with us for a second. We're going to check into that.

Mr. Jonathan Quinn: Thank you, Mr. Chair.

The Chair: I'm going to suspend briefly while we try to iron this out.

• (1330)

(Pause)

• (1330)

The Chair: I call the meeting back to order.

Mr. Jonathan Quinn: Thank you very much, Mr. Chair.

Canada and the United States formally established NORAD in 1958 as a binational military command. NORAD's mandate of aerospace warning, aerospace control and maritime warning is more important than ever in meeting current and evolving threats to North America.

The last major investment in NORAD capabilities was in the late 1980s, when the North Warning System was established. National Defence has made recent investments in maintaining current capabilities. For example, in January 2022, Public Services and Procurement Canada, on behalf of National Defence, awarded an in-service support contract for the North Warning System to Nasittuq Corporation, an Inuit-owned company. We are now focused on improvements to address rapidly evolving threats.

Modernizing NORAD and strengthening continental defence more broadly are becoming even more important in the context of two fundamental shifts in the global security environment.

First, we are seeing the return of strategic competition among states play out tragically and in real time on the ground in Ukraine. This shift in geopolitics will not be limited to Europe. It will also

play out at home, on our continent and in our Arctic. We need to shore up our defences.

Second, the increasingly stark implications of climate change are increasing international interest in the Arctic and will lead to more demands on our military to respond to emergencies, including conducting search and rescue.

We are actively working to deliver on the direction in Minister Anand's mandate letter to modernize NORAD in collaboration with the United States, and to more broadly strengthen our domestic defences. This commitment is also an important element of high-level bilateral discussions with the United States. It features in the "Roadmap for a Renewed U.S.-Canada Partnership", which was established during the Prime Minister's engagement with President Biden in February 2021. In August 2021, the Minister of National Defence and the U.S. Secretary of Defence released a joint statement on NORAD modernization, which identified priority areas to guide future investments and collaboration.

We've conducted an extensive analysis to identify key threats, gaps and potential solutions to defend Canada and Canadian interests in this new reality. Our analysis benefited from ongoing collaborative work with the U.S., including through NORAD.

• (1335)

[*Translation*]

We also looked at the full range of domestic defence challenges Canada will face in the coming years, and engaged academics, industry, and territorial and indigenous governments to seek out broad perspectives and ensure we maximize the broader benefits to Canada of any future investments in continental defence.

In closing, I would simply note that the minister has been quite clear about her intent to bring forward a robust package of investments to strengthen continental defence in the near future.

[*English*]

I look forward to your questions.

Thank you very much, Mr. Chair.

The Chair: Thank you, Mr. Quinn.

We will now go to Brigadier-General Boucher.

[*Translation*]

Brigadier-General Jeannot Boucher (Acting Chief, Force Development, Department of National Defence): Mr. Chair, members of the committee, my name is Jeannot Boucher and I am the acting chief of force development at the Department of National Defence.

[English]

I lead a community of planners who specialize in future force design, which is often referred to as “force development”. This community comprises military and civilian experts, defence scientists, operational researchers, academics and industry planners. The community also accesses NORAD planning and processes, such as those led by NATO.

My role is to lead this collaborative planning effort to develop investment strategies and propose priorities.

[Translation]

In my role, I work closely with Mr. Quinn and his defence policy team, as well as with Lieutenant-General Pelletier and his team.

[English]

The department's force development program provides the analytical basis to anticipate changes to threat and security and provide advice on capability requirements in the 5- to 20-year horizon. It does so by conducting deliberate analysis that leverages academic and defence research as well as a review of current platform systems and capacity.

[Translation]

We use a three-year review cycle. Defence needs are evaluated through scenarios and modelling to objectively consider the future demands of the Canadian Armed Forces.

[English]

This then informs decisions around the modification, divestment or introduction of new defence capabilities to ensure that the defence team has what it needs in the future.

[Translation]

With that short overview, I look forward to answering your questions.

Thank you, Mr. Chair.

[English]

The Chair: Thank you, General.

With that, we will now go into questions. In light of the challenges we've had with time today, we will start our first round of four minutes of questions per individual.

We'll start with Mr. Paul-Hus for four minutes.

[Translation]

Mr. Pierre Paul-Hus (Charlebourg—Haute-Saint-Charles, CPC): Thank you, Mr. Chair.

Good afternoon, generals and Mr. Quinn. Thank you for being here.

In 2017, with the Standing Committee on National Defence, I had the opportunity to visit the NORAD complex at Cheyenne Mountain. We got a pretty clear picture of the situation and saw how things work. There has been an emphasis over the years on the need to improve our capabilities.

Here at the committee we are mainly interested in the supply of equipment. We know that a contract has been awarded to maintain our existing radar stations, but we also know that we are supposed to procure a new over-the-horizon radar. Are there still plans to purchase this equipment? If so, where do we stand? Are we making progress, or are we still waiting?

I am speaking to General Pelletier.

LGen Alain Pelletier: I thank the member for his question.

Of course, the needs remain. NORAD has indicated the need for domain awareness, not only on the air defence side, but also on the maritime defence side. As you mentioned, funding was provided by the Canadian government last year to maintain the current system, which is the North Warning System, until it is replaced by a system with increased capabilities.

The Defence Research and Development Canada, or DRDC, team has been working with U.S. researchers to advance the technology associated with the over-the-horizon radar for the acquisition of such a system. It is one of a series of acquisitions at various levels to address threats that may arise in maritime or airspace. This is the main system, but there are several others that involve space surveillance systems.

• (1340)

Mr. Pierre Paul-Hus: I'm going to have to interrupt you, because time is passing so quickly.

LGen Alain Pelletier: Very well.

Mr. Pierre Paul-Hus: I don't want to talk about strategic or tactical elements, as I said, but regarding the equipment requirements, except for this famous system which is the subject of an acquisition process, are we behind? Are our American colleagues pushing us to make certain acquisitions? I'm thinking of the ships and F-35 planes, for example. Are there procurement processes like that that we should be accelerating?

LGen Alain Pelletier: Of course, we are pleased that the procurement process for the next fighters has reached a certain stage, and the date for the new aircraft to enter operational service has been set for 2025. We need them to ensure our interoperability with the Americans. They have also started discussions on radar, as well as research on other systems, with a view to implementing space surveillance systems that are also located at ground level to increase the overall command capabilities.

Mr. Pierre Paul-Hus: I think my time is already up, Mr. Chair.

[English]

The Chair: Thank you for that.

Now we will go to Mr. Kusmierczyk for four minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you very much, Mr. Chair.

The recent interaction in the north Pacific between the aggressive Chinese air force and the Canadian Armed Forces, obviously, is something that is of great concern to us, and I think it also highlights how dynamic and fast-changing the security and geopolitical situation is around the world.

I want to ask you, Lieutenant-General, how the threats have evolved since the last time Canada and the U.S. undertook a major modernization reform of NORAD infrastructure.

LGen Alain Pelletier: I would categorize the evolution of the threat as incredible. General VanHerck actually always says that the current environment is one of the most complex he has seen since he started his career, and I would echo that.

What we have seen is that both Russia and China have looked at the way we have done business over the last 15 years, and even more. They have fielded capabilities now to hold us at risk, not only in terms of persons, but also in terms of our critical infrastructure, both in the U.S. and Canada, using conventional means.

Those two countries used to leverage their nuclear weapons as their deterrence mechanism, but now they have advanced their capability to actually hold the critical infrastructure in both countries at risk, using conventional capabilities that can be delivered now from long-range aviation, as well as very stealthy submarines that are going to be available on both coasts. Both the Atlantic and the Pacific are of concern to us.

The challenge has been increased, as well, by their ability to deliver those threats from a range well beyond the current detection range of the North Warning System. That's why we're looking at systems, whether space-based, air-based, ground-based or subsurface-based, in order to detect those threats and the vehicles carrying them as far from our coast as possible.

General VanHerck always referred to how detection and deterrence starts abroad and moves in. So we're also relying on the capability provided by NATO and our allies in Europe and in the Indo-Pacific to help us in our detection and aerospace warning and aerospace control mission as well.

• (1345)

Mr. Irek Kusmierczyk: Thank you very much for that, Lieutenant-General.

NORAD is really a unique example of the shared management of shared airspace. I want to ask you, what role does the Royal Canadian Air Force play under NORAD, and can you describe the operations undertaken by the CAF as well, too? What is Canada's input to NORAD?

LGen Alain Pelletier: Canadians' input is important. We have over 1,000 people who contribute daily to the NORAD mission across both Canada and the U.S. That starts in Canada, through members working at the HQ of the region as well as the sector. The region is located in Winnipeg. The sector is located in North Bay.

We also have, at the tactical level, the fighter and tanker aircraft that contribute our reach capability to be able to operate up in the north as much as off the coast. We have Canadians who are distributed across 13 different locations in the U.S. as well, and in Greenland, who contribute to both the aerospace warning and

aerospace control, and also generate capability through the maritime warning aspect of our mission.

The Chair: Thank you, General.

We'll now go to Mrs. Vignola for four minutes.

[Translation]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you, Mr. Chair.

Gentlemen, thank you for taking the time to make your statements in two official languages. It's very nice to hear the witnesses speak my native language.

My first question will be for Brigadier-General Jeannot Boucher.

In your comments, you referred to a three-year cycle. That seems a bit short to me, especially when you take into account the construction time and the life cycle of the infrastructure. However, I know that the time you had to make your remarks was very short and that you did not have time to develop your idea.

For the next couple of minutes, could you tell us more about what this cycle entails and the medium- to long-term vision for defence planning?

BGen Jeannot Boucher: Mr. Chair, I thank the member for her question.

Ms. Vignola, this is what we do during the three-year cycle.

Firstly, we look at the operating environment, which has evolved much more rapidly than we expected.

Second, we can determine what the implications are for allies and for Canada. This is where we are able to identify gaps in our capabilities, whether it's equipment, structure or infrastructure.

Thirdly, we develop scenarios and do modelling, to identify priorities in relation to our capabilities. Then we can develop a program from the projects we have discussed.

Our planning horizon is five to twenty years. We are looking at what capabilities we need to start developing now, in order to achieve our goals within a few years.

We repeat this cycle every three years, to keep us up to date and make any adjustments required.

Mrs. Julie Vignola: Thank you very much for these clarifications.

I find a three-year cycle a bit short when you think of the life cycle of ships and aircraft, among other things. However, the details you provided have helped to clarify my thinking.

I will now turn to Deputy Commander Alain Pelletier.

As was said earlier, the North Warning System needs to be replaced because it is outdated. We've known that for quite some time. Earlier, Mr. Paul-Hus mentioned the over-the-horizon radar.

The area to be covered, to be protected, is gigantic. Will one radar be enough or will other infrastructure, other radars or other satellites be needed to cover the whole northern territory well?

• (1350)

LGen Alain Pelletier: Mr. Chair, I thank the member for her question.

Of course, the territory is huge. NORAD's area of operation is global, not limited to North America. Indeed, our aerospace warning mission actually covers the whole world. We need to know where the missiles are being launched from, so that we can establish a possible trajectory and warn both governments of this threat.

So we use assets that are provided to us by the space commands in the United States, as well as assets that are provided by the director general of space in Canada.

We monitor, globally, the particular threat associated with the air domain. Obviously, the traditional approach is to focus on the north, but there is also a focus on the east and west of the continent.

The over-the-horizon radars allow us, through their technology, to have a view of the airspace at distances that are at least a dozen times wider or longer than what we currently get from the North Warning System.

We have also sought to define the radar structure we need to meet our requirements. The U.S. government, in its budget estimates for the current year, has budgeted for the purchase of four radars, which will allow for the positioning of a radar on the east, south and west coasts as well as in Alaska. These radars, combined with Canada's likely contribution to the north, will give us a command and control architecture, as well as viewing and detection architecture that will allow us to meet future requirements.

[*English*]

The Chair: Thank you, General.

We'll now go to Mr. Boulerice for four minutes.

[*Translation*]

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you very much, Mr. Chair.

I also thank the witnesses for being here today. The discussions we are having are important.

This afternoon we are not necessarily talking about fighter jets. One of the first topics we talked about when I came to the House in 2011 was the F-18 replacement. Eleven years later, I feel like we've made some progress, but not a lot. The process is rather long.

My question is for Mr. Quinn.

Mr. Quinn, I would like you to tell us about the situation in the Arctic, in the Canadian north.

In your assessment, with Russia's invasion of Ukraine, by a much more isolated and aggressive Russia, what is the level of threat to our national security with respect to Canada's north?

Mr. Jonathan Quinn: Thank you for your question.

[*English*]

Yes, I would say to this that we've been seeing some trends in the global security environment for some time now. While we didn't necessarily predict what's happening in Ukraine, I think what is happening is pretty consistent with the trends we had identified and with the analysis we've been doing of global competition, which I mentioned during my opening remarks, and how we're really entering what we would call a "new phase of global competition".

In terms of what that means for Canada, I would say that in the Arctic, we still don't necessarily see an immediate military threat to Canada's Arctic, but the region is changing quite dramatically both from a physical perspective and a geopolitical perspective.

On the physical side of things, it brings some pretty practical challenges. There is increasing activity, which could lead to increasing demands on the Canadian Armed Forces to conduct more safety and security-type operations, search and rescue operations. Also on the practical side, climate change is dramatically reducing the permafrost, which has implications for northern infrastructure. Those all need to be taken into account.

From the geopolitical side, I think Russia is obviously the most capable Arctic military actor. They're rapidly modernizing and building up their forces. China has declared itself a near-Arctic state and is also developing some capabilities that are capable of challenging Canadian interests in the Arctic over the long term.

• (1355)

[*Translation*]

Mr. Alexandre Boulerice: Excuse me for interrupting you, but I don't have much time.

We've talked a lot about the need for the detection system in the Arctic.

Lieutenant-General Pelletier, I'm trying to get this right. We need to be better equipped and better prepared. We need to modernize, have a more functional warning system in the north, add radar. Would that mean that at the moment we are threatened with incursion, for example, by Russian submarines that would be undetectable?

Is our current system good or are we really behind the curve?

LGen Alain Pelletier: Thank you for your question.

Of course, as our discussion is public, this limits my ability to respond to you somewhat. However, we can tell you that we currently have a submarine detection system. And the technology in this area has evolved on the Russian and Chinese side. These capabilities exist on the east coast and, at present, we expect these capabilities to be present on the west coast. But I'm not an expert on Arctic navigation capabilities. You would have to go to the Canadian Navy.

So we have a detection system. We have proposed that this detection capability from coast to coast as well as in the Arctic be augmented, and that need has been addressed by Brigadier-General Boucher's team.

[*English*]

The Chair: Thank you, General.

We'll now go into our second round and start with Mr. McCauley for four minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Great, thanks Chair.

Gentlemen, thanks for joining us today. I appreciate the information so far.

I have the same question for all three of you. I'll start with you, Mr. Pelletier, and then Mr. Quinn, and then Mr. Boucher to follow up. In your opinion, should Canada be joining the U.S. ballistic missile defense program?

Go ahead, Mr. Pelletier.

LGen Alain Pelletier: Obviously, ballistic missile defence is not one, but a series of multiple—

Mr. Kelly McCauley: Mr. Pelletier, I'm going to interrupt you. It's a relatively simple question.

Do you believe, as a partner in NORAD, that Canada should be joining this, especially seeing the new threats? If you say that it has to be a political decision, that's fine, but I would just like a simple answer.

LGen Alain Pelletier: Okay. I do believe that this is a policy discussion and decision to be made by our government.

Mr. Kelly McCauley: Do you have a role in providing a recommendation, and would you share that?

LGen Alain Pelletier: I have a role in providing information as to how we currently do business as it relates to the—

Mr. Kelly McCauley: So NORAD does not provide.... You don't provide a recommendation to the government from your office on joining—

LGen Alain Pelletier: The chief of defence staff provides a recommendation.

Mr. Kelly McCauley: Okay, that's a fair answer.

Mr. Quinn, I have the same question for you.

Mr. Jonathan Quinn: Thank you for the question, Mr. Chair.

I think that the minister recently said we're looking at all of the different threats to Canada—

Mr. Kelly McCauley: Yes, I saw the comprehensive review, but that's just talking points.

I'd like to know, and I think Canadians would like to know, if we should be joining, especially considering the new threats from both China and also the Russian aggression.

Mr. Jonathan Quinn: Mr. Chair, all I can say at this point is that we're considering all options. We're looking at the threats faced in this regard. We'll take all of that into consideration as we await a

government decision on what we're doing in terms of NORAD modernization and fulfilling the commitments that have been made.

Mr. Kelly McCauley: I think I see where we're going with this, so I'll spare Mr. Boucher having to answer that.

Mr. Boucher, you talked about planning five to 20 years out for future procurement and future equipment. How difficult is this process when it's taking us—the past and the current governments are guilty—10 years to make a decision on a fighter? It's going to be 10 or 15 years for us to get a warship into the water.

How does that affect your five- to 20-year planning process?

• (1400)

BGen Jeannot Boucher: As I said earlier, we work closely with our allies on this, whether it's the U.S. or our NATO partners, which use a very similar process. Once again, we look at the operating environment, its implications and what the capability gaps are for Canada. Those will vary slightly—

Mr. Kelly McCauley: What would you say right now our capability gap is? It it all of the above?

BGen Jeannot Boucher: We have several capability gaps. We do provide—

Mr. Kelly McCauley: What would they be, please?

You've mentioned it several times. I would be interested in what those capability gaps are, since you brought them up.

BGen Jeannot Boucher: There are capability gaps and we look at them, I guess—

Mr. Kelly McCauley: Again, what are those capability gaps? You brought them up. What are they?

BGen Jeannot Boucher: We look at them in range of our ability to understand what's going on in the current environment and our ability to decide. You can think in terms of command and control and our capability to act, which is through a lot of the capabilities we already have in the program. Then we also look at some gaps in our ability to sustain. Think in terms of logistics—

Mr. Kelly McCauley: I'm afraid I'm out of time.

Thanks.

The Chair: Thank you, General.

We'll go to Ms. Thompson for four minutes.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair, and thank you to the witnesses.

I'm going to begin with you, Mr. Quinn, and go back to something you spoke about a moment ago. It is the near-Arctic state, and China having spoken about this.

Would you elaborate, please, on what China can realistically do in the near future to project militarily into the Arctic regions? Also, what about Russia? What capability and capacity do they realistically have to threaten Canadian interests?

Mr. Jonathan Quinn: I'll start with China. With China in particular, I would say it's the long term rather than the short term that we're looking at. China is modernizing their military across the board, investing in really high-end technology in all kinds of domains, in space and cyberspace. They're also investing in icebreaking capability as well. You mentioned the Arctic specifically. I think the Chinese government has been fairly clear in terms of its long-term plans. They have talked about a polar Silk Road to complement their belt and road initiative. They certainly see the Arctic as a bit of an untapped region, which they think can contribute to their search across the world for additional natural resources and that sort of thing.

As you know, there's a well-managed, long-term process in place to define continental shelves of Arctic states. That process is, as I mentioned, being well managed. From a Canadian perspective—and Arctic allies and partners—I think we would be concerned about the tension that exists between what China has stated as its long-term ambitions for that region and what our own interests are in terms of securing our own resources.

Really briefly, Mr. Chair, Russia, a very capable Arctic actor, is a bit of a different case, in that Russia is an Arctic state. They have ambitions of opening up their own northern sea route for shipping. From that perspective, Russia's investing in Arctic capability is perhaps more justifiable than China. Obviously it's clear, based on recent events, that they have very little regard for the international rules-based order on which Canada and our allies depend. Russia's capability, combined with that lack of respect for international law, is what concerns us there.

With all of these things, as I said, there's no immediate military threat in the Arctic from our perspective, but we need to watch these developments very closely, to make sure that the Canadian Armed Forces have the ability to defend Canada, our interests and our sovereignty.

• (1405)

Ms. Joanne Thompson: Thank you.

What does this mean for co-operation versus competition between the two countries, China and Russia? Could you elaborate on that?

Mr. Jonathan Quinn: I watch China carefully in terms of the areas of responsibility that I have, but I would not characterize myself as a China expert. What I would say is that certainly in the Arctic, in cyberspace, in space, the areas that do fall in my portfolio, we look at things from a competition perspective at the Department of National Defence, in making sure that Canada is well defended against evolving threats.

It's really other parts of the government that focus on the co-operation side of things.

Ms. Joanne Thompson: Thank you.

Would either of the other witnesses like to comment?

LGen Alain Pelletier: I'll just add to the comprehensive answer by Jon Quinn.

Obviously, the co-operation between Russia and China remains a high interest item here in the command. We are also monitoring the current Ukraine crisis conflict in terms of potential co-operation moving forward between Russia and China, given the isolation of Russia following their invasion of Ukraine. We understand that there is co-operation at the economic level in the exploitation of resources, and we're tracking that. So that's an element of interest.

As Mr. Quinn pointed out, Russia has a high interest in the Arctic, given that it derives a fairly significant amount of its GDP in the region and therefore sees the region as a potential national security interest item. They have generated an investment in their infrastructure in the north over the last five years that we've been able to witness. It's an element that we monitor closely.

The Chair: Thank you, and thank you, General.

We'll now go to Mrs. Vignola for two minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Mr. Quinn, I will be brief.

Your division is responsible for policy development related to continental and Arctic defence. I'd like you to talk about the capabilities of the future F-35 fighters in terms of continental defence. What is their range, particularly in the Arctic climate? What structures would be needed to ensure that they cover the entire territory, which is huge?

[*English*]

Mr. Jonathan Quinn: I'll pass this over to General Pelletier, who will likely be able to speak more credibly on the capability that's embedded in the F-35 fighter.

I would just say that infrastructure across the north is very important. It was one of the key priority areas for investment outlined in the joint statement on NORAD modernization that I mentioned. NORAD has three forward operating locations in the Canadian Arctic, and we do anticipate that some infrastructure upgrades will be required in those locations to accommodate not just the F-35 fighter aircraft but other aircraft as well.

If it's okay with you, Mr. Chair, I'll pass it over General Pelletier to add more to the response.

The Chair: Thank you.

General Pelletier, we have roughly 30 seconds.

[*Translation*]

LGen Alain Pelletier: I thank the member for her question, Mr. Chair.

Of course, the most important capability to meet our needs is the interoperability of the F-35 weapon system. It is compatible with the U.S. weaponry and that is an important element.

I'll talk quickly about the infrastructure. I see the network architecture as another important element, given the amount of data that modern aircraft can transmit to the command and control element.

We are working to increase the capacity of the network, of the architecture, to absorb that data.

[English]

The Chair: Thank you, General.

We'll now go to Monsieur Boulerice for two minutes.

Mr. Gord Johns (Courtenay—Alberni, NDP): Chair, he's gone. It's me, Mr. Chair.

The Chair: Mr. Johns, I see you're back. You have two minutes.

• (1410)

Mr. Gord Johns: Thanks so much.

Just following Ms. Vignola about the north, can you talk about what additional infrastructure is required to support fighter jets in the far north year-round, and should Canada be making these investments?

LGen Alain Pelletier: We have infrastructure already. What we need is to modernize the infrastructure in order to enable, as I pointed out, the network, the architecture that will enable the transmission of data that is crucial for today's command and control against very fast moving potential competitors or adversaries.

We're also looking at the infrastructure across the north, not only in Canada but also in Alaska and Greenland, because both of these locations offer an opportunity to present forces close to the archipelago in Canada that sits very far up north. That infrastructure requirement has been captured as part of the force development process, and we believe that it's part of the intent of the government to modernize NORAD.

Mr. Gord Johns: Can you speak a little bit about the procurement process?

Obviously, the five per cent threshold is critical, but in a place like Nunavut, where 85% of the population are indigenous people or Inuit, do you have a different threshold in terms of the procurement side of things?

LGen Alain Pelletier: I'm not the specialist with regard to the threshold. Jeannot Boucher may have more on that, but I understand that there is a five per cent threshold.

The challenge as it relates to architecture and infrastructure related to this generation of aircraft is the ability to find a contractor that is going to be able to deliver with the right level of technology, but I'll turn it over to Jeannot Boucher for any—

Mr. Gord Johns: Just because time is running out, will the purchase of the F-35 aircraft require Canada to purchase specialized refuelling planes?

Can you help with that?

LGen Alain Pelletier: Nothing is specialized. It's about using one of the two systems that exist currently for refuelling: the probe-and-drogue system, or the boom system, and the F-35 uses the boom system.

Mr. Gord Johns: Okay. Thanks very much.

Mr. Chair, do I have any time left?

The Chair: You have five seconds.

Mr. Gord Johns: Thanks so much for your service, gentlemen.

The Chair: Thank you, Mr. Johns.

We'll now go to Mr. Lobb for four minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thanks very much.

Thank you for being at committee today.

My first question is for any of our panellists here about hypersonic missiles and hypersonic missile defence. Has there been a compilation of equipment and infrastructure required to be able to build out a hypersonic missile detection system that we would need?

LGen Alain Pelletier: From a NORAD perspective, we've highlighted that hypersonic systems are one of those systems that have evolved beyond the current detection capability of the command, where we will need to have additional systems to be able not only to detect, track, and identify, but also to maintain custody of those missiles throughout their flight pattern. That's just because of the nature of the manoeuvrability of the capability, as much as the speed of the system itself. That, we're anticipating, could be a ground base, air base, or a space base system.

Mr. Ben Lobb: Is there currently technology and infrastructure today to purchase this equipment to do this monitoring or detection, or is this going to all be a brand new, blue sky development?

LGen Alain Pelletier: I'll let Jean Boucher expand on the capability that may exist out there.

I'm just going to say that I'm tracking here from a U.S. perspective that there's already research and development taking place in that area for the enhanced detection and tracking of such systems.

Jean Boucher.

BGen Jeannot Boucher: I would say the approach to this is obviously a system of systems approach. There's not a single system. It's multiple layers with systems interacting. The way we've looked at it and the advice we've provided is the all-domain awareness piece in terms of what General Pelletier talked about. Then obviously following that, there's our ability to command and control, to communicate and decide and then to take action on it. There are parts of the systems consisting of technology that already exists, and there are parts that are in development still. Thus, there's the need to start this work soon to be able to deliver the required technology in years to come.

• (1415)

Mr. Ben Lobb: Who at the end of the day decides this? Is this going to be the U.S. deciding this, or will we have a fifty-fifty say in this? Is that all in negotiations?

BGen Jeannot Boucher: I would pass this over to Mr. Quinn, I think.

Mr. Jonathan Quinn: This response isn't necessarily specific to the hypersonic threat, but in terms of modernization in NORAD writ large—I keep on referring to this—there was the joint statement on NORAD modernization. It laid out these four key areas of priorities for investments. That was negotiated—which is probably a strong word—with the U.S., or at least we worked very closely with the U.S. to lay out those four key areas.

Once we have a clear picture of the funding envelope that we're looking to operate within and then an announcement on the specific initiatives we will be pursuing, we'll work really closely with the U.S. to make sure that all of our investments are complementary. I wouldn't anticipate necessarily a fifty-fifty split or a formal negotiation on exactly what the cost-sharing arrangement would be. It would be more close collaboration on national investments that are complementary with each other.

Thank you.

The Chair: Thank you, Mr. Lobb.

We will now go to Mr. Jowhari, for four minutes.

Mr. Majid Jowhari: Thank you, Mr. Chair.

I'd like to thank our witnesses for your testimony today.

Let me start by formally acknowledging the services that you two generals and the women and men of the Canadian Armed Forces are doing to ensure that Canada is kept safe and NORAD is kept strong. Thank you very much.

I'm going to limit my questions to the scope of the NORAD modernization. As I'm sure you followed the testimony, there are two schools of thought coming up. One is very defensive and the other one is defensive plus offensive. I call the defensive one, “upgrade and integrate”, and the offensive-plus-defensive one, “upgrade, enhance and integrate”.

Lieutenant-General, in your opening remarks you indicated that you are actively communicating—it's your requirement—with the leadership of both the U.S. and Canada. Can I start with you, sir, to ask whether the requirement that you're forwarding on behalf of the Canadian Armed Forces has an offensive nature as well as a defensive nature?

LGen Alain Pelletier: NORAD stands for North American Aerospace Defence Command, so we have a focus on the defence of the continent itself. The elements of offence are quite often accomplished more abroad in the U.S. in the context of their combatant commander system. In Canada it's executed by the Canadian Joint Operations Command. Our requirement is focused on the detection itself, the tracking, the ability to actually intercept using fighter aircraft and tanker aircraft as well as airborne early warning. That's the focus of the mission itself.

Mr. Majid Jowhari: Thank you.

It's interesting that your comments you talked about detection and that deterrence starts abroad. I assumed that when you talked about the deterrence part starting abroad, and later on about our ability to maintain the custody of some of those hypersonic missiles.... I am thinking of a very defensive aspect to that scope, so it's very interesting that I hear that our requirement continues to be very defensive, rather than a combined defensive and offensive.

I would really like to hear your point of view and whether you think we should also be in a position to be able to go on the offensive if needed, at the source, while we are maintaining the custody of these hypersonic missiles that could potentially be coming.

• (1420)

LGen Alain Pelletier: Obviously we talk about integrated deterrence. That's the approach that we're using. We always say that integrated deterrence starts abroad, but it also includes more of a whole-of-government effort, because you don't only deter with that national instrument that is the military. You also deter through other avenues as well.

As it relates to the element of the offence in the defence scenario, again, it goes back to my previous answers. This is a policy decision as to whether or not the government wants to change its stance.

What am I going to say, though, is that right now we have an element of defence, which is active defence, because to counter a cruise missile, which is part of our mandate and mission, we have to actually shoot it down. We will engage and defend against a cruise missile, but it's just a different approach from what we have right now for elements like ballistic missile defence. Right now, NORAD has not been tasked to actually defend, i.e.. actively defend, against a hypersonic missile. Our role remains in the threat warning and attack assessment.

The Chair: Thank you.

Thank you, Mr. Jowhari and our witnesses. This ends our questioning time. I want to thank you all for bearing with us when we had the issue dealing with time constraints.

I would like to thank Mr. Quinn, General Boucher and General Pelletier for being our witnesses today.

If, by chance, you have any further evidence that you wish to submit that may add to your testimony today, by all means please provide that in writing to the clerk, and he will distribute all the materials to the committee.

With that said, I'm going to temporarily suspend the meeting until we get our second panel in here.

We are suspended.

• (1420)

(Pause)

• (1420)

The Chair: I call the meeting back to order.

I would like to welcome Mr. Mueller from the Aerospace Industries Association of Canada. Thank you for being here and bearing with us and the time changes.

With that, Mr. Mueller, you have five minutes to make an opening statement.

Mr. Mike Mueller (President and Chief Executive Officer, Aerospace Industries Association of Canada): Thank you, Mr. Chair.

Good afternoon, everyone.

The delay was no problem. I actually enjoyed listening to the conversation.

I really appreciate the committee's time and its interest in this important topic. It's a real pleasure to be here on behalf of the Aerospace Industries Association of Canada.

Our members represent over 95% of aerospace activity in Canada, covering the civil, space and defence sectors. In 2020, Canada's aerospace industry contributed over \$22 billion in GDP and over 200,000 jobs to the Canadian economy. That's quite significant.

Unfortunately, during the pandemic, we lost around 30,000 jobs due to the negative impacts on our sector. Despite the pandemic, the defence sector helped keep people employed throughout this very difficult time. We have a real opportunity now to help contribute to the economic recovery.

The intersection of aerospace and defence plays an important role in Canada's aerospace sector. The global aerospace and defence sector has been realigning dramatically to face new challenges and opportunities. Most recently, Russia's unprovoked invasion of Ukraine has forced an examination of defence and foreign policy with a focused attention on the need for Canada to have the means to play a bigger role in the North Atlantic Treaty Organization, or NATO, and continental defence within NORAD, which was just discussed here.

As many of you have heard me say before, aerospace is a unique and strategic industry for Canada. Its role in national security, its special defence trading relationships, the implications of the long product and investment timelines and the broad societal impacts and applications of its innovation have always required a close partnership between industry and government.

We applaud the Canadian government's commitment to prioritize NORAD modernization with our American ally. This represents an opportunity for government to plan and align policy with our own national security and industrial objectives to ensure that Canadian companies play a defining role in delivering capability.

Industry wants and needs to be part of that process. Early engagement is essential, so that industry can move quickly to ensure we are meeting the demands in a timely manner. We need to get this right. The rapidly changing geopolitical environment requires fast-paced government action. Threats to continental security are more complex and multi-faceted than they have ever been. A comprehensive approach is needed. Specifically, an aerospace strategy and national defence industrial strategy are needed and required.

As you've heard, we know that over the next eight to 10 years, the scale of investments will be significant. Right now, we see what is perhaps a piecemeal approach to procurement. With a strategy, industry can invest in the right places. We can plan ahead. We can move forward in alignment with government. With a road map as a guide, we can leverage our industrial strengths, so that the government—and more importantly, Canada's frontline troops—receive the equipment they need when they need it. Industry has been calling for such a national plan for years. Not only will it help with predictability and planning, it would play a significant role in reducing the delays in the current defence procurement process.

Make no mistake, we need to find efficiencies. Every year, government procurement lapses significant capital funds, which in turn deprives the military services of the equipment that is essential to their mission. It's a lost opportunity that also impedes our nation's economic growth.

We must take a long, hard look at how we can improve the current system to ensure more timely procurement. More timely procurement will mean government objectives are being met and that our nation is building its industrial capability and capacity. This is essential.

It's also time to re-examine government aerospace procurement and consider how procurement decisions can benefit Canadian firms, whether those firms are wholly domestic, the domestic subsidiary of a multinational company or an international supplier. Opportunities for Canadian companies to contribute their skills, technologies, services, systems and other components as part of a procurement strengthens the industry and contributes to the economy.

Finally, aerospace and defence programs must be modernized to spur investment here in Canada. By updating some of those programs, we can increase support for small businesses and the Canadian supply chain. The opportunities are staggering.

Let's leverage our strengths for Canadian jobs and national security. This can be done through a national aerospace strategy, as all of our competitor nations have done.

Thank you very much. I look forward to some of the questions.

• (1425)

The Chair: Thank you, Mr. Mueller.

We'll now go to Mr. Paul-Hus for four minutes.

[*Translation*]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

Mr. Mueller, thank you for being with us today.

You were just talking about the federal procurement process. Indeed, since we began our study on the air force and the navy, our committee has seen two problems.

The first problem is related to government decisions and the administrative side of awarding and managing contracts. As for the second problem, it is on the industry level.

I was in Europe last week and had discussions with representatives from NATO countries. It seems that Canadian companies are raising prices and charging more than companies from abroad.

So both of these issues come down to shortcomings in government management and the fact that companies seem to be taking advantage of the fact that we favour them with our Canadian content policy.

In the aerospace industry, do you find it difficult to offer fair and equitable pricing compared to foreign competition?

● (1430)

[English]

Mr. Mike Mueller: Thank you for the question, Mr. Paul-Hus. I also want to acknowledge your service to our country. A lot of folks working in our industry are military, and ex-military, too, so I just wanted to acknowledge that.

There are definitely some challenges there. That's why we keep going back to the need for an overarching aerospace strategy and to having those discussions to make sure that industry can respond adequately to where the government is going.

I was listening with interest to the NORAD commander and the four different key priorities for NORAD. They're also looking for some of those details. That's what industry is looking toward, as well. There's a lot of opportunity to streamline the system. I talked a lot about capacity and capability, and that's what industry is looking to do.

There are a lot of extra hurdles that come along with a procurement process here in Canada. One of the companies, a while back, gave me an example of a procurement here in Canada. The amount of paperwork involved, compared with some of the requirements in other countries.... I think, for similar procurements, the Canadian procurement was around 80 pounds of paper and the other procurement was 20 to 40 pages.

There are some definite areas we could take a look at, domestically.

[Translation]

Mr. Pierre Paul-Hus: Thank you, Mr. Mueller.

Mr. Chair, so as not to take up other members' time, I would like to take this opportunity to table my motion regarding the Kingfisher aircraft issue. This motion already has the unanimous consent of all parties. This is a procurement issue that we are having problems with.

I will quickly read the motion. If we have the consent of the committee, we can then proceed. The motion reads as follows:

That, in the context of its study of air defence procurement projects, the committee compel Public Services and Procurement Canada to provide the following information related to modification approvals and modifications, as well as design and specification changes and modifications that have been initiated to address technical and mechanical problems that have plagued the CC-295 Kingfisher aircraft since their purchase: additional Costs, briefing notes, procurement schedules and deadlines for completing the work to make them operational; and that these documents be submitted to the committee no later than noon (Eastern Time) on Friday, July 22, 2022.

As I said, Mr. Chair, we've already talked about this motion. I think we can have unanimous consent.

[English]

The Chair: Thank you, Mr. Paul-Hus.

I understand the motion has just been distributed to all members, so they have it, and there has been agreement. That's what I'm hearing. As I look around the room, I'm seeing the nodding of heads, as well. I'll ask for a show of hands to see whether we're in agreement on this.

(Motion agreed to)

We will now go to Mr. Bains for four minutes.

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

Thank you to our witnesses for joining us today.

When there is a request for new military equipment, how can the RFP process help ensure the requirements are met while also ensuring a competitive price and economic benefits?

Mr. Mike Mueller: More engagement with industry, above and beyond, would be helpful for industry to respond appropriately to the request for proposals or the request for information. That goes back to what we've been calling for quite a while now, which is that long-term national strategy with respect to aerospace, specifically with respect to procurement. Part of the issue is that if the industry doesn't know where the government is going....

As I said before in my opening remarks, we have “Strong, Secure, Engaged”, which outlines some of the pieces there, but that overarching strategy looks at all the different components. In research and innovation, what are the new industrial capabilities and commercial mechanisms that we're trying to drive? How do we leverage the defence procurement with respect to innovation here in Canada?

There are a lot of opportunities to come together through some of those models to have more collaboration with industry, so that industry knows exactly what's coming up. Knowing what some of the priorities are and where that strategy is going would be very helpful.

Right now, if we look at what's happening, we had some great announcements earlier this week. I know CANSEC was on, which is a great show. At the high level, the situation we're now in is that money goes to the department, the department doesn't spend all of that money and it lapses. Our armed forces don't have the capacity to meet some of their demands. Industry can't respond and deliver on that. It's just a vicious cycle.

More collaboration and coordination with industry and working together with us on a high-level strategy would be very helpful. It would solve a lot of the problems you are uncovering as a committee.

● (1435)

Mr. Parm Bains: Would you agree that a competitive process for defence procurement is more beneficial for the Canadian taxpayer?

Mr. Mike Mueller: I would agree.

Yes, competition is always good. More information is also good. Less complexity and more timeliness, predictability and certainty are absolutely needed. That's why we've been advocating for an aerospace strategy to really knit all of those things together.

To your point, absolutely, competition is good. Our industry in particular thrives on competition. We're a global industry and 80% of what we produce is export-related. We do need the support of the government through a strategy to really leverage these procurement pieces here.

Mr. Parm Bains: What challenges do your industry members face in Canadian military procurement bids?

Mr. Mike Mueller: I would say the timeliness is absolutely a challenge there. There's also a challenge with respect to the need for a strategy.

I keep coming back to that. How are we going to co-develop technologies to meet defence needs? How are we going to promote exports? How are we going to build the economy and the industry here in Canada with respect to aerospace?

Mr. Parm Bains: Do you have solutions or suggestions on how those things can be done?

Mr. Mike Mueller: Absolutely.

In the aerospace strategy we're calling for—the defence industrial strategy—we're looking at how to leverage advanced air mobility. That's one of the future pieces out there, so we need to have discussions on that. Another one is space policy and planning.

We also have workforce skills development pieces out there. One of the challenges right now that you're probably seeing across the board is on the labour market side of things.

Also, how do we encourage our small businesses to make sure that they're part of this process? Some of the recommendations we have with respect to small businesses is how to ensure small businesses can compete for procurement and then how to unbundle some of those procurements for them.

The Chair: Thank you, Mr. Mueller.

We will now go Ms. Vignola for four minutes..

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Mr. Mueller, in my opinion, it would be important for there to be real teamwork between the government and the aerospace industry in Quebec and in Canada. I think you were going in the same direction in your speech and in your answers.

In your opinion, is the government consulting sufficiently with the Canadian and Quebec aerospace and defence industries on NORAD, on the choice of future fighters and on other aerospace needs that we have or will have?

Mr. Mike Mueller: Thank you for your question.

[*English*]

It's an absolutely great one.

There are some formal mechanisms where we do engage with government, but I think we need more. We definitely need more en-

agement on the upcoming defence policy review that the Minister of Defence has promised and that the recent budget has promised.

We are encouraged by the \$8 billion of new funding in the budget, but we need more discussion. Where is that going? There is not a lot of clarity on that.

On NORAD modernization also, there are huge opportunities for our industry, but we need to have more collaboration, more discussion. Again, that goes back to the need for an overarching aerospace strategy.

We can take some lessons from Quebec. The provincial government has put forward an aerospace strategy, and they are very strategic in how they are approaching the industry. That's something we need to emulate at the national level also.

As I said before, all of our competitor nations have strategies, and they're executing against those strategies. We need to do the same here. That builds the capacity and the capability of industry, and allows industry to respond to the government's needs. I think, with the Ukraine situation right now, we see those requirements changing at a very rapid pace, and we need to make sure that industry has a clear understanding of how to contribute and respond to some of these pretty significant challenges that are coming up.

• (1440)

[*Translation*]

Mrs. Julie Vignola: Thank you very much.

Mr. Mueller, you mentioned strategy.

There is a significant labour shortage at the moment.

In the aerospace sector, are there particular areas where there is a labour shortage? If so, does the industry have a strategy to meet its needs? How can the Government of Canada assist the industry in this regard?

Mr. Mike Mueller: Thank you for your question.

[*English*]

Again, it is another great one.

The number one challenge I keep hearing from industry right across the country is labour market concerns. I'm sure you're hearing that from a lot of other different industries also, but it's something we're seized with. We're taking a look at how we define the situation. How can we work together with government with respect to the pipeline of skills that are out there?

Aerospace has very attractive working conditions. I think it has 30% higher wages within the industry, so there's a lot of opportunity there.

We also need to do a better job as an industry in promoting the opportunities in our industry, and we are working together with ES-DC on a couple of initiatives that we think would be very helpful for the industry. Absolutely, it is a huge challenge across the board to find skilled workers, train skilled workers, and bring skilled workers in internationally also to help contribute.

There is a huge opportunity there with the Ukrainian population coming into Canada. There is a large industry in Ukraine, so we're also looking to work with the government on those things.

Again, more collaboration with the government, more discussions are absolutely critical so that we can respond to some of these things.

The Chair: Thank you.

We'll now go to Mr. Johns for four minutes.

Mr. Gord Johns: Thank you so much for being here and for representing so many great businesses in Canada.

We've obviously been hearing a lot about the opportunities for the civilian sector to work with the military. In this connection, nothing is more apparent to me than tackling climate change. We saw how Defence was called upon to help in response to last year's raging forest fires, flooding and other types of natural disasters. In fact, in my home province of B.C., over 350 military personnel were sent to the interior to fight forest fires and to support private sector contractors.

Do you believe that it's really important that the military work with the private sector, outside of typical defence needs that you would imagine, on the climate emergencies?

I have a great company that you're probably very well informed about, Coulson Aviation. They're working in Argentina, Chile, Bolivia and the United States of America. They're working with their C-130s and CH-47s and Black Hawks to support aerial firefighting capacities, but they're not doing anything here in Canada, and Canada hasn't taken a lead in forest firefighting.

Do you see opportunities that could be there to help deal with natural disasters and the warming climate that we're facing?

Mr. Mike Mueller: I'm originally from British Columbia too, so a lot of my family was caught in some of those floods, and it was the air access that actually got some of them out of the situations they were in, so it's absolutely critical. As we see with severe weather events, it's pretty important to have the capability here in Canada on these items.

With respect to climate change and wildfires, there is a whole host of opportunities out there. We were also encouraged by the budget. There's some funding for wildfire mitigation and also detection, so we're working with the government on some of those pieces.

One of the things that we're really excited about is—I think it was in budget 2021—the notion of a Canadian DARPA model. It's something that we are talking to the government about. We really need an agency like this because you're talking about the.... You have the civil side and also the defence side, and we need an agency like this to focus on sectors like aerospace in which Canada has

a competitive advantage. You mentioned wildfire mitigation, and Coulson is an example. Conair is another. There are a whole host of companies that have a real skill set here in Canada.

• (1445)

Mr. Gord Johns: I was going to ask you about the made-in-Canada story. The time is running out here, and I only have a minute left, which I want to give to you.

Coulson is not doing business here in Canada, primarily. They're doing it all over the world, where they're working with private sector companies. You see this all the time: Canadian companies working abroad, but they're not getting procured here in Canada to solve some of our problems. We know that putting out a fire is really important to climate mitigation.

Can you talk about that and how important that budget money is—and I'm very excited about it as well—to get out to those companies, and the barriers that private sector companies face when they try to do business with Canada?

Mr. Mike Mueller: We looked at some of the barriers a few years ago in our “Vision 2025” document. We really talked about how to buy for the benefit of Canadians. That was really the focus that we took a look at and is what we really advocate for with the government. We also took a look at procurement and how you can support Canadian workers, Canadian capability and a whole host of pieces like this.

Again, I would say that collaboration and having more discussions with industry is always helpful. I've had some companies talk to me about how they have more engagement with foreign governments than they do with our own government on some of these things.

The Chair: Thank you, Mr. Mueller.

Now, we will go into our second round, and each party will get two minutes. That will allow us to finish at three o'clock, which Mr. Mueller has to leave. That my understanding, so hopefully we'll do that.

We'll start with Mr. McCauley for two minutes.

Mr. Kelly McCauley: Thanks, Mr. Chair.

I apologize, Mr. Mueller. I'm going to table my motion immediately so that we don't take up the committee's time. It's one we presented on Wednesday:

That the committee requests that the Office of the Parliamentary Budget Officer undertake a costing analysis of the active life cycle costs for the Canadian Surface Combatants, including decommissioning and disposal, and that the report containing this analysis be presented to the Chair of the committee by Thursday, October 27, 2022.

I've spoken to the PBO, and they're fine with that date. It works with their planning. If we can just get it approved and move forward, I'll pass over my time.

The Chair: I'm looking around the room. Is there any debate? I'm not seeing any, so I will call for a vote.

(Motion agreed to)

Mr. Kelly McCauley: Thanks.

I'll yield any of my time left to the others.

The Chair: Thank you, Mr. McCauley.

We'll now go to Mr. Housefather for two minutes.

Mr. Anthony Housefather (Mount Royal, Lib.): Thank you, Mr. Chair.

I wasn't aware that it was my turn, but I'm glad to have a chance to speak to Mr. Mueller because I had the pleasure of meeting him on Monday when we were together at Mirabel for a great Canadian success story, namely, Bell.

Mr. Mueller, could you talk to me a little bit about the investments that we're making, not only with that helicopter announcement on Monday, but also elsewhere in the industry? If the government keeps business and keeps the construction and the maintenance of our aeronautics sector in Canada, how many jobs does that create for the country on an annual basis? Can you give me some estimate, with spinoffs and everything?

• (1450)

Mr. Mike Mueller: That's an excellent question, Mr. Housefather.

It's really good seeing you again. It was good to see you at the great announcement earlier this week with respect to the extension of the Griffon helicopters. I want to thank you in particular for your planned engagement with the industry. It has been greatly appreciated. I've talked about that collaboration and making sure that we're keeping in touch and talking, and you in particular have been very good at that. Thank you.

The announcement on Monday was great. As I said in my opening remarks, during the pandemic, we saw some pretty high job losses on the civil side. We talked quite a bit with government to make sure that government procurement on the defence side kept moving forward. We were pretty pleased with some of those measures that were put in place there.

Again, timeliness is a huge issue that we need to see improved. That's a long-standing issue that's out there.

These announcements are very positive signals, that are creating jobs, keeping jobs and also building capacity and capability. It's incredibly important to see these procurements moving forward and these announcements. We hope to see more of them in very short order.

Again, it goes back to the need for that overarching aerospace strategy. I think that's the one area we could really improve upon, making more certainty and more predictability.

The Chair: Thank you, Mr. Mueller. Two minutes goes by very fast.

We will now go to Mrs. Vignola for two minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you.

Mr. Mueller, I have been hearing for several months about the red tape and the cumbersome processes, but also the costs. In general, or on average, if you can tell me, how much does it cost for a company to be successful in getting a government contract?

I'm hearing numbers that can be quite large, but I'd like to get your take on it.

Mr. Mike Mueller: Thank you for your question.

[*English*]

It's a very good one.

I hesitate to give a specific number, because it's so different, and a lot of times there are commercial sensitivities with some of those numbers.

The assessment level and the amount of work that goes into these procurements, from an industry level, are very significant. When we look at the comparisons between what's happening in Canada and some other countries in the world, for similar-type procurements, the complexity is very high. I think that is adding to a lot the timeline issues we are seeing.

I think there's room for improvement on that. Again, not to sound like a broken record, but that's why we need that strategy in place, to determine exactly what the benefits are, what is required, instead of a piecemeal approach, with every procurement going through a different assessment, different analysis, etc.

I think the development of an aerospace and a defence industrial strategy would take out a lot of that complexity, because government and industry would both have a central point they could look at and then guide a lot of the discussions and the decision-making process there.

The Chair: Thank you, Mrs. Vignola.

Now we will go to Mr. Johns.

This will be our last two minutes of questioning.

Mr. Gord Johns: Thanks very much, again, for your important testimony and work.

We talked about labour market shortages. I really appreciate your talking about the opportunity for Ukrainians, who are obviously facing an unbearable crisis right now with Russia's war on Ukraine.

On the opportunity for skilled trades workers from abroad and within Canada supporting the labour market shortage, can you speak about some of the challenges, such as the social challenges? For example, housing we know is a huge crisis right across the country.

Is that something you see as impacting your workforce and your ability to attract workers, the need for non-market housing, for example, and seeing the skyrocketing cost of housing in markets where a lot of the aerospace sector is doing business?

• (1455)

Mr. Mike Mueller: Thank you for the question.

Labour market challenges, as I said before, are across the board. I would be remiss not to say that we have a parliamentary aerospace caucus, with representation from the different parties. I know Mr. Boulerice is on that. We're working through some of these questions. It's absolutely a challenge.

The cost of living question keeps coming up. I think it would have an impact. We haven't done a lot of analysis specifically on housing costs and things like that. It's something we're keeping top of mind with respect to the labour market. We're looking at different strategies for attracting highly skilled folks and folks who want to be in the industry. We're especially taking a look at some of the under-represented groups out there, in order to attract them to the industry.

You talked about the affordability piece and the high cost of housing. Aerospace has great family-supporting wages and jobs—

up to 30% higher than the average manufacturer's. There are some very good jobs out there. We need to keep promoting the industry and working with government to implement strategies to ensure we have that pipeline of labour supply into the industry.

The Chair: Thank you, Mr. Mueller and Mr. Johns.

With that, I would like to thank you, Mr. Mueller, for being a witness today and providing us with information. If there's any further information you feel may have been missed in answering questions, by all means please put it in writing, provide it to the clerk, and we will distribute it to the committee members. Thank you very much again.

With that said, the public portion of our meeting is now complete. We're going to proceed quickly into an in camera portion of the meeting.

When I suspend the meeting, you will have to leave where you are now. You are to come back in on Zoom with a new passcode, which was sent to you by the clerk.

With that, I'm going to temporarily suspend.

[Proceedings continue in camera]

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