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# Standing Committee on Government Operations and Estimates

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Chair: Mr. Kelly McCauley





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• (1605)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** I call this meeting to order.

Welcome to meeting number 78 of the House of Commons Standing Committee on Government Operations and Estimates, also known as “the mighty OGGO, the only committee that matters”.

Pursuant to the motion adopted by the committee on Thursday, September 28, 2023, the committee is meeting on the study of the replacement of the CP-140 Aurora by the Boeing P-8 Poseidon.

Just a reminder, as always, colleagues, please do not to put ear-pieces next to the microphone, as it causes feedback and potential injury.

I understand we have opening statements today.

We have Mr. Bill Matthews back with us again, and Mr. Page, and then Ms. Gregory. We'll go in that order.

Mr. Matthews, welcome back. The floor is yours for five minutes.

**Mr. Bill Matthews (Deputy Minister, Department of National Defence):** Thank you, Mr. Chair. I will try to be much quicker than five minutes.

Thank you for the invitation. I'm here with my colleague Nancy Tremblay from our ADM materiel group, as well as with colleagues from PSPC and ISED, whom you'll hear from momentarily, to discuss the Canadian multi-mission aircraft project, which will replace the CP-140 and will equip the Canadian Armed Forces with a long-range crewed maritime patrol aircraft that will specialize in anti-submarine and anti-surface warfare. This procurement will further help ensure the Canadian Armed Forces are world class in intelligence, surveillance and reconnaissance capabilities, or ISR capabilities.

Given that we're a little late in starting, Mr. Chair, may I just wrap it up there and say I look forward to your questions?

I will pass it over to Mr. Page.

**The Chair:** Thank you, sir.

Go ahead, Mr. Page.

**Mr. Simon Page (Assistant Deputy Minister, Defence and Marine Procurement, Department of Public Works and Government Services):** Good afternoon.

I'm afraid I'm going to be a little longer than Mr. Matthews. I'll go through my remarks as presented.

Good afternoon. My name is Simon Page. I am the assistant deputy minister of the defence and marine procurement branch at Public Services and Procurement Canada. Thank you for inviting me to the committee meeting today.

Public Services and Procurement Canada supports federal departments and agencies in their daily operations by serving as their central purchasing agent, common service provider, linguistic authority, and a variety of other roles. My organization is responsible for the acquisition of defence and marine goods and services on behalf of the Canadian Armed Forces and the Department of National Defence, the Canadian Coast Guard, and other federal clients. We work with client departments and industry partners to ensure that our members have the equipment they need to carry out their important work. We also work closely with our colleagues at Innovation, Science and Economic Development Canada to leverage these procurements to deliver economic benefits for Canada and for Canadians.

Defence procurement is shaped by the cornerstone policies of “Strong, Secure, Engaged”, Canada's defence policy, which came out in 2017, and the national shipbuilding strategy. Our work is further guided by the defence investment plan, which was approved in 2018. These policies and plans help PSPC ensure that the Canadian Armed Forces and the Canadian Coast Guard are well equipped and supported.

Today I want to briefly highlight the work that we at PSPC are doing to support the Canadian multi-mission aircraft procurement, or CMMA, after which I am happy to take questions from members of the committee.

For any defence procurement, PSPC first receives information on the requirement from the Department of National Defence. Early in the procurement process, as part of pre-procurement activities, PSPC engages with industry and undertakes market analysis. This allows us to know what industry, in Canada and globally, is capable of producing in response to the requirement and to know the timeline they can produce it in.

With this information, we are better able to work with our federal clients and with our partners to identify the most appropriate procurement strategy. For example, our requests for proposals are more likely to result in a successful procurement if market analysis demonstrates a healthy marketplace for the requirement.

For the Canadian multi-mission aircraft procurement, PSPC began engaging an independent third party to conduct a market assessment of potential solutions for this capability. This analysis also looked at Canadian aerospace capabilities to analyze the different options and to assess the feasibility of the development of a CMMA solution in Canada. Based on the findings of that third party, the project team concluded that it would be very challenging for Canadian industry to develop a CMMA solution with the required capabilities within the time frame needed to meet the estimated life expectancy of the CP-140 Aurora aircraft.

[Translation]

To validate the findings of this report, a request for information was published in February 2022, not only to seek input from industry on the identified capability requirements for the new fleet, but also to assess the industry's interest, capability and experience to provide a solution meeting these requirements.

Out of the 23 responses received from that consultation, only Boeing provided a non-developmental military-off-the-shelf aircraft, with its P-8A Poseidon already in use by all other Five Eyes and other key allies. The other responses were either only partial or sub-system-level solutions, or based on an aircraft not yet developed or requiring extensive modification.

Consultation with Canada's Five Eyes partners, the United States, the United Kingdom, Australia, and New Zealand, has also confirmed that no other allied country currently has plans to develop a multi-mission platform, except for France that has requested Airbus and Dassault to produce studies for a future maritime patrol aircraft as the potential basis of a replacement project to be launched in 2026, with a new aircraft potentially entering service late in the 2030s.

The P-8A Poseidon capability is export-controlled under the United States' Arms Export Control Act and its regulatory instrument, the International Traffic in Arms Regulations, and can only be procured via the U.S. foreign military sales program. That program allows eligible foreign governments and international agencies to purchase defence articles and services from the U.S. government, and has been accessed by Canada since 1951.

With a view to exploring this option in more detail, the CMMA project team then obtained the necessary governance approval to submit a letter of request to the U.S. government in December 2022, outlining Canada's requirements and requesting an offer for up to 16 P-8A Poseidon aircraft and associated equipment and initial servicing. It is important to note that the issuance of that letter did not commit Canada to purchase the aircraft. It merely allowed Canada to understand the capability, cost, availability and benefits to Canadian industry in more detail.

In keeping with ... practice—

• (1610)

[English]

**The Chair:** I'm afraid that's our time, Mr. Page. Could you just wrap up briefly?

[Translation]

**Mr. Simon Page:** Thank you for the opportunity to present to you today. I welcome any follow-up questions.

[English]

**The Chair:** Thanks.

We have Ms. Gregory for five minutes, please.

**Ms. Mary Gregory (Associate Assistant Deputy Minister, Industry Sector, Department of Industry):** Good afternoon. Thank you for the invitation. My name is Mary Gregory, and I am the associate assistant deputy minister in the industry sector at Innovation, Science and Economic Development Canada.

Under Canada's defence procurement strategy, our department is responsible for leveraging certain defence procurements to promote economic activity and growth across Canada. The purpose is to ensure that certain large-scale military purchases contribute more broadly to the Canadian economy.

[Translation]

We achieve this mainly through the application of the industrial and technological benefits policy, or ITB policy, since 2014; and where applicable its predecessor, the industrial and regional benefits policy, since the mid-1980s.

[English]

The industrial and technological benefits policy applies on certain defence and Coast Guard projects over \$100 million in purchase value that are not subject to trade agreements, or when a national security exemption is applied. The policy requires companies awarded contracts to undertake business activities in Canada equal to the value of the contracts they win.

Business activities can be directly related to the procurement or can include other high-value activities in areas that strengthen Canada's industrial base in defence or other sectors and advance key priorities. A value proposition is generally developed for competitive procurement through market analysis and informed by industry engagement that is conducted in parallel with the work of other departments to support procurement timelines. It can also be developed and applied to directed procurement.

The economic benefit requirements also target business activities in Canada's key industrial capabilities, which include areas of established strength, such as training and simulation and emerging technologies such as artificial intelligence.

[Translation]

As a core department under Canada's defence procurement strategy, ISED participates in interdepartmental governance, and works closely with our partner departments in the procurement process. This enables our officials to develop economic benefit approaches early on in the procurement process and work in parallel with the work of our partner departments to support timely decision-making and meet procurement deadlines.

[English]

With respect to the industrial and technological benefits policy, Canada has developed a robust and flexible tool that achieves positive economic outcomes in an open and transparent manner consistent with the overall procurement process. Canada's regional development agencies can also play an important role in the process and work closely with businesses to streamline the identification of potential suppliers. Contractors are also given a proportionate amount of time in which to complete their obligations, usually tied to the duration of the contract.

• (1615)

[Translation]

Since Canada has leveraged defence procurements for economic benefits for over three decades, most large contractors are well aware of the ITB policy and its associated obligations.

[English]

This policy remains an important tool to foster economic growth, support innovation, contribute to exports and help maintain and build Canada's industrial base.

Thank you very much.

**The Chair:** That's great. Thank you very much.

We'll start our six-minute round with Ms. Block.

Go ahead, please.

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

I'd like to thank our witnesses for joining us today. I know it's only a one-meeting study, but I think it's important for us to get an update on what is happening with this procurement project.

Again, we are meeting today to discuss the procurement process for the P-8 Poseidon aircraft. Really, I think that as parliamentarians we're here to ensure that proper procurement processes are being followed and that taxpayers are getting good value for their money. I believe it's important that we have this opportunity.

I know each of you has provided us with an overview of your department's role in procurement, but I have a question with regard to the Canadian Armed Forces. What role does the Canadian Armed Forces play in the procurement of military equipment?

**Mr. Bill Matthews:** The main role for the Canadian Armed Forces starts with requirements definition. A capability is required, and then we drift into what the actual detailed requirements are for that capability. In this case, we're talking about the replacement for the CP-140, so that's everything from the range of the aircraft to

what it needs to be able to do from an anti-submarine warfare and anti-surface warfare perspective, which means the defensive mechanisms it needs, the missiles it needs to carry and the threats it needs to mitigate.

The armed forces start there, and as the requirements get further defined and we transition into a procurement process and procurement planning, my colleagues at PSPC get more heavily involved, but even throughout that process, the armed forces would play a role in clarifying requirements, maybe validating the information that comes back against their requirements to make sure it does indeed meet them.

**Mrs. Kelly Block:** How is that balanced with the role the Department of National Defence plays?

**Mr. Bill Matthews:** That is the role of the Department of National Defence integrated with the Canadian Armed Forces. We would work together with colleagues at PSPC to do that, but the requirements would start with the armed forces, and they would get some help from the procurement team within the Department of National Defence. However, the actual procurement process for something this large is run by PSPC.

**Mrs. Kelly Block:** Thank you.

With regard to industry and PSPC, I was listening to you, Ms. Gregory, when you were describing industry. Regarding this procurement in particular, what sort of advice had you provided with regard to the economics and the benefits to the Canadian economy of procuring either with companies here in Canada or looking abroad?

**Ms. Mary Gregory:** We provide a policy frame that permits the benefits from the procurement whether the provider is Canadian or external to Canada. As the deputy minister of DND outlined, the requirements come from the DND side, and we work with them to ensure that people understand the types of capabilities available in Canada. We publish a "state of aerospace" report once a year, and we study the state of the defence industry with the industry partners once every two years, so we try to provide some open, transparent information about the state of Canada's industry.

When it comes to the procurement process, we try to ensure that we can help them understand what capabilities exist and how they can be leveraged.

• (1620)

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

I know that in the timeline between the launch of the request for information in February 2022 by PSPC and the letter of request sent to the U.S. government in March 2023 for up to 16 Boeing P-8A Poseidons, somewhere in there were rumours of sole-sourcing that started in December.

I'm wondering whether you could answer the question—and you might have, Mr. Page. Did I hear you say that the RFI was sent to multiple companies?

**Mr. Simon Page:** Indeed, the request for information was sent to multiple companies. Actually, it was an open request for information for the industry at large. We got a fair number of answers—up to 23. After we received the information, we proceeded with a fairly detailed analysis of all the information received.

**Mrs. Kelly Block:** Okay.

What happened between February and December 2022 that led to the letter being sent to the U.S. government? I know you were cut off when you were explaining that the issuance of the letter did not mean—as you were about to tell us, I'm sure—that it was a letter signalling a request to purchase, although I note that in June 2023, the U.S. government pre-approved the sale.

What happened between February and December that led the department to write a letter to the U.S. government asking for up to 16 Boeings?

**The Chair:** I'm afraid I have to cut you off again, because we're at six minutes. Perhaps you can provide that in writing, or we can get to it in our next round.

Next is Mr. Kusmierczyk for six minutes.

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

I want to begin by saying thank you to my colleague Madame Vignola for bringing this motion and study forward. This is an incredibly important conversation we're having here today.

The men and women of our Royal Canadian Air Force have a hard job. They do that job very well, and oftentimes they face peril to their safety and livelihood. We saw that this summer with the loss of two servicemen in the crash of the Chinook helicopter. My number one objective here is to make sure we get the best plane for our servicemen for the purpose of their mission and make sure they come back every single night from their work.

I want to talk a little about capabilities.

Mr. Matthews, I want to ask you how the capabilities of the CMMA requirements differ from the existing capabilities of the Aurora. What has changed and what are some of the emerging threats that the CMMA will be facing?

**Mr. Bill Matthews:** There are a few points here.

Number one, the CP-140 is an old plane. It was put into service in 1980. It's been upgraded several times since it first came into service, but from a capability perspective, it is losing relevance rather quickly, first because it's old and then because our adversaries are getting more complicated much more quickly than we had hoped. There is only so much you can do to upgrade a plane that old to keep it relevant. Our current plan is 2030.

Where the CMMA will differ is more in self-defence. You want to put an asset into theatre that is not only capable of self-defence but that also has more modern offensive capability in terms of the missiles it can carry, both for anti-submarine and anti-surface warfare.

The other piece.... I think there's a risk we will oversimplify this conversation. We talked about a plane. This is a plane with very

complicated systems on board that make it a relevant asset, including radar, sensors, underwater capabilities, and all the integrated communications—intelligence and surveillance-type capabilities—that go with it. This is not just a flying piece of metal; it's the systems that come with it that make it relevant.

The capability required for the CMMA integration is absolutely critical. This is integration with the other assets the Canadian Armed Forces employs, but it's also integration and interoperability with our NATO allies. That is becoming increasingly important in the world we have right now.

• (1625)

**Mr. Irek Kusmierczyk:** Can you speak to that interoperability a little bit? Why is that important, and why is that gaining more importance right now?

**Mr. Bill Matthews:** Certainly. You can pick a dangerous spot in the world that you like, but we are rarely there alone. We are there with Five Eyes partners. We are there with NATO allies, or other allies. The ability to exchange information in real time and the ability to have complete or all-domain awareness about subsurface and surface threats and all the various threats is critical to inform the men and women operating the plane of their best course of action.

As I said, we are very rarely doing that alone, so the ability to exchange information with our NATO partners and with other allies is absolutely critical.

When you look at the current asset, you see that it's dated—let's just say that—and it's becoming increasingly difficult to sustain it. If we look at what our allies have done, we see that all our Five Eyes partners and many of our NATO allies have gone to the P-8, so interoperability is absolutely critical.

That's not to say that the P-8 is the only thing that can do it, but lots of our allies have already gone there.

**Mr. Irek Kusmierczyk:** You mentioned “multi-mission” a little bit. Can you describe for the folks watching at home what you mean by “multi-mission”? What types of missions would a plane like this conduct?

**Mr. Bill Matthews:** It will certainly conduct the same types of missions that the CP-140 conducts right now. Think about, in the news recently, the flights in terms of enforcing and monitoring sanctions against North Korea. That type of surveillance task is absolutely still on, underwater surveillance and above-water surveillance both being key. If you think about the threats to the Arctic, you see that monitoring those threats is absolutely critical.

The mission set is becoming more broad and more complicated because of the evolving threat environment, but surveillance is job one here.

[Translation]

Ms. Tremblay, do you have something to add?

[English]

**Ms. Nancy Tremblay (Associate Assistant Deputy Minister, Materiel, Department of National Defence):** It's surveillance, definitely. Maybe I can add intelligence. The aircraft needs to be able to capture intelligence information and information from reconnaissance missions as well. In addition to that, the CP-140, or the maritime multi-mission aircraft, needs to be able to do command and control missions so that the assets that are available to commanders can be dispatched and used against the threat that is present.

**Mr. Irek Kusmierczyk:** How much time do I have, Mr. Chair?

**The Chair:** You have 25 seconds.

**Mr. Irek Kusmierczyk:** Great.

I talked about risks, and obviously if the current aircraft, the Aurora, continues post-2030, that elevates certain risks as well. Can you speak a little bit about that?

**Mr. Bill Matthews:** Certainly. There have been actions taken to extend the airframe itself. That's things like the wings and the structure, but it's also to upgrade the systems. Those upgrades include things like basic communication and navigation to respect changing aviation regulations. However, the risk is—

**The Chair:** I'm sorry, Mr. Matthews. I know you're very used to my cutting you off in committee.

**Mr. Bill Matthews:** It won't be the last time.

**The Chair:** I apologize for doing it again.

Ms. Vignola, please, you have six minutes.

[Translation]

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

Mr. Page, in your opening remarks, you mentioned that Public Services and Procurement Canada had reached out to industry. When you say "industry", are you talking about specific companies, people, or lobbies in general? Is it more specific? When and how was this contact made?

**Mr. Simon Page:** Thank you for the question.

There are several ways to contact the industry to request information. In the case of the aircraft we're talking about today, we took a very broad, unrestricted approach. All companies interested in the aircraft contract, whether for the aircraft itself or for a mission system that might be installed in the aircraft, had the opportunity to respond. We sent out a relatively comprehensive document, which included all the high-level requirements communicated to us by the Department of National Defence and the Canadian Armed Forces.

● (1630)

**Mrs. Julie Vignola:** I see.

**Mr. Bill Matthews:** It might be worth giving an overview of the companies that responded.

**Mr. Simon Page:** These companies covered a wide spectrum, including major aircraft manufacturers, such as Bombardier, Boeing,

Airbus and De Havilland, but also companies specializing in mission systems, such as General Dynamics.

**Mrs. Julie Vignola:** If I understand correctly, you could receive information about a system, the airplane or both. So you could have received extremely good answers about both the aircraft and a mission system, which would have been something even more cutting-edge for Canada, but that didn't happen.

**Mr. Simon Page:** The notion of integrating the two within a single company was not included in the request for information, nor in any response. On the other hand, some major suppliers did express to us how they could manage to satisfy the needs set out in the appendix to the request for information.

**Mrs. Julie Vignola:** After receiving answers to your request for information, did you meet with partners to ask more questions and get more details? Did these partners meet with specialists from the department to ask more questions, go into greater detail and gain a better understanding of the project as a whole? I imagine that building an aircraft isn't done on a letter-sized sheet of paper, front and back. Have there been any meetings with the most interesting potential candidates?

**Mr. Simon Page:** Yes, there have been meetings. All I can say is that Canada has never said no to a company that wanted such a meeting. In fact, we have met with representatives of certain companies on numerous occasions.

**Mrs. Julie Vignola:** Ms. Gregory, between a company whose operations are abroad and a company that would come to Canada or is already here, which has the greater direct, indirect and induced impact on the socio-economic level?

[English]

**Ms. Mary Gregory:** Having a Canadian company undertake that work in Canada directly is good for that Canadian company. There's no doubt about that. The policy that we apply to military procurement requires economic activity in Canada, whether the provider is foreign or Canadian, so it's about, as you say, whether the activity is directly related—

[Translation]

**Mrs. Julie Vignola:** My question was: which of the two is going to have the biggest impact in Canada?

[English]

**Ms. Mary Gregory:** According to our policy, they should have the same type of economic activity in Canada, because it goes by the contract value, so it really depends on the contract value that goes to the provider. There's no doubt that Canada's defence industry and Canada's aerospace industry would like to be a provider, in many circumstances, to the Government of Canada and to the Department of National Defence, but the economic activity from a foreign provider that does work in Canada can be valuable to those providers and those suppliers.

[Translation]

**Mrs. Julie Vignola:** Mr. Page, regarding the CP-140 Aurora, which company does the updating or modernization of the systems?

**Mr. Simon Page:** Thank you for the question.

I think the representatives from the Department of National Defence will be able to answer it better than I can.

**Ms. Nancy Tremblay:** Systems maintenance is done by IMP Aerospace & Defence, but General Dynamics Mission Systems-Canada handles mission systems.

**Mrs. Julie Vignola:** Is this the same system you're looking for for the next multi-mission aircraft Canada is going to buy?

• (1635)

**Ms. Nancy Tremblay:** Thank you for...

[English]

**The Chair:** I'm afraid that is our time. Perhaps we'll get back to you.

Mr. Johns, go ahead, please.

**Mr. Gord Johns (Courtenay—Alberni, NDP):** Thank you all for being here.

I'm going to start with you, Ms. Gregory, just to systematically go through my questions.

We know Canada is a world leader in airborne surveillance, anti-submarine warfare and aerospace, but in May of this year, 16 Canadian aerospace and defence executives sent a letter to the Prime Minister and also to the relevant ministers at the time—Minister Champagne, Minister Anand and Minister Jaczek—asking them to allow an open CMMA competition instead of the sole-sourced procurement for the American-made P-8.

I hope you agree that Canadian aerospace and defence industries are world-renowned, and if so, do you accept the assertion from these industry leaders that the Canadian government's failure to allow our domestic sectors to even compete on this contract will do significant reputational damage on the world stage? How do you expect allied governments to invest in Canadian aerospace and defence if the Government of Canada won't even let them compete?

**Ms. Mary Gregory:** I think it's well known in Canada's aerospace and defence sector that it is difficult to sell internationally. That's what companies often tell my department and me. It is difficult to sell internationally if they're not selling within Canada.

Canada has a very strong and capable aerospace industry. It's mostly in the top three in civil elements of aerospace—civil simulators, civil engines and civil aircraft. From the perspective of a defence procurement, I think the strength of Canada's aerospace industry on the defence side has been more as a supplier as opposed to an OEM.

On your point, I think it is very important, and we hear it constantly from industry, that supplying to the Government of Canada is an important element for the defence sector and for the aerospace sector.

**Mr. Gord Johns:** I'll dive into the supply side.

We know that the Boeing product does not provide sovereign control of the intellectual property to Canada and approvals for any future modifications. They must be granted by the U.S. military. Meanwhile both Unifor, representing over 11,000 Canadian aerospace workers, and the International Association of Machinists and Aerospace Workers, have issued letters to the federal government saying that awarding a sole-source contract for the American-made P-8 threatens Canadian aerospace jobs.

Can you confirm that no Canadian workers will build Canada's P-8 Poseidons?

**Ms. Mary Gregory:** Thank you for the question.

The Poseidon aircraft, from what I understand, is based on a Boeing platform for which there are certain subcomponents built in Canada, but overall the platform is produced in the United States. It's unlikely there will be a lot of direct Canadian content on that aircraft.

**Mr. Gord Johns:** I'll go back to what you initially talked about in terms of supplying those jobs.

Given Canada's recent inability to negotiate any guaranteed supply chain work on the F-35 fleet that we're currently procuring, how confident are you that you'll be able to negotiate guaranteed industrial and technological benefits for Canadian industry and workers, equal to the full value of the P-8 contract of at least \$7 billion?

Would you agree that a sole-source contract whereby industrial offsets will be negotiated after the approval of the purchase cannot in any way guarantee maximum economic benefits for Canada, a defence procurement policy outlined in Canada's own defence policy, "Strong, Secure, Engaged"?

**Ms. Mary Gregory:** Thank you for the question.

Our policy for industrial and technological benefits can apply to foreign military sales, and it can apply to directed procurement. What would happen in that case is we would negotiate an agreement with the provider. If it were Boeing, we would negotiate with Boeing to conduct industrial benefits of the value of the contract in Canada. As you say, they wouldn't necessarily be directly on the platform that's purchased, but they could very well be, and often are, in commercial procurement, commercial activities that occur across Canada. Boeing has obligations already on previously purchased aircraft.

**Mr. Gord Johns:** But there's no certainty here. There's no certainty now.

I'm sorry to cut you off there. Time is so short.



The premier of my province, whom I'm obviously a big fan of—Premier Eby, from British Columbia—also said to the media in July of this year, in response to a question about CMMA, that he supports the Canadian government aggressively investing in domestic aerospace and defence industries through open competition, just as France and other allied nations do. More recently, the Quebec National Assembly unanimously passed a motion calling on the provincial government to lobby the federal government to open the CMMA procurement to Canadian firms.

What is your response to the governments of Ontario, Quebec, and my home province of British Columbia, which clearly believe a sole source for the American-made P-8 is not in the best interest of their provincial aerospace and defence industries and economies overall?

• (1640)

**Ms. Mary Gregory:** Thank you for the question.

The industrial benefits policy that we apply can apply to a procurement with a provider from outside Canada. It does provide benefits to industry in Canada and business activities in Canada, but they may not be directly related to the procurement itself. The industrial benefits do come from other types of activities that a company like Boeing would undertake. Often they choose suppliers on the commercial aerospace side, for example, or other suppliers.

**The Chair:** That's your time. Thanks very much.

We'll start our second round.

We have Mr. Genuis for five minutes.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Thank you, Chair.

Before I proceed to questions with the witnesses, I want to provide a verbal notice of motion on another topic.

Chair, after eight years it's clear that this Prime Minister is not worth the cost. We've seen many examples of out-of-control and wasteful spending. I'd like to put the following motion on notice with respect to the ArriveScam app. The motion is as follows: "That the committee report to the House its deep dissatisfaction with the value for money in spending \$54 million on the ArriveCAN app. It also acknowledges that the Harper government successfully developed multiple apps at a fraction of the cost, including the Travel Smart app, developed for \$416,030, launched on December 19, 2015; the CanBorder border wait times app, developed for \$89,981.77, launched on May 18, 2016; the CBSA eDeclaration app, developed for \$122,712, launched in 2017; the Canadian Armed Forces app, developed for \$107,992, launched on July 1, 2016; CRA's Business Tax Reminder app, developed for \$138,800, launched in August 2014; the Veterans Matter app, developed for \$132,464, launched in 2010; and the MyCRA app, developed for \$2.8 million, launched in February 2015.

Madam Clerk, if you didn't manage to write all of that down while I was talking, I'm happy to provide this notice in writing.

Again, this motion underlines the deep dissatisfaction many Canadians have with what happened with ArriveCAN and the broader pattern of waste and mismanagement that we've seen from the government.

In the remaining time I have, I thank the witnesses for being here.

I will say that you're before us in the wake of a decision from the Canadian International Trade Tribunal regarding a propulsion upgrade for the Coast Guard icebreaker. Although that's not the principle topic, I would like to maybe ask you to reflect on that decision, the findings and the possible lessons learned from that experience.

**Mr. Simon Page:** Thank you for the question.

Maybe I'll give a couple of high-level reflections on the matter.

In PSPC, we run a very rigorous solicitation process based on the requirements of our client departments, as per my introductory notes. These requirements are very technical. Some of them are very focused on management.

In this case here, we're talking about a work period for a shipyard for a vessel's life extension, which was quite involved. There is a huge amount of technical requirements. When some of these requirements are assessed, each one comes in with criteria. The implementation of these criteria sometimes can be different from one body of people to another. For me, it's a reflection on the entirety of the case.

Because the case was quite complex, it involved a couple of rounds of submissions to the tribunal. I think if I have a more personal reflection, it would be to make sure that all parties involved fully understand the matter at stake at the outset. I think it triggered, unfortunately, a second round of complaints, more analysis and more deliberations—

• (1645)

**Mr. Garnett Genuis:** Sir, I'm going to jump in because of time limitations.

The finding was.... You describe it as a technical matter. I accept that these matters are going to be highly technical for the average person, but these are things in which the department is supposed to have expertise. From my understanding, the finding is going to be costly to the government in terms of illegal granting of the upgrade for the project.

I want to press you to say a bit more about lessons learned, because it sounds like a pretty significant failure to have the ruling in this case made the way it was. Maybe the lesson should be more than just that it was really complicated.

**The Chair:** I'm afraid we'll have to leave it at that. Perhaps, like so many other things, we'll come back to it another time.

Mr. Bains, go ahead for five minutes, please.

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

Thank you to all the department members joining us today.

I want to echo something my colleague said about military safety being paramount. I also believe the equipment, resources and tools made available to them are equally as important. I think Madame Gregory mentioned there are Canadian suppliers that are part of the P-8 procurement.

Mr. Matthews, do we have a number on that? How many Canadian suppliers contribute to the P-8?

**Mr. Bill Matthews:** I'll start with some generic comments and then see whether Mary or Nancy would like to chime in.

Supply chains right now are very much global. I know it's tempting to think of something completely made in Canada or completely made in the United States. The reality is that regardless of where the bulk of the manufacturing is, there are often links to other countries. Obviously, we want to make sure Canada has maximum opportunity, but we also want to make sure that none of those components are manufactured in places we would not be comfortable with. Integration of the supply chain with allies is critical.

As my colleague Ms. Gregory said, there are some Canadian components on the P-8 already, and I'll turn the mike over to her in a second. The more important point she made is this: If there is a decision to go with the P-8, the economic benefits policy requirements don't change, regardless of whether the prime is in Canada or headquartered elsewhere.

Mary, I'll now pass it over to you.

**Ms. Mary Gregory:** Thank you so much.

I apologize, but I don't know the exact number of suppliers on the P-8. It is a militarized version of the 737, I think. Boeing Winnipeg has parts, composites, elements and components that might relate to the 737. I apologize, but I don't know the specifics on which elements might come from Canada. My understanding is that it's a small amount. I wouldn't suggest it's a big number.

**Mr. Parm Bains:** I'll now go back to Mr. Matthews.

What's the life expectancy of the replacement aircraft?

**Mr. Bill Matthews:** I guess it depends on which solution is chosen.

Let's be blunt here, Mr. Chair. The most specific information we have is on the P-8 because it is an existing product. All the other products and the information we learn through the RFI run by PSPC are developmental in nature. There is a lot of good work done to estimate when the products might be ready and how long they might last.

When we heard back from the RFI—and Simon, feel free to correct me if I have this wrong—most of the developmental options—“developmental” meaning they don't have an option today that meets the requirements—are looking at somewhere between 2036 and 2038 as the most optimistic estimate of when they would have a plane ready with all the systems. Then you have a lifespan beyond that.

If you look at the CP-140, which came into service in 1980, we're 43 or 44 years from there. That's a good guess. What we know about the P-8 is that the U.S. intends to keep it in service until the mid-2060s. Again, we have about a 40-year runway on that

particular asset. It is the one we have the most certainty on, because it is an existing product.

• (1650)

**Mr. Parm Bains:** Okay.

I'll now go to Mr. Page.

Stepping away from this particular procurement, because no decisions have been made, we know the default position of PSPC is to run competitions whenever possible.

What are the factors that led to the decision to go another way?

**Mr. Simon Page:** Perhaps this is a good segue to the answer just provided by Mr. Matthews.

When we receive a requirement, we look at what it is and the details around it. We then try to have the best solicitation process for the requirement. In this case, we started our process with a request for information, as detailed a bit earlier.

We also had a third party set of eyes for our work on the request for information. Then, as Mr. Matthews mentioned, the result of that request for information was that research revealed that we only have one military off-the-shelf product that could meet the requirements of Canada at the moment.

That triggers, I think.... I'll go back to the previous—

**The Chair:** I'm sorry, Mr. Page. We're past our time.

Next is Ms. Vignola for two and a half minutes, and then Mr. Johns for two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Mr. Page, if I'm not mistaken, we'd like to start getting the planes in 2032, correct?

How long does the proper procurement process take? Would it push back the deadline by that much?

**Mr. Simon Page:** Thank you for the question.

As I said, when we sent out our request for information, a third party verified the results and confirmed that no off-the-shelf military products were available for the years 2030 to 2040. So we were open to sourcing otherwise, and we still are.

We checked how long it would take, approximately, even with...

**Mrs. Julie Vignola:** What I want to know is how long a procurement process takes, from the call for tenders to making a decision.

**Mr. Simon Page:** A fast-track process, from the time the needs of the customer, the Department of National Defence, would be known in detail to the time the contract would be awarded—not the time the aircraft would be obtained—could take between 30 and 32 months.

**Mrs. Julie Vignola:** All right.

Mr. Matthews, the P-8A Poseidon is a Boeing 737 modified and adapted to the customer's needs. Is that correct?

**Mr. Bill Matthews:** This is an aircraft that has been modified to meet the requirements of U.S. military forces. Military forces in other countries have adopted the same requirements.

**Mrs. Julie Vignola:** All right.

The fact remains that although the two aircraft have similar characteristics, the P-8A Poseidon is a Boeing 737 modified to meet the countries' needs. Is it true that there is currently no other aircraft on the planet that is modifiable, compatible, interoperable, or possibly even interchangeable, and that no one has purchased an aircraft that is modifiable like this?

**Mr. Bill Matthews:** The real question would be how long it would take to build one, and at what cost. In the case of the P-8A Poseidon, it took the U.S. 30 years to create it by modifying an existing aircraft to meet the requirements of military forces.

[English]

I believe it cost in excess of \$8 billion to actually make those modifications. The point I would like to emphasize here is that the modifications we're talking about to take a civilian aircraft and modify it into something military are very complicated and very expensive. These are not easy modifications.

It's not that they cannot be done—

**The Chair:** Thanks, Mr. Matthews. We're half a minute past our time.

Mr. Johns, you have the floor for two and a half minutes, please.

• (1655)

**Mr. Gord Johns:** Mr. Page, you mentioned that PSPC did a third party market assessment. With the will of the committee, Mr. Chair, I'd like to ask Mr. Page to table that document to the committee.

Thank you.

**The Chair:** Colleagues, are we comfortable with that?

Please do, Mr. Page.

**Mr. Gord Johns:** Obviously the environmental concerns are significant to us. We understand that the P-8 costs approximately \$29,900 USD per flight hour, which is 30% more than the CP-140. It uses significantly more fuel than the CP-140. Based on a fleet's yearly flying rate of 8,000 hours, this equates to an annual operating cost of approximately \$239 million USD.

Have these costs been provisioned in annual estimates? What provisions for carbon offsets and green procurement considerations have been made for this procurement?

Mr. Page, given Canadian industry's proven track record of delivering specialized military aircraft that are less expensive to operate and more fuel efficient than the P-8, why won't you give Canadian industry the opportunity to do that again with the CMMA program?

**Mr. Simon Page:** Thank you for the question.

Those questions are very focused on the plane itself, the cost of sustainment. I think they're better for DND to answer. We can move in with a process discussion if you wish, Mr. Johns, afterwards.

**Mr. Bill Matthews:** In terms of the carbon offsets around military activity, the department is still developing an overall approach for that regardless of the option picked here.

The current serviceability of the CP-140 is around 45%. It's down where it should be. It's an old plane; that's not surprising.

The other point I'd make on the P-8—again, it's a certainty versus some speculation on the other options—is that it can get to theatre much faster than the CP-140.

I'll take your word for your observations on the fuel cost, but because something like the P-8 can get to theatre more quickly, it spends more time doing its actual job as opposed to getting there. It can fly at higher altitudes as well.

Those are the other requirements factored in, in addition to sustainment.

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

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

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you very much, Mr. Chair.

Thank you very much to all the witnesses for being here today. I very much appreciate the topic of procurement. I served with Global Affairs Canada as a management consular officer for several years, so I date myself back to the time of MERX. It's always a pleasure to be in the room with other procurement officers. Certainly, I did not do procurement at a level like this, but rather some medium-sized projects within missions around the world.

Thank you very much for being here today.

I have a few questions about the initial RFI of February 2022.

How many responses did you get to the initial RFI?

**Mr. Simon Page:** Thank you for the question.

We received 23 responses.

**Mrs. Stephanie Kusie:** It was 23 responses.

Regarding the RFI, my understanding is that it was a document of only 14 pages. Once you take away the cover page and table of contents, it becomes a significantly smaller, less detailed document.

Would you say it was a typical RFI that laid out all the requirements necessary to fill the procurement?

**Mr. Simon Page:** I would say that yes, at this stage of the procurement, it was a typical RFI. I mentioned earlier that the RFI included all the high-level mandatory requirements we had from the Department of National Defence.

It's important to understand the difference between generic high-level requirements, such as interoperability—that would be one of them—and a specific set of requirements that would be a lot more detailed, which we would use in a request for proposal process. I want to make sure you understand that a 14-page RFI is fairly standard at the stage we were with the project.

**Mrs. Stephanie Kusie:** Thank you for that response.

After you received the 23 responses to the RFI, how many times would you say you consulted with industry? How much industry consultation did you do, would you say?

• (1700)

**Mr. Simon Page:** For me, formal engagement or re-engaging with industry...we did not.

I mentioned earlier that we re-engaged with all those who came back and wanted to talk to us, wanted more information and wanted to share additional information about their respective solutions.

**Mrs. Stephanie Kusie:** Why did you not engage with industry?

**Mr. Simon Page:** The key piece of the RFI was that it be unanimous. It was a conclusion of the RFI that the only aircraft currently available that offered a solution to all Department of National Defence HLMRs, their high-level mandatory requirements, was the Boeing P-8 Poseidon. From a process point of view, we went from capturing this information to doing the analysis to trying to dig more into this potential solution—the Boeing P-8 Poseidon.

The interesting part about this procurement is that the only way we could get additional information from Boeing regarding the RFI was through a government-to-government military sale engagement. Therefore, in late 2022, we kick-started that engagement through a letter of request to the U.S. government to make sure we were going to have specific information about the Boeing P-8 Poseidon as we went forward. That was to ensure we had all the pieces of information necessary to make our call about next steps and further analysis.

**Mrs. Stephanie Kusie:** That's a bit concerning to me, given that it was a 10-page document and, as you mentioned, the high-level information, which is usually normal for the RFI stage of the process, but not the RFP... You indicated you only communicated with industry that had responded to you with further questions or information. You indicated you didn't communicate with all of the respondents to the RFI, only with a select few.

How did you determine who you communicated with after receiving the responses from the RFI?

**Mr. Simon Page:** It was simply based on a request point of view. We didn't say no to anyone. We engaged with everyone who wanted to talk to us about this procurement.

With respect to the concerning part, we had a third-party assessment, as I mentioned earlier. It was fairly standard. The analysis was fairly conclusive with respect to the only military off-the-shelf aircraft. I think there was enough information in the RFI responses to come up with that conclusion.

**Mrs. Stephanie Kusie:** Thank you.

**The Chair:** Thank you, Mrs. Kusie. Thank you, Mr. Page.

Mrs. Atwin, please go ahead for five minutes.

**Mrs. Jenica Atwin (Fredericton, Lib.):** Thank you very much, Mr. Chair, and thank you to our witnesses for being with us this afternoon.

I come from a riding that represents CFB Gagetown, so this is a particularly important conversation for my constituents and for Canada.

Ms. Gregory, you mentioned that the P-8 shares extensive commonality with the Boeing 737, which has support infrastructure around the globe.

In your opinion, would this commonality in spares and in training for air crews and maintainers reduce costs and potentially also enable military operations to leverage support throughout the world?

**Ms. Mary Gregory:** Thank you so much for the question.

I can't speak to the degree to which the military training would be comparable to civilian training.

Nancy, I don't know if you can answer that.

I think that Boeing, like others, has worldwide capabilities.

**Ms. Nancy Tremblay:** Thank you very much for the question.

The military training is very different from typical civilian airline training. It would have to be developed specifically for the purpose of military operations. The missions that the members of the Canadian Armed Forces do are much different from what you would see on a 737.

**Mrs. Jenica Atwin:** Thank you very much.

Madam Tremblay, I understand that the range, speed and endurance of the P-8 make it an ideal platform for monitoring Canada's northern and maritime approaches. Could you speak to that specifically?

**Ms. Nancy Tremblay:** Yes, in fact the endurance and the long range that the Royal Canadian Air Force has requested as a requirement for this aircraft would be met by the P-8.

Canada is a big country, so the RCAF wants to be in a position to be able to do the surveillance missions, intelligence missions, and command and control missions definitely within Canada. As well, the Canadian Armed Forces are often called upon to interact with allies abroad. The Indo-Pacific region is one of them. The P-8 would meet the range requested by the RCAF.

• (1705)

**Mr. Bill Matthews:** Can I add one thing, Mr. Chair, just to be clear?

This applies to planes and ships. We are loading them up with more things all the time. Weight is important and weight obviously impacts range.

The P-8 does indeed meet the RCAF's requirement for range. The range is not as good as the CP-140, largely because of its weight, but the P-8 is capable of air-to-air refuelling, so it meets the range requirements of the RCAF. It is able to refuel in the air, which allows it to stay in theatre longer.

**Mrs. Jenica Atwin:** Excellent.

Mr. Matthews, what limitations do the Canadian Armed Forces currently face, especially relative to allies, by still using the CP-140?

**Mr. Bill Matthews:** On the limitations, we are upgrading the CP-140 to mitigate some of those, but it is becoming a less relevant asset more and more quickly. It is currently not able to self-defend. That is an important aspect in the current environment.

We have plans to fix that, but the less relevant it becomes, the more challenges it has in communicating with allies and the more difficult it is to deploy. While we plan to fly it until 2030, I think we can forecast that the relevance of that asset will decrease as time goes on.

**Mrs. Jenica Atwin:** In line with that question, would Canada's aviation infrastructure need to be modernized or expanded to accommodate the P-8A?

**Mr. Bill Matthews:** I'm not sure how to answer that. You have to develop a sustainment strategy for any new asset you bring on board. You have to have a sustainment strategy for your old assets, which becomes a problem.

From an infrastructure perspective, I'm not aware of anything overly special here, but I'm going to turn to Nancy.

**Ms. Nancy Tremblay:** The infrastructure requirements need to be further refined once we have finalized the decision as to which aircraft will replace the CP-140. Obviously, we would need to have the infrastructure ready to be able to operate and maintain the aircraft and train the aircrew and the maintainers.

**Mrs. Jenica Atwin:** Just quickly to end, are you aware of any problems with the operation of the P-8A Poseidon? Anyone can answer.

**Mr. Bill Matthews:** You may be aware of some of the work done by the U.S. Senate, I believe, looking at the availability of the P-8. They had some challenges early on with making sure they had the sustainment of parts necessary to keep it in the air as often as desired. The U.S. Navy has actually fixed that problem, so they are at 80% or above right now.

**Mrs. Jenica Atwin:** Thank you.

**The Chair:** Thanks very much.

Ms. Block, you have five minutes, please.

**Mrs. Kelly Block:** Thank you very much, Mr. Chair.

I want to follow up on the questioning of my colleague Mr. Genuis and get back to the Canadian International Trade Tribunal ruling and the impact that it has had on the reputation, I guess, of Public Services and Procurement and the concerns that raises with regard to future procurement.

I guess what I want to be clear on is that with regard to the study we're having right now, we are simply trying to identify some pro-

cedural discrepancies and processes around large procurement projects. How can we be sure that PSPC is up to the task of replacing the Auroras if they continually bungle up procurement projects like the one indicated in the ruling by the CITT?

**Mr. Simon Page:** On part one, the CITT, I think I'll go back to my previous comment. Every defence and marine procurement, once detailed from a requirements point of view, is fairly massive. There are many technical requirements. Many of them are mandatory. Some of them are desirable. There are different assessments and different criteria. Sometimes the interpretation of a criterion can differ from one party to another.

I think we are doing really well. We don't do this job alone. Technical requirements are evaluated with the client department. In the CITT case here, for the *Terry Fox* vessel life extension, the Canadian Coast Guard is with us. They are the technical authority for the procurement. We're there from a process point of view and for good stewardship of the solicitation. ISED is also in the room to make sure we respect any Canadian economic benefits we may have associated with a project.

We take this job very seriously. We're laser-focused every time there's a bid evaluation. In many cases, we have fairness monitors. In many cases, we have software to assist us in determining the compliance and the winning bidder.

• (1710)

**Mrs. Kelly Block:** As a follow-up question, how much did this process with the CITT cost Canadian taxpayers?

**Mr. Simon Page:** That has yet to be determined. If you're asking for our own efforts in government, I don't have that figure yet. The CITT is now asking us to negotiate compensation. We are in the process of doing that. I don't have the exact figure at this moment.

**Mrs. Kelly Block:** As my last question, can you tell me how many other CITT disputes there may be in regard to procurement with PSPC?

**Mr. Simon Page:** I don't have that number. What I can share is that over two and a half years with PSPC in defence and marine procurement, this was my second case at the tribunal.

**Mrs. Kelly Block:** Thank you.

**The Chair:** Are you giving up your minute and a half?

**Mrs. Kelly Block:** I would just make the observation that there are several time and capability constraints, I think, that must be satisfied in the replacement of any military procurement, the Auroras notwithstanding. I guess I would say that if it isn't done right, it will cost Canadians a whole lot more than it already has and open up another capability gap in our Canadian Armed Forces.

I would end with that observation. Thank you.

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

Mr. Sousa, you have five minutes, please.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you, Mr. Chair.

Thank you for the presentations. I appreciate that my colleagues around the table have asked you a number of questions that are all relevant and important. We all want to make certain that the process is proper and secure and that it captures the essence of trying to also build our homegrown talent, enable some of our own suppliers to succeed in the process and provide some sovereignty and protection of Canadian defence measures, including the patents and initiatives that we hold dear. I appreciate the concern that we foster that process.

Mr. Page, you mentioned that we haven't made a decision as of yet. We're still going through that procedure to determine it and to ensure that it's being done. Today I had a meeting with a former brigadier-general who flew these aircraft. He flew for us during his day. He mentioned how critically important it is for us to ensure that the process is done appropriately to have the benefit of having the right aircraft necessary to go forward, and that it is proven, and not necessarily at a concept stage, that in the Arctic and so forth it is able to perform well. He mentioned that this is a long process. It's not something you do quickly.

You have reaffirmed that in your discussions. Can you elaborate a little bit further in terms of that integrity? What are the preferences in your process relative to our homegrown talent—it doesn't include just one supplier, but the many that we have—and then the proven capability by which to proceed forward? I guess I'm trying to reintroduce, or advise this committee on, the difference between the RFP and the RFI enabling this and why it takes so long.

I don't know which of you, Mr. Page or Mr. Matthews, wishes to proceed here.

• (1715)

**Mr. Simon Page:** Thank you for the question.

For this procurement here, we have not released a request for proposal. We had the request for information. We had some results and a good analysis on that, with some very specific conclusions that were also supported by, as I mentioned earlier, a third party assessment. Then we needed more information from the one solution that delivered on all HLMRs at the current time. As I mentioned earlier, that triggered the government-to-government engagement that we have right now with U.S. government foreign military sales through the letter of request.

We have received more information. I would not characterize this process so far as having taken a lot of time. I think we have actually met each one of the milestones fairly swiftly, fairly effectively and with the right information.

Before I turn it back to Mr. Matthews, in our branch we take very seriously our job of balancing all the pillars of defence procurement. We have the performance/capability pillar. In this case here, the availability is also a huge component of that performance piece. Then there's the cost and the value for money. Sometimes we think that the cost is simply the price of the aircraft, but it's a lot more than that when you're purchasing a capability. We're also taking that into consideration. The third key pillar is the one that ISED is responsible for, the economic benefits.

We have a lot of information on the table. We still have not made our decision. We're debating it with a good degree of granularity.

**Mr. Bill Matthews:** Mr. Chair, Simon wrapped up where I was going to jump in. How are we doing on time?

**The Chair:** Mr. Sousa has another minute.

**Mr. Charles Sousa:** Mr. Matthews, you can take it up. Explain to us how important the work is that you're doing to safeguard our troops and our country relative to the purchase we're making today, because it's a long-term purchase.

**The Chair:** Now you have 35 seconds.

**Mr. Bill Matthews:** Okay.

I think we're getting a good airing of the issues and the trade-offs around this decision, which is yet to be taken. From a defence perspective, we will always prioritize capability for the armed forces first. I think what you have here is an interesting discussion about the risks around developmental projects. Developmental projects can be great, because they spur innovation. They also come with schedule and cost risks, and are not guaranteed to succeed.

Then you have Simon and his department—they've already weighed in on this—who are making sure that you have a proper procurement process and that you follow that aspect.

I think those are the key issues we're facing here. Obviously, from a defence perspective, the air force—

**The Chair:** I'm sorry, Mr. Matthews, but that was our 25 seconds.

It's Ms. Vignola for two and a half minutes and then Mr. Johns for two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much.

Mr. Page or Mr. Matthews, was the “off-the-shelf” feature specifically stated in the original request for information?

You can quickly answer yes, no or maybe.

**Mr. Simon Page:** Thank you for this question.

I'll look into it.

**Mrs. Julie Vignola:** Thank you.

**Mr. Simon Page:** The analysis of the responses we received allowed us to know whether they were off-the-shelf military products or not, but I don't know if those specific terms were used.

**Mrs. Julie Vignola:** All right.

If this was not in the initial request for information, is it possible that one or more companies did not specify this in their response and, as a result, were left out of the analysis?

**Mr. Simon Page:** I don't think that was the case, quite frankly, because our client department, which is the technical authority, and we are aware of the aircraft that exist in the multi-mission aircraft sector. We also have the opportunity to provide information to companies if things are not clear.

• (1720)

**Mrs. Julie Vignola:** How can you convince me that Canadians' and Quebecers' money is better invested by not going to tender and that it's better for pilot safety? How can you convince me that not considering all bids is the best way to get the best price?

**Mr. Simon Page:** Thank you for the question.

Ultimately, the decision whether or not to issue calls for tender has not yet been made. A decision still needs to be made about the process. Secondly, as I mentioned before, it should be noted that the only aircraft that met...

**Mrs. Julie Vignola:** [*Inaudible*] have something else that's already ready.

**Mr. Simon Page:** This is the information we have and analyze.

**Mrs. Julie Vignola:** Thank you.

[*English*]

**The Chair:** Mr. Johns, go ahead for two and a half minutes, please.

**Mr. Gord Johns:** Mr. Page, we understand that other countries are seeking alternatives to the P-8 due to acquisition and operating costs. Have you spoken to your South Korean counterparts to understand why they're thinking of buying another multi-mission fleet to replace their remaining P-3Cs and P-3CKs rather than buying more P-8s?

**Mr. Simon Page:** Thank you for the question, Mr. Chair.

I have not.

**Mr. Gord Johns:** You know, Canada has spoken to other countries, such as France, as to why they're electing to develop their own solution and not purchase the P-8. Why is France not as concerned about interchangeability as Canada is? Why is France more supportive of their local aerospace industry than Canada is of our own aerospace industry?

**Mr. Simon Page:** Thanks for the question.

Usually the country-to-country discussions are more with the Department of National Defence. It's not that I want to shy away from the question, but I have not engaged with any other countries on this procurement.

**Mr. Gord Johns:** I'll go back to the environmental concerns. We understand that the P-8 will be supported by the U.S. Navy only until 2048 and that the navy will start sunseting the P-8 in the late 2030s—just six years after Canada achieves initial operating capability.

What is DND's long-term sustainment plan for the fleet after the U.S. Navy divestment?

**Mr. Bill Matthews:** Mr. Chair, I can take that one.

My understanding of the plans of the U.S. Navy—and they are always subject to change—is that they plan on flying the P-8s into the mid-2060s. I have information that is different from what was indicated in the question. I'm not aware of the dates that were shared in the question.

**Mr. Gord Johns:** I guess I'm just looking for what the long-term sustainment plan is.

Wouldn't a more modern and environmentally friendly Canadian-made aircraft with an abundance of ongoing support in parts be a more prudent procurement than something that will sunset only a few years after delivery? These environmental concerns are real. I'm hoping you can answer them.

**Mr. Bill Matthews:** I think again, with respect to the sustainment and the lifespan of the P-8 assets, our understanding is that it has a long run ahead of it into the mid-2060s.

From a sustainment perspective, generally speaking, the more assets that are in service, the more readily available sustainment parts are. If you're dealing with a common fleet that is shared with allies, you generally have more ease of access to supply chains. We're feeling it on the CP-140 right now. As allies have divested, we have found it more and more challenging to find parts. You need a sustainment plan for sure. Ms. Gregory here has already talked about the potential economic benefits. My rule of thumb is that having common fleets amongst allies is a good risk mitigation measure for sustainment.

On the environmental question, we're going to have to come back to you, because regardless of the decision made, those are outstanding questions.

**The Chair:** Thanks very much.

Before we go to Ms. Kusie, I'll let the witnesses know we've passed a motion in this committee that when you are getting back to us with any documents or information, we have a three-week time limit. I'll ask you to watch for that.

Also, before we go to Ms. Kusie, colleagues, if you don't mind, I'll ask three questions that I promise you will be very quick.

Can you let us know who did the third-party assessment?

**Mr. Simon Page:** Thank you for the question, Mr. Chair.

It was Avascent.

**The Chair:** Okay.

Was the Kawasaki P-1 considered at any part of this process? I realize there's more expense on that. Did they respond to the RFI?

• (1725)

**Mr. Simon Page:** Yes, they did.

**The Chair:** Okay, but it wasn't considered.

Who was the other one in the CITT dispute? Was that the Glock versus Sig Sauer issue, or was that a different one?

**Mr. Simon Page:** It was the pistol replacement project.

**The Chair:** Wonderful.

I told you it would be three very quick questions.

Ms. Kusie, go ahead for five minutes, please.

**Mrs. Stephanie Kusie:** Thank you, Mr. Chair.

Again, I want to thank the witnesses very much for being here today. I think this has certainly shed a lot of light on the process. I certainly hope that it will help the government in their deliberations as they come to the best decision for Canadians.

I'm going to take a moment now to bring forward a motion that I had put on notice earlier. I know that we as a committee had come to the conclusion that we were scheduled to complete the ArriveCAN study in very short order—in fact, I know that we were going to be moving to the line-by-line study even as soon as this coming week—but I believe that new information has come to light on the ArriveCAN situation that as a committee we just simply cannot ignore.

I will read to you a communication from Ms. Dutt, of Botler, to former CBSA executive director Antonio Utano. She writes, “I wish I was reconnecting under better circumstances. Due to ongoing issues with a supplier, DALIAN Enterprises Inc., in joint venture with Coradix Technology Consulting Limited, and their subcontractor, GC Strategies Incorporated, Botler AI no longer feels comfortable working or associating with any of the above-mentioned parties in any capacity moving forward.

“We were approached by Kristian Firth of GC Strategies in early November, 2019, who informed that his client, the CBSA, asked him to reach out to us regarding starting proof of concept. After confirming that GCS did have business with the agency on Buyandsell, Botler began initial groundwork and monetary investment for the project from November 2019 onward. The contract for the project was finalized between the agency and DALIAN in January 2021 and has been riddled with issues that have been flagged repeatedly by both Botler's team as well as teams within the CBSA since.

“From the onset in 2019, we were informed that GCS would be the supplier of the vehicle, would act as the intermediary between Botler and the agency, for which they would charge an additional percentage fee on top of our quoted fees of \$350,000 Canadian, plus applicable taxes, for the proof of concept pilot. In late 2020, GCS informed us that the contract would have to pass through another company that he knew. After repeated requests, we finally received the attached email, entitled 'FYI from GCS'. The value of Botler's contract had been cut by \$16,000—\$336,000—with no explanation provided as well as the agreement between GCS and DALIAN, also attached. At no point were we consulted by either DALIAN or GCS regarding the terms or any aspect of this contract, and we never have provided our consent to the existing terms, which don't even specify our company's name.

“All the deliverable milestones and dates specified have been arbitrarily assigned without consultation with Botler. This has already caused headaches and wasted unnecessary time for both the CBSA and Botler's teams. CBSA's HR project liaison has also raised concerns over the contracting. After we completed the ninth month of formal work, Botler has yet to be paid a cent, whereas Coradix received the first payment for Botler's work 67 days ago and have submitted another invoice for payment. Both GCS and Coradix have tried to pass Botler's invoice on to the other party and are non-responsive to follow-up. Please find the attached respective email threads.”

Now we have allegations of identity theft, forged resumé, contractual theft, fraudulent billing, price-fixing and collusion, all with senior bureaucrats and three contractors, one who was in front of us during the ArriveCAN investigation within this committee. We can't even verify the validity of the report because we were lied to during testimony.

Subsequently, my colleague Larry Brock uncovered that the AG was made aware of the investigation from The Globe and Mail prior to her testimony being shut down.

I know that my opposition colleagues share this concern and I want to thank my NDP colleague for the honour and responsibility of moving this motion after he indicated his intention in the Globe and Mail article to move a similar motion and to work with fellow Conservatives and opposition colleagues. I know that everyone on this committee is a dedicated and honourable parliamentarian who wants to get the truth for Canadians.

● (1730)

Our concerns began simply in an effort to get value for the money of Canadians and to get value for taxpayers' money, but unfortunately, it has come to so much more than this. We must now get the truth for Canadians.

We cannot conclude our ArriveCAN study. We must continue our pursuit of the truth.

With that, Chair, I am moving the following motion today:

That the committee postpone the deadline for recommendations on the ArriveCAN study in order to extend the study for an additional four meetings in light of the recent reports that the RCMP is investigating allegations of misconduct by three companies involved in the development of the ArriveCAN app. Over the course of the four meetings, the committee will hear testimony that includes, but is not limited to, the following witnesses regarding the investigation, the evidence and its findings, and that the testimony heard during those meetings be included in the final report on the ArriveCAN Study, and recommendations be accepted up to a week following the final week of testimony:

Ritika Dutt, Botler

Amir Morv, Botler

Kristian Firth, GC Strategies

Cameron MacDonald, Former CBSA Director General

John Ossowski, Former President of the CBSA

Sergeant Kim Chamberland, RCMP

Erin O'Gorman, President of the CBSA

Minh Doan, Former CBSA Vice-President and CIO

Antonio Utano, Former CBSA Executive Director

Vaughn Brennan, Consultant

Jeremy Broadhurst, Chief of Staff for the Minister of Finance

David Yeo, Dalian Director

Anthony Carmanico, Dalian Director

Anita Anand, President of the Treasury Board

Jean-Yves Duclos, Minister of Public Services and Procurement

Dominic Leblanc, Minister of Public Safety, Democratic Institutions and Intergovernmental Affairs.

Thank you, Mr. Chair, and thank you, committee, for your diligent consideration of this motion. Thank you all.

**The Chair:** Thank you, Ms. Kusie.



The motion was put on notice a week or two ago. It was October 6. We are making printed copies in case you've lost emailed copies.

Starting the speaking list on the motion, I have Mr. Johns.

**Mr. Gord Johns:** First I want to thank my Conservative colleague for doing the heavy lifting on this.

We expressed that we were going to put forward a motion. This motion is sound. I think it covers the bases.

Obviously, we want to work together on this. We need to get to the bottom of it. We clearly didn't get to the bottom of it in the last rounds of having these witnesses before us. We want to make sure that this never happens again, and getting to the bottom of this is going to help us make recommendations.

I want to make a couple of quick alterations. I think we have a common agreement here in Parliament that we don't drag in chiefs of staff. We have ministers come and appear before the committee, so I'd like to move that we strike out Jeremy Broadhurst, the chief of staff for the Minister of Finance. I think we have enough ministers here to answer the concerns we have.

I'd like to add Mark Weber. He's the national president of the Customs and Immigration Union. We had him here before. I think he's going to have a lot more to say, given these revelations that we've seen and learned of.

I want to thank Bill Curry from The Globe and Mail for the important work he's done. We wouldn't be learning about a lot of this without Bill Curry. It's pretty sad that this hasn't come through the public service and that they're not catching these things and doing due diligence to mitigate this from happening.

I'd like to move that we remove Jeremy Broadhurst and add Mark Weber.

**The Chair:** If I can interrupt, I understand what you're saying about Mr. Broadhurst. There is a part where we can add other witnesses, so we don't need to name Mr. Weber specifically.

**Mr. Gord Johns:** I'd like to put him in. I'm just moving a quick amendment to remove Jeremy Broadhurst. Hopefully it's a friendly amendment and hopefully Ms. Kusie will support that and add Mr. Weber.

I'm moving an amendment to the motion.

**The Chair:** Does anyone want to speak on the amendment?

**Mrs. Stephanie Kusie:** I would accept it.

**The Chair:** Okay.

(Amendment agreed to)

**The Chair:** It is so moved. We'll take Mr. Broadhurst off and add Mr. Mark Weber, who I think graced us with his appearance earlier.

Does anyone else wish to speak on this motion?

Go ahead, Ms. Block.

• (1735)

**Mrs. Kelly Block:** I too would like to thank my colleague for her diligence in bringing forward this motion upon the revelations

that we read in Mr. Curry's article. It's long, and there's a lot there. I think that when we first started this study, we absolutely believed that we weren't getting to the bottom of the story. I want to say to my colleagues that if you take a look at the article, you will see that there is a comment made that Ms. Dutt "questioned why the agency did not appear to take action in response to their first warnings — delivered in September, 2021 — and only moved [on the issue] after receiving their second report once ArriveCan had become a major public controversy" last fall through this committee. I think we did some good work. I think it absolutely shone a light on some things.

The last comment I would make is that at the end of this article, she is quoted again as saying that she understands that "speaking out could mean their federal funding will dry up and they are taking a big risk without knowing how it will turn out." She said:

This is about something that affects every single Canadian, every single taxpayer dollar that is taken from...hardworking Canadians who are already struggling financially, that is given and spent through contractors through improper means. And I think that Canadians have a right to know what's going on with their hard-earned money.

I'll leave it there and again thank my colleague and all my colleagues on this committee for the work that we've done and hopefully will continue to do.

**The Chair:** Thank you.

Go ahead, Mrs. Atwin.

**Mrs. Jenica Atwin:** Thank you, Mr. Chair.

I'm tagging into this study, and I'm certainly interested in learning more about what transpired. It's certainly something that I've heard a lot about from constituents.

My question would simply be this: Given the cabinet shuffle that occurred, would it be prudent for the ministers to appear, or would officials really suffice because they have more of an understanding of what actually occurred during their time? I'm putting that out there for discussion.

**The Chair:** Ms. Vignola, do you have your hand up? No? Okay.

Go ahead, Mr. Genuis.

**Mr. Garnett Genuis:** Ministers are responsible for decisions that are made in their departments, period. We should call the ministers responsible for the department to account for the decisions made by the government, by their predecessors and within their departments. That's the proper form—always.

**The Chair:** Thank you, sir.

Mr. Johns is next.

**Mr. Gord Johns:** I'll just add that they can bring their staff.

**The Chair:** Are we ready to vote on this, colleagues?

Go ahead, Mr. Jowhari, please.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you.

There's fundamentally no issue. Thank you for the proposed amendment. Thank you, Mrs. Kusie, for accepting it.

We are going to support this. The question we have is that since this is now an open investigation by the RCMP, is the timing of this...?

When we invite someone from the RCMP, we're going to hear that it's under investigation and that they can't share that information, so I would suggest that we consider the timing. I don't know whether it takes four or three or five meetings, but I think the finding of the RCMP is going to be extremely important to us. I don't want to start a process at the same time as the RCMP is coming here. I don't want to pull the RCMP in here or pull any of those staff in here for them to say that they cannot talk about this because it's an open case.

As you all know, when we bring the ministers, they say, "Well, this is an open case. This is an active case by the RCMP, and we cannot make a comment on it." Then we're going to put in another two hours of people saying they're not able to comment on anything, and we've already had two cancellations.

We are going to support it, to be very clear. It's just that at this point I'm not sure what we will get out of it if we make this a priority for the committee if that's the line that's going to be used.

That's all. Thank you.

**An hon. member:** Give it to public accounts.

• (1740)

**The Chair:** Don't bounce it back to public accounts; they have enough work. We looked at that. We tried that.

Are we ready to vote on this motion, colleagues?

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

**The Chair:** Go ahead, Ms. Vignola.

[*Translation*]

**Mrs. Julie Vignola:** Two weeks ago, I believe, we discussed a motion for the committee to do a study on Canada Life. I'll re-read it to you:

That, pursuant to Standing Order 108(3)(c), the committee undertake a study on the changeover of the Public Service Health Care Plan (PSHCP) from Sun Life to the Canada Life insurance company and that, to do so, the committee examine matters including

1) the quality of the insurance coverage, taking into account the circumstances and needs of federal public service employees,

2) the efficiency and effectiveness of the new insurance plan, particularly as concerns the online claims service and the telephone service offered to participants and health professionals,

3) the mechanisms that Public Services and Procurement Canada used in awarding the PSHCP contract to ensure the contractor had the capacity to serve the entire federal public service and provide the expected services, and

4) the measures that will be taken to correct the situation [because we all know it's not going that well];

That the committee allocate at least four meetings to conduct this study and that it invite to appear, for two hours per panel, the following witnesses:

(a) the Minister of Public Services and Procurement at the time the contract was awarded to Canada Life (in March 2023),

(b) the current minister and officials from Canada Life, and

(c) any other witnesses it deems necessary; and

That the Committee report its findings and recommendations to the House; and that, pursuant to Standing Order 109, the Government table a comprehensive response.

When the conversation ended, we were at the second part regarding witnesses and the time allotted. I simply wanted to remind you of this, and I'm ready to continue the discussion.

[*English*]

**The Chair:** Thank you, Ms. Vignola.

Before we get to our speaking list, which starts with Mr. Jowhari, we left off with Mr. Jowhari's suggested amendment. I've been chatting with and receiving feedback from various members. I have generally come to the conclusion that after number 4, where it says, "the measures that will be taken to correct the situation", we're going to revise what it says after that to, "That the committee allocate at least one meeting to conduct this study".

We'll leave it there for now. I get the general impression that we decided to do one meeting and then decide if more are necessary from there.

Go ahead, Mr. Jowhari.

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

Julie, thank you for starting with grounding us.

I think we agreed on at least one meeting. We also suggested that we'll have the officials come and answer all the questions, and if we're not satisfied, we can call the ministers. That's specifically where we left it.

If that friendly amendment is acceptable, we are ready to support it so that we don't have to get into....

**The Chair:** The motion as noted is points 1, 2, 3 and 4, and then everything after that is deleted, except we will change it to "That the committee allocate at least one meeting to conduct this study", and then we can....

I'm sorry; the last line, of course, would read, "That the Committee report its findings and recommendations to the House".

We can decide on witnesses by this Friday at noon. I think we discussed that this would be best.

Do we accept that?

**Some hon. members:** Agreed.

**The Chair:** Wonderful. We will consider that accepted.

Before we break, this changes our calendar, because we were going to study ArriveCAN. We were going to study on Thursday the ArriveCAN draft report, which, of course, we're not going to do now.

We have two options. One is to try to find witnesses for ArriveCAN. The other option is to have the PBO come in, whom we bumped recently. We can talk about one of his recent reports on digital government or the batteries.

You had another suggestion, Mr. Jowhari.

• (1745)

**Mr. Majid Jowhari:** Yes. If you're going to get the PBO, we have a lot of good stuff to talk to him about, so yes....

If not, may I suggest that we start on ArriveCAN, because we have to look at this report?

**The Chair:** Yes. That's if we can get witnesses for Thursday.

**Mr. Majid Jowhari:** I'd love to get the PBO if we can. If not, rather than cancelling again, can we just start looking at this report? I'm sure it would be a good refresher for us to know what was discussed before we get into it.

**The Chair:** I'll leave it up to the committee, but I'm not sure there's any value to.... We were going to start the line-by-line drafting, based on the information we had so far, but now we're going to have the new information, which kind of wipes out the line-by-line drafting.

We've been open Thursday—

**Mr. Majid Jowhari:** Those are witness testimonies. They're not going to wipe it out.

**The Chair:** I was hoping we could start on new witnesses, but I doubt we can find them in two days. I thought we'd just plunk in the PBO there.

We'll go to Mr. Genuis and then Mr. Johns.

**Mr. Garnett Genuis:** We are considerably over time. I trust your judgment, but I don't think we should be doing line-by-line drafting of a report when we're going to have four more hearings on the subject. That seems to be fairly obvious, but why don't you just—

**The Chair:** We have until six o'clock, because we started late.

I'm hoping we can agree on the PBO for Thursday.

**Some hon. members:** Agreed.

**The Chair:** Wonderful. That also changes a couple of other things down the road, but we'll update on Thursday.

On Thursday, we have a couple of budget things we have to go through as well, so we'll keep about 10 minutes. Our clerk has already sent some out, and she will be sending out some updated budget things.

There's nothing else, colleagues. Thank you, everyone.

We are adjourned.

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