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**Chair**

**Mr. James Bezan**



## Standing Committee on National Defence

Tuesday, November 27, 2012

• (1535)

[English]

**The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)):** I call the meeting to order.

Good afternoon, everyone.

Joining us to consider the supplementary estimates (B) is the Honourable Peter MacKay, Minister of National Defence. He is joined by a number of officials from the Department of National Defence.

We have Robert Fonberg, the deputy minister; Matthew King, associate deputy minister; Vice-Admiral Bruce Donaldson, Vice-Chief of Defence Staff; Major-General Robert Bertrand, acting chief financial officer; Major-General Ian Poulter, chief of programming; and Rear-Admiral Patrick Finn, chief of staff of the materiel group. As well, from the Communications Security Establishment we have John Forster, who is the chief.

I welcome all of you here.

Mr. MacKay, you have the floor.

**Hon. Peter MacKay (Minister of National Defence):** Thank you, Chair. Thank you, colleagues. I'm very pleased to be with you to discuss today the supplementary estimates (B) for the year 2012-13.

I note this is my 31st appearance as a minister before committees and my 11th before this particular committee as Minister of National Defence. It's nice to have that warm familiar feeling.

You've already pointed out, Mr. Chair, the key members of the defence team who are joining us. They are prepared to answer questions as well.

Turning to the supplementary estimates (B), I want to take a few moments to highlight some of the key points I'd like to make for the committee.

[Translation]

Overall, through this estimates process, the department will actually see a decrease of approximately \$15.7 million in spending authorities for the current fiscal year. More specifically, it will involve an increase of \$146.8 million within our operating expenditures, and a decrease of \$162.5 million in the department's capital expenditures.

[English]

Mr. Chair, colleagues, the Department of National Defence is looking for ways to make some internal spending adjustments. In broad terms, this includes additional funding for key equipment projects for the army, navy, and air force, like the design of new warships, procurement for tactical patrol vehicles, definition funding for the fixed-wing search and rescue project, further investments in science and technology, and for the reimbursements of the Pension Act offset under the Canadian Forces Service Income Security Insurance Plan, known as SISIP.

We have identified ways to meet the specific funding needs through decreases in spending in other areas of the Department of National Defence and through reallocations of previously approved budgetary resources.

There is no requirement for additional budget appropriations through the supplementary estimates this year. I'm pleased to report the Department of National Defence remains on track to deliver within its spending authorities for the fiscal year 2012-13.

[Translation]

While the spending adjustments being sought for supplementary estimates (B) are modest in nature, they are necessary in order for the department to deliver on important commitments and to give the Canadian Forces the tools they need to continue protecting Canada and Canadians.

[English]

Today's discussion also reflects the ongoing imperative of balancing the requirements of the Canadian Forces with the need to protect Canada's fiscal health.

We are in a different time, yet we continue to play that very important role of protecting Canada's interests at home and abroad. We all have a role to play in this regard, and I'm proud to say the Department of National Defence is very much doing its part.

I imagine the committee has quite a few questions on the specifics of the supplementary estimates package. I'm pleased to hear the committee's thoughts and to answer any questions you might have. I would like to take this opportunity to thank you for your ongoing efforts on behalf of the Canadian Forces and all Canadians.

**The Chair:** Thank you for your brief opening remarks, Minister. It allows us more time in the one hour we have with you to ask questions.

Mr. Harris, you have the floor.

**Mr. Jack Harris (St. John's East, NDP):** Thank you, Chair.

I want to thank the minister for joining us today and for offering to be helpful in answering questions.

First, although there are not significant increases in the requests for funding here, I would have expected that there might have been some significant differences between what we saw in the budget and the original main estimates and what we have here, particularly in view of the letter the Prime Minister sent you in June. It suggested that there was unhappiness with the level of the changes expected to be made in terms of reducing current overhead, etc. I think the minister is aware of the letter.

I wonder if you could tell us why we're not seeing anything here that reflects some of the matters mentioned in the letter, including some of the matters we saw in General Leslie's report of last August.

**The Chair:** Just so you know, I will again caution committee members that we are specifically on the topic of supplemental estimates (B) and the opening comments made by the minister.

Minister, I'll leave to your discretion what you wish to answer and whether you feel that it's outside the testimony we're requiring today.

**Mr. Jack Harris:** Mr. Chair, if I may, on a point of order, it's up to you to decide that, not the minister. We're talking about the estimates. We have expenditures in excess of \$15 billion suggested in the estimates. I think anything in that range is fair game for questions. If the minister decides not to answer, it's up to him.

• (1540)

**The Chair:** We've already dealt with everything in the budget and in the original estimates. What we are dealing with now are the votes 1b, 5b, 10b, 20b, and 25b. Those are the votes we're looking at and the reallocation of money within the department's budget.

If you could, be specific, Minister, to those areas.

**Hon. Peter MacKay:** Thank you, Mr. Chair. I'll abide by your ruling.

We face new challenges. I think everyone around this table is aware of the fiscal situation globally. Canada, fortunately, is in a better position than most. At the same time, we have to ensure that the Canadian Forces, like all departments in government, are maintaining the resources necessary to do the important work tasked to our men and women in uniform and that they are also exhibiting flexibility.

We are ensuring that we are making prudent decisions with taxpayers' money and that we are continuing to be guided by the principles laid out in the Canada First defence strategy, which was a hallmark commitment made by the government of the day. We put this document forward to allow for long-term planning that would provide certainty. It would provide the Canadian Forces with the resources they need to deliver on the many important commitments we have as a country, in Canada and North America and in missions such as Afghanistan, Haiti, Libya, and others that are ongoing.

There was a transformation report, which was referred to by Mr. Harris. That report is one of the many documents and inputs we look to as we face important decisions with respect to funding. We're in relatively good shape. The report itself, which helps us to make

better use of and to better focus the resources we have available to us, will continue to see the Canadian Forces grow. We will continue to see our capabilities and our readiness in a place so that all Canadians can have confidence in what the Canadian Forces offer them.

**Mr. Jack Harris:** Well, that's not much of an answer, Mr. Minister. I say that with respect.

In your remarks, you said that the estimates would actually involve an increase of \$146.8 million in operating expenditures, yet the Parliamentary Budget Officer, in a report issued November 19, says that what we had in the Department of National Defence was the single largest change, by value, between last year and this year, on \$900 million. In fact, it is the lowest expenditure since 2009.

We have significant decreases in operating budget expenditures within your department. The Parliamentary Budget Officer has been trying to get you and your department to identify where they are. Can you commit to giving the Parliamentary Budget Officer these answers so that he can do his job under the act and so we can help this committee and other parliamentarians do their jobs of holding the government to account?

**Hon. Peter MacKay:** I'm always cooperative with you—

**The Chair:** Go ahead on a point of order, Mr. Alexander.

**Mr. Chris Alexander (Ajax—Pickering, CPC):** Mr. Chair, further to your previous ruling, we on this side are really not sure what the Parliamentary Budget Officer has to do with consideration of the supplementary estimates (B).

**The Chair:** Agreed.

In follow-up, we have Mr. Harris.

**Mr. Jack Harris:** He wrote a report, Mr. Chairman, pursuant to his authority to do that. He made reference in his report to that. In fact, in the explanations on page 105 of the supplementary estimates (B), which we all have in front of us, in terms of looking at the explanation of funds available, vote 1 talks about \$239 million in total authorities available, \$90 million within the vote due to savings identified as part of the budget 2012 spending review and \$148,456,901 available from vote 5 due to the reprofiling of previously approved capital resources, so we are certainly within the estimates themselves in talking about where this money is coming from and what the result is of the reductions. The Parliamentary Budget Officer is on the same topic, asking the same kinds of questions, so I don't see how it's out of order, Mr. Chair.

Obviously we'll accept your ruling, but I don't see how we can have a debate or questions on the estimates and not deal with what's in the estimates themselves. The Parliamentary Budget Officer is an officer of Parliament who is here to assist us in doing our job.

• (1545)

**The Chair:** Thank you for that.

As Mr. Harris has said, this is on supplementary estimates (B) and those specific areas that the Parliamentary Budget Officer relates to in his report. I'll let those questions stand.

**Hon. Peter MacKay:** Thank you, Chair.

As I said in my opening comments, our department is not requesting additional appropriations here today. As for new spending authority, this is found within the amount of \$370.7 million that was referred to by Mr. Harris. These funds will be absorbed, which is to say that these funds will be found in-house, where funds are available.

The funds available include \$91 million for the budget 2012 spending review. In addition, another \$280 million is available due to changes in the timelines of equipment acquisitions and infrastructure projects. As I'm sure you're aware, there have been projects that will occur over a longer period of time, and the department is committed to the effective stewardship of public funds, as in all cases.

I would also note that with the change in operational tempo, we no longer have our soldiers in a combat mission in Afghanistan. There has been very much of a change with respect to our commitment there. We still have just under 1,000 soldiers who are continuing to do great work in Kabul. I visited them during the Remembrance Week. I can report to you that they continue to make Canadians proud with their efforts to train up Afghan soldiers and police as we continue to contribute internationally.

**Mr. Jack Harris:** Mr. Chairman, we hear you in terms of absorbing \$90 million in-house, but there's an issue of transparency here too. The public wants to know what that \$90 million is not being spent on and what the changes are. When you're dealing with the estimates here, there's an opportunity for you to inform this committee and the House.

For example, we had something leaked in the last 24 to 48 hours—by your department, I understand—that four of the six Challenger jets will be removed from service, which is not a bad idea. It was something we suggested when they were flying them around just to give pilots time to ensure that they kept up their state of readiness.

Was that in the budget as part of the plan, or is that something that's just been readjusted along the way? Is that something that could have been announced last spring when the budget was brought forward, or is this something that you're just readjusting along the way and passing out information as it suits you?

**Hon. Peter MacKay:** Mr. Chair, with respect to all internal decisions, they're announced when they're announced. They're not done through leaks.

With specific reference to Mr. Harris's question, what I can tell you about internal decisions is that we continue constantly to look for ways in which we can find greater effectiveness in the delivery of

programs, in the acquisition of various major procurements for the Canadian Forces and improvements in programs and delivery. That will continue regardless of this supplementary estimates (B) request or others.

I will let Major-General Bertrand speak to some of the specific allocations that are referred to here, the \$91 million for budget spending review this year.

**Mr. Jack Harris:** Perhaps we can do that after you're gone, Mr. Minister.

**The Chair:** Mr. Harris, your time has expired.

If the general wants to respond briefly, I will allow him to. Otherwise, we can move on to the next questioner.

**Major-General Robert Bertrand (Acting Chief Financial Officer, Department of National Defence):** Thank you for the question.

The \$91 million was part of the budget 2012 announcement. Budget 2012 came out after our main estimates; therefore, those funds were frozen after the budget announcement and are now available within the department for reallocation for spending requirements within the supplementary estimates.

**The Chair:** Thank you.

Mr. Alexander, you have the floor for 10 minutes.

**Mr. Chris Alexander:** Thank you, Chair.

Thank you, Minister, and to your team for being with us today.

You mentioned in your opening statement that the Department of National Defence is not seeking any new money and that in fact you will see a decrease of approximately \$15.7 million in spending authorities for the current fiscal year in the supplementary estimates. Given the fiscal context, and given our efforts to balance the budget, those are very important facts for us on this committee and for Canadians.

However, there are a series of transfers taking place between departments to National Defence, and some internal reallocations. The latter you mentioned in your remarks and answers to Mr. Harris. Would you be able to explain in more detail what some of the transfers among departments are and if there are any other reallocations within the department that you didn't get a chance to mention earlier?

• (1550)

**Hon. Peter MacKay:** Sure. Thank you very much for the question, Mr. Alexander.

We're looking at a number of key acquisitions that are ongoing. As you know, we've committed a great deal of time and effort and resources for the care of ill and injured members of the Canadian Forces. We place top priority on the treatment and care of our personnel.

There are also infrastructure needs that are ongoing. We have aging infrastructure spread out across the country, some of which is in need of replacement. After having seen a period of significant growth within the Canadian Forces—upwards of, in some cases, \$1 billion annually since we took office in 2006—we're in a different fiscal climate now. We're looking to tighten our belts in some regard on a number of these projects, and our department is doing that.

That said, we're looking at these supplementary estimates as an opportunity to see funding for acquisition of things such as the new tactical armoured patrol vehicle, the surface combatant project, a fixed-wing search and rescue, and the settlement I mentioned in the SISIP case, the class action suit. While we're not seeking new appropriations from Parliament, the supplementary estimates continue to provide spending authority requests that can be absorbed internally. These funds include savings of \$91 million from this year's budget. An additional \$280 million is being made available for changes in the timelines and the acquisitions of some of that equipment, and some of the projects themselves.

You would be aware that we partner with the Department of Public Works and Government Services on many of these new builds and refurbishments of various buildings and infrastructure across the country. We partner with other government departments. That also sometimes accounts for the challenges in moving forward on these projects.

**Mr. Chris Alexander:** Thank you, Minister.

You also mentioned you had the opportunity in question period today to mention an honour recently paid to our search and rescue technicians by the International Maritime Organization.

Obviously search and rescue is an important function across the country, in all parts of the country, and it's one we often discuss in this committee. Could you give us a quick update with regard to these supplementary estimates (B) on where we are with regard to procurement of the fixed-wing search and rescue aircraft, as well as outline any other projects that are helping the Department of National Defence's partner agencies and departments with search and rescue initiatives to make sure that capacity remains strong and indeed continues to strengthen?

**Hon. Peter MacKay:** Sure. Thank you very much again, colleague.

Questions pertaining to search and rescue are top of mind for Canadians and for the department.

We made a very strong commitment, as you would know, in the Canada First defence strategy to replace our fixed-wing search and rescue aircraft. We've had tremendous service from the existing fleet of Buffalo aircraft on the west coast and some of the Hercules aircraft, which have now been replaced.

On October 17 Public Works and Government Services held an industry day at which it announced that there were specific requirements for future aircraft. That is based on a specific platform that will replace the capabilities of the Buffalo and other fixed-wing search and rescue aircraft currently in use. We've broadened, in fact, the specs to include the possibility of a mixed fleet.

These estimates provide \$7.2 million for the definition phase of the fixed-wing search and rescue aircraft replacement project. That is now launched.

On the search and rescue new initiatives fund that you refer to, \$1.3 million is to be transferred to a number of departments and agencies to support search and rescue across the country, including the prevention, the coordination efforts that go on, and initiatives run by other departments such as Fisheries and Oceans, the RCMP, Parks Canada, and Transport Canada. This is really a whole-of-government approach, as is the case in many of the initiatives.

Examples of some of the transfers, Chair, would be just over \$780,000 to Environment Canada for satellite application, which is becoming increasingly useful—environmental predictions, of course, are an important part of the search effort—and \$130,000 for Parks Canada to support outreach and awareness. Some of the funding will also be transferred to the RCMP to go toward supporting their partnership with something called SARVAC, which is the Search and Rescue Volunteer Association of Canada. I commend those volunteers, who are so very often the key enablers in search efforts across the country. It's a big partnership in a big country, but they have produced spectacular results when Canadians are in need.

• (1555)

**Mr. Chris Alexander:** Thank you, Chair.

Ms. Gallant will take the rest of my time.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Thank you, Mr. Chairman.

Through you to the minister, as the member of Parliament representing one of the busiest bases in Canada—CFB Petawawa, training ground of the warrior—I find any news on new equipment for the Canadian army is welcome and is a morale booster for our women and men in uniform. Can you speak to what National Defence is doing to keep the Canadian army supplied with the best possible equipment so that they can continue to do their great work?

**Hon. Peter MacKay:** Thank you very much, Ms. Gallant. I know that you are an ardent supporter of the Canadian Forces, and in particular I know you go out of your way to spend time with our troops, particularly down in Petawawa, where you have a base.

**Mr. Jack Harris:** On a point of order, Mr. Chairman. I know this is not supposed to be a PR exercise for the minister or the member. We all support the work that our troops do and we want to see them supplied properly. We were told by the members opposite that this was about supplementary estimates (B). I didn't hear any reference to that in the question or in the answer.

**The Chair:** Ms. Gallant, if you want to rephrase the question, or Minister, if you want to carry on, it's your—

**Hon. Peter MacKay:** Well, there is a contract that I think Ms. Gallant is referring to that specifically deals with the replacement of tactical armoured patrol vehicles, many of which will be based at CFB Petawawa, which is in the member's riding.

This is a tactical patrol vehicle that will be used for reconnaissance and surveillance. It's an important part of the overall Canadian Forces army capability.

We saw the utility and the importance of having protective equipment in theatre in Afghanistan. The insidious nature of warfare these days is becoming increasingly challenging, and that's why there are investments in tactical armoured patrol vehicles with up-armour. These vehicles are being purchased to address some of the deficiencies that were identified in older equipment and provide more protection, more ability to move in a quick and efficient fashion, and also to be, quite frankly, more comfortable for the soldiers who are using them. They provide greater human dimensions, if you will.

National defence and public works are seeking funding in the amount of \$59.5 million for this project, which is contained in the supplementary estimates (B). The first TAPVs, as they are known, Mr. Chair, are currently expected to come into use in the year 2014. Again, I thank the member for her question.

**Mrs. Cheryl Gallant:** Minister, recently you announced an allocation of over \$11 million to go towards mental health of the Canadian armed forces. Would you please advise us as to how this will be spent?

**Hon. Peter MacKay:** Thank you again for that very important question.

We are working very closely with mental health associations across the country. In fact I was in Kingston yesterday to meet with many of the partners, including some at the university level, who are doing research into the area of post-traumatic stress. We are also doing a great deal of outreach to improve awareness of the programs that are available to deal specifically with the subject of operational stress.

In answer to your question, this \$11.4 million, which was identified within our existing budget funding lines, will be dedicated specifically to hiring more mental health professionals—psychologists, psychiatrists, and counsellors—on the front line dealing specifically with the very serious mental illness that can result from operational service and particularly from the stress associated with combat. These are very real injuries. These injuries are just as debilitating as physical injuries.

I know you are familiar with this subject. I believe you also recently attended some of these efforts at CFB Petawawa to identify how we can improve direct front-line services.

This is about getting more people into the field. We committed in 2006 to doubling the number of mental health professionals within the employment of the Canadian Forces. We're at approximately 380 now. That's up from the 220 there were when we took office. We're committed to ensuring that we have those professionals available to our Canadian Forces members, regular and reserve, no matter where they are, so they can get the help they need.

As you would know, we've also taken steps internally with the "Be the Difference" campaign. General Natynczyk and our new Chief of the Defence Staff, Tom Lawson, are very much to be credited for improving the way in which we take away the stigma and talk more openly about mental health issues.

Soldiers—by nature, by training, by discipline—are sometimes reticent to come forward and ask for help. They are some of the toughest people we have in our country, but sometimes they do need that help, and that's what we're here to do by providing more counselling and more professional people to work with.

• (1600)

**The Chair:** Thank you. The time has expired.

Mr. McKay, you have the floor.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you, Chair.

Thank you, Minister.

Minister, I would direct your attention to page 9 of the supplementary estimates, particularly with respect to the Manuge decision. You spent a lot of time and money fighting that decision, and finally it was resolved. It says you're in fact asking for \$205 million.

What I wanted to ask you about is, "The payment will reimburse Manulife for increasing payments over the remaining duration of recipient's claims." What does "increasing payments" mean? Is it greater than what was originally anticipated, or are the payments being increased? Could you explain what that sentence means?

**Hon. Peter MacKay:** Sure. Thank you for the question.

Mr. Chair, colleagues, on June 15, 2012, there was a promissory note signed by the Chief of Military Personnel to pay Manulife Financial \$203.7 million within 12 months of its issuance, plus interest—so there's an interest provision of 3.7%—up to a maximum of \$211.5 million.

In August of this year, Manulife Financial received payments in the first installment totalling \$205.6 million, which resulted in a savings of \$5.9 million in the area of interest. There is an interest provision here that might account for the member's question with regard to that amount.

There was also a lump sum amount reimbursed to Manulife Financial for augmenting the insurer's reserve to increase the monthly income paid to current long-term disability recipients over the duration of the claim.

There is an element here that is also currently being negotiated with the lawyers for the plaintiffs. That is an ongoing negotiation, and I really can't say much more about it.

**Hon. John McKay:** Can I assume there was an original payment.

—

**Hon. Peter MacKay:** That's correct.

**Hon. John McKay:** —and then there was a, for want of a better term, premature payment from which you received some interest—

**Hon. Peter MacKay:** That's right.

**Hon. John McKay:** —and then you have potentially an outstanding payment once the negotiations are completed with respect to the retroactive claim.

**Hon. Peter MacKay:** That is correct, Mr. McKay. There will be a schedule of payments to—

**Hon. John McKay:** How much was the original payment?

**Hon. Peter MacKay:** The very first installment was \$203.7 million.

**Hon. John McKay:** So we have \$203 million into it, we have another \$205 million into it, and another we-don't-know-what will go into it.

**Hon. Peter MacKay:** That is correct. It will be a substantial amount, and there is the issue, as I said, of outstanding legal costs.

**Hon. John McKay:** What part of the budget does that come from? On page 154, there are total commitments and authorizations for roughly \$30.5 billion, of which you say that \$11.6 billion is for payment of future years.

First of all, can you explain what the \$11.6 billion for future years might be? Secondarily, does that money for Manuge rest in this \$11.6 billion?

**Hon. Peter MacKay:** Mr. McKay, I think you're talking about two different issues.

I'll let Major-General Bertrand respond with respect to vote 1 funding for the Manuge settlement case.

**MGen Robert Bertrand:** With respect to the first question on vote 1, you're talking about ongoing commitments. The department does multi-year commitments, especially for programming and contracting. The funding for SISIP will be provided from the fiscal framework. It will be additional funding provided for the department when the class action lawsuit is settled. It would not be reflected in these supplementary estimates at this time.

**Hon. John McKay:** Okay. That's helpful. It's not in the supplementary estimates at this time.

**Hon. Peter MacKay:** The \$205 million is not reflected in the supps.

**Hon. John McKay:** Okay. That was confusing me. I couldn't find it in the main body of the supplementary estimates.

The second question has to do with General Leslie's report. It's a substantial report. It's a way forward. I've heard all kinds of commentary on the report by various people, both knowledgeable and otherwise.

We have yet to hear the minister's response to this report. Could you tell us why the minister has yet to respond to this report?

• (1605)

**Hon. Peter MacKay:** Well, the reality is that this was a report that I and the Chief of the Defence Staff requested. Some 43 recommendations came forward from this team of individuals, led by General Leslie. We've acted on a lot of these recommendations. We've acted on recommendations that came from many other sources as well.

Transformation, as you know, will be part of the refresh of the Canada First defence strategy. It will be part of the effort to reflect the new fiscal climate we're operating under. We have the end to the combat mission, which I referred to earlier. We have the necessity to adjust a number of our projects due to delays. The maritime helicopter program is one that comes to mind. I believe you're familiar with that one.

About two-thirds of these overall recommendations have been already implemented, in part or in whole. It's part of defence renewal. As you would expect, it's part of an overall effort to continue to make prudent and proper investments across all of the pillars.

**Hon. John McKay:** If everything you say is true, and I'm not about to dispute it, why wouldn't you set it out for members of the public and the military? Why wouldn't you say "This was General Leslie's report in July 2011. We are now in November 2012. These are the things that we've acted on as recommendations from General Leslie. These are in the works, and these we're not going to do."

What is the issue there? Why wouldn't there be some formal response, a tabling of a response to General Leslie?

**Hon. Peter MacKay:** There was no request to do so. This was one of a number of sources that we examined when it came to the issue of transformation. This was not a report that was tabled by an ombudsman or a commissioner or an outside source. This was something that was done internally, at the request of the previous Chief of the Defence Staff and myself, to get at the issues of improving efficiencies.

The defence team looked at that particular document, as we looked at a number of other sources, to maximize efficiencies. There was really no need to produce a report in response to the report. We're here to answer questions, as we do in the House of Commons and as we regularly do before committees. This is all about coordinating our efforts to continue to make proper investments for the Canadian Forces, and also to answer the mail with respect to efficiencies and to respect taxpayers' funds in what is a very large budget.

**Hon. John McKay:** You realize that it's virtually impossible for any member of the public, no matter how well informed and no matter whether he or she is or is not a member of Parliament, to actually see how you're doing on General Leslie's recommendations. The fact that you and the CDS actually requested the report, the fact that General Leslie worked on it for—

**The Chair:** We have Mr. Alexander on a point of order.

**Mr. Chris Alexander:** On a point of order, Mr. Chairman, this is the third question about General Leslie's report. Supplementary estimates (B) do not represent a response to that report, or even mention that report, and that is the subject of our hearing today and the minister's appearance.

**The Chair:** Earlier Minister MacKay did reference General Leslie's report in response to Mr. Harris, so it is now part of the testimony and can be discussed.

**Hon. John McKay:** Once it's in, it's in. I'm sure that over time Mr. Alexander will learn that, as a member of this committee.

My final question has to do with page 154, going back to another issue as to \$30.5 billion. That's in the budget and is committed. What I'm curious about is the \$11.6 billion for what looks like future commitments. What does that mean?

**Hon. Peter MacKay:** I'm sorry; what page are you referring to?

**Hon. John McKay:** It's page 154, vote 1b. Are there pension commitments in there? Are there procurement commitments in there? I don't understand.

•(1610)

**Hon. Peter MacKay:** I'll let Major-General Bertrand explain that to you.

**MGen Robert Bertrand:** Included in those future-year commitments would be operating and capital budget commitments, or A-base commitments, as we call them. We have multi-year contracting in the department for a number of items and we do multi-year commitments of funds. This vote wording gives the department authority to do multi-year commitments.

**Hon. John McKay:** Do those multi-year commitments include procurement commitments?

**MGen Robert Bertrand:** Yes, they would.

**Hon. John McKay:** Do they include pension commitments?

**MGen Robert Bertrand:** No, they don't.

**Hon. John McKay:** They don't.

What about things like fixing bases, real estate, and that kind of thing? Would that be included in your \$11 billion?

**MGen Robert Bertrand:** If we have a multi-year plan with multi-year commitments of funds in our financial system, it would be included in there.

**Hon. John McKay:** Okay. Thank you very much.

**The Chair:** We're going to our five-minute round. We'll lead off with Mr. Opitz. I'm going to be very judicious to try to get as many members in as possible.

You have five minutes, Mr. Opitz.

**Mr. Ted Opitz (Etobicoke Centre, CPC):** Thanks, Mr. Chair.

Gentlemen, thank you for being here. General Poulter, it's good to see you again.

Minister, many Canadians across Canada are understandably concerned about the effects of environmental contamination, as you know. I note in the supplementary estimates that there are funds transferred to Indian Affairs and Northern Development. These are to pay for the costs required for the clearance, remediation, and transfer of the former Camp Ipperwash to the Chippewas of Kettle and Stony Point First Nation.

Sir, can you expand on this transfer and can you discuss more generally the view of the Department of National Defence on the cleanup of these contaminated sites?

**Hon. Peter MacKay:** Thank you very much, Mr. Opitz. I want to take the opportunity to thank you for your service. I know you've served on a number of bases, both as reserve and regular force and outside our country. I appreciate that service.

There is money allocated here, a transfer to Aboriginal Affairs and Northern Development Canada of approximately \$580,000 to pay for costs associated with that former Canadian Forces site for clearance and remediation.

This is in keeping with the Department of National Defence's ongoing efforts around the safety and the cleanup of legacy sites. We have a large footprint in the country, as you would know. There are a number of locations where there were environmental problems. There were hazardous sites or former training bases that often had

unexploded ordnance. This is a very costly but very important undertaking. About \$60 million was spent on site cleanup in the past year alone.

At Ipperwash we're working with the aboriginal affairs department and others, including Environment Canada, to clean up the former Camp Ipperwash at the Kettle and Stony Creek Point First Nation reserve. In addition to this transfer, we're also trying to find a way to implement an investigation agreement and coordinate the provision of property maintenance services and pay for the costs associated with managing and administering some of the fiscal transfer agreements.

This is the first part of a transfer that will see more money flow, in the amount of \$1.9 million, over the next three years. This is, again, part of that legacy attachment to this particular site and our necessary commitment to continue with the cleanup of that site and our overall commitment to the stewardship of the environment.

**Mr. Ted Opitz:** Thank you.

There was also a transfer of \$1.2 million to the Atlantic Canada Opportunities Agency. That was to assist in the organization and delivery of the Halifax International Security Forum. This year's forum recently drew to a close. I've heard from others who have attended it that it was a very big success.

Could you please share with us what you think was accomplished at this year's forum? Why is it important that we participate in it and contribute to it?

**Hon. Peter MacKay:** Sure.

In addition to Parliamentary Secretary Alexander, we had former ministers of defence such as David Collenette and a number of other Canadians, including a lot of members of the Canadian Forces. We had some 50 nations represented there, with 300-plus participants, including a large Senate delegation from the United States. It was an opportunity to speak to and interact with individuals who are decision-makers on some of the most important security matters on the agendas of many countries, including Canada.

The security forum itself provides an opportunity not only to have panel discussions but also to get a lot of bilateral opportunities to speak to these issues and to hear different perspectives from members of the European Union parliament, other defence ministers, and foreign ministers from countries on the Pacific and down into the Americas. We had a minister from Colombia participate this year for the first time.

It was a very successful venture, in my estimation. It has financial implication and benefits with those numbers of people coming into Halifax in what would be considered downtime in terms of tourism, and it highlights Canada's role, the integral role that we play internationally. It allows Canada to put forward our position on important issues, including what's happening in the Middle East, and on issues pertaining to the future of stability in places like Afghanistan, where we have been prominent. It allows us to talk about important issues around humanitarian relief in the Pacific, which was a big subject at the recent Conference of Defense Ministers of the Americas in Uruguay.

The Halifax forum has become an event that many leaders in the security area attend each and every year. It's an important opportunity to attract to our shores those decision-makers who gain from having this interaction with Canadians and with Canadian officials from defence and foreign affairs. It's also been able to attract private sector sponsorship, such as MEG Energy and *Foreign Affairs* magazine, which are participants in this very important forum. It's been compared recently as the Davos of security by prominent publications. I'm very proud of the Halifax International Security Forum and the opportunity it gives our country.

• (1615)

**The Chair:** Thank you.

Your time has expired.

Moving on, Madame Moore, *vous avez la parole*.

[Translation]

**Ms. Christine Moore (Abitibi—Témiscamingue, NDP):** Thank you very much.

As everybody knows, the main estimates for 2012-13 were tabled last spring. This fall, the Auditor General's report was published, and some sections dealt with the Department of National Defence. We were logically expecting some adjustments to be made under supplementary estimates (B) for 2012-13, since this report had not been published when the main estimates for 2012-13 were tabled.

In his report, the Auditor General states that in several bases, some buildings did not comply with specific standards, namely fire safety standards. He also says that 60% of reviewed sites did not comply. We know that tragedies can happen when these standards are not taken seriously. We are talking about safety standards. It is essential that they be complied with, particularly in military buildings.

The supplementary estimates (B) for 2012-13 do not contain any special funds for emergency updates. Why not?

**Hon. Peter MacKay:** Mr. Chair, this is not part of the supplementary estimates (B) for 2012-13, and my testimony does not cover that.

[English]

**The Chair:** I agree. This is outside the supplementary estimates (B).

[Translation]

**Ms. Christine Moore:** Mr. Chair, I think I am entitled to know why the minister decided not to include this information in the supplementary estimates (B) for 2012-13. It is perfectly logical. He should be able to tell me why he could not include it now or why he saw fit not to include it.

In my opinion, it is quite relevant.

[English]

**The Chair:** Go ahead on this point of order, Mr. Alexander.

[Translation]

**Mr. Chris Alexander:** Yes, Mr. Chair.

The Auditor General's report, which my colleague is referring to, was only published very recently. The government's response is part

of this report. Of course, the Auditor General presents his report to another committee, and he just did so.

I think the minister is quite right when he says that question is not relevant to our agenda today.

[English]

**The Chair:** I agree with Mr. Alexander on this.

Is this on the same point of order, Mr. Harris?

**Mr. Jack Harris:** We have the vote 5b on capital expenditure. Whether it goes up or down, it's there in the vote. A request as to why it's not included is....

I think we're splitting hairs to try to find ways that the minister can't answer questions that he is perfectly capable of answering. If he says he didn't see it necessary, he can say that, but I think it's artificial to suggest that something that's mentioned in terms of capital expenditures is okay, but asking why something is not in it is not. Just because something is in it doesn't mean you can only talk about things that are new; you can talk about votes that are here and that haven't been changed and ask why they haven't been.

• (1620)

**The Chair:** You are correct, Mr. Harris, that 5b is a vote that deals with capital expenditures, and it shows a decrease of \$162 million.

Go ahead, Mr. MacKay.

**Hon. Peter MacKay:** Perhaps I can assist.

On this particular issue, there was no need to make a request for additional funding. This was, like many other areas of expenditures, something that was absorbed. It was funding directed towards some of the concerns raised by the Auditor General about building safety and improvements around safety.

We have, I should note, a remarkable record because of the commitment of members of the Canadian Forces to address this directly. The short answer is that it was an internal allocation. There was no need to put it in supplementary estimates (B), and that's why it's not found in this particular presentation.

**The Chair:** Madame Moore, the floor is yours.

[Translation]

**Ms. Christine Moore:** I would like to know the difference between the costs that had already been planned and the costs that were added after the Auditor General's assessment? What is his own evaluation of these costs?

[English]

**Hon. Peter MacKay:** Well, Mr. Chair, having just said that we didn't dedicate a particular allocation for supplementary estimates (B), I know the member would like to talk about things that are not here, but they're not here because the money was located internally within the department to address this particular matter.

**The Chair:** You can carry on, Madame Moore.

[*Translation*]

**Ms. Christine Moore:** I would like to ask another question about the supplementary estimates and the main estimates.

In the Auditor General's report, he says that in several areas like human resources, and realty replacement and repair, objectives set out in the Canada First Defence Strategy, or CFDS, have not been met. They fell short of expectations.

For example, for real estate, the CFDS calls for 8% of the total departmental budget to be spent on real property, over a 20-year period. Yet, in 2010-11, only 3% was spent.

Does this affect in any way the supplementary estimates (B) for 2012-13? How will the minister make sure that the allocated funds will be spent according to the objectives set out in the Canada First Defence Strategy?

[*English*]

**Hon. Peter MacKay:** She's partially answered her own question in noting that this is a 20-year plan.

With respect to how much is spent in each budget year, much of this depends on our ability to sign contracts and our ability through Public Works and Government Services, as I mentioned earlier, to put in place the contract to build or refurbish a particular piece of infrastructure on a base. For example, we had an issue at Trenton that required expropriation.

Some of these circumstances are certainly above and beyond the control of moving forward simply on a particular investment. That's why this long-term plan, known as the Canada First defence strategy, puts that money in place over a period of time to allow for the proper allotment of resources for those pillars, which include infrastructure, including making improvements to runways, ports, airfields, and hangers. I think, when you examine many of these projects, you will see that they have proceeded very well.

CFB Borden is one example of where you've seen massive investments that have not only been for the well-being of the Canadian Forces, but have had an incredibly positive impact on the surrounding communities in terms of contractors and suppliers, those who are the direct beneficiaries of those investments in the local economy.

**The Chair:** Thank you.

I gave you an extra minute, Madame Moore, because of the points of order.

We move on to Mr. Chisu.

**Mr. Corneliu Chisu (Pickering—Scarborough East, CPC):** Thank you very much, Mr. Chair. I just want to inform you that I will share my time with Mr. Norlock.

Thank you very much, Minister.

Thank you very much, team, for showing up to this testimony.

Minister, I note on page 104 from the supplementary estimates (B) that there are funds that appear to be transferred back and forth with Foreign Affairs and International Trade.

Many people are unaware that the Department of National Defence actually has employees stationed abroad. Could you please explain to the committee what these transfers are, what kind of DND staff are located abroad, what work they do, and if new positions are being added?

• (1625)

**Hon. Peter MacKay:** Thank you, Chair.

Thank you, colleague, for that question.

The member is right that many Canadians within the Canadian Forces are stationed abroad, many as attachés and many on the ongoing 15 missions that we have in the country—major missions, like the training mission in Afghanistan.

I would take this opportunity, Chair, if you'll permit me, to thank this particular member. I believe he's the only sitting member of Parliament who served in Afghanistan as a reserve.

I know he's also aware that many of the defence liaise within Canadian Forces with members of the Department of Foreign Affairs. As a result of this, we've advised Canadians heads of mission on a lot of the military matters that we're currently undertaking at the Department of National Defence headquarters. All of the issues that have to do with military and security matters are worked on in close concert with the Department of Foreign Affairs, and with other departments on occasion.

Regarding this particular transfer of funds, this is about \$400,000 that is being returned to Foreign Affairs and International Trade, in fact, as part of the DND supplementary estimates (A), due to adjustments in positions and the loss of access to a priority vehicle in Buenos Aires. These funds were part of a DND transfer that occurred under supplementary estimates (A) in support of common costs of our diplomatic services abroad.

We often, as I said, work very closely with embassies, with missions around the world, and very often in that support role funds are transferred from time to time to keep the wheels moving at various embassies in the exchange of personnel and equipment used to support our missions abroad.

**Mr. Rick Norlock (Northumberland—Quinte West, CPC):** Minister and officials, thank you very much for attending today.

I'm very proud to represent—actually, fiercely proud to represent—CFB Trenton, one of Canada's busiest wings.

I note in the estimates certain amounts of money allocated for infrastructure—in particular, funding for the Joint Rescue Coordination Centre in Trenton. I wonder if you could tell us about these funds and the other things the federal government is doing in this area.

**Hon. Peter MacKay:** Thank you, Mr. Norlock. I know you are indeed a very fierce supporter and defender of all things Trenton, and I thank you for that.

DND, through these supplementary estimates, is receiving funding from the Department of Fisheries and Oceans. It might sound counterintuitive to some that a base located in central Canada, or “Upper Canada”, as we say down home, would be receiving a transfer from fish, but this is to help with the renovation—you're right—of the Joint Rescue Coordination Centre, the JRCC, which is part of a secondary centre located in Belleville, Ontario, and also in your riding, I believe.

This is, I'm told, for such things as wiring and lighting—renovations, essentially, to this particular work station at the site in Belleville. They have a new classroom for the armoury and an expansion of their ops room. These renovations have been deemed necessary to continue their critical support of the Canadian Forces personnel in their work, in decent facilities.

The honourable member would also know that we're building a number of new installations to accommodate our special forces, which will also be located at this site. There's a total of \$623 million for projects that have been implemented at the base in Trenton since the year 2006.

**Mr. Rick Norlock:** Thank you very much.

Also, Minister, if we have a few more minutes, perhaps you could talk about the allocation of funds for the Canadian Forces Arctic training centre at Resolute Bay in Nunavut, and why that is needed.

**Hon. Peter MacKay:** Thank you very much.

This is an exciting project, and one that I know northerners are embracing. There is a station there that the Canadian Forces share with other departments, but this facility is there very much to help train and facilitate a future presence of members of the Canadian Forces in such missions as Operation Nanook and others that happen annually.

We're working with Natural Resources in particular on this project to expand the polar continental shelf program, which is located at Resolute in Nunavut. This expansion of the facility will allow for additional accommodation so that we can have more of our members there to share this facility. It's a multi-purpose facility shared with Natural Resources.

It's all about reinforcing the Canadian Forces presence in the Arctic, in keeping with the Prime Minister's commitments and those of our government. We're transferring \$1 million to Natural Resources Canada on this particular project. This will help our department as well as NRCan in carrying out our respective mandates and doing so in a cost-effective way. This is one of those many ways in which we're sharing facilities and working with other departments to find efficiencies and cost savings.

• (1630)

**The Chair:** Thank you. The time has expired.

Go ahead, Mr. Kellway, for five minutes.

**Mr. Matthew Kellway (Beaches—East York, NDP):** Thank you, Mr. Chair. Thank you, Minister, and your team, for coming today.

Mr. Chair, I'm going to be splitting my time with Mr. Harris, so I was hoping that with a minute left you could rudely, or politely,

interrupt me—politely if it's one of the witnesses talking with a minute left.

Minister, you've raised the issue of the Canada First defence strategy a number of times and you've talked about what good financial health the department is in, but I'm wondering what kind of shape you consider the CFDS to be in.

It surfaced last May in Minister Fantino's briefing book that because of the 2010 budget cuts, the CFDS was unaffordable, so at this point in time it seems that if we're carrying forward with the CFDS, we're driving off a fiscal cliff, and if we back it off, we're off a policy cliff. I'm wondering which way we're going.

You made reference to a refresh. When can we expect something of that nature?

**The Chair:** Go ahead, Mr. Alexander, on a point of order.

**Mr. Chris Alexander:** Thank you, Chair.

With my apologies to the committee, we've had the Leslie report three times, we've had the Auditor General's report, and now we have the Canada First defence strategy refresh and a very wide-ranging question about that—anything but the supplementary estimates (B), which are quite substantive.

**The Chair:** Thank you, Mr. Harris, on that point of order.

**Mr. Jack Harris:** That's vote 1b, page 154, “Operating expenditures and authority”, for a total commitment of over \$30 billion over the next number of years. This is a very broad item here that's giving authority to authorize these expenditures. I thought it was perfectly legitimate to ask a question about whether all of these plans are affordable, given the state of the costs and expenditures. I just think it's perfectly reasonable. Certainly, it's all encompassed in one big—

**The Chair:** Go ahead, Mr. Kellway.

**Mr. Matthew Kellway:** Mr. Chair, I think you've already ruled on the substance of this point of order. With respect to the Leslie report, it's been brought up by the witnesses in testimony multiple times, as has the CFDS.

**The Chair:** Minister MacKay, what answer do you see fits into your overall testimony?

**Hon. Peter MacKay:** Thank you, Mr. Chair.

As the member would know, the Canada First defence strategy, which was first produced in 2008, was the culmination of a great deal of work driven mainly by the former Chief of the Defence Staff, General Natynczyk. It's a document that is a long-term view, looking out over all of the pillars of defence, on the infrastructure side, our equipment needs, and looking forward with respect to our personnel commitments, and of course our readiness, which is a big part of—

**Mr. Matthew Kellway:** With respect to my questions, when you respond with, “As the member would know”, that should be a signal that I don't need to actually hear that. I would appreciate very much your response to—

**Hon. Peter MacKay:** I don't ever assume what you know, Mr. Kellway, ever.

**Mr. Matthew Kellway:** You seem to, because in your testimony you just said, “As the member would know”, so you obviously do.

I'd just ask if you could answer the question. What can we expect with respect to the timing of the refresh that you talked about in the media last June and again today, in fact?

Thank you.

**Hon. Peter MacKay:** I think the member would expect, if not know, that post-budget there will be an announcement. There will be work that will then be made available for his ever-knowing eyes on the Canada First defence strategy in a number of areas.

It's a 20-year document. It's something that has to be kept ever fresh. The needs change. The experience of Afghanistan was very instructive as to what the future needs will be, as was Libya, as was some of the very challenging work that was done in Haiti by members of the Canadian Forces.

There will be a refresh. It is already under way. Some of that work will result in announcements with respect to the future of the Canada First defence strategy.

**Mr. Matthew Kellway:** Thank you, Minister. The Canada First defence strategy includes reference to the CF-18 replacement. The media recently were talking about the new secretariat's being uncomfortable with the previous statement of requirements and doing its own due diligence on what the RCAF is likely to need in the coming years.

I'm wondering how this process referred to in the—

•(1635)

**The Chair:** On a point of order, go ahead, Mr. Alexander.

**Mr. Chris Alexander:** Mr. Chair, there are a lot of things in the Canada First defence strategy, but the attitude of the fighter procurement secretariat, which was not created at that time, is not one of them.

**The Chair:** I will agree with that. I don't see anywhere on vote 1b the mention of that particular one, or in the testimony from the minister. He did talk about fixed-wing search and rescue, tactical patrol vehicles, new warships, but he didn't go into the F-35, so I would like you to rephrase that question.

During points of order we were stopping the clock, but you're down to 10 seconds. You told me to interrupt you rudely, if I had to.

**Mr. Matthew Kellway:** Indeed, so I'm still on a point of order before you restart that clock, Mr. Chair. or refresh the clock—thank you, Mr. McKay.

Mr. Chair, I wasn't asking specifically about the F-35. If I'd been able to finish my question, I was getting on to the issue of the options analysis under way, which, it seems to me, has everything to do with a component.

I know that Mr. Alexander is very keen that we ask questions of detail. This is a question of detail about the CFDS and its promise of a fighter replacement. As for the budgetary issues, I think they're obviously captured in the Canada First defence strategy. I'm looking at chart 3 on page 12, which identifies some costing for that. Mr. Harris has already raised the issue of its obviously being part of a vote to come.

**The Chair:** On that issue, I would say that if it relates to the replacement of CF-18s, which is right now under the control of a

different committee—public works is heading that secretariat—it doesn't have anything to do with us.

We have been talking about the Canada First defence strategy. With only 10 seconds left, I'll leave it up to you if you want to ask that question and use up the rest of your time or if you want to pass off to Mr. Harris the one minute and 10 seconds left, as you previously asked for.

I believe that the minister will take more than 10 seconds to answer that question.

**Mr. Matthew Kellway:** I think you're correct, Mr. Chair, but I would point out that the options analysis is being done in Minister MacKay's department.

With that, I surrender and hand it over to Mr. Harris.

**The Chair:** Mr. Harris, go ahead.

**Mr. Jack Harris:** Thank you, Chair, and thank you, Minister, for coming.

I want to use this minute to make a motion,

That the Committee formally ask the Minister of National Defence to undertake to the Committee to release information that the Parliamentary Budget Officer has requested on the cuts in his department, both to the Parliamentary Budget Officer and to this Committee.

I wanted to make that motion while he is here so that he could give us a chance to respond to it.

**The Chair:** We have a motion on the floor. It is in order.

Is there discussion on the motion?

Mr. McKay, go ahead.

**Hon. John McKay:** I think that's not only in order but that the motion should be supported by all of us. The Parliamentary Budget Officer has far more resources than any individual member of Parliament has and is much more able to mine through all of this stuff and actually come up with a view and serious questions to be asked of any minister, any department, not the least of which is this department and this minister.

I must admit I am heartily fed up with the government's attitude towards officers of Parliament and the unwillingness to share information and slapping cabinet confidentiality on each and every thing that moves, so I would support the motion.

**The Chair:** Okay, this is the last question.

Do you have a comment, Mr. Harris?

**Mr. Jack Harris:** The purpose of this motion, I think, speaks for itself. If you listened to what happened here today, you know it's difficult just finding out answers to questions, such as the simple one as to how much was changed as a result of the Auditor General's report. We know it's buried in the numbers there somewhere, but the difficulty in knowing what's going on is evident from the problems we have and the problems the Parliamentary Budget Officer has.

We're just seeking to assist the Parliamentary Budget Officer in doing his job, which is essentially to flesh out these things. As Mr. McKay pointed out, there are difficulties following the numbers around. It's one of the criticisms made of our system of government and our financial control, or our lack of parliamentary oversight of finances. It's particularly important in defence, where the issues are so important not only to our forces and our forces' members but also to the safety and defence of the country. I think it's important that people have this information so that they can participate meaningfully in the debate.

I would hope that all members here would support this motion in the interest of transparency.

• (1640)

**The Chair:** I'm going to interrupt.

We do have a time limit on the agenda here. The minister is to be here until 4:30. We're past this time, so I'm going to suspend this meeting to allow the minister to leave and to reshuffle the witnesses at the end of the table.

Minister MacKay, thank you for coming in and sharing your testimony with us on the supplementary estimates (B).

With that, our meeting is suspended.

• (1640)

(Pause)

• (1645)

**The Chair:** I call this meeting back to order.

Before I call the question on the motion, I'll read it out one more time so that everybody is clear on the motion that has been moved by Mr. Harris. It reads:

That the Committee formally ask the Minister of National Defence to undertake to the Committee to release information that the Parliamentary Budget Officer has requested on the cuts in his department, both to the Parliamentary Budget Officer and to this Committee.

**Mr. Jack Harris:** Could we have a recorded vote, sir?

**The Chair:** A recorded vote has been requested.

(Motion negatived: nays 6; yeas 5 [See *Minutes of Proceedings*])

With that, we will continue with our questioning of the departmental officials.

Mr. Strahl, you have the floor.

**Mr. Mark Strahl (Chilliwack—Fraser Canyon, CPC):** Thank you very much, Mr. Chair.

We have certainly heard in this committee during our previous studies that threats to our national security are evolving, especially in the realm of cybersecurity, communications, and information technology. We've learned at previous meetings that our government has made Communications Security Establishment Canada a separate agency.

Why are there funds in the estimates for this agency, and how do you see the transfer of these funds helping to protect Canadians from those emerging and changing threats?

**Mr. John Forster (Chief, Communications Security Establishment):** Thank you for the question, Mr. Chair.

Last November the Communications Security Establishment was made a stand-alone agency. It was formerly part of the Department of National Defence. The amount of \$10 million in these supplementary estimates (B) is a completion of the transfer of resources from DND to CSEC. It's no new money; it was formerly part of the budget of defence and is now with CSEC.

With respect to the other part of your question on cybersecurity, as you may know, the government has tabled a cyberstrategy. CSEC plays an important role in that strategy, and the government announced money in budgets 2011 and 2012. Our role is very much to help protect government networks from cyberthreats and attacks in systems. We also work closely with Shared Services Canada to strengthen government systems, and with Public Safety Canada and the private sector to better prepare Canada for and defend Canada from foreign cyberthreats.

• (1650)

**Mr. Mark Strahl:** Thank you very much.

Since Mr. Kellway's established that the CFDS is on the table, I'll ask a question there.

It does outline that starting in 2015, 15 ships to replace Canada's destroyers and frigates will be purchased: "These new ships will ensure that the military can continue to monitor and defend Canadian waters and make significant contributions to our international naval operations."

What is DND doing to meet its CFDS commitments regarding the Royal Canadian Navy surface combatants?

**Rear-Admiral Patrick Finn (Chief of Staff, Materiel Group, Department of National Defence):** Thank you very much for the question, sir.

The Canadian surface combatant project now finds itself in definition, which is the phase at which we started the consultation with industry. That process was just launched in the middle of November with a public meeting. We've gone out to industry to talk to them about how we would go about doing this acquisition.

These are very complex acquisitions, virtually our most complex project, both in the context of cost and the solution we're trying to develop. We know we can't do this without the involvement of industry, so we've stepped out with industry to pursue that issue.

At the same time, to meet that commitment, we're modernizing other parts of the fleet, such as the Halifax-class ships, to ensure they can also continue to serve into the next decade.

**Mr. Mark Strahl:** Thank you.

Do I have more time?

**The Chair:** You have two minutes left.

**Mr. Mark Strahl:** I understand also that funding has been sought for the force mobility enhancement project. What does this project entail? How much will it cost? What do you expect the life cycle to be for this new equipment?

**RAdm Patrick Finn:** Again, thank you very much for the question, sir.

The force mobility enhancement project is a series of vehicles based on a main battle tank chassis. Basically, they are armoured combat vehicles for combat engineers. They're used for various purposes, in some cases as support vehicles for the main battle tanks. They can be used for other areas, such as clearing mines or clearing mined areas.

The product itself will be executed in two phases. The first phase has been approved. This year we're looking for \$36.5 million in-year. It's approximately \$300 million to pursue the actual vehicle acquisition. There's a follow-on phase that is still being developed, which involves all of the associated equipment to do the tasks I've just described.

I'm sorry that I don't know the exact life cycle of these vehicles, but that is currently what we have under way, sir.

**Mr. Mark Strahl:** Okay, and—

**The Chair:** You have one minute.

**Mr. Mark Strahl:** Could you also explain how the tactical armoured patrol vehicles that the government is talking about purchasing will better support our Canadian army members? Are our allies also purchasing something similar? Would we expect this new equipment to be interoperable with that of our allies?

**RAdm Patrick Finn:** Again, sir, thank you very much for the question.

Many lessons learned in Afghanistan are now being applied. This is a vehicle, as the minister indicated, that will be used for reconnaissance and for a degree of transportation. It's a very high level of protection in a relatively light vehicle. This is not a main battle tank or a LAV III troop transport. It's something a bit lighter than that, but still with a very high degree of protection and mobility.

This vehicle is the one that was selected through a competitive process, coming out of a company called Textron, which has actually deployed this vehicle with a number of other countries, notably the United States. We are acquiring 500 vehicles of a worldwide fleet at this point of some 3,500, with others, I understand, who are also interested in the vehicle.

From that perspective alone, we'll have interoperability of an international fleet. Of course, from a broader perspective of interoperability around communications, we would equally have the appropriate communications to be able to operate with our closest allies, sir.

• (1655)

**The Chair:** Thank you very much. Time has expired.

Monsieur Brahmi is next.

[Translation]

**Mr. Tarik Brahmi (Saint-Jean, NDP):** Thank you, Mr. Chair.

When we look at the department's operational spending between 2011-12 and 2012-13, we see a decrease of more than \$1.125 billion. You certainly know that, in my riding, where there is not only a military base but also a military college, budget cuts do raise a lot of concerns. I know that a number of members of the Canadian Forces have received a letter.

In the present estimates, how many jobs have been cut at DND? Is it more or is it less than what had been planned in the main estimates for 2012-13?

[English]

**Mr. Matthew King (Associate Deputy Minister of National Defence, Department of National Defence):** Thank you for the question, Mr. Chair.

I wonder if I could make two or three quick contextual points and then get to the answer.

I just want to point out that between 2005 and 2011 the number of civilians at DND increased by 30%, or 5,000 people, and not without reason. It was attributable to significant growth in budget over that time period, but civilians were also hired to backfill reserves, who were backfilling regular force folks, who were now engaged in the war effort. That 5,000, that 30% increase, is a key point.

As the minister noted when he was here, as part of the broader government exercise to balance the budget, DND has played a role. We're in a position now, as was noted earlier, where we're adapting to a lower operational tempo. This gives us an opportunity to rethink where we are in terms of civilian staffing.

As some on the committee may know, the implementation of the deficit reduction action plan will take place over a three-year period, and we're halfway through year one of that three-year plan.

We weren't expected to provide FTE savings in the current fiscal year; rather, we would do it over the last two years of implementation. However, we have begun the process so that we won't have to load the entire effort onto the back end.

We've done this by limiting new hires to areas where there were health and occupational safety requirements. We've been very clear on making sure that we continue to bring folks into those occupations. We've taken a pause on staffing vacant positions, just to get ready.

We're ahead of the game, ahead of where we should be for this year. The balance of the FTE reductions will take place next year and the year after that, Mr. Chairman.

[Translation]

**Mr. Tarik Brahmi:** Do you have any figures on costs reductions? Are there any updates on these reductions? How many people are affected today, compared with what had been planned initially?

**Mr. Matthew King:** Thank you very much for this question, Mr. Chair.

[English]

I believe that on November 16 the President of the Treasury Board put out an update on where the government as a whole was on FTE reductions. As part of that release, the president identified that 1,621 full-time positions from DND would be part of our contribution to this broader reduction exercise.

As I said earlier, we didn't really have to make any cuts this year. The workforce adjustment directive is such that it takes anywhere from 12 months to 16 months to run its course, so I believe most departments were fairly prudent about first-year estimates.

As I said earlier, we have begun to take some steps. We're fortunate to have a fairly significant attrition rate at DND; we've tried to capture some of that. I couldn't be entirely precise, but I would estimate that we're probably down by 400 people as a result of DRAP, with the balance of the 1,621 to be implemented over the next two years.

• (1700)

[Translation]

**Mr. Tarik Brahmī:** Can you give us figures on cuts affecting the Royal Military College in Saint-Jean, compared with the main estimates?

[English]

**Mr. Matthew King:** I'm afraid I don't have those figures with me. I could provide them, though, at another time.

**Mr. Tarik Brahmī:** Okay.

**The Chair:** Your time has expired.

Mr. King, if you can provide those figures to the committee at a later date, we'd appreciate that.

We're going to move on to Madam Gallant.

**Mrs. Cheryl Gallant:** Thank you, Mr. Chairman.

Can you please tell us about the programs under the umbrella of public safety and security science and technology that are in need of funding? Also, why are these programs important?

**MGen Robert Bertrand:** Thank you for the question.

I'll review the programs with you, and I'll review their use as well.

Part of the supplementary estimates includes transfers to various departments. We can discuss those, and I'll also cover for you the public safety and security science and technology programs.

Under the supplementaries, we're seeking \$37.3 million. Part of that will see a harmonization of two programs and the inclusion of another program into one overall Canadian safety and security program. The programs are managed by DRDC Canada, an agency of the Department of National Defence. The mission of this program is to strengthen Canada's ability to anticipate, prevent, mitigate, prepare for, respond to, and recover from acts of terrorism, crime, natural disasters, and serious accidents.

The CSSP is delivered through a competitive call for proposals, targeted investments, and community development. The program focuses on a whole-of-government and multi-jurisdictional approach to keep Canada safe in front of existing and emerging threats in the safety domain.

I can walk through the different elements of the program with you.

The public security technical program advances national capabilities to prepare for, prevent, and respond to all-hazard, high-consequence public safety and security events.

The chemical, biological, radiological-nuclear and explosives research and technology initiative, CBRNE, enhances Canada's capacity to deal with potential CBRNE threats to public security.

The Canadian Police Research Centre responds to short-term science and technology needs for first responders, the police, fire, emergency, and medical services.

**Mrs. Cheryl Gallant:** Is cybersecurity included in that?

**MGen Robert Bertrand:** There would be some elements of cybersecurity in this, but I don't have information here that would tell you how much is spent on cybersecurity within these programs.

**Mrs. Cheryl Gallant:** Okay.

The Canada First defence strategy outlines, starting in 2015, 15 ships to replace Canada's destroyers and frigates and so on. These new ships will ensure that the military can continue to monitor and defend Canadian waters and make significant contributions to international naval operations. What is the Department of National Defence doing to meet its CFDS commitments regarding the Royal Canadian Navy's surface combatants?

**RAdm Patrick Finn:** Thank you very much for the question.

The Canadian surface combatant project definition was received from Treasury Board earlier this year and is now going through the definition phase. Right now we're concentrating on ensuring we have the right approach, the right procurement strategy.

In the middle of November, we began the consultation process with industry. We went out with some options, as we saw it, and basically put a number of options on the table, principally on how we would configure the teams and how industry saw that occurring.

As a result of the shipbuilding strategy, the ships will be built in Halifax, at the Irving shipyard. In this case of the surface combatant, there's much more complexity in the combat systems—the weapons and sensors, computer systems, and communications on board, so we're working right now to determine the best configuration. Principally, what we're doing is asking industry for their views on that.

So we've launched it. We've asked for industry to give us their written feedback later this month, their views on how to proceed. We'll then review that, collate it, look at the options, and then go back to industry for further consultation.

At the same time as we are working towards the replacement of the current destroyers and frigates, we're also modernizing the frigates. They really are at mid-life, and we're doing extensive work to bring them into the next decade.

• (1705)

**The Chair:** You have 30 seconds.

**Mrs. Cheryl Gallant:** Okay, I'll just pass. Then it will go for 30 seconds.

**The Chair:** Okay.

Mr. Norlock is next.

**Mr. Rick Norlock:** Thank you very much, Mr. Chair.

My question, since I'm air force oriented, would probably best be answered by Major-General Bertrand.

The minister referred to funding in the estimates for the Joint Rescue Coordination Centre in Trenton. He also referred to the expropriation needed for the special forces unit. I wonder if you have any additional information on those two projects. Also, if time permits, talk about the investment in Resolute Bay in Nunavut and how it is coordinated with Natural Resources Canada.

**MGen Robert Bertrand:** All right. Thank you for your question.

These supplementary estimates don't cover any elements of any expropriation in Trenton, so I do not have any information on that with me today. I would be glad to cover your question on the JRCC in Nunavut.

The JRCC, as the minister discussed, is an update to both the primary and the secondary JRCC sites in Trenton and Belleville respectively. There's a transfer of \$1 million, approximately, coming from the Department of Fisheries to enhance both of those centres. JRCC Trenton's operations centre is going to be receiving most of that, in terms of renovation contracts for infrastructure, wiring, lighting, flooring, and a phone system. The alternate site in Belleville is going to be a contract worth about \$400,000. It's a renovation contract, including constructing new classrooms for the armoury and infrastructure changes to expand an operations room that's in the armoury. There are some communication and IT wiring upgrades and some phone system upgrades on that site as well.

**Mr. Rick Norlock:** Thank you very much.

The minister was referring to the Belleville operation as part of the riding. It's actually in Daryl Kramp's riding, and I know that he's very happy that's occurring.

When we talk about the investments that we have in our Canadian Forces Arctic training centre in Resolute Bay, in Nunavut, I had noted that it's in cooperation or through a transfer of funds. I think the minister said it's around \$1 million to NRCan. Could you reiterate what specifically that transfer does vis-à-vis the work being done in these two locations?

**MGen Robert Bertrand:** On the work being done in Resolute Bay, there's going to be an addition to an NRCan facility that's there now. The facility is being built. It's under construction.

The Canadian Forces Arctic training centre will enhance our ability to operate in the north. A significant amount of money is being transferred. We transferred \$8.8 million in 2011-12, another \$9.8 million in our supplementary estimates (A) in 2012-13, and there is this final transfer here in 2012-13. That transfer will provide additional capabilities. It will provide accommodation for approximately 100 people. It will provide a warehouse for approximately 40 snowmobiles or all-terrain vehicles and a small infirmary, and it will also have an operations centre and classrooms.

**Mr. Rick Norlock:** Thank you very much.

Mr. Chair, I'll share the rest of my time with Mr. Chisu.

**Mr. Corneliu Chisu:** I understand that funding has been sought for phase one of the force mobility enhancement project, approximately \$39.5 million. I have a hope that there will be some equipment, armoured engineering vehicles, because we needed it so much in Afghanistan and we didn't have it in 2007.

What does this project entail? Can you give me some details about it? I just want to have some more details.

**RAdm Patrick Finn:** Thank you very much for the question, sir.

The force mobility enhancement project is about the acquisition of armoured engineering vehicles and armoured recovery vehicles. Again, it's a vehicle that's based on a main battle tank, a Leopard 2 chassis. That is being acquired and then modified for combat engineering duties.

As you indicated, there are two phases. There are some 22 vehicles in the two variants that we are acquiring as the first phase, and then some of the support equipment that will allow the vehicles to do those specific missions will be acquired in the second phase.

As you indicated, the \$36.5 million is the end-year portion of the almost \$300 million that is for the first phase of the project, sir.

• (1710)

**Mr. Corneliu Chisu:** How many AVs will be...?

**RAdm Patrick Finn:** Eighteen of the vehicles will be armoured engineering vehicles, and four will actually be armoured recovery vehicles, sir.

**The Chair:** Time has expired. Thank you.

We only have five minutes left of the committee time because of the bells tonight and the vote at 5:30 p.m. I'll allow each party to make one short question, and I'd ask witnesses to provide a very brief response so that we can get all three parties in.

With that, we'll go to Mr. Harris for the NDP.

**Mr. Jack Harris:** It's hard to come up with just one question, but I guess one would be to Mr. Fonberg.

One of the things identified by General Leslie was an excessive number of contractors being used, particularly in DND HQ and particularly in the area of management consultants. Why is the department spending up to \$2 million to hire a consultant to see how you're doing in saving money and cutting costs? Don't you have people at the senior level within your department who can monitor this, or are you concluding that's why we are where we are—because we don't have people who are able to control that?

**Mr. Robert Fonberg (Deputy Minister, Department of National Defence):** Thank you, Mr. Chair.

First of all, we expect—and I think we have informed the bidders—that a contract will be no more than \$500,000. More importantly, we would like the outside expertise. Our discussions with the private sector suggested that there are professional firms out there that help organizations structure the front end of major renewal efforts and restructuring efforts, and that's exactly what we are asking the outside expertise to help us do.

**The Chair:** Thank you.

Mr. McKay is next.

**Hon. John McKay:** The minister announced \$11 million for the mental health initiative, which I would of course support. I'm not clear as to where that \$11 million comes from, because I don't see it in the supplementary estimates; correct me if I'm wrong.

If it's not in the supplementary estimates, where did it come from? You apparently are not asking for it.

**Vice-Admiral Bruce Donaldson (Vice-Chief of the Defence Staff, Department of National Defence):** In reprogramming the \$11 million, we looked at our cost move account, which is an allocation of a little over \$400 million a year for all of the moves across the country, an area where we want to make some savings by doing smarter business. That allows us to actually target that \$11.4 million to be provided to supplement the mental health—

**Hon. John McKay:** Is that in the real estate file?

**VADM Bruce Donaldson:** No, it's out of the cost move account, the cost of moving people from Ottawa to the west coast or from the west coast to Toronto and that type of thing.

**Hon. John McKay:** Is it a relocation fund?

**VADM Bruce Donaldson:** Yes.

**Hon. John McKay:** So out of the relocation fund you get \$11 million for—

**VADM Bruce Donaldson:** We have found efficiencies in that account that will offset the \$11.4 million. It's been reinvested in mental health.

**Hon. John McKay:** Thank you.

**The Chair:** Thank you.

Mr. Alexander, you have the last question.

**Mr. Chris Alexander:** Thanks, Chair.

My question does relate directly to the supplementary estimates (B) before us. I must say as a Canadian taxpayer that I find it extraordinary that our colleagues from the opposition would move a motion about information from the Parliamentary Budget Officer while a minister is in front of the committee, a minister with a very extensive team prepared to answer questions about the detail of the supplementary estimates (B). It's a sad commentary on the seriousness with which they treat national defence issues.

My question is about the Canadian Forces service income security insurance plan. Given the exchange between John McKay and the minister earlier, I'd like our witnesses to clarify that the only money thus far announced through the estimates process in these supplementary estimates is indeed \$205 million, and to add what this funding will be used for and why it's sought at this time.

**MGen Robert Bertrand:** Thank you for the question.

The only funding announced so far for SISIP is the \$205 million in the supplementary estimates that you see here before you.

The litigation on the court case is ongoing. Last week, in the government's update to the economic and fiscal projections, an update on that was provided by the Minister of Finance, it was said that the cost of these changes for DND and Veterans Affairs is estimated to be \$1.9 billion over seven years, of which \$0.5 billion was recorded in 2011-12. Of the remaining amount, \$1.1 billion is expected to be recorded in 2012-13, with the remainder being recorded in subsequent years.

● (1715)

**Mr. Robert Fonberg:** There's one point of clarification, Mr. Chair.

The litigation is not ongoing. The negotiations with the class are ongoing.

**The Chair:** Thank you.

Committee members, we have considered the supplementary estimates (B). I'm going to call the votes on the different line items.

Shall vote 1b under National Defence carry?

NATIONAL DEFENCE

Department

Vote 1b—Operating expenditures.....\$1

(Vote 1b agreed to)

Vote 5b—Capital expenditures.....\$1

(Vote 5b agreed to)

Communications Security Establishment

Vote 20b—Program expenditures.....\$1

(Vote 20b agreed to)

Military Police Complaints Commission

Vote 25b—Program expenditures.....\$4,015,226

(Vote 25b agreed to)

**The Chair:** Shall I report the supplementary estimates (B) 2012-13 back to the House?

**Some hon. members:** Agreed.

**The Chair:** Thank you very much. I want to thank our witnesses for coming in and helping us out with our study today. With that I entertain a motion to adjourn.

**An hon. member:** I so move.

**The Chair:** The meeting is adjourned.







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