



**Government Defence
Integrity Index**



2020

Country Brief:

CANADA



CANADA

The impact of the COVID-19 pandemic in Canada has triggered an intensified debate around defence and national security. Prior to the health crisis, national security and defence issues rarely penetrated public debate or generated much political interest.¹ Since then, however, national security is increasingly at the forefront of public concern. The crisis has laid bare key gaps in Canada's readiness to confront new and emerging security threats, such as the spread of infectious diseases, but also cyberwarfare, an area in which progress has been slow for the Canadian Armed Forces (CAF).² Recognising this, the Department of National Defence (DND) has published a new modernisation strategy for the CAF that predicts their involvement across an increasingly broad spectrum of operations and requires them to adapt to more diffuse threats.³

The strategy is supported by an uptick in investment in defence, after years of neglect, with the defence budget increasing by \$12 billion between 2013 and 2020, as Canada has sought to hit the NATO defence spending target of 2% of GDP.⁴ Nevertheless, critics have pointed to failures at the strategic level which are undermining Canada's defence evolution,⁵ while key governance failings have been underlined by the military's sexual misconduct crisis.⁶ In fact, across the board, while formal governance standards are robust, issues at the level of implementation are heightening the DND's vulnerability to corruption risk. Oversight bodies, such as parliamentary committees and audit institutions, have strong formal rights but fail to make full use of them and struggle to have their recommendations implemented by defence institutions. De facto comprehensive personnel ethics standards are undermined by poor implementation and enforcement, owing to weaknesses with the military justice system and whistleblowing. Finally, defence exceptionalism is also hindering transparency, particularly with regards to procurement and financial management, despite relatively strong governance standards in principle.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2007
Arms Trade Treaty	Accession in 2019

NATO Overview

In a global context marked by the fragmentation of global power, a loss of faith in multilateralism and the rise of non-conventional conflict, NATO faces an uncertain future. In the twilight of its long-standing operation in Afghanistan, there is a pressing need for it to retool and revamp itself to better address current and future challenges. Externally, these include an increasingly belligerent and assertive Russia, the continued rise of China and the increased global instability that the current decade heralds. Within the alliance, NATO's expansion in the Western Balkans has occurred during a period of democratic backsliding and rising defence spending amongst many member states. These trends prompt concerns about an increased risk of corruption that threatens both political and military

stability, at a time when NATO can ill afford governance failings undermining its capacity to respond to threats. Whilst the Building Integrity programme has proved generally effective at mitigating defence sector corruption and fostering good governance, maintaining the high standards of defence governance that are critical to NATO's ability to exercise its mandate will likely pose a significant challenge to the alliance in coming years.



¹ Aaron Shull and Wesley Mark, 'National Security Threats Are Changing, but Canada is Mired in Conventional Thinking', *Centre for International Governance Innovation (CIGI)*, 30 April 2021.

² Alexander Rudolph, 'Canada's Active Cyber Defence is Anything but Active', *Canadian Global Affairs Institute*, July 2021.

³ Canadian Army, *Advancing With Purpose: The Canadian Army Modernisation Strategy*, 4th Edition, Ottawa, December 2020, p. 4.

⁴ SIPRI, 'Military Expenditure Database', 2013-2020.

⁵ Paul T. Mitchell, 'Canada's Exclusion from the AUKUS Security Pact Reveals A Failing National Defence Policy', *The Conversation*, 23 September 2021.

⁶ Zi-Ann Lum, 'The Canadian Military's Sexual Misconduct Crisis Explained', *Chatelaine*, 12 May 2021.



CANADA

Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

CANADA SCORE
MODERATE RISK

C

54



A > 83-100 VERY LOW

B > 67-82 LOW

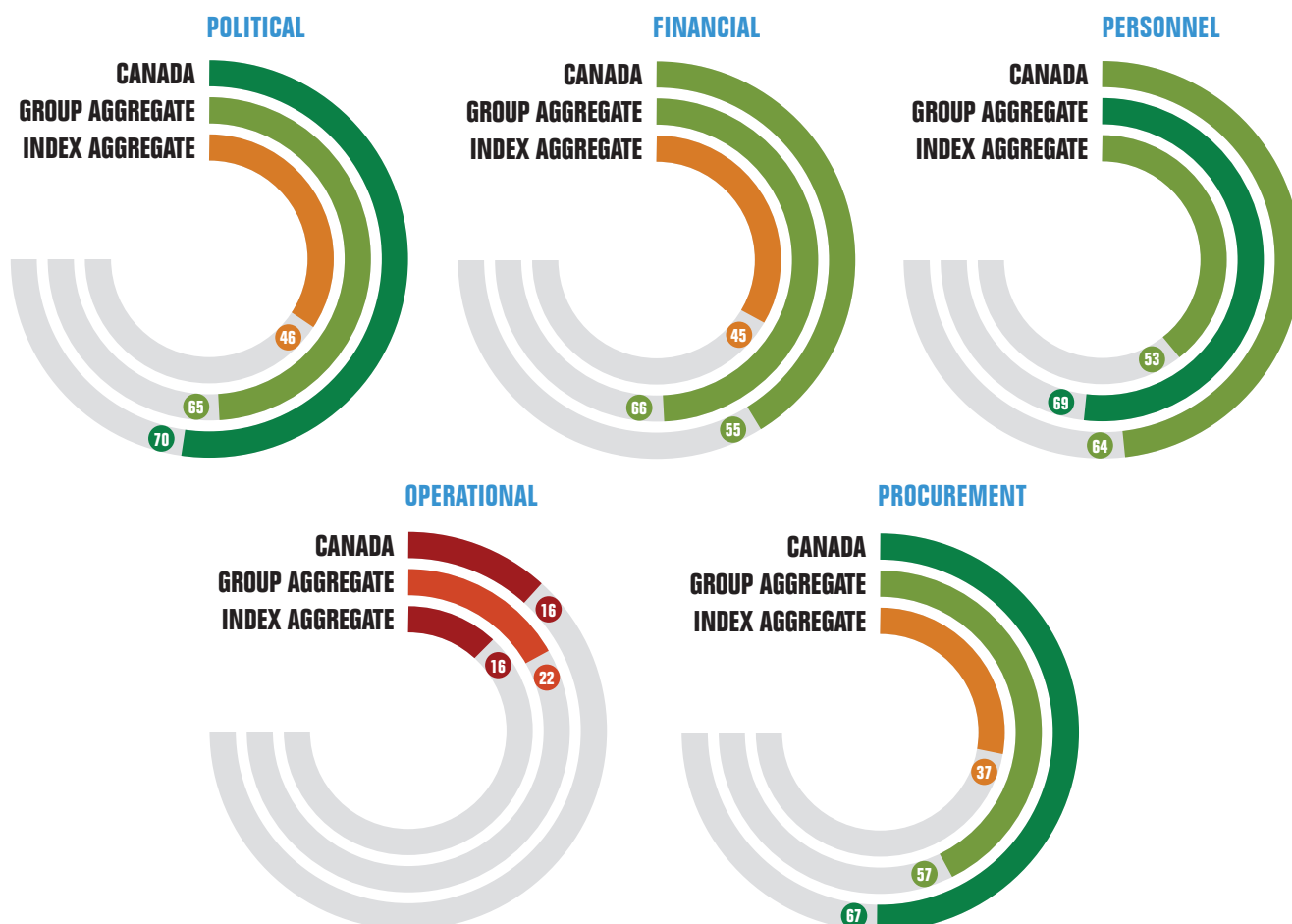
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison





CANADA

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	59/100
Military expenditure as share of government spending (SIPRI, 2020)	2.5%
Committee members with defence expertise (%)	Data is not publicly available.
# of meetings/year	32 (2020-21)
Last review of defence policy/strategy	2017 (National Defence Policy)

The re-election of a minority government in 2021 means that defence and security policymaking will require significant consensus-building efforts and political will to address sensitive issues.⁷ The current governance make-up will draw significant focus on Parliament as a key arena of defence policymaking and oversight. Parliamentary powers of control over defence policy are anchored in the 1985 National Defence Act, which outlines legislative powers to regulate defence expenditure.⁸ Dedicated defence committees in both the House of Commons and Senate are charged with oversight in practice. The committees are empowered to review defence policies, vote on legislation, scrutinise budgets and organise enquiries and hearings.⁹ The committees meet regularly and have been active in issuing recommendations to the Department of National Defence (DND) and initiating long-term investigations on strategic defence questions.¹⁰ The development of the 2017 National Defence Policy is a good example of consultative defence policymaking, as parliamentary and public involvement was key in developing the strategy.¹¹ While Parliament is generally effective in its role, there remain areas of limited disclosure and transparency, particularly in relation to arms exports,¹² where oversight remains restricted.¹³ Moreover, while the DND generally responds to committee recommendations, it should be noted that under minority governments, and particularly during the Harper era, recommendations were less frequently implemented, suggesting that partisan politics can dictate the effectiveness of the oversight function.¹⁴ Parliamentary oversight is also supported by strong financial auditing mechanisms. Internal audits are carried out by the Chief Review Services (CRS), which conducts regular assessments of expenditure which are rated as “good” or “excellent” in terms of their usefulness by senior management in the DND.¹⁵ Nevertheless, there is no obligation for the DND to respond or adapt to CRS findings.¹⁶ The internal audit functions are subject to review by the Office of the Auditor General (OAG), which also conducts external reviews of defence spending, as does the Parliamentary Budget Officer. Both bodies are independent and publish regular reports that are reviewed by defence committees in both houses.¹⁷ However, here too, there is no formal obligation for the DND to integrate findings in practice, which can undermine its effectiveness in practice.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: 58% (2) # subject to backlog: 1,294
Defence-related complaints to ombudsman/commissioner #	61 (2020-2021)
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	6 (2018); 0 (2019); 2 (2020)
Open Budget Index (IBP, 2019)	71/100
World Press Freedom Index (RSF, 2021)	14th out of 180

Canada is firmly committed to open government practices and in furthering transparency. The government’s InfoBase portal provides significant amounts of financial data that can be filtered by government department and area of expenditure.¹⁸ However, while overall government transparency is strong, when it comes to defence some aspects of financial management remain more secretive. For instance, the published federal budget contains only very broad categories of information related to defence spending. In itself, the budget does not provide a clear breakdown of expenditure across functions as categories are extremely broad.¹⁹ The Departmental Plan contains more detailed spending information, however it is aggregated at high levels (e.g. ‘personnel’, ‘maintenance’) making it difficult to discern where funding is going at a more granular level.²⁰ Moreover, though parliamentary committees have access to more specific budget information, they rarely exert influence over the budgeting process.²¹ Financial transparency is also undermined by the lack of clarity around sources of income outside of central government allocation. Financial data on asset disposals is not publicly available and the Departmental Plan does not specify revenue sources.²² Revenue generated by the Canadian Forces Morale and Welfare Services (CFMWS), a social enterprise, is also not included in departmental reports, despite the CFMWS generating income equivalent to roughly 1% of the defence budget.²³ Reporting on actual expenditure is fairly robust however, with departmental reports publishing detailed spending information, accompanied with explanations for variances with the initial budget, although this does not cover all items.²⁴ Finally, it should be noted that Canada has a relatively robust access to information framework for defence.²⁵ While there are delays in responding to requests in nearly a third of cases,²⁶ replies are generally detailed and comprehensive and there have been few instances of valid queries being ignored or denied.

⁷ Wesley Wark, ‘A Canadian Security Reset Requires Collaboration – and Political Will’, *CIGI*, 24 September 2021.

⁸ Government of Canada, *National Defence Act*, 1985.

⁹ Senate of Canada, ‘National Security and Defence Standing Committee’; House of Commons, ‘Standing Committee on National Defence’.

¹⁰ Peter Kent, *Canada and the Defence of North American*, Report of the Standing Committee on National Defence, June 2015, 41st Parliament, Second Session, Ottawa: House of Commons, 2015.

¹¹ Department of Defence, ‘News Release: Minister Sajjan Launches Public Consultations on Defence Policy Review’, 6 April 2016.

¹² Anna Badillo, ‘The hypocrisy of the \$15 billion Canada-Saudi arms deal’, *The Defense Post*, 5 December 2018.

¹³ Steven Chase, ‘Liberals block NDP motion to create arms exports oversight body’, *Globe and Mail*, 20 April 2016.

¹⁴ Adam Chapnick and Christopher J. Kukucha, *The Harper Era in Canadian Foreign Policy: Parliament, Politics, and Canada’s Global Posture*, Vancouver: UBC Press, 2016.

¹⁵ DND, ‘Key Compliance Attributes of Internal Audit’, Audit and Evaluation Reports, Reports and Publications.

¹⁶ DND, ‘Follow-up on Audit of Canadian Forces Health Services: 4.0 Overall Assessment’, Audit and Evaluation Reports.

¹⁷ Office of the Auditor General of Canada, ‘Reports to Parliament by Topic: National Defence’.

¹⁸ Government of Canada, ‘InfoBase’.

¹⁹ Government of Canada, ‘Federal Budget 2021’.

²⁰ Department of Defence, *Department of National Defence and the Canadian Armed Forces 2020-21 – Departmental Plan*, Ottawa, 2020.

²¹ Philippe Lagassé, and Stephen M. Saideman, ‘Public critic or secretive monitor: Party objectives and legislative oversight of the military in Canada’, *West European Politics*, vol. 40, no. 1 (2017): 119-138.

²² Department of Defence, *Departmental Plan*.

²³ Canadian Forces Morale and Welfare Services CFMWS Strategic Plan 2021-2024, 2020, p. 42.

²⁴ Department of Defence, *Consolidated Departmental Financial Statements 2019-20*, Ottawa, 2020.

²⁵ Government of Canada, *Access to Information Act*, 1983.

²⁶ Department of Defence, ‘Annex B’.



Personnel Ethics Framework

Whistleblowing legislation	Public Servants Disclosure Protection Act (2005)
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: Data is not publicly available.
	Civilian: Data is not publicly available.
Financial disclosure system	# submitted: Data is not publicly available.
	# of violations: Data is not publicly available.

The Canadian military's personnel management, ethics and sanctions frameworks have been the subject of sustained public scrutiny in the wake of a series of sexual misconduct scandals that have revealed the scale of the issue within the armed forces.²⁷ The issue is partly rooted in a culture of impunity, born out of the weak enforcement of sanctions that extends to anti-corruption issues. Military personnel are subject to the Code of Service Discipline,²⁸ which sets behavioural standards, as well as specific directives that address corruption issues and provide guidance and protocol on how to adhere to codes of conduct.²⁹ However, their enforcement has been ineffective and the Supreme Court has determined that breaches are insufficiently investigated due to the opportunities for the chain of command to interfere with investigations.³⁰ Equally, an Office of the Auditor General (OAG) report found systemic weaknesses in the military justice system that undermine the process of holding personnel to account for violations of basic laws and anti-corruption standards.³¹ Another key obstacle to integrity-building and anti-corruption efforts in defence is lack of emphasis on whistleblowing. Current legislation regulating disclosures of wrongdoing by public servants omits the term 'whistleblowing' entirely, while the Public Service Integrity Commissioner, responsible for protecting the identities of those reporting wrongdoing, has limited authority in the defence sector.³² As a result, whistleblower protections are weak. Initiatives to establish an independent body to review whistleblowing complaints have so far failed to materialise, and whistleblowers continue to face the threat of retaliation and punitive action as a result of disclosures.³³

Operations

Total armed forces personnel (World Bank, 2018)	72,400
Troops deployed on operations #	250 in Iraq (NATO MI), 9 in DRC (MONUSCO), 6 in South Sudan (UNMISS), 5 in Mali (MINUSMA), 5 in Israel (UNTSO), 5 in Kosovo (KFOR), 5 in West Africa (Op Frequency)

The Canadian Armed Forces (CAF) are actively engaged in a number of theatres around the world, including as part of multilateral interventions under the aegis of NATO and the United Nations.³⁴ However, anti-corruption safeguards for military operations are extremely weak, heightening Canadian operations' vulnerability to corruption. Canada currently does not have any military doctrine that addresses corruption as a strategic issue on operations. Corruption is generally framed only in terms of an issue that the CAF can assist in tackling when training partner military organisations.³⁵ There appears to be very little emphasis on how corruption can undermine CAF operations or of how such operations can fuel and adversely impact corruption in the host nation. These issues are also not included in forward planning. The Operational Planning Process (OPP) makes no reference to corruption,³⁶ and there is no evidence of specific anti-corruption training being delivered to commanders and personnel prior to deployment. There is also no evidence of trained professionals being deployed to monitor corruption risk in the field or of specific monitoring and evaluation guidance being prepared for missions, which highlights weaknesses in corruption risk mitigation and identification strategies.

²⁷ Amanda Connolly, 'Timeline: The Canadian Forces Sexual Misconduct Crisis', Global News, 25 August 2021.

²⁸ Department of Defence, 'The Code of Service Discipline and Me'.

²⁹ Department of Defence, 'DAOD 7021-1, Conflict of Interest', *Defence Administrative Orders and Directives*.

³⁰ Lee Berthiaume, 'Urgent reforms needed to military justice system to protect misconduct victims, Morris Fish Says', *The Globe and Mail*, 20 June 2021.

³¹ Office of the Auditor General, 'There were systemic weaknesses in the military justice process', *Report 3 - Administration of Justice in the Canadian Armed Forces*, 2018.

³² Government of Canada, *Public Servants Disclosure Protection Act*, Section 25.2.

³³ Government of Canada, External Review into Sexual Misconduct and Sexual Harassment in the Canadian Armed Forces', 2015.

³⁴ Government of Canada, 'Current Operations and Joint Military Exercises List', 2021.

³⁵ Canadian Forces, 'Joint Publication (CFJP) 5.0 - The Canadian Forces Operational Planning Process (OPP)', 2010.

³⁶ Department of Defence, 'Canadian Forces Joint Publication (CFJP) 5.0: The Canadian Forces Operational Planning Process (OPP)'.



CANADA

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	22,854
Open competition in defence procurement (%)	73%
Main defence exports – to (SIPRI, 2016-20)	Saudi Arabia, UAE, Australia, Mexico, Egypt
Main defence imports – from (SIPRI, 2016-20)	United States, Australia, Israel, Germany, Netherlands

With procurement a key pillar of Canada's defence modernisation plans, investment in new equipment, systems and technologies has increased significantly since 2017.³⁷ Nevertheless, the defence procurement debate is currently dominated by ongoing issues related to the acquisition of new fighter jets that has been stalled for six years,³⁸ and mismanagement in the modernisation of naval assets.³⁹ Both cases point to underlying gaps in Canada's procurement governance framework that increase the risk of risk of corruption. Part of the issue lies with Canada's complex and convoluted legal framework that requires unanimous agreement among four ministries before acquisitions can proceed, with different ministries in charge of different aspects. The Defence Production Act gives the Minister of Public Services and Procurement the exclusive authority to acquire defence goods required by the Department of National Defence (DND).⁴⁰ However, the

DND is responsible for defining requirements and managing programs.⁴¹

The Ministry of Innovation, Science and Economic Development also has responsibility of policy areas such as industry and technology, which frequently cross over with defence, while Treasury can exercise budgetary control over the process.⁴² The result is a procurement process that frequently gets bogged down and causes delays that lead to cost overruns, particularly for larger programmes.⁴³ This also blurs lines of accountability and reduces transparency throughout the whole cycle, undermining the implementation of formally robust procurement plans. Acquisition planning is outlined in the Defence Investment Plan, which is publicly available, and lays out strategic justification for planned purchases, which ties back to the National Defence Policy.⁴⁴ Contracting requirements are outlined in the Government Contract Regulations, which stipulate that competitive bidding processes are to be treated as the norm and non-competitive procedures are tightly regulated.⁴⁵ The latter requirements have been tightened in recent years to ensure that the recourse to single-sourcing is explicitly justified according to strict criteria.⁴⁶ Oversight functions are exercised by the Canadian International Trade Tribunal, the Office of the Auditor General, the parliamentary defence committee, and the Independent Review Panel for Defence Acquisitions. However, their effectiveness can be limited, particularly in relation to the financing aspects of major acquisitions, whose complexity means they can fall through the gaps between the remit of different bodies.⁴⁷

³⁷ Department of Defence, *Defence Investment Plan 2018 – Annual Update 2019*, Ottawa, 2019.

³⁸ Justin Ling, 'Will Canada Ever Get Its New Fighter Jets', *Politico*, 9 August 2021.

³⁹ Alan Williams, 'Defence Procurement Has Been So Botched, Canadian Lives are Now at Risk', *Toronto Sun*, 9 July 2021.

⁴⁰ Government of Canada, *Defence Production Act*, 1985.

⁴¹ Government of Canada, *National Defence Act*, 1985.

⁴² Charles Davies, 'Why Defence Procurement So Often Goes Wrong', *Policy Options*, 20 January 2016.

⁴³ Davies, 'Why Defence Procurement'.

⁴⁴ Department of Defence, *Defence Investment Plan*.

⁴⁵ Government of Canada, 'Government Contracts Regulations SOR/87-402'.

⁴⁶ Buyandsell.ca, 'Section 3.15 Non-Competitive Contracting Policies,' Standard Acquisition Clauses and Conditions Manual.

⁴⁷ Vern Kakoschke and Marcia Mills, *Financing Defence Procurement in Canada: Where is the Oversight?*, Ottawa: Canadian Global Affairs Institute, 2020.

Version 1.0, October 2021

GDI data collection for **Canada** was conducted June 2019 to July 2021. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



CANADA 2020 GDI Scorecard

		Grade	Score
Political Risk		B	70
Q1	Legislative Scrutiny	A	92
Q2	Defence Committee	B	75
Q3	Defence Policy Debate	B	69
Q4	CSO Engagement	C	50
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	D	38
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	A	83
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	75
Q11	Acquisition Planning	A	83
Q12	Budget Transparency & Detail	C	50
Q13	Budget Scrutiny	C	63
Q14	Budget Availability	C	58
Q15	Defence Income	D	42
Q16	Internal Audit	B	81
Q17	External Audit	A	88
Q18	Natural Resources	B	67
Q19	Organised Crime Links	B	75
Q20	Organised Crime Policing	A	83
Q21	Intelligence Services Oversight	A	88
Q22	Intelligence Services Recruitment	D	33
Q23	Export Controls (ATT)	B	67
Q76	Lobbying	B	81
Financial Risk		C	55
Q24	Asset Disposal Controls	C	50
Q25	Asset Disposal Scrutiny	B	75
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	C	50
Q28	Secret Program Auditing	E	25
Q29	Off-budget Spending	D	42
Q30	Access to Information	B	75
Q31	Beneficial Ownership	C	63
Q32	Military-Owned Business Scrutiny	C	50
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	B	75
Personnel Risk		C	64
Q34	Public Commitment to Integrity	C	50
Q35	Disciplinary Measures for Personnel	B	75
Q36	Whistleblowing	D	42
Q37	High-risk Positions	C	50
Q38	Numbers of Personnel	B	67
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	C	58
Q41	Objective Appointments	E	17
Q42	Objective Promotions	C	50
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	C	58
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	B	75

OVERALL COUNTRY SCORE

MODERATE RISK

C

54

RISK GRADE

A • 83-100 VERY LOW

B • 67-82 LOW

C • 50-66 MODERATE

D • 33-49 HIGH

E • 17-32 VERY HIGH

F • 0-16 CRITICAL



		Grade	Score
Personnel Risk		C	64
Q47	Civilian Code of Conduct	A	94
Q48	Anticorruption Training	E	17
Q49	Corruption Prosecutions	A	100
Q50	Facilitation Payments	B	75
Operational Risk		F	16
Q51	Military Doctrine	F	0
Q52	Operational Training	NEI	
Q53	Forward Planning	D	38
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	E	25
Q56	Private Military Contractors	NS	
Procurement Risk		B	67
Q57	Procurement Legislation	B	75
Q58	Procurement Cycle	B	67
Q59	Procurement Oversight Mechanisms	B	75
Q60	Potential Purchases Disclosed	C	63
Q61	Actual Purchases Disclosed	A	100
Q62	Business Compliance Standards	F	0
Q63	Procurement Requirements	A	83
Q64	Competition in Procurement	C	63
Q65	Tender Board Controls	C	56
Q66	Anti-Collusion Controls	B	75
Q67	Contract Award / Delivery	B	67
Q68	Complaint Mechanisms	A	100
Q69	Supplier Sanctions	A	92
Q70	Offset Contracts	C	50
Q71	Offset Contract Monitoring	C	50
Q72	Offset Competition	B	75
Q73	Agents and Intermediaries	NEI	
Q74	Financing Packages	C	50
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator

NS Indicator is not scored for any country

NA Not applicable



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