

WEBVTT

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<v SPEAKER_1>In this episode of Defence Deconstructed, which we're recording on the 12th of May, 2026, we're talking to Vice Admiral Retired Ron Lloyd to discuss his most recent publication, Aligning Canada's Policy Architecture with the Defence Industrial Strategy.

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<v SPEAKER_1>Talk about basically the underpinning impediments at present to delivering on the government's Defence Industrial Strategy, which will impinge on the Defence Investment Agency, unless there's some change.

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<v SPEAKER_1>If you're interested in the industrial strategy, we're going to host a conference on the 9th of June to look at its implementation in Ottawa at the West End.

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<v SPEAKER_1>Registration is now open.

00:00:36.600 --> 00:00:37.660

<v SPEAKER_1>Hope to see you join us.

00:00:40.400 --> 00:00:42.220

<v SPEAKER_1>Ron, welcome back to Defence Deconstructed.

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<v SPEAKER_2>Dave, it's a pleasure to be back.

00:00:44.460 --> 00:00:45.360

<v SPEAKER_2>Thank you for having me.

00:00:46.360 --> 00:00:58.900

<v SPEAKER_1>So, having you on to talk about a paper that you wrote about the Defence Industrial Strategy and sort of a path forward to being able to make that successful on the lines that the government has outlined.

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<v SPEAKER_1>The title of your paper is Aligning Canada's Policy Architecture with the Defence Industrial Strategy.

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<v SPEAKER_1>Before we get to the conversation about Policy Architecture, maybe just want to take a minute to reflect, as you outlined in the paper, your thoughts on the industrial strategy as it's outlined by the government.

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<v SPEAKER_2>I think the industrial strategy is really important, long overdue.

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<v SPEAKER_2>Can't speak highly enough about what it is the government is trying to accomplish.

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<v SPEAKER_2>In many respects, it says the strategic direction, in terms of what it is we need to realize.

00:01:28.480 --> 00:01:32.060

<v SPEAKER_2>If there was a requirement for an articulation of a destination, that's it.

00:01:32.060 --> 00:01:33.960

<v SPEAKER_2>In the Navy, we use the term lead mark.

00:01:34.940 --> 00:01:41.200

<v SPEAKER_2>I think for us as a nation, defence and security, that's a phenomenal lead mark for us going forward.

00:01:43.200 --> 00:01:59.260

<v SPEAKER_1>It's the right kind of lead mark, but I guess the rest of what you talked about is really about how you navigate there, how you have the mechanics of how you get there, some of the, I'm going to butcher the maritime terminology here, but potential shoals, places to run aground, those kinds of things.

00:01:59.680 --> 00:02:02.700

<v SPEAKER_1>If I've not overly bastardized your metaphor there.

00:02:02.700 --> 00:02:12.140

<v SPEAKER_1>You want to talk about some of the pieces of the policy architecture that you flag are going to be important to address, to deliver on that lead mark.

00:02:13.040 --> 00:02:16.420

<v SPEAKER_2>Well, I think first off, we have to provide some context.

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<v SPEAKER_2>It's not like this paper came out of nowhere.

00:02:20.020 --> 00:02:25.500

<v SPEAKER_2>This is a distillation of six papers that I've written going back over a couple of years now.

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<v SPEAKER_2>And so what's important for the listeners to understand

is, I didn't write out to write a paper on the Defence Industrial Strategy and come up with a road map for government.

00:02:35.900 --> 00:02:41.960

<v SPEAKER_2>I initially started way back starting to say, okay, what is it that's being problematic from a digital ambition perspective?

00:02:42.120 --> 00:02:44.400

<v SPEAKER_2>What's being problematic from a procurement perspective?

00:02:44.620 --> 00:02:54.780

<v SPEAKER_2>And then as I looked at controlled goods and CPCSC and contracts security program, it came to me that we're not looking at things in what of.

00:02:54.780 --> 00:03:02.360

<v SPEAKER_2>There's actually an architecture problem that's systemic all across all of government.

00:03:02.600 --> 00:03:08.860

<v SPEAKER_2>As much as people like to think I'm just focused on defense, I think it arrives in defense because it sits at the intersection of digital.

00:03:08.980 --> 00:03:13.060

<v SPEAKER_2>It sits at the intersection of risk and procurement and things that have been problematic.

00:03:13.060 --> 00:03:23.320

<v SPEAKER_2>But fundamentally, the roadmap that I've articulated here aligns not only with the Defence Industrial Strategy, Dave, but I would say that any government department that procures is affected by it.

00:03:23.420 --> 00:03:31.040

<v SPEAKER_2>Any government that's trying to leverage digital technologies to reduce risk and to deliver better government services is equally affected.

00:03:31.560 --> 00:03:40.600

<v SPEAKER_2>As much as the roadmap is tailored for the Defence Industrial Strategy, I think it's equally applicable across the whole of government, if that makes sense.

00:03:41.560 --> 00:03:50.140

<v SPEAKER_1>Okay, and so for folks that might not be familiar with all those different issues that you've raised, you can just talk about a couple of them.

00:03:50.320 --> 00:03:58.280

<v SPEAKER_1>What are some of the key considerations about the classification regime that are going to be applicable to the industrial strategies implementation?

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<v SPEAKER_2>So I think what's really important is when the Prime Minister this past weekend said we need to take a look at risk.

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<v SPEAKER_2>And he said, you know, we need to accept risk.

00:04:08.840 --> 00:04:22.320

<v SPEAKER_2>And so there's a couple of things that I think need to be unpacked when he says we need to accept risk because I think the narrative that I've had in my papers is very much in keeping with the manner in which I believe he meant we need to accept risk.

00:04:22.320 --> 00:04:27.080

<v SPEAKER_2>And so he's saying that we're not going to just accept unacceptable risk.

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<v SPEAKER_2>What he's saying is we need to actually rethink how it is we approach risk fundamentally as a nation and for the public service specifically.

00:04:39.140 --> 00:04:42.940

<v SPEAKER_2>And what I'm saying in my papers is that that's exactly what we need to do.

00:04:43.340 --> 00:04:47.120

<v SPEAKER_2>And but the risk we need to accept is the deviation from the status quo.

00:04:47.520 --> 00:04:53.680

<v SPEAKER_2>Because right now, all of these processes are there to ensure we perpetuate the status quo.

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<v SPEAKER_2>And so when I hear him say we need to accept risk, he's talking about transition risk, that which deviates from the status quo.

00:05:00.420 --> 00:05:18.320

<v SPEAKER_2>I think the Defence Investment Agency Act is very much in keeping with that, where he is prepared to go out there with the legislation in order to come up with the actor who's going to deliver on the Defence Industrial Strategy, ahead of what I recommended in one of my papers, which was form follows function.

00:05:18.840 --> 00:05:24.520

<v SPEAKER_2>Let's do all this process orientation before we go down that path.

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<v SPEAKER_2>And the government said, no, we're going to accept risk.

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<v SPEAKER_2>We're going to get the legislation out there with the fullness expectation that the public service is going to fall in line and amend what I'm calling the execution architecture.

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<v SPEAKER_2>It's because fundamentally, the security classification framework, 40 years out of date overinflates risk relative to all of our allies and partners.

00:05:50.040 --> 00:05:54.040

<v SPEAKER_2>As I mentioned a number of times on your podcast, we're the only nation that does that.

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<v SPEAKER_2>And we need to fix that.

00:05:57.080 --> 00:06:01.580

<v SPEAKER_2>The Harmonized Threat and Risk Assessment Methodology, it's been out now for almost 20 years.

00:06:02.420 --> 00:06:09.580

<v SPEAKER_2>Every other nation takes a look and they tailor the risk mitigation strategies according to the risk.

00:06:10.240 --> 00:06:13.080

<v SPEAKER_2>We don't do that as effectively as other nations do.

00:06:13.540 --> 00:06:19.260

<v SPEAKER_2>We treat low risk almost virtually the same as the high risk, which means that we're spending extra resources.

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<v SPEAKER_2>And essentially what happens is that it slows execution, it slows procurement, it slows security processing, and it slows digital adoption horizontally across governments.

00:06:33.060 --> 00:06:41.260

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<v SPEAKER_1>Quested allies, world-class platform, generational benefits.

00:07:03.580 --> 00:07:05.620

<v SPEAKER_1>Team 212CD for Canada.

00:07:08.480 --> 00:07:28.620

<v SPEAKER_1>So as we sit here today having this conversation on the 12th of May, as you said, there has been draft legislation that was tabled as part of the Budget Implementation Act that hasn't yet been passed, including hasn't been passed in whatever form it takes on actual passage or just in a draft.

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<v SPEAKER_1>What's the advice that you would offer to the CEO of the agency and to the current Secretary of State, and I guess whoever ends up being the Minister for the Defence Investment Agency?

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<v SPEAKER_2>Well, my advice would be I've put out a road map for their consideration.

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<v SPEAKER_2>The road map, I think the reason I put the paper out there was to clarify that, understanding how things are resisted in government, having been in government for 38 years and now seeing it on the other side in industry for the last seven.

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<v SPEAKER_2>People are going to say about my papers that, Ron is trying to apply what other nations are doing without understanding complexity and challenges that.

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<v SPEAKER_2>I'm not trying to do that at all.

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<v SPEAKER_2>What I do believe is we can look at other nations and

their principles and then apply those to see if we're in keeping with our Five Ice partners and NATO allies.

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<v SPEAKER_2>I'm not saying for a second we should adopt what other nations do.

00:08:32.120 --> 00:08:35.920

<v SPEAKER_2>Ron underestimates the challenge of execution.

00:08:35.920 --> 00:08:37.480

<v SPEAKER_2>I'm not underestimating that at all.

00:08:37.960 --> 00:08:45.360

<v SPEAKER_2>We had a massive change agenda in the Navy, and so this would be extraordinary complex in terms of implementation.

00:08:45.960 --> 00:08:51.140

<v SPEAKER_2>But we've done the pandemic, we've done Afghanistan, we've got extraordinarily talented public servants.

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<v SPEAKER_2>There's no doubt in my mind that if we put our mind to delivering the roadmap, that it would be successfully executed.

00:09:00.740 --> 00:09:10.900

<v SPEAKER_2>Then the other thing is that I underestimate the amount of resources, this and that and leadership and I don't think I underestimate that at all.

00:09:12.360 --> 00:09:18.160

<v SPEAKER_2>And it goes back to the risk point again, like you can't eliminate risk, but you can reapportion it.

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<v SPEAKER_2>And what's transpired over the last several years is the functional authorities have pushed risk down into the departments, and some into the industry, and there's only so much they can do without being able to adjust these higher level strategic small T policies that I've repeatedly spoke to.

00:09:36.340 --> 00:10:01.660

<v SPEAKER_2>And so until you take that functional risk acceptance, which is what I believe the Prime Minister is talking about, let's bring the risk back up into these functional authorities and let's allow the line departments and industry to be successful, then I would say, I think there's a timeline, phase one, you need to reset the foundational policy drivers and risk aversion and launch federation alignment.

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<v SPEAKER_2>I think that would be there and that speaks to interim security classification direction, TR1 that I just spoke about in terms of its suspension.

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<v SPEAKER_2>And then phase two is 90 to 80 days, success to modernize your digital and cyber policy framework and enable proportional adoption.

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<v SPEAKER_2>Some people, once again, back to best practices.

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<v SPEAKER_2>Most nations do this annually, Dave.

00:10:24.040 --> 00:10:28.620

<v SPEAKER_2>Okay, the last time we updated ours was like 2012 and then an interim amendment in 15.

00:10:28.780 --> 00:10:31.120

<v SPEAKER_2>Okay, so I don't think that's a stretch.

00:10:31.480 --> 00:10:39.220

<v SPEAKER_2>And then procurement and industry participation barriers, you know, the contract security program, the Canadian program for cybersecurity certification.

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<v SPEAKER_2>And I just about finished my controlled goods paper that I know you can't hardly wait to read in terms of what that could look like.

00:10:47.180 --> 00:10:51.780

<v SPEAKER_2>And then, you know, you need to restore defense digital autonomy and align trade controls.

00:10:51.780 --> 00:11:06.740

<v SPEAKER_2>So within two years, I think we could fundamentally launch the reset that the Prime Minister is talking about in order to us to focus on the lead mark and then to leverage the institutional actor, which would be the Defense Investment Agency in order to be successful.

00:11:06.740 --> 00:11:25.420

<v SPEAKER_2>But absent this coordination and this execution changes, I don't think you'll be successful based on the analysis now of over two and a half years of taking a good hard look at seeing this being a systemic issue and not isolated to any one of these individual programs.

00:11:26.880 --> 00:11:32.580

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00:11:43.320 --> 00:11:47.880

<v SPEAKER_1>So I think as a final question, you're going to ask you to kind of reframe the lens of this a little bit.

00:11:47.980 --> 00:11:53.860

<v SPEAKER_1>You've painted a picture of what needs to change across government to really position and enable success.

00:11:54.340 --> 00:11:58.120

<v SPEAKER_1>But I'm going to ask you to think back to your time as the head of the Navy.

00:11:58.120 --> 00:12:10.740

<v SPEAKER_1>So we've not yet seen a launch on this kind of systemic comprehensive effort that I think you've really painted a picture here is needed to fully enable everything.

00:12:10.860 --> 00:12:23.620

<v SPEAKER_1>But if you were to cast your mind back to maybe as you were getting towards the end of your time as the head of the Royal Canadian Navy, you had a couple of years on the job, you understood what the lay of the land was, how things worked in Ottawa.

00:12:24.600 --> 00:12:37.380

<v SPEAKER_1>What's your current advice to seven or seven and a half years ago, Ron, on what then Vice Admiral Lloyd should take from this direction within his own lines?

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<v SPEAKER_1>I've mangled the direction there, but what's your advice to yourself?

00:12:41.620 --> 00:13:02.080

<v SPEAKER_2>My advice to my former self would have been that there were a number of assumptions that I had made, haven't been in the Navy for 38 years, that I thought were right, but were wrong, and I didn't follow my own advice, which was, show me the policy.

00:13:03.640 --> 00:13:07.780

<v SPEAKER_2>I said, show me the policy repeatedly as a pertain to

defence.

00:13:08.200 --> 00:13:17.060

<v SPEAKER_2>I should have said, show me the policy more broadly, horizontally across government to me to better understand and appreciate where we actually fit.

00:13:17.660 --> 00:13:23.200

<v SPEAKER_2>So the things that I've learned, Dave, I didn't appreciate when I was commanding the Navy, like security classification frameworks.

00:13:24.780 --> 00:13:28.980

<v SPEAKER_2>It was like a light bulb went on when I went, we're the only nation on the planet that does that?

00:13:29.160 --> 00:13:30.340

<v SPEAKER_2>You got to be kidding me.

00:13:30.700 --> 00:13:40.760

<v SPEAKER_2>When I went and saw Scott Jones when I was commander of the Navy, we discussed, why is it that I'm DREMIS, the Defence Resorts Information Management System?

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<v SPEAKER_2>We say that protected being confidential equivalents, but yet we can't put confidential on DREMIS.

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<v SPEAKER_2>I went and talked to him about doing that in order to try and make sure that we weren't working around our security classification framework.

00:13:55.960 --> 00:13:58.980

<v SPEAKER_2>I actually felt it when I was commander in the Navy.

00:13:58.980 --> 00:14:00.860

<v SPEAKER_2>I just didn't understand it.

00:14:01.280 --> 00:14:21.920

<v SPEAKER_2>I guess I should have been more persistent in terms of unpacking and understanding how some of these smaller policies that sat at the centre, adversely impacted delivery departments, whether it's ESDC, whether it's Defence, you know, technical department, PSPC is constrained by a lot of these policies as well.

00:14:22.160 --> 00:14:35.480

<v SPEAKER_2>And as I say in my paper, the Defence Investment Agency will be equally constrained because unfortunately they don't own a lot of these policies, which is why I think the roadmap will be very, very

beneficial to DIA and their success.

00:14:36.740 --> 00:14:40.720

<v SPEAKER_1>Well, Ron, thanks again for joining us to share some of this perspective and advice.

00:14:40.720 --> 00:14:43.100

<v SPEAKER_2>But we need to talk about the auditor general date.

00:14:43.180 --> 00:14:43.740

<v SPEAKER_1>Please.

00:14:44.580 --> 00:14:52.160

<v SPEAKER_2>Because in my paper, I say decision one was don't stand up DIA until you do form follows function.

00:14:52.160 --> 00:14:53.700

<v SPEAKER_2>It was going to be decision six.

00:14:53.700 --> 00:14:59.120

<v SPEAKER_2>And so the good news is the government has said we are going to start the clock.

00:15:00.160 --> 00:15:04.340

<v SPEAKER_2>So the Defence Investment Agency will be audited at some juncture.

00:15:04.700 --> 00:15:05.980

<v SPEAKER_2>The Defence Industrial Strategy.

00:15:05.980 --> 00:15:08.660

<v SPEAKER_2>And these are ambitious targets.

00:15:08.940 --> 00:15:11.880

<v SPEAKER_2>And so at some juncture, this will be audited.

00:15:11.880 --> 00:15:13.820

<v SPEAKER_2>And so I think in many respects we're on the clock.

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<v SPEAKER_2>And I think that the roadmap will hopefully enable the success for the DIAs to be going forward.

00:15:22.900 --> 00:15:43.800

<v SPEAKER_2>And once again, a lot of these roadblocks, there's some multi-policies that are problematic in isolation aren't probably necessarily bad, but holistically across the board, the amount of friction and barriers and obstacles that they add up to is actually significant.

00:15:43.800 --> 00:15:50.500

<v SPEAKER_2>And so the Auditor General, I think, is probably put a finer point on this, you know, the sovereignty issues that we're currently dealing with.

00:15:50.960 --> 00:16:01.880

<v SPEAKER_2>And so I think there's a sense of urgency now as a result of what will happen, which will hopefully make the papers more timely in terms of being helpful.

00:16:03.080 --> 00:16:03.540

<v SPEAKER_1>Okay.

00:16:04.520 --> 00:16:06.940

<v SPEAKER_1>Ron, thanks for joining us to share this perspective.

00:16:07.200 --> 00:16:08.840

<v SPEAKER_1>You're doing it from the road.

00:16:09.040 --> 00:16:13.440

<v SPEAKER_1>So last question to you, what were you reading on the airplane on the way to your destination?

00:16:14.820 --> 00:16:23.640

<v SPEAKER_2>Actually, I was going over the Controlled Goods paper that a number of experts have been kind enough to provide feedback on.

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<v SPEAKER_2>And so, you know, just can't speak highly enough about those that are helping me out in terms of dividing advice and input.

00:16:31.940 --> 00:16:36.260

<v SPEAKER_2>Yourself, Dave and the team at CGI in particular.

00:16:36.260 --> 00:16:38.660

<v SPEAKER_2>So thanks to you and the team for all your support as well.

00:16:39.500 --> 00:16:39.940

<v SPEAKER_1>Okay.

00:16:39.940 --> 00:16:40.580

<v SPEAKER_1>Thanks again, Ron.

00:16:40.580 --> 00:16:41.180

<v SPEAKER_1>Appreciate it.

00:16:41.880 --> 00:16:43.800

<v SPEAKER_1>Thanks for listening to the Defence Deconstructed.

00:16:44.000 --> 00:16:49.380

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00:16:56.060 --> 00:16:58.340

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00:16:58.680 --> 00:17:02.560

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