

Speaker 1

All right, thanks very much, everybody. Okay, we want to get going here. We've had Secretary of State for Defense Procurement Furor run literally halfway across town to join us here. So thanks for braving the warm weather outside in a dark colored outfit. We spent a whole day talking about implementation around the industrial strategy, defense investment agencies, a real significant component of it. I'm going to ask you a couple things about the path forward, how you're thinking about future implementation. But I guess could you just do a bit of a stock take? I'm not sure what the exact running tally is, how many months you've been in the job, but a little bit over a year. What would you reflect on as the most significant progress to this point in time?

Speaker 3

I think we've delivered, we're actually delivering procurements at speed, and I would argue at speed that many have not seen in a long time. I could point to submarines who are running a competitive process, which is usually, as soon as people start to hear that word, their eyes roll back of their head and they grit their teeth. But we're going to announce a, we're going to down select to a preferred supplier. We're planning to do that at the end of the month. So we'll go from two qualified suppliers to a preferred supplier. And then the DIA will negotiate with the preferred supplier to turn MOUs into contracts because that's what we want. CMAR was a big success. We moved that from pretty, it was kind of stuck, I would say, in definition for a long, long time. We've got that Colt Canada's building those weapons right now. And according to the Army, we shaved two years off that. We've done some new types of procurement processes, like strategic partnerships. We've done a couple. We've done one with MDA Telesat that's going quite well. We've done one with CAE that we're going to push on pretty hard here for future fighter lead-in training. So besides the big machinery of government change, which is significant and not easy and has to go on in the background, my marching orders are to continue to get procurement out the door to get the kit to the forces as fast as possible while applying these new lenses of procurement the government wants applied. Can we do this in Canada? If not, who are we going to partner with to deliver the capability? So it's been a massive job. It's still not done. And I think objectively, I mean, I just watched the committee that I was on last week. Industry was in there the day before. We had OEMs, we had some smaller companies, and they were saying things are much better than they were. I'm sure Everyone will have an opinion on that, but I think that's a fair statement. It's better, much better than it was, and it's got the potential to be even better.

Speaker 1

I think core next step, you've got draft legislation making its way through the House. I guess what would you reflect on that draft legislation? Which parts of that do you think are going to be the most significant to the agency and further implementation?

Speaker 3

Well, it'll get statutory authority. So right now it has delegated authority. So materially it's still authority, so you can still do stuff. So that's important. But we're building this for the long term. What we did, the special operating agency that we have right now with the PSPC that's doing the job today is important. It is working, but this is a long-term solution, so it needs to be set up as such. So statutory authority, it will be a department with all the bells and whistles. One thing I don't think it's in Division 16 of the bill, which is super important, is DIA will assume the ITV policy when it's stood up in its final form. That changes a lot of things. Instead of having this three-legged stool of defense procurement where companies are running all over town to ISED, D&D, PSPC, no one's really in charge, but everybody's involved, that now is changed. You have a single point of accountability, which everybody wanted. And I mean, all the political parties wanted it. I think industry wanted that too. When you're negotiating with the government, you're going to one place because now the ITV policy has come there. It's got new financial tools and financial delegations. So it's still accountable. We haven't stripped any accountability out of the way it's been run for a long time. All those tools are still there. It's just got much more flexibility to move quickly. So And that of all the things that we could all agree that has been handcuffing defense procurement speed has been probably at the top of the list, which drives a whole bunch of other problems, including adding irrelevancy now given how fast technology's moving. So it used to be just late and expensive. Now it would be late, expensive, and irrelevant if we didn't change it, right? So I think we're on the right path.

Speaker 1

One thing that came up earlier in discussion today, we've heard a lot about the changes around procurement. The name of the agency, though, is the Investment Agency. And there's changed the legislative framework for both the procuring part of the House, but also some pretty substantive changes made to the formerly Defense Production Act. Maybe just talk a little bit about what, was that just updating a really old piece of legislation so all the amounts weren't relevant in today's dollars? Or is it the intent that part of the framework to be able to make investments in companies, spend money without other government involvement? Is that intended to be a significant part of what the agency does moving forward?

Speaker 3

Well, it's both. I don't know for a fact, but I think that document hasn't been touched for, you would know more. You're the policy guy for decades. It's been a while.

Speaker 1

I think probably longer than both of us have been around.

Speaker 3

Oh, there you go. So it's not fit for purpose anymore. So we made it fit for purpose, changed the name, but a lot more things have happened in there. New financial tools. Part of the challenge now isn't just buying the things faster for the CAF, making sure that we bring Canadian companies into the tent more, partner with different nations, all that's still true. But supply chain resilience is a big deal. And there's a whole bunch of new tools in there that will allow us, under the right circumstances, the Defence Investment Agency, though, Doug Guzman and his team, to make sure that we have supply chain resilience and technology and things that change rapidly. We see two, there's more than two conflicts on the planet right now, but let's just talk about two. We see a superpower, the US and Iran, they're having a conflict. We see Russia and Ukraine, that's been going on for years. These things last long time and you have to have supply chain resilience if you want to be able to defend your sovereignty and or defend yourself. And technology is changing so quickly You have to have a mechanism to have a hot running supply chain to make sure that when the time comes, if it comes, hopefully it never comes, but when it does come, you are ready to go and you can belt feed what you need throughout the conflict. Canada will never probably be in a position to be like a France or South Korea or Turkey who has become very self-sufficient, but we can be much more self-sufficient, much, much more. And we will. That's what we'll do moving forward.

Speaker 1

So again, thinking the future course here and as you drive implementation, heard earlier today from one of your officials that basically the agency is going to be the answer in terms of who's managing defense procurement, but a ways to go beyond the initial project list, the secondary project list, and then the full scope of work that you'll get. Do you have any reflections on kind of the lessons that you've observed from this point in time that as you continue expanding and have a lot more room to go, that you're going to be hoisting in on the path forward from here?

Speaker 3

Well, everything's hard. That's the lesson. I mean, we need, I think the instructions that I have are keep your foot on the gas as you are in the scene period. So we've got this special

operating agency with its delegated authority and its people. It's a thing I mentioned some things that it's done tangibly to demonstrate that it's working. And we're just going to make it better with the ways that we discuss with statutory authority, taking one of the legs, which is the ISED leg off the stool. So now we have really one stop shop for defense procurement. All those things are super important. And I know there's been a lot, I read a lot of what people are talking about in the media. We can do, at the core of this entire thing is we can, we don't decouple, but we couple capability and economic security. Those things are mutually inclusive. They support each other. And that's the way we're looking at everything that we do going forward. We have to get it faster. We have to have these other considerations. There's procurements out there that were very mature in the supply chain already that we just couldn't touch because we don't have time to go back and re-litigate everything we've done. Himars is a good example of that. was pretty far down the track. It meets the needs. We're on this path, so that's the path that we're gonna continue on. Every situation's different, but those build, partner buy, that's the core idea, and making sure that we couple, bring back together supply chain resistance, capability, we can do both. Other countries do it. It's just a change in the way we've done things in the past.

Speaker 1

I think one of the other things that's changed is, I'm not sure if you've got a running meter, but the amount of engagement that you've done with industry, domestically, overseas, as well as from partners, I think you must be pushing the limit on on setting records for how much of that you've done. I guess I made a joke. Somebody's asking me what your portfolio was. I don't know what the actual portfolio, but I think, and I mean this in a good way, been the minister responsible for generating some enthusiasm in Canadian defense, something I don't think we actually have seen in quite some time. To actually have a kind of both a positive vision about what we're able to do domestically, but also as a proponent abroad. I guess what if you had a couple of takeaways from that breadth and pace of activity that you're reflecting on as you look forward.

Speaker 3

Well, I used to work in the space and I used to not participate in military procurement because I just, I couldn't, I didn't know how to, as an SME with 50 people, I didn't know how to get involved. It was too frustrating. I wasn't an OEM or a big prime that had government lobbyists or understood the system. So I just didn't waste time on it because I just couldn't do it. I could go after commercial opportunities and maybe land 50-60 % of those or waste entire all my time trying to find my way through this when we. When I started having this conversation early on after the election, it's been over a year. I mean, I was appointed to this job probably within 30 days, I think it was the time frame. But we didn't stand the DIA

up until November. I did a lot of engagement, and I still do. It's a big part of my responsibility. I've been tasked to do it. engagement with government was up there with one of the biggest complaints that I'd heard. And I had experienced when I was in the SME business. So we had to change it. So I do take a lot of meetings. In fact, I take as many meetings as I can every day. It's a big part of what I do. And it really helps. We have unbelievable capability and capacity here in Canada. We just do. And I don't think we appreciated it. I knew a lot about it on the aerospace side because that's my background. But we have it in AI, we have it in quantum, we have it in shipbuilding, we have it in space. And part of, you know, another big part of our job and one of our KPIs is to help export, which is a big deal. And on my travels, I'm mentioning in my meetings what Canada has to offer to help You guys do your thing. Because everybody wants to work with us right now. There's a massive opportunity out there. I don't think Canada's brand recognition has been as high today as it's been since the Second World War. And I've been enough places. I'm leaving tomorrow for Germany, France, Australia. There'll be more. The sentiment's there. It's really just a function of us capitalizing on the opportunity.

Speaker 1

We'll open things up. There's mics over here for folks in one more second. But just as a last question for me, so as you're doing that additional engagement, there's a new advisory forum that's being created. Talk a little bit, like what are you looking to get from the forum? And are there particular things that folks in the room at the mic or wherever in industry can still, you're looking to get feedback from private sector partners on? in particular.

Speaker 3

Yeah, there's a call out right now for those that are interested. We're looking to try to get one from one person from every declared sovereign capability. So I think there's 10 on there. So there'll be at least 10 people. The engagement will be, I guess moving forward, it would be Minister McGinty or myself, as I said, is handing over the ITB policy to the DIA. So the engagement will be at a high level. Workforce development, supply chain problems. There's a whole host of things that we can talk about. We don't necessarily know what we don't know unless we have those types of concessions. Collaborations where we can collaborate. It makes it a lot easier when we're looking at projects, when we know Canadian companies are coming together to solve problems. That just makes it, okay, now that lens that we're going to put over top of procurement now becomes even easier because We don't have two or three companies that can do it. They've decided to come together and present a solution that is Canadian. There's no competitive nature within Canada because people are collaborating already. I mean, we'd be talking about that.

There's all sorts of things. I know this is, and in fact, I forget the name of it. There's one right now at the ADM level that still exists.

Speaker 1

Diag.

Speaker 3

Diag. I'm not sure if that will continue, if people find it useful, but duplication of effort may not be helpful or at the high at the C level discussions, maybe that stuff could flow down to Diag. I'm not sure. That's still an open question. But again, it's knowing where things are, understanding where the pressure points are, how do we fix problems. And one of our biggest advantages that I see when I get to talk to people in different countries is how fast we're moving. A lot of countries have capability and capacity but they can't move very fast. Having a PM come to CANSAC and make big announcements is a big message that not only is this going to be resourced, but the government of Canada is there to make it work. I mean, that's as good as it gets because to be honest, the previous government over 10 years doubled defense spending. And they took as a percentage of our GDP from just under 1% to 1.5%. Took 10 years because it didn't change the process. They couldn't dispatch the funds. They couldn't do anything quicker. You had to do both. You have to give it resources and you have to create procurement paths that deliver results faster. At the end of the day, procurement will always be a game of winners and non-winners. Unfortunately, that's just the way it is, but we can make it much better. We can make it more inclusive, we can get more Canadian content, we can help you export, and we can deliver capability to the CAF much, much, much faster than the government has been able to do it before.

Speaker 1

Okay, we've got two mics. Mark Waters, quick off the blocks. Okay.

Speaker 2

Thank you very much for your remarks. I just wanted to highlight that when you were at CanSec, it was really lovely. We got a chance to see what your tour looked like in advance and then we all had a good chuckle because how are you possibly going to meet 30 companies in two hours? Normally it's like 6 or 12 and you managed to hit all of them. So just saying love the level of engagement. This is maybe a question you can't answer, but I'm certainly curious. If we're going to have a new department, it's going to be a new minister for it. Any insight you can share into maybe the type of person that they're looking to fill that

role and how that person might work with Mr. Guzman in terms of executing those responsibilities? And bonus points, is that a role that you're interested in? Yeah.

Speaker 3

Well, you know, what should that minister look like and will that be you? When you get into this role or these roles, you serve at the pleasure, right? So the Prime Minister will have a selection of people he can choose from. We have lots of Ben's strength in our caucus, so he could pick really anybody he wanted to. And I'll leave it up to him to make the decision. He thinks his best.

Speaker 1

Just on the part, I think you probably could offer something on it. What have you learned that you think whoever fills that job needs to have in mind?

Speaker 3

You have to be engaged. You have to be engaged. This isn't a part-time thing. This is like a full-time, full-time thing all the time. Engagement is key. I mean, you don't know what you don't know. And yeah, they're going to have to be passionate about it. They're going to have to care about it. would be helpful if they knew something about it, obviously. Coming from, you know, I was in the military. I worked in an operational headquarters for 1/4 of that time, which is quite helpful. Flying planes is helpful, but understanding the back end is important. I ran a company, chaired the defense committee. I've been a parliamentarian. So in my case, I just know this from a couple of different angles. But we have lots of capable people. And I would say whoever gets the job, just be passionate about it and work hard.

Speaker 1

OK. JC? Yes, thank you.

Speaker 4

JC Dupon with Datco Front Tech.

Speaker 1

My question is, as you develop and accelerate the procurement of those capabilities and you succeed, What's the line of communication between DIA and Defense Construction Canada that your infrastructure is ready when your equipment comes in.

Speaker 3

That's a great question because we're suffering a lot from that right now. And this is one of the reasons I'm pushing super hard on submarines because we need to get shovels in the ground to get infrastructure ready for when they arrive. Because if we don't, not only is the capability stymied, then we're looking at buying temporary situations which cost money. And then we got to move stuff around. The price just keeps going up up and up and up. Defence Construction Canada will report not to the, so they're Crown Corporation right now, they report to the Minister of PSBC. They will report to the Minister of Defence Innovation. Not to the DIA, but they will be overseen by the Minister of this new agency or department, I should say. And of course, if whoever's doing that job should be talking to them often and engaging with them often and making sure that the if they're involved in procurement, whether it be hangars or ports or whatever the case may be, that is moving. Defense Construction Canada does good work and I've had lots of conversations with them before. So again, just making sure there's good communication and things are moving in parallel with each other so we don't end up in a situation where we have stuff arriving out of sequence because it costs money.

Speaker 1

Okay, time for one more if there is one.

Speaker 4

I'll jump up. Kelly Williams, David Pratt and Associates. The buy Canada piece is probably the most important hunk of the defense industrial strategy. My question is, what metrics are you going to use to decide how are you going to decide if you're going to buy Canadian? Because there is a whole range of capability that's in industry, where industry is competing internationally. and can't get any visibility by Canadian government. So how are you going to decide we're going to buy Canadian in this capability renewal?

Speaker 1

We'll take one last, we'll take them as a parrot. You can noodle on that while he's asking this question.

Speaker 2

Hi, Darren Hawker from Deloitte. Thank you for your service. The question is, we've talked about the implementation throughout the day, all the different challenges. I'd like to go to the end. If you were imagining three years from today, you've had the success you've wanted to drive towards, can you describe what that future department is driving and looks like and is achieving on a quarterly basis for Canada moving defense acquisitions?

Speaker 3

Okay, to the first one, I mean, we have a KPI to spend more money, 70% acquisitions here in Canada. How will we decide a large, there'll be a number of things that will push that. I think the biggest one's time. Because if we had unlimited time, we could do everything here in Canada. We could build a sub, we could do everything. I've seen enough now with all this engagement to be pretty confident Canada could come to the party in every need that we had from our defense department. But time is a big problem here. And it will probably be the driver on which path we take. Do we build, do we partner, do we buy? I kind of want to take buy off. It's build. And in my mind, it's partner. I look at being, I look at receiving a service from a company in three ways. The highest one being a partner. That's the preferred. You want to be the partner. You have access to IP. You can participate in spiral development. You're a true partner in the thing. Next would be customer, where you may not get the IP, but prices are OK. There's not a lot of fighting. And then the third level would be hostage. And I'm not kidding when I tell you there's some relationships that we built over time where we didn't put a lot of thought into it now and we're just paying the bill. And that will be the case. And we're trying to make to extradiase ourselves from that spot. But we want to be, so in my mind, it's build and partner would be the preferred method moving forward. And the biggest driver of that will be time because Canada can do a lot of these things. But if the CAF needs capability, we need to get at them quickly.

Speaker 1

And as you're looking forward, once this is all set up perfectly in your mind, what shape does it take?

Speaker 3

The department or the department lives. It's the single point of accountability. People, industry know where to go. They know who to contact. I know James is pushing real hard for a phone number. I'm trying to get you a phone number. You can certainly reach us by e-mail, or you could, people know how to get a hold of us. And we are helping people navigate the machine. I'll give you another example. The future agency will have a whole bunch of new authorities and some new tools, but we won't ever have them all. Having the ITB is a big deal, and for the reasons I talk about, but we won't have, for example, export permits. We just won't have that. But we care about export permits because we have a KPI to increase exports in Canada by 50%. So we're going to do that tangibly by helping. We can intervene, we can do some introductions, we can do stuff like that. Other countries do it all the time. France is super good at doing it. But Global Affairs Canada will always hold the pan on export permits. So there'll be a process, but I don't think they have a service

center. So it's a bit of a, you don't know when you're going to get your export permit. So we can help intervene on floating those to the top just to get them visibility because many times they end up being time critical and people may miss opportunities. So I'm not saying they don't do a good job, they do, but it's a big department and where we can help get visibility on things that need to happen quickly, then we'll do it.

Speaker 1

Okay. On that note, we've got to have you out of here in 60 seconds. Thanks to everyone join me in thanking Secretary of State Pure. And I'll let you swing by the audio table on your way out to return the mic.