

**00:04:27**

**Dave**

All right, everybody, can I ask everyone to grab their seats, please?

**00:04:51**

**Dave**

Thanks very much.

**00:04:52**

**Dave**

We're trying to stick to time here.

**00:04:58**

**Dave**

Thanks very much.

**00:05:01**

**Dave**

As Al Dillon shakes everyone on stage's hand.

**00:05:06**

**Dave**

All right.

**00:05:07**

**Dave**

Okay.

**00:05:10**

**Dave**

So we're going to start off with the first panel discussion for the day.

**00:05:14**

**Dave**

And what we try to bring together here is as broad a representation of defense industry as we could across different sectors, perspectives, some regional flavor.

**00:05:27**

**Dave**

So very happy to have some reflections on the industrial strategy from the folks that have to move on the industrial side of it to try and capture some of that for the government colleagues in the room.

**00:05:39**

**Dave**

And for the report we're going to generate from this to feed into government.

**00:05:42**

**Dave**

So working my way from the end down, Brigadier General Retired Chris Syatt is a Principal Business Development Manager from Amazon Web Services and a CGAI Fellow.

**00:05:53**

**Dave**

Next to him, Mark Waters, the Policy Advisor and Cyber Lead from the Canadian Association of Defence and Security Industries.

**00:05:59**

**Dave**

Then Victoria Bellman, the President and CEO of Atlanta Canada Aerospace and Defence Association.

**00:06:05**

**Dave**

Dr.

**00:06:05**

**Dave**

Philip Baldwin, the Vice President of Government and Public Affairs, the Aerospace Industries Association of Canada.

**00:06:10**

**Dave**

And then last but not least, Elliot Pence, who you heard from earlier, but who is also the co-chair of the Alliance of Canadian Defence Companies.

**00:06:18**

**Dave**

Chris, turn things over to you.

**00:06:25**

**Chris**

Thanks, Dave.

**00:06:27**

**Chris**

So notwithstanding the title of the panel, this is really about a discussion about the complexity of implementation of the DIS.

**00:06:38**

**Chris**

As is often said, simple doesn't mean easy.

**00:06:42**

**Chris**

So the simplicity of terms around what is Canadian or speed or sovereignty, those sound simple on the surface, but I think what the panel is going to really dive into today is it is not as simple as those terms may seem, and there's a lot more complexity below the surface to get what we're trying to get out of the defense industrial strategy.

**00:07:04**

**Chris**

Dave has already gone through the panel members, but I will ask them to sort of briefly talk about what the members of their associations need from the strategy and say in the short term, in the next sort of 12 to 18 months.

**00:07:20**

**Chris**

And then we're going to get into the questions.

**00:07:22**

**Chris**

So Mark, we'll start with you, please.

**00:07:24**

**Speaker 2**

Amazing.

**00:07:25**

**Speaker 2**

First up, yes, I'm Mark Waters with CADSI.

**00:07:28**

**Speaker 2**

I think a lot of you just know us as CANSEC.

**00:07:30**

**Speaker 2**

We've just come off, I think, our best show sort of in 29 years, and we had the PM come out, which we were super, super pleased to see, first time ever.

**00:07:39**

**Speaker 2**

But that gives us an opportunity to connect directly to our members over an intensive 2 days to hear issues, concerns, challenges.

**00:07:47**

**Speaker 2**

And for the sake of this discussion, I think I'm going to just focus on the number one ask that they have.

**00:07:52**

**Speaker 2**

It's the most important thing that we see being essential to successful implementation, and we need an updated capital plan.

**00:07:59**

**Speaker 2**

more than anything else.

**00:08:01**

**Speaker 2**

We need to know what the government intends to buy and when they intend to buy it and how much is going to be invested because our companies need time to ramp up.

**00:08:11**

**Speaker 2**

They need to be able to increase production.

**00:08:13**

**Speaker 2**

They need to be able to make intelligent business decisions.

**00:08:15**

**Speaker 2**

And without that plan, they are at a loss as to what they are supposed to do.

**00:08:21**

**Speaker 2**

The existing blueprint is quite dated now, has about 200 projects in it.

**00:08:26**

**Speaker 2**

As we're hearing from Elliot, it's going to need to have thousands in an updated version.

**00:08:31**

**Speaker 2**

And so they need to know where those investments are going to be made.

**00:08:34**

**Speaker 2**

And we need that in short order.

**00:08:36**

**Speaker 2**

And I'm not hearing a lot of conversation around delivering an updated plan.

**00:08:40**

**Speaker 2**

And that will be kind of a thematic around kind of transparency that I'll play on throughout the day.

**00:08:43**

**Speaker 2**

But we need greater visibility into those investments.

**00:08:46**

**Speaker 2**

Thanks, Mark.

**00:08:46**

**Speaker 2**

Tori.

**00:08:48**

**Speaker 3**

I don't know how many of our association, the Atlantic Canada Aerospace and Defense Association.

**00:08:55**

**Speaker 3**

We represent 4 Atlantic provinces, New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island.

**00:09:02**

**Speaker 3**

We have a growing membership, but we have very deep roots in aerospace and defense.

**00:09:09**

**Speaker 3**

We have companies that have been around for decades.

**00:09:12**

**Speaker 3**

They are meeting NATO standards and they are global in their marketplace.

**00:09:17**

**Speaker 3**

So

**00:09:18**

**Speaker 3**

We have the Canadian Forces working in our region.

**00:09:23**

**Speaker 3**

We have primes working in our region, and we have the supply chain that is supporting that growth.

**00:09:29**

**Speaker 3**

Our members, what we're looking for right now is decisive action from D&D, and we're seeing some changes, but we need, and our message is to focus on the fundamentals.

**00:09:44**

**Speaker 3**

We have an industry that has a long history.

**00:09:48**

**Speaker 3**

But what we're seeing is a lot of noise and we're hearing a lot of noise.

**00:09:51**

**Speaker 3**

We saw it at CANSEC.

**00:09:52**

**Speaker 3**

We host an event in Newfoundland every year called MAS, the Maritime Arctic Security and Safety Conference.

**00:09:58**

**Speaker 3**

We've actually last week had to shut down registration because the numbers were so high.

**00:10:03**

**Speaker 3**

There are so many new players.

**00:10:05**

**Speaker 3**

There are so many new stakeholders.

**00:10:07**

**Speaker 3**

We're now dealing with the provinces we've never had to deal with before.

**00:10:10**

**Speaker 3**

So what my message would be is don't forget about the industry that already exists and don't

**00:10:17**

**Speaker 3**

Don't get caught up with the noise, the more recent noise that's coming because we're fearful that the SMEs might be left behind.

**00:10:27**

**Speaker 3**

So the engagement is important.

**00:10:29**

**Speaker 3**

We're doing our best on the ground.

**00:10:30**

**Speaker 3**

We're bringing DIS debriefs.

**00:10:32**

**Speaker 3**

We are doing our capability mapping.

**00:10:35**

**Speaker 3**

We are working with the provinces.

**00:10:38**

**Speaker 3**

And I know that's happening right across the country.

**00:10:40**

**Speaker 3**

So you have to pay attention to the fundamentals.

**00:10:43**

**Speaker 4**

Thank you.

**00:10:44**

**Speaker 4**

Phil.

**00:10:45**

**Speaker 5**

Good morning.

**00:10:46**

**Speaker 5**

Well, thank you for having me.

**00:10:47**

**Speaker 5**

I may not be a familiar face to some of you because I just joined the Aerospace Industries Association of Canada 2 months ago.

**00:10:54**

**Speaker 5**

So looking forward to connecting with many of you going forward.

**00:10:59**

**Speaker 5**

You know the Aerospace Industry Association.

**00:11:01**

**Speaker 5**

It's coast to coast.

**00:11:04**

**Speaker 5**

It includes OEMs, SMEs.

**00:11:07**

**Speaker 5**

We have an academic footprint as well.

**00:11:10**

**Speaker 5**

We cover from manufacturers to MRO as well.

**00:11:14**

**Speaker 5**

So the kind of the full gambit.

**00:11:18**

**Speaker 5**

And I would say for us, what we really need to see in the next 12 to 18 months is yes, the DIS has been a great overall signal of intent.

**00:11:28**

**Speaker 5**

But we need clear demand signals that dig into those key sovereign capabilities so that industry knows which direction it needs to go.

**00:11:36**

**Speaker 5**

Because to echo the previous comments, it takes time to get there.

**00:11:41**

**Speaker 5**

So the sooner they get that made public, the better.

**00:11:46**

**Speaker 6**

All right, Elliot.

**00:11:48**

**Speaker 6**

Hi, everybody.

**00:11:49**

**Speaker 6**

Hi again.

**00:11:50**

**Speaker 6**

So I co-chair something called the Alliance of Canadian Defense Companies.

**00:11:54**

**Speaker 6**

We are a Canadian-owned and Canadian-controlled company.

**00:11:58**

**Speaker 6**

So the majority of the equity has to be Canadian, and the board has to be controlled by Canadians to be a part of this group.

**00:12:05**

**Speaker 6**

We have about 200 members, and we are not like CanSec in the sense that we don't have a ton of money.

**00:12:11**

**Speaker 6**

We don't have a conference.

**00:12:12**

**Speaker 6**

What we have is a signal chat, a very active signal chat.

**00:12:17**

**Speaker 6**

Please let me know if you would like to join it.

**00:12:19**

**Speaker 6**

You can join at [alliancecanada.com](http://alliancecanada.com).

**00:12:22**

**Speaker 6**

But the basic idea with the signal chat is to have Canadian companies collaborate more and coordinate more, especially as it relates to policies related to the defense industrial strategy.

**00:12:34**

**Speaker 6**

I think principal concern for them is much of what the DIS outlines is clear for 100 million plus.

**00:12:44**

**Speaker 6**

This threshold is really critical for a lot of our members.

**00:12:46**

**Speaker 6**

They're not going to play in the 100 million plus procurement.

**00:12:49**

**Speaker 6**

They're going to play in the sub 100 million, and they have thriving, good, growing, productive businesses.

**00:12:55**

**Speaker 6**

The lack of clarity about how do you expedite procurement sub 100 million, because as I understand, that is the threshold of the DIA, remains very unclear, which is one of the reasons why I like this paper so much.

**00:13:10**

**Speaker 6**

that CGAI put together is it outlines and articulates how we can distribute down and delegate down not just sort of substantive authorities, but contracting authorities to the actual war fighter.

**00:13:24**

**Speaker 6**

Like shocking that is shocking.

**00:13:27**

**Speaker 6**

The person that knows the most about his job should be the one who buys things that allow him to do his or her job.

**00:13:35**

**Speaker 6**

So that's what my members are interested in.

**00:13:38**

**Chris**

Okay.

**00:13:39**

**Chris**

Let's dive into the first question about what does it mean to be Canadian in this particular moment.

**00:13:48**

**Chris**

So the idea is complex.

**00:13:50**

**Chris**

So is this about ownership?

**00:13:51**

**Chris**

Is it about IP?

**00:13:53**

**Chris**

Is it about jobs, the defense industrial base capacity?

**00:13:57**

**Chris**

So we're probably operating in the space when it comes to defining what it is to be Canadian about it's not something that's clear and there's a solution, but there's compromises and trade-offs.

**00:14:06**

**Chris**

So

**00:14:06**

**Chris**

As an example, if you're the DIA and you must choose between a Canadian-owned startup with a promising prototype and an established foreign subsidiary with a proven product of 500 Canadian employees, who gets the contract?

**00:14:21**

**Chris**

So for the panelists, and I'll start with Mark, what do you think it means to be Canadian within the context of the DIS or should mean to be Canadian?

**00:14:31**

**Speaker 2**

Yeah, and so spoiler alert,

**00:14:35**

**Speaker 2**

We don't have an answer to that question.

**00:14:38**

**Speaker 2**

But let me explain why.

**00:14:41**

**Speaker 2**

So we've been studying this issue internally with our policy team and across our organization for about six months.

**00:14:47**

**Speaker 2**

And so it's not for lack of effort to try to understand what those core characteristics are that define a Canadian organization.

**00:14:55**

**Speaker 2**

Some of the things that Elliot's value in there with respect to Canadian board, Canadian owned and controlled, Canadian funding and financing, I think these are all part of the answer.

**00:15:04**

**Speaker 2**

in terms of whether or not they're employing a lot of Canadians here and therefore part of the tax base.

**00:15:10**

**Speaker 2**

Percentage of the exports that are driving revenue to Canada, these are all things that we have looked at in terms of what makes up a company.

**00:15:16**

**Speaker 2**

But I think that what we've come to realize in going through this is that it really depends on what outcome that you are trying to achieve for your country.

**00:15:25**

**Speaker 2**

If you're focused on meeting targets for employment growth,

**00:15:29**

**Speaker 2**

then a Canadian company might be one that's going to be able to hire 2,000 to 3,000 more people to be able to live in this country and pay taxes and participate in their local communities and be part of that ecosystem.

**00:15:40**

**Speaker 2**

It might mean that if you have a very, very specific type of capability that's niche that you must have that is Canadian, then a small to medium Canadian owned and controlled enterprise with a completely Canadian controlled board that's not going to get bought or sold to some other country.

**00:15:51**

**Speaker 2**

Therefore, you keep control of what you've invested in.

**00:15:54**

**Speaker 2**

That's what defines that as being a Canadian company.

**00:15:56**

**Speaker 2**

So for us, it really depends on both the opportunity you're looking to capture as well as what you're trying to achieve across the ecosystem.

**00:16:02**

**Speaker 2**

And that's why that definition can be, in our mind, a little bit fluid right now.

**00:16:06**

**Speaker 2**

I think most importantly, though, we need to hear from the government as to what their definition is and that we need more transparency into that.

**00:16:13**

**Chris**

OK, I'll go to Elliot and then Victoria.

**00:16:16**

**Speaker 6**

Well, I guess spoiler alert, I'm very much on the Canadian-owned Canadian control.

**00:16:21**

**Speaker 6**

I think that is what defines what a Canadian company is.

**00:16:24**

**Speaker 6**

But to be specific, Chris, about your question, what do you do in that particular situation?

**00:16:28**

**Speaker 6**

I think you acquire both.

**00:16:31**

**Speaker 6**

And you recognize that capability is needed within a certain time frame.

**00:16:36**

**Speaker 6**

That's critical for our sovereignty.

**00:16:38**

**Speaker 6**

But much of what the DISC outlines is actually the industrial base.

**00:16:43**

**Speaker 6**

So we actually do have to invest in Canadians building companies that have ambition to build the end product.

**00:16:49**

**Speaker 6**

I think we've gotten ourselves into a bit of a trap

**00:16:52**

**Speaker 6**

in particular with ITBs, where ITBs are sort of drip-fed to Canadian companies.

**00:16:57**

**Speaker 6**

They lock them into great foreign platforms, but they've basically become advocates for foreign platforms, and Canada then misses out on building the F-35.

**00:17:08**

**Speaker 6**

And yes, some might snicker at that, but guess what?

**00:17:12**

**Speaker 6**

We did build.

**00:17:14**

**Speaker 6**

the first passenger jet.

**00:17:15**

**Speaker 6**

We built arguably the first second or third generation fighter.

**00:17:19**

**Speaker 6**

We have built the 1st 2 operational drones.

**00:17:21**

**Speaker 6**

We built the first autonomous submarine.

**00:17:22**

**Speaker 6**

We have done this before.

**00:17:23**

**Speaker 6**

It's not as though what I'm saying is something that we can't do.

**00:17:28**

**Speaker 6**

We can and should.

**00:17:30**

**Speaker 6**

And I think the DIS reflects a lot of that ambition.

**00:17:32**

**Speaker 6**

And I think all of us on the industry side need to reflect that level of ambition as well.

**00:17:37**

**Speaker 6**

If the government wants to be a serious, competent buyer, the industry needs to be a serious, competent producer.

**00:17:45**

**Speaker 3**

I don't think that it has to be a strict either or choice.

**00:17:50**

**Speaker 3**

I think we have to be very realistic about what capabilities we have and what we can develop in a reasonable time and a time frame and when to partner.

**00:18:00**

**Speaker 3**

At its core, the DIS aims to be anchoring and advancing Canadian sovereignty.

**00:18:06**

**Speaker 3**

That includes ownership, IP, jobs, capability, capacity.

**00:18:11**

**Speaker 3**

But a defining lens should be whether a solution strengthens Canadian ability to act independently or avoid reliance on contested global supply chains.

**00:18:24**

**Speaker 3**

We learned a lot during COVID.

**00:18:26**

**Speaker 3**

We learned a lot during COVID.

**00:18:29**

**Speaker 3**

And especially with medical supplies,

**00:18:32**

**Speaker 3**

We also learned a lot about partnering during COVID, but right now we're seeing global weapons supplies running low.

**00:18:39**

**Speaker 3**

So in practice, I would like to see a Canadian enough.

**00:18:44**

**Speaker 3**

That should mean prioritizing capabilities that build and sustain sovereignty, sovereignty capacity here at home where we can recognize the defense ecosystems that already have a level of international integration.

**00:19:02**

**Speaker 3**

We can't ignore the industry that's already been built in Canada over the last couple of decades, and a lot of companies are scared about this approach.

**00:19:10**

**Speaker 3**

So I think there has to be a very careful approach on this.

**00:19:16**

**Speaker 5**

Well, no surprise, I also think there is going to need to be multiple approaches.

**00:19:22**

**Speaker 5**

There's been multiple approaches in the past.

**00:19:24**

**Speaker 5**

There will remain multiple approaches to this, and that's based on timelines,

**00:19:29**

**Speaker 5**

capability needs, particularly defined by the CAF.

**00:19:34**

**Speaker 5**

And we need to be realistic in Canada about what we can and what we can't do because we won't be able to do everything.

**00:19:41**

**Speaker 5**

And the government's already said that we won't be able to do everything because even their longer term target is 70% and we're not there yet.

**00:19:49**

**Speaker 5**

So obviously in that interim period, not everything is going to be the same definition.

**00:19:55**

**Speaker 5**

But for us most of all,

**00:19:58**

**Speaker 5**

the real point is what is the outcome going to be?

**00:20:01**

**Speaker 5**

And most importantly, that's jobs, jobs here in Canada.

**00:20:06**

**Speaker 5**

That's jobs that pay into the Canadian tax base, that support our social systems, that fire our economic growth.

**00:20:16**

**Speaker 5**

That's going to be an important part of what it means to be Canadian.

**00:20:21**

**Speaker 5**

But I also think that we need to be realistic that not all

**00:20:25**

**Speaker 5**

jobs are equal in that sense.

**00:20:27**

**Speaker 5**

Because if we're at 2% of NATO target now, we want to get to 3.5, we want to get to 5, and we want the economy to be growing at the same time, then that 5% in real dollars gets bigger and bigger as time goes on.

**00:20:43**

**Speaker 5**

So this isn't just going to be about taking jobs that may be done somewhere at one time and moving them to another place.

**00:20:49**

**Speaker 5**

It's about more jobs as a whole.

**00:20:54**

**Speaker 5**

And the last point I make is because of the long lead times that are required for the capabilities that we're thinking about, we're going to need a dual track.

**00:21:06**

**Speaker 5**

system, a dual approach, where particularly where there's short-term, urgent capability needs, where we may not have all of the capacity here in Canada to do that.

**00:21:20**

**Speaker 5**

There may be decisions that have to be made to get things faster to start with in the near term.

**00:21:26**

**Speaker 5**

But you can't only do that.

**00:21:28**

**Speaker 5**

It has to be very intentional in terms of those investments that are being made in the medium and long term to be growing up that

**00:21:36**

**Speaker 5**

in terms of build so that we do have that in the future.

**00:21:38**

**Speaker 5**

And yes, that's through ITBs still.

**00:21:41**

**Speaker 5**

We see there's larger multipliers that have been applied now, but it's also through, I think, the Defence Investment Agency as it gets up and running.

**00:21:49**

**Speaker 6**

Chris, can I mix it up a little bit?

**00:21:51**

**Dave**

Yeah.

**00:21:53**

**Speaker 6**

I have a ton of respect for my co-panelists, but what I hear a lot of from Canadian industry and policymakers is we have to be realistic.

**00:22:00**

**Speaker 6**

We have to know our lane.

**00:22:01**

**Speaker 6**

We have to do this.

**00:22:02**

**Speaker 6**

We have to do that.

**00:22:04**

**Speaker 6**

Let's look at where we're buying from.

**00:22:06**

**Speaker 6**

Korea didn't have a defense industry 15 years ago.

**00:22:10**

**Speaker 6**

Norway has a defense industry that does everything.

**00:22:14**

**Speaker 6**

Sweden has a defense industry that does everything.

**00:22:17**

**Speaker 6**

If we were going to have a \$90 billion budget and we're still saying we need to know our lane, we're not doing, like France builds everything.

**00:22:26**

**Speaker 6**

That's the same budget as us.

**00:22:28**

**Speaker 6**

The UK builds mostly everything.

**00:22:31**

**Speaker 6**

We can build everything.

**00:22:32**

**Speaker 6**

I don't understand why this is a controversial thing.

**00:22:35**

**Speaker 6**

We have the talent.

**00:22:36**

**Speaker 6**

We've done it before.

**00:22:37**

**Speaker 6**

We now have supposedly a competent, capable customer.

**00:22:41**

**Speaker 6**

Why are we cutting ourselves short before we're even in the game here?

**00:22:45**

**Speaker 6**

We got to do this.

**00:22:51**

**Speaker 3**

Can I make a comment on that?

**00:22:52**

**Speaker 7**

Yeah, of course.

**00:22:53**

**Speaker 3**

It's because nobody knows what the industry is here in Canada.

**00:22:58**

**Speaker 6**

False.

**00:22:59**

**Speaker 6**

We know it.

**00:22:59**

**Speaker 3**

We know it.

**00:23:00**

**Speaker 3**

We do.

**00:23:01**

**Speaker 3**

We do.

**00:23:02**

**Speaker 3**

We do.

**00:23:04**

**Speaker 3**

But there is a lack of understanding at certain levels of what it is from coast.

**00:23:08**

**Speaker 6**

Oh, you're talking about government not knowing the industry.

**00:23:11**

**Speaker 6**

Correct.

**00:23:12**

**Chris**

Okay.

**00:23:14**

**Chris**

So Elliot, so unsurprisingly, I'm going to have you take this next question on speed.

**00:23:23**

**Chris**

You opened up well.

**00:23:23**

**Chris**

So

**00:23:24**

**Chris**

Is there such a thing as moving too fast?

**00:23:27**

**Chris**

I mean, the blinding flash of the obvious here, of course.

**00:23:29**

**Chris**

Everyone agrees that procurement is too slow.

**00:23:33**

**Chris**

The DISA certainly promised faster procurement, and the DIA is critical in delivering that.

**00:23:39**

**Chris**

However, do we have the culture, as we were just sort of talking about, do we have the culture to be able to deliver the sort of changes that are going to be required in our system to deliver at speed?

**00:23:50**

**Chris**

And if we find a way to achieve that type of speed,

**00:23:53**

**Chris**

within the defense ecosystem, who's going to get left behind?

**00:23:58**

**Chris**

And how do we mitigate that impact in order to achieve the outcomes that we're looking for?

**00:24:04**

**Speaker 6**

So I think it is very clear, hopefully to most people, that speed is the core

**00:24:13**

**Speaker 6**

capability in modern warfare.

**00:24:15**

**Speaker 6**

I mean, if we've learned one thing about not just Ukraine, but going back to Nagorno, Karabakh to obviously now Iran, speed has to be how we think about things and scale, speed and scale.

**00:24:29**

**Speaker 6**

Bezos talks a lot about making decisions without the right amount of information.

**00:24:37**

**Speaker 6**

And he outlines, I think, a risk structure that makes a ton of sense for us.

**00:24:43**

**Speaker 6**

For every 10 decisions, the key KPI for speed is that you're making three mistakes.

**00:24:50**

**Speaker 6**

If you're making four mistakes, you're going too fast.

**00:24:53**

**Speaker 6**

If you're making two mistakes, you're going too slow.

**00:24:56**

**Speaker 6**

We do not have that culture here.

**00:24:58**

**Speaker 6**

We have a you can't make any mistakes culture.

**00:25:01**

**Speaker 6**

And as a result, we've ended up with an existential crisis where our CAF doesn't have capability.

**00:25:07**

**Speaker 6**

We don't really have the industry that we used to have.

**00:25:11**

**Speaker 6**

And so speed is absolutely something.

**00:25:13**

**Speaker 6**

But maybe the most controversial opinion that I have is that ArriveCAN actually was an indicator of success.

**00:25:21**

**Speaker 6**

We need way more ArriveCANs, but they can't be \$150 million mistakes.

**00:25:25**

**Speaker 6**

They have to be \$2 million mistakes.

**00:25:27**

**Speaker 6**

So we have to catch these things as they happen.

**00:25:30**

**Speaker 6**

There's going to be waste, fraud, and abuse.

**00:25:32**

**Speaker 6**

Of course there is.

**00:25:33**

**Speaker 6**

That is just a function of a large operating system.

**00:25:37**

**Speaker 6**

but we have to be able to catch it and we have to have the courage to take the risk because that's what the dis is outlining.

**00:25:44**

**Chris**

Phil.

**00:25:45**

**Speaker 5**

Well, I think it's important to understand how the government wants to move fast to really understand the right answer to that question.

**00:25:55**

**Speaker 5**

Because if it wants to move fast by improving its processes, removing duplication,

**00:26:04**

**Speaker 5**

getting a better understanding of what Canada's defense industrial capability is, then that's going to be good for everyone.

**00:26:14**

**Speaker 5**

Because as we know, I mean, the cumbersome administrative process of procurement is a big barrier, particularly to SMEs.

**00:26:22**

**Speaker 5**

And so if you are removing duplication, making things simpler in terms of process, everyone's going to benefit from that.

**00:26:29**

**Speaker 5**

So there's less risk of

**00:26:33**

**Speaker 5**

people being left behind in that respect.

**00:26:35**

**Speaker 5**

But if moving fast means only going towards things that already exist, things that are already ready to go, then obviously that will leave some people behind in terms of Canada's ability to build up its own capacity.

**00:26:50**

**Speaker 5**

So we have to be, again, very intentional in that respect.

**00:26:54**

**Speaker 5**

And I know a few examples.

**00:26:59**

**Speaker 5**

Canada is trying to build up its critical mineral capacity.

**00:27:02**

**Speaker 5**

Rare earth minerals are obviously going to be important for a lot of the technologies that we use in defense and aerospace.

**00:27:10**

**Speaker 5**

But you can't build a mine overnight.

**00:27:12**

**Speaker 5**

And so if you want to be using more Canadian materials for that, that's going to require some time to get built up.

**00:27:18**

**Speaker 5**

Likewise, if you want some parts manufacturers in Canada who may be working in the automotive space or in other spaces to retool and get into the defense space, which I've heard government calling for them to do,

**00:27:31**

**Speaker 5**

Again, that's going to take time.

**00:27:33**

**Speaker 5**

So that's where that dual approach, I think, is important because we need to make sure that those companies who want to get into the space know what is needed for them to start that industrial transformation.

**00:27:48**

**Speaker 5**

So again, if it's better processes,

**00:27:51**

**Speaker 5**

less duplication, and most importantly, the government having a better understanding of the industrial landscape in Canada in terms of that ecosystem mapping, then I think more people in the, companies in the ecosystem come along with that speed.

**00:28:05**

**Chris**

Okay, Mark, how do you and CADC or AKA CANSC speed?

**00:28:10**

**Speaker 2**

Yeah, so I'm part of the organization that focuses on cyber and fast-moving technologies, so for me, speed is key.

**00:28:17**

**Speaker 2**

Speed matters when you're in a race, and in a race, lots of people lose, and that's fine.

**00:28:20**

**Speaker 2**

That's the way that it has to be.

**00:28:22**

**Speaker 2**

You can jump in the next race or the race after that or the race after that.

**00:28:24**

**Speaker 2**

If we're doing thousands of procurements, there'll be time for other people to catch up.

**00:28:28**

**Speaker 2**

But if we're not moving at the maximum speed we can, then effectively we're not doing our job correctly, and nor would I be saying the right things up here as the association.

**00:28:36**

**Speaker 2**

And I think we've been promised new pathways.

**00:28:38**

**Speaker 2**

I was told in the run-up to the DISC there were going to be 5 procurement pathways that were firmly aligned, two of them that were built for speed, and I haven't seen those yet.

**00:28:45**

**Speaker 2**

But if I look in the legislation where the minister will have the ability to use one of those exemptions to acquire something we have spent research and development dollars on, then there are programs that can come online that can deliver at speed.

**00:28:55**

**Speaker 2**

I have seen ideas in a few instances do some very, very quick things, but there was no ability to buy that in solution.

**00:29:01**

**Speaker 2**

So we need speed, but then we also need to be able to acquire what has been proven successful through that technology race.

**00:29:06**

**Speaker 2**

We don't have that yet, and I hope it's coming soon.

**00:29:10**

**Speaker 3**

I think it's a survival of the fittest right now with an SME perspective.

**00:29:15**

**Speaker 3**

The companies that have already built the internal capabilities like through CMMC or their other certifications, they're already on their way.

**00:29:25**

**Speaker 3**

But we do know that SMEs can quickly pivot and be agile, but they do have key challenges like workforce

**00:29:36**

**Speaker 3**

being able to get their skilled labor, getting access to the capital, and accessing the market.

**00:29:42**

**Speaker 3**

And that's either here in Canada, we're talking about the Canadian market now, but there's also a trillion dollar industry elsewhere that we're also, we're looking at two pathways, pathway to Canada and pathway to Europe.

**00:29:55**

**Speaker 3**

It's not only just Canada.

**00:29:57**

**Speaker 3**

So

**00:29:58**

**Speaker 3**

what we're doing at the local level for that speed, we're ready, but we're also dealing with the provinces because I keep on emphasizing they're being asked what they want.

**00:30:09**

**Speaker 3**

And they don't know.

**00:30:11**

**Speaker 3**

Well, some do.

**00:30:12**

**Speaker 3**

Some are still kind of ramping up.

**00:30:15**

**Speaker 3**

And their ability to be able to respond.

**00:30:17**

**Speaker 3**

at the local level for whether it's skills development or other pieces that need like infrastructure, it's gonna be challenging.

**00:30:26**

**Speaker 3**

So it is gonna be an interesting, but it will be survival of the fittest, will be, yeah.

**00:30:33**

**Chris**

All right, I think we'd be remiss if we didn't at least talk a little bit about the legislation that's putting DIA in place.

**00:30:40**

**Chris**

So DIA's at the center of this conference, so I want to get industry's perspective on the current legislation.

**00:30:47**

**Chris**

And I'll start with Phil on this one.

**00:30:48**

**Chris**

So what's your assessment of the DIA legislation?

**00:30:51**

**Chris**

So as an example, is it clear what the minister does versus the CEO or the roles of say ISED, PSPC or D&D?

**00:30:59**

**Chris**

We'd already talked a little bit about the \$100 million limit and up.

**00:31:04**

**Chris**

How do we explore that?

**00:31:06**

**Chris**

And finally, is there anything critical missing from the legislation?

**00:31:09**

**Chris**

So if we get your take on that, Phil?

**00:31:11**

**Speaker 5**

Yeah, absolutely.

**00:31:12**

**Speaker 5**

And obviously it is a very timely question.

**00:31:15**

**Speaker 5**

So

**00:31:16**

**Speaker 5**

The vote last Wednesday sent the budget bill, which includes the DIA Act, to committee.

**00:31:22**

**Speaker 5**

So, it could start as early as this month or probably more likely this fall.

**00:31:29**

**Speaker 5**

I think, overall, it's sending the right signals.

**00:31:32**

**Speaker 5**

We think it's going in the right direction.

**00:31:35**

**Speaker 5**

This is, like the DIS, it's been long overdue.

**00:31:38**

**Speaker 5**

We've been calling for a single point of accountability, more single, I guess, point of accountability.

**00:31:45**

**Speaker 5**

So those are good signals.

**00:31:46**

**Speaker 5**

But over the last year, the DIA, as it's been getting stood up and the Secretary of State's office have been asked to do a really heavy lift with very few resources, very few staff.

**00:32:00**

**Speaker 5**

So I think the sooner they get that ramped up to be a full

**00:32:04**

**Speaker 5**

minister's office, the better as far as we're concerned.

**00:32:09**

**Speaker 5**

But I mean, the legislation, the act itself, it is a big shift.

**00:32:13**

**Speaker 5**

There's a lot more authorities and flexibilities that are going to be given to that full minister.

**00:32:19**

**Speaker 5**

And I think like many people in this room, we are still coming to terms with what all of that is going to mean.

**00:32:27**

**Speaker 5**

But so far, what we are hearing still is that it will still be the calf

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**Speaker 5**

and D&D that are defining what the capability needs are.

**00:32:37**

**Speaker 5**

That's not changing, but the DIA is going to be called on to execute that in a faster way, of course.

**00:32:46**

**Speaker 5**

And at the same time that we're seeing this legislation moving through, some other aspects are moving at the same time.

**00:32:54**

**Speaker 5**

So we have the strategic partnership framework

**00:32:57**

**Speaker 5**

that was released.

**00:32:59**

**Speaker 5**

And in that case, it does look like the DIA minister will be the one who ultimately decides on who a strategic partner is with some collaboration still from ISED and DND.

**00:33:14**

**Speaker 5**

And at the same time, the Defense Advisory Forum is getting stood up too.

**00:33:18**

**Speaker 5**

And there, there's still going to be 3 co-chairs.

**00:33:21**

**Speaker 5**

So we're not seeing the same level of centralization there.

**00:33:24**

**Speaker 5**

And ISED will still have its

**00:33:27**

**Speaker 5**

foothold in the defense space, particularly with the minister being on the defense advisory forum.

**00:33:35**

**Speaker 5**

PSPC, haven't talked a lot about PSPC right now, but in the legislation that we've seen, controlled goods not being taken away from PSPC.

**00:33:44**

**Speaker 5**

So that will still be, there will still be some strings in PSPC attached to who gets access to the goods.

**00:33:53**

**Speaker 5**

But two things that we're still really looking to get more information on is, it's the Defense Investment Agency.

**00:34:02**

**Speaker 5**

We're talking a lot about procurement, but it's not the Defense Procurement Agency, even though that's what it's been doing so far.

**00:34:09**

**Speaker 5**

So we want to get a lot more clarity on the investment powers that it's going to have.

**00:34:14**

**Speaker 5**

Those haven't been able to really get stood up within the DIA until the legislation actually passes.

**00:34:21**

**Speaker 5**

So even though they're doing a lot right now

**00:34:23**

**Speaker 5**

answering staff over, those investment powers are new powers.

**00:34:26**

**Speaker 5**

So we want to get a better understanding of how those are going to work.

**00:34:29**

**Speaker 5**

And the last one too is they're bringing a lot of staff over from existing departments to staff up the DIA, from PSBC, from ISED in particular.

**00:34:40**

**Speaker 5**

But there's provisions for some industry secondment in the DIA too, which we welcome that.

**00:34:48**

**Speaker 5**

I think it's going to be better for industry to have

**00:34:51**

**Speaker 5**

a say there and for government to better understand what industry's offerings are.

**00:34:56**

**Speaker 5**

But we need a better understanding of the mechanisms for that to work and how that's going to maintain competition.

**00:35:04**

**Chris**

OK, thanks, Phil.

**00:35:05**

**Chris**

I'll go to Victoria and then I'll go to Elliot.

**00:35:08**

**Speaker 3**

So overall, I think the intent of the DIA is definitely on target.

**00:35:13**

**Speaker 3**

There's a lot of finer details that are definitely to be worked out.

**00:35:17**

**Speaker 3**

But we need to see a capability roadmap for industry, for sure.

**00:35:24**

**Speaker 3**

So yes, it's a step in the right direction, but it will live or die on whether or not there's an increase in clarity in access and trust with industry.

**00:35:35**

**Speaker 3**

I think that's probably one of the biggest pieces.

**00:35:38**

**Speaker 3**

Setting up a governance structure like this, is monumental.

**00:35:42**

**Speaker 3**

It's a massive task.

**00:35:43**

**Speaker 3**

You're talking about legislation, a new Crown Corporation, a new department linking in with all the other departments.

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**Speaker 3**

Internally, you want to talk about cultural change.

**00:35:52**

**Speaker 3**

That's an incredible cultural change.

**00:35:54**

**Speaker 3**

So for the bureaucracy of doing this and doing it at the speed that it's happening, it's really quite

**00:36:02**

**Speaker 3**

interesting, but I do believe, and we all know this in this room, that we're getting ready for wartime.

**00:36:09**

**Speaker 3**

I had a discussion earlier with somebody about that authority at the top, that new minister, and what kind of authority.

**00:36:18**

**Speaker 3**

This is unknown to us.

**00:36:20**

**Speaker 3**

We're not used to this.

**00:36:22**

**Speaker 3**

is getting ready for wartime.

**00:36:25**

**Speaker 3**

whether that is in two years, three years, or whatever.

**00:36:29**

**Speaker 3**

But it is such a paradigm shift.

**00:36:31**

**Speaker 3**

It's quite interesting.

**00:36:33**

**Speaker 3**

But we are very optimistic.

**00:36:35**

**Speaker 6**

I think it's really critical DIA exists.

**00:36:40**

**Speaker 6**

I think it's equally critical that Doug Guzman has a close relationship with the Prime Minister.

**00:36:46**

**Speaker 6**

I think it's critical that he's a banker and he's a deal guy.

**00:36:51**

**Speaker 6**

I think that, the thing that matters for most of ACDC members is things that are not really DIS or DIA related.

**00:36:58**

**Speaker 6**

So that's this sub 100 million.

**00:37:01**

**Speaker 6**

But let me just share my experiences dealing with the Americans, with in particular Deal Team 6, which sits under the deputy, Feinberg.

**00:37:13**

**Speaker 6**

I own a munitions factory in Kansas.

**00:37:15**

**Speaker 6**

They proactively reach out to companies that they think matter for their specific issues.

**00:37:21**

**Speaker 6**

I think we will know if the DIA is successful when we transition from their overwhelmed to their proactively reaching out to companies for capability development.

**00:37:32**

**Speaker 6**

That, I think, is really the test of real success.

**00:37:37**

**Speaker 6**

I suspect they will be overwhelmed for years.

**00:37:40**

**Speaker 6**

But the Americans are not, and they're staffing, and they're allowing these individuals who are like a 27-year-old banker from

**00:37:51**

**Speaker 6**

Cerberus reached out to us and said, hey, would you be interested in a 2% loan to expand your facility?

**00:37:57**

**Speaker 6**

Like, who the hell is this?

**00:37:58**

**Speaker 6**

Oh, it's the Deputy Secretary of Wars Deal Team 6.

**00:38:03**

**Speaker 6**

That will be the test of success.

**00:38:06**

**Chris**

I love the I own a munitions factory.

**00:38:08**

**Chris**

I mean, I own a Subaru 2010.

**00:38:12**

**Chris**

It's still running, but I mean, that's a way better flex, clearly.

**00:38:18**

**Speaker 6**

Not meant as a flex.

**00:38:19**

**Speaker 6**

I also own a Subaru.

**00:38:22**

**Speaker 2**

Also drive a Subaru.

**00:38:27**

**Speaker 2**

This is like nothing we've ever seen before.

**00:38:29**

**Speaker 2**

I just want to throw that out there.

**00:38:30**

**Speaker 2**

This piece of legislation is like nothing that we have ever seen before.

**00:38:33**

**Speaker 2**

I, you know, 20 year career here, I have colleagues who've been in this business for 40 years.

**00:38:38**

**Speaker 2**

This is new, this is novel, this is going to potentially change a lot of things.

**00:38:43**

**Speaker 2**

If you take a look at the exemption cases for what this minister can then decide,

**00:38:47**

**Speaker 2**

There is no piece of technology or kit that they cannot choose to buy if they think that it is going to benefit Canada, and that is unprecedented.

**00:38:54**

**Speaker 2**

It also is going to matter who's actually making those decisions.

**00:38:58**

**Speaker 2**

So we had Doug Guzman out to the show.

**00:39:00**

**Speaker 2**

Both days he saw more booths than any other ministers did at all, period, across both those days.

**00:39:06**

**Speaker 2**

He is engaging in the community.

**00:39:07**

**Speaker 2**

And yet the legislation does not specifically cover what his role is going to be within that organization.

**00:39:12**

**Speaker 2**

And I think that we need clarity on that.

**00:39:14**

**Speaker 2**

We need to know who's calling the shots.

**00:39:17**

**Speaker 2**

And I think that we also have to recognize that, so the Prime Minister sees a rupture.

**00:39:22**

**Speaker 2**

He builds an organization that is meant to do one thing, completely disrupt defense procurement.

**00:39:27**

**Speaker 2**

And I don't think that 100 million is the floor at all.

**00:39:29**

**Speaker 2**

I think it's gonna go all the way down.

**00:39:31**

**Speaker 2**

I think they're gonna have control over many aspects of procurement.

**00:39:34**

**Speaker 2**

And with the authorities they have, they could truly build what Elliot wants to see here, a fully sovereign domestic industry here.

**00:39:41**

**Speaker 2**

The tools are in place to do that if they have the courage to use them.

**00:39:45**

**Chris**

Okay, one more question before we get to Q&A here around sovereign capabilities.

**00:39:51**

**Chris**

So the DIS lists 10 sovereign capabilities, but as we've talked about already, sovereignty has many dimensions.

**00:39:58**

**Chris**

So is this about ownership, capacity, geographic resilience, digital control?

**00:40:04**

**Chris**

So the DIS's ambition on sovereign capabilities, is this realistic?

**00:40:08**

**Chris**

Have we actually measured what our start state is for some of the 10 sovereign capabilities?

**00:40:15**

**Chris**

And can we deliver at scale?

**00:40:18**

**Chris**

What is the path forward when we're talking about sovereign capabilities?

**00:40:21**

**Chris**

And I'll start off with Victoria.

**00:40:24**

**Speaker 3**

We've been hosting DIS debriefs in the Atlantic region since the DIS was released.

**00:40:30**

**Speaker 3**

And one of my questions, so we could bring in directors from DND, DIA, ISED, and Global Affairs, GAC.

**00:40:40**

**Speaker 3**

And I ask this question in front of the ecosystem every time we have this, is whether or not those capabilities are static.

**00:40:48**

**Speaker 3**

And the response is that this is an evergreen document.

**00:40:53**

**Speaker 3**

It is to, this is our first defense strategy.

**00:40:58**

**Speaker 3**

And as a result, it's written for here and now, and we know the geopolitical world is changing and will continuously change

**00:41:08**

**Speaker 3**

So therefore, we will see an evolution in the sovereign capabilities.

**00:41:14**

**Speaker 3**

What we are doing in the region, in the Atlantic region, is that we are mapping this out right now.

**00:41:20**

**Speaker 3**

We are working with consultants in each of our four provinces.

**00:41:23**

**Speaker 3**

We are mapping out the current capabilities as well as the adjacent industries and opportunities that are there because we know that this is a whole system movement.

**00:41:36**

**Speaker 3**

I hope to see this

**00:41:38**

**Speaker 3**

happen across Canada, but we're taking it in our own hands to start mapping this out.

**00:41:42**

**Speaker 3**

Because we know where our geographical location, our access to, and the gateway to the Arctic, and where the attention is being placed right now is in the region.

**00:41:55**

**Speaker 3**

So we are taking it upon ourselves to get ready for the current needs and future needs.

**00:42:03**

**Chris**

Okay, Mark and then Elliot.

**00:42:07**

**Speaker 2**

So I do not think we have enough of a clear picture on our starting point.

**00:42:11**

**Speaker 2**

I think that's one of the things in some of the previous versions of the DISC we'd seen.

**00:42:14**

**Speaker 2**

It called for a really fulsome investigation of the capabilities that exist across Canada according to these kind of sub-areas.

**00:42:22**

**Speaker 2**

And I chuck a little bit, but I guess in a sense it's sad when I hear numbers of we have 350 firms or we have 600 firms.

**00:42:27**

**Speaker 2**

We're just shy of 2,000 members.

**00:42:30**

**Speaker 2**

So whether or not you think those firms are defense firms or not, they believe they are.

**00:42:34**

**Speaker 2**

And they believe there's business to be captured here, which means I also think that the size of the ecosystem is far larger than people realize, which has more potential to grow than people realize as well.

**00:42:43**

**Chris**

Yeah, I think for his comment on mass, and I saw it in DefSecWest, I mean, it's just a, yeah, the interest is extreme.

**00:42:51**

**Chris**

Elliot.

**00:42:52**

**Speaker 6**

I think we have way more, to your point, Mark, I think we have way more capability than I think the elites think we do.

**00:43:01**

**Speaker 6**

And I see it in the Signal chat.

**00:43:04**

**Speaker 6**

I am specifically interested in building a large format drone.

**00:43:08**

**Speaker 6**

I am trying to source different things, EOIR gimbals, whatever.

**00:43:13**

**Speaker 6**

And these people do it.

**00:43:16**

**Speaker 6**

And they've just never been asked.

**00:43:19**

**Speaker 6**

They haven't been asked because we've never had a competent customer.

**00:43:25**

**Speaker 6**

And so now that we do have one,

**00:43:28**

**Speaker 6**

I think we will increasingly see that, yeah, we can do a lot of this stuff.

**00:43:33**

**Speaker 6**

Because they are doing it for foreign militaries and foreign companies.

**00:43:38**

**Chris**

Yep, you want to jump in before.

**00:43:42**

**Speaker 3**

So we all know in this room how well this industry works by building relationships, getting to know your partners.

**00:43:53**

**Speaker 3**

And I hear time and time again when a prime is talking to an SME, an SME is coming forward with a solution or an opportunity, and the prime says, but can you do this?

**00:44:04**

**Speaker 3**

And there's a pause and there's an answer.

**00:44:08**

**Speaker 3**

Yeah, we can do that.

**00:44:08**

**Speaker 3**

And that's when it happens.

**00:44:11**

**Speaker 3**

That is what we're talking about, where the connectivity of our industry currently and what those capabilities are and what the adjacentness is.

**00:44:23**

**Speaker 3**

we've got multiple industries in this country that we can start pulling on.

**00:44:27**

**Speaker 3**

So I just wanted to kind of, that's exactly what you're talking about.

**00:44:30**

**Speaker 3**

We're hearing about it all the time.

**00:44:31**

**Speaker 3**

Where did that start?

**00:44:32**

**Speaker 3**

I will do another plug.

**00:44:34**

**Speaker 3**

It started at Mass because we had a conversation or I sat next to somebody.

**00:44:37**

**Speaker 3**

It was a CAF member or it was this person from Prime or an SME.

**00:44:42**

**Speaker 3**

That's that interaction.

**00:44:43**

**Speaker 3**

That's the specialness that we have in this industry in Canada is that we all kind of get to know each other at a very intimate level.

**00:44:50**

**Speaker 3**

And it's already there.

**00:44:52**

**Speaker 3**

And we can't forget that fundamental.

**00:44:56**

**Speaker 5**

No, I agree, but so I would say, in terms of addressing our key sovereign capabilities, being able to scale up to meet those, again, reinforce it.

**00:45:07**

**Speaker 5**

starts with the government having a better understanding of what Canada's industrial base currently is, which currently it's not, their understanding is not there yet.

**00:45:19**

**Speaker 5**

I actually want to start off by saying we actually would be a lot further along right now if Canada also had, we're very pleased with the DIS, but we've been calling for a long time for a national aerospace strategy.

**00:45:34**

**Speaker 5**

And I think if we had a national aerospace strategy 10 years ago, particularly because aerospace is so kind of intrinsically dual use, that civil aviation side

**00:45:45**

**Speaker 5**

where even when the government of any stripe was not interested in investing in defense, we still have that civil aviation side that could have been growing even more.

**00:45:58**

**Speaker 5**

and be even more ready than it is to be addressing what the DIS needs.

**00:46:03**

**Speaker 5**

So we really need that national aerospace strategy.

**00:46:06**

**Speaker 5**

Canada, as you guys know, and you ladies know, Canada is one of only four jurisdictions in the world that can certify a plane from nose to tail.

**00:46:16**

**Speaker 5**

It's A strategic advantage.

**00:46:17**

**Speaker 5**

And we don't have a national aerospace strategy, one of only four regions in the world.

**00:46:22**

**Speaker 5**

So we need that.

**00:46:23**

**Speaker 5**

And we also, in order to inform those key sovereign capabilities and for companies and the public to have a better understanding of them up front, I think we also need an updated national security strategy.

**00:46:35**

**Speaker 5**

Because if we understand what our security needs are, that's going to inform what key sovereign capabilities we are going to need.

**00:46:44**

**Speaker 5**

But from what I'm seeing right now, there is mapping being done.

**00:46:49**

**Speaker 5**

ISED has done some pre-dis mapping.

**00:46:53**

**Speaker 5**

DND is doing some mapping.

**00:46:54**

**Speaker 5**

I've heard there's a Canadian products platform being developed, maybe at PSPC.

**00:47:00**

**Speaker 5**

Different regional organizations who have an excellent understanding of what their landscape looks like are also doing some mapping.

**00:47:08**

**Speaker 5**

So it's a little scattered right now, and we need to kind of bring that together.

**00:47:12**

**Speaker 6**

Can I make a suggestion that we don't do more strategies or portals or

**00:47:22**

**Speaker 6**

mapping or any of this nonsense, we just buy.

**00:47:26**

**Speaker 6**

That's the strategy, is to buy things quickly.

**00:47:30**

**Speaker 6**

Your point is totally right.

**00:47:31**

**Speaker 6**

I mean, Quebec is the third largest aerospace ROEM.

**00:47:37**

**Speaker 6**

Why isn't that just obvious that that's our strategy?

**00:47:40**

**Speaker 6**

And we should just buy from them right now.

**00:47:42**

**Speaker 6**

And then over time, it becomes very clear to the customer that Canada is going to buy from them.

**00:47:48**

**Speaker 6**

I think just buying should be the strategy.

**00:47:52**

**Chris**

Okay, so we've got about 15 minutes left, 10 minutes left.

**00:48:01**

**Chris**

Questions, please, panelists.

**00:48:05**

**Chris**

This gentleman here in front.

**00:48:07**

**Chris**

Please let us know your name and your organization.

**00:48:09**

**Chris**

It would be great.

**00:48:26**

**Chris**

Or just speak really loudly.

**00:48:28**

**Speaker 4**

Testing, great.

**00:48:30**

**Speaker 4**

So Media Aid, we are a not-for-profit Canadian NGO that works with Ukraine.

**00:48:36**

**Speaker 4**

We are integrated with MilTech in Ukraine.

**00:48:38**

**Speaker 4**

We are integrated with our armed forces.

**00:48:40**

**Speaker 4**

We're integrating with Ukrainian Ministry of Defence.

**00:48:44**

**Speaker 4**

Every good elevator pitch starts with one question.

**00:48:48**

**Speaker 4**

What problem are you solving?

**00:48:51**

**Speaker 4**

And for the industry, I'm going to come to the question in a second, but there's one premise.

**00:48:57**

**Speaker 4**

The question you will need to solve or answer is, what battle are you preparing for?

**00:49:03**

**Speaker 4**

There are two very distinct battles, one over the Arctic, over the North Pole, defending Canada, the other one on the ground, on the NATO line.

**00:49:13**

**Speaker 4**

There are 6,000 troops, Canadian Armed Forces, in Latvia as we speak.

**00:49:18**

**Speaker 4**

So here's the premise.

**00:49:20**

**Speaker 4**

Four weeks ago, there were war games in Sweden.

**00:49:22**

**Speaker 4**

I don't know who's paid attention to it, but in the two days that happened, the Ukrainians were playing one side, NATO forces were playing the other side.

**00:49:33**

**Speaker 4**

Guess what happened?

**00:49:34**

**Speaker 4**

Four times the Ukrainians annihilated the NATO forces in those war games.

**00:49:38**

**Speaker 4**

Four times.

**00:49:39**

**Speaker 4**

They had to stop the war games four times to reset in order for that to happen.

**00:49:44**

**Speaker 4**

That battle is very different than what you're preparing for

**00:49:49**

**Speaker 4**

with the Canadian DIS.

**00:49:50**

**Speaker 4**

So my question to you as the association is the following.

**00:49:54**

**Speaker 4**

What battle are your members preparing for?

**00:49:57**

**Speaker 4**

The one over the North Pole or the one that's going to happen on the neighborhood?

**00:50:02**

**Speaker 6**

I disagree with the premise of the question.

**00:50:04**

**Speaker 6**

I think the problem is not the Arctic battle or what's happening in Ukraine.

**00:50:10**

**Speaker 6**

It's that we have no ability to participate effectively

**00:50:15**

**Speaker 6**

in the way that we would have 50, 60 years ago.

**00:50:18**

**Speaker 6**

The problem that this solves is that we need to build the industry to have a say in any fight, not just those fights.

**00:50:26**

**Speaker 6**

That's the problem that my members are solving.

**00:50:30**

**Chris**

Anybody else?

**00:50:32**

**Speaker 3**

On the 16th of July in St.

**00:50:36**

**Speaker 3**

John's, Newfoundland, we are hosting a war game scenario with industry

**00:50:43**

**Speaker 3**

watching it unfold.

**00:50:45**

**Speaker 3**

We have engaged with an organization from Washington to come and be a part of this or to facilitate this exercise and we'll do it in front of an audience of about 500 industry players.

**00:51:01**

**Speaker 3**

This is the real life experience.

**00:51:03**

**Speaker 3**

We're building a scenario on the Arctic, the Atlantic Arctic and Western Greenland on surveillance and ice.

**00:51:11**

**Speaker 3**

So we're actually bringing that live opportunity to industry to be engaged, ask questions and be a part of it.

**00:51:20**

**Speaker 3**

So I think this is the beginning of, and we're working with our

**00:51:25**

**Speaker 3**

I'll give a shout out to Saab.

**00:51:27**

**Speaker 3**

We are working with our partner with Saab to bring this forward and many of the other players.

**00:51:32**

**Speaker 3**

So that is what we're hearing from our members is give us that opportunity to be a part of these types of conversations.

**00:51:40**

**Speaker 3**

We have a lot of former CAF members in our companies.

**00:51:43**

**Speaker 3**

They already know the significant challenges.

**00:51:46**

**Speaker 3**

That's how the innovation is already starting.

**00:51:48**

**Speaker 3**

But being in that live,

**00:51:50**

**Speaker 3**

environment is not only for industry, but it's also for the new ecosystem players to see the reality of what we can bring to them here in Canada.

**00:52:02**

**Speaker 2**

Yeah, and just to, I guess, to throw a little shout out to General Darcy Molstad, whose group I'm a huge fan of.

**00:52:09**

**Speaker 2**

I think that he is trying to prepare to fight for that future battle that you are talking about.

**00:52:14**

**Speaker 2**

where automated technologies, mass analysis of data is done very, very quickly, and then pushing that immediately out to the warfighter, involving them in that entire development process.

**00:52:22**

**Speaker 2**

And you've heard his vision is, I want to see industry and the military operating in the same room and the same environments together at the same time and building the technology as they go.

**00:52:30**

**Speaker 2**

And so we have a broad organization, but my focus is that's the particular battle space that I want to be getting our firms involved in and connecting them to the end users and pushing that technology out there as fast as possible and iterating on the fly.

**00:52:42**

**Speaker 2**

And none of the existing cultures are really built to enable that, but he gets to build a new culture within his group.

**00:52:46**

**Speaker 2**

I am hopeful that will be where we get to fight that proper battle.

**00:52:54**

**Speaker 5**

I'll just reiterate.

**00:52:56**

**Speaker 5**

For us, it's about the CAF and D&D defining what those capability needs are.

**00:53:01**

**Speaker 5**

So that's for them to, that remains for them to define and for industry then to execute on.

**00:53:08**

**Chris**

Dr.

**00:53:08**

**Chris**

Stone, sir.

**00:53:09**

**Speaker 8**

So Dr.

**00:53:10**

**Speaker 8**

Craig Stone, I'm an academic.

**00:53:12**

**Speaker 8**

I'm a defense economist by discipline.

**00:53:15**

**Speaker 8**

And as an academic, I can ask difficult questions on purpose.

**00:53:18**

**Speaker 8**

So I want to challenge the notion of we can build anything.

**00:53:22**

**Speaker 8**

Because you need a caveat that is we can build anything at what cost.

**00:53:26**

**Speaker 8**

From an economic perspective, you want to get with a specific amount of money, the most military capability you can get, or you want a specific amount of military capability, and it's going to cost you what it's going to cost you.

**00:53:38**

**Speaker 8**

So

**00:53:39**

**Speaker 8**

technically we might be able to build anything we want to build, but at what cost?

**00:53:43**

**Speaker 8**

There is a friction in the DIS between military capability and economic benefit.

**00:53:51**

**Speaker 8**

And what's the right balance for that?

**00:53:53**

**Speaker 8**

And you need to sort of figure it out in terms of, yeah, we could build anything.

**00:53:58**

**Speaker 8**

How long will it take?

**00:54:00**

**Speaker 8**

And the example I always use when I have that conversation is the Collins class submarine in Australia.

**00:54:06**

**Speaker 8**

which they did not have the technical expertise in their industry to build until like 15 years later, which is problematic in that we can build anything we want to do.

**00:54:17**

**Speaker 8**

So just like-?

**00:54:19**

**Speaker 6**

Let me offer an answer.

**00:54:20**

**Speaker 6**

What's the cost of sovereignty?

**00:54:24**

**Speaker 8**

As a taxpayer, there's an issue there.

**00:54:27**

**Speaker 6**

Actually, let me provide a better answer then.

**00:54:29**

**Speaker 6**

So I was at a company called Andril Industries.

**00:54:33**

**Speaker 6**

We went to the Aussies when they were in the middle of their sub purchase and said, look, guys, we can do this for a billion bucks.

**00:54:42**

**Speaker 6**

So we put in \$200 million.

**00:54:45**

**Speaker 6**

We built an autonomous submarine in 36 months that the company now sells for \$40 million.

**00:54:54**

**Speaker 6**

The cost curve of defense is changing massively for two reasons.

**00:55:00**

**Speaker 6**

The commoditization of software and the capabilities of the brain of most systems and the commoditization of the hardware that you put into those things, our priors on defense need to be massively changed.

**00:55:15**

**Speaker 6**

The fact that we're buying things for \$60 billion and they're going to arrive in 10 years, I think is part of the problem.

**00:55:21**

**Speaker 6**

We can do that.

**00:55:23**

**Speaker 6**

I helped do that.

**00:55:25**

**Speaker 6**

I just don't think that we have that sort of modern defense technology experience to understand that when we talk about costing in defense today, it's extremely different from what it was even 10 years ago, even two years ago.

**00:55:40**

**Speaker 6**

And we need to update that very quickly.

**00:55:46**

**Speaker 5**

So essentially how much is too much is the question too.

**00:55:50**

**Speaker 5**

And I think

**00:55:51**

**Speaker 5**

Again, that comes to as we get closer to their goal of 70% of a spend in Canada, then, and we have defined what the ultimate kind of spending target is as we approach 5%.

**00:56:08**

**Speaker 5**

The more that is spent in Canada, the more that those investments contribute back to the tax base too.

**00:56:14**

**Speaker 5**

So there's a kind of a positive loop that will happen with that.

**00:56:21**

**Speaker 2**

Just two thoughts.

**00:56:22**

**Speaker 2**

So we've been underfunding defence in Canada for multiple generations.

**00:56:25**

**Speaker 2**

So in terms of one is too much, well, I'm not seeing that horizon yet.

**00:56:29**

**Speaker 2**

So we can revisit that question maybe a couple of years from now once we've got our spend up and see whether or not we're facing those trade-offs.

**00:56:36**

**Speaker 2**

But to your point, we've had a lot of interactions with the Finns through CANSEC, which has been great.

**00:56:41**

**Speaker 2**

And their look at total national security or total defence is they got 50 factors they focus on.

**00:56:46**

**Speaker 2**

And they look at the trade-offs between all of them.

**00:56:48**

**Speaker 2**

And defence is 2 of that 50.

**00:56:50**

**Speaker 2**

They've got environmental issues, they have social cohesion issues, they have affordability and housing.

**00:56:54**

**Speaker 2**

It's all part of what makes you feel safe as a person living in a country.

**00:56:57**

**Speaker 2**

So yeah, at some point I think, you know, and Mr.

**00:56:59**

**Speaker 2**

Graves' polling is exceptional, the Canadian public's going to catch up and realize that there are opportunity costs to what we are spending.

**00:57:04**

**Speaker 2**

They're going to want to see results.

**00:57:05**

**Speaker 2**

They're going to want those results to generate economic outcomes for them that improve their quality of life.

**00:57:10**

**Speaker 2**

But in terms of, you know, when we reach that we spent too much in there, like, I don't know, I think we've got a good three-year runway here.

**00:57:15**

**Speaker 2**

We don't have to worry about that question so much at the moment.

**00:57:17**

**Speaker 2**

We got to spend.

**00:57:20**

**Chris**

Any other questions?

**00:57:21**

**Chris**

Probably have time for one more down in front here.

**00:57:24**

**Chris**

Yes, sir.

**00:57:28**

**Chris**

Nope, Al.

**00:57:34**

**Speaker 7**

I can hear you already, Al.

**00:57:36**

**Speaker 7**

We can hear you, Al.

**00:57:38**

**Speaker 7**

Listen, tremendous, tremendous panel.

**00:57:40**

**Speaker 7**

Thank you for your time this morning.

**00:57:42**

**Speaker 7**

I just want to support

**00:57:44**

**Speaker 7**

a couple of comments Ian's making particularly as it relates to the digital domain and the comments Mark made about speed, speed, speed of movement.

**00:57:52**

**Speaker 7**

And for the DIA, I'm hoping that what we come out of today, even if it's sub 100 million or it's more, the digital domain needs to, we need to dominate our own domain.

**00:58:01**

**Speaker 7**

There is no option in this game, right?

**00:58:03**

**Speaker 7**

So where do you buy your sensor platform from, et cetera, I get it.

**00:58:06**

**Speaker 7**

Okay, so we got to figure that out.

**00:58:08**

**Speaker 7**

and what we're going to invest in the country.

**00:58:10**

**Speaker 7**

But in the information domain and the intelligence domain, it is not an option.

**00:58:15**

**Speaker 7**

Period, full stop.

**00:58:16**

**Speaker 7**

believing we're going to buy data from somebody else immediately and effectively now.

**00:58:20**

**Speaker 7**

You can't run your country.

**00:58:22**

**Speaker 7**

You can't own a country in a future domain where we don't make the decisions based on facts that we have correlated and we decide that align to our values, principles, and investments of the future.

**00:58:35**

**Speaker 7**

And I still see a debate on that amongst

**00:58:39**

**Speaker 7**

where we're going to get our data, how we're going to buy our data, et cetera, et cetera.

**00:58:42**

**Speaker 7**

And we can get it from around the world.

**00:58:43**

**Speaker 7**

We need to get it from around the world to sense the planet.

**00:58:47**

**Speaker 7**

But we make the decisions ourselves.

**00:58:48**

**Speaker 7**

So let's get that domain out front right away and make it the domain that we are not going to consider investment in foreign investment outside of Canada for the future of the intelligence or decision support

**00:59:05**

**Speaker 7**

for whether we're buying and building in the industries, dual industries around Canada, or whether we're doing it in defense.

**00:59:12**

**Speaker 7**

In SAPR, that is not an option for us, right?

**00:59:15**

**Speaker 7**

We look at it that way.

**00:59:17**

**Speaker 7**

I'm asking others to join the fight with us in this type of domain.

**00:59:22**

**Speaker 7**

I think what you're talking about is pivotal to the country, and I'd ask the DIA, the strategy and the investment agency

**00:59:30**

**Speaker 7**

as it does get its fingers on that, we don't forfeit that particular domain.

**00:59:34**

**Speaker 7**

It's more of a statement than a question.

**00:59:36**

**Speaker 7**

It's really not an option, I don't think, and it's kind of obvious to all of us.

**00:59:40**

**Speaker 7**

I think we just need to lean forward like Ian's saying and say, believe you can.

**00:59:44**

**Speaker 7**

Maybe we just might do it.

**00:59:46**

**Chris**

All right, thanks, Al.

**00:59:48**

**Chris**

Okay, everyone, a great first panel to kick off the conference, kick off the day.

**00:59:57**

**Chris**

and certainly have set a high bar.

**00:59:59**

**Chris**

Lots to think about, I'm sure, for the coffee break and other discussions.

**01:00:03**

**Chris**

So I will hand it back to Dave to

**01:00:06**

**Dave**

join me in thanking everybody on stage.

**01:00:08**

**Dave**

And now we do have our first coffee break out in the foyer.

**01:00:18**

**Dave**