



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on National Defence

NDDN



NUMBER 080



1st SESSION



41st PARLIAMENT

EVIDENCE

Wednesday, May 22, 2013



Chair

Mr. James Bezan

Standing Committee on National Defence

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• (1605)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): Good afternoon, everyone.

Sorry for the delay because of the votes. We'll be heading into another set of bells in the very near future, so let's quickly continue with our agenda.

Appearing today on the main estimates, votes 1, 5, 10, 15, 20, 25, and 30 under National Defence, referred to committee by the House of Commons on February 25, are the Honourable Peter MacKay, Minister of National Defence, and the Honourable Kerry-Lynne Findlay, Associate Minister of National Defence.

They are joined by members from the Department of National Defence: Bruce Donaldson, Vice Chief of the Defence Staff; Michael Martin, senior associate deputy minister; Kevin Lindsey, assistant deputy minister and chief financial officer for finance and corporate services; and Patrick Finn, chief of staff in the materiel group.

I want to welcome all of you to committee.

Mr. MacKay, if you could make your opening comments, we would appreciate that.

Hon. Peter MacKay (Minister of National Defence): Yes, Mr. Chair, and I will endeavour to be brief.

Mr. Chair and colleagues, I am pleased to be here, along with Associate Minister Findlay and members of the defence team, to discuss the main estimates for the year 2013-14.

This is my 34th appearance before committee since being appointed minister, the fourteenth before this committee.

[Translation]

Over the past fiscal year, the Canadian armed forces have continued to deliver excellence at home, defend North America in partnership with our closest ally, the United States, and project Canadian leadership abroad.

In fact, one does not have to look hard to see the strategic effect that the Canadian armed forces are having here at home and around the world.

For instance, the Canadian armed forces just completed operation Nunalivut, demonstrating our ability to project forces into the High Arctic to defend national interests and assert Canada's Arctic sovereignty.

And further afield, Canada has maintained its role in Afghanistan as the second largest contributor—behind only the United States—to the NATO training mission there.

The Afghan National Security Forces are increasingly able to plan and execute operations independently and to conduct their own training. They are now taking the lead for the security of about 90% of the Afghan population. These results are putting NATO on track to leave a self-sufficient Afghan force by the end of 2014.

[English]

Mr. Chair, colleagues, these are just two examples of how the Canadian Armed Forces, supported by the work of the Department of National Defence, are delivering real results for Canadians.

This level of operational excellence requires significant investments, which is why since 2006 our government has worked to modernize core equipment fleets, upgrade infrastructure, improve care for our ill and injured military personnel, and ensure readiness.

For example, this past January we welcomed the first upgraded light armoured vehicle from General Dynamics Land Systems-Canada. These vehicles, the LAV III, have proven their mettle time and time again. This investment is just one of many coming to a head across the army, navy, and air force.

On the infrastructure front, since 2008 the government has announced approximately \$3 billion in new and upgraded defence infrastructure across the country, including upgrades in places like CFB Petawawa, as we prepare for the arrival of the new Chinook helicopter fleet. In terms of care for our ill and injured military personnel, I'm particularly pleased to report that the government is investing an additional \$11.4 million annually, dedicated directly to the subject of mental health.

More recently, Mr. Chair, the government has taken some important steps in the area of search and rescue. A short while ago I introduced several new measures to improve Canada's national search and rescue system, which includes initiatives in the area of readiness such as the seasonal optimization of search and rescue posture readiness, as well as the launch of the first comprehensive quadrennial search and rescue review.

This review will bring together search and rescue partners to assess our search and rescue system in a comprehensive and systematic way. It will also ensure that Canada's search and rescue system remains up to date and relevant to the changing needs of Canadians who find themselves in distress. As we prepare the Canadian Armed Forces for the future, the Canada first defence strategy, CFDS, will continue to provide a road map on the way ahead. With this in mind, I want to take just a few moments to conclude with an overview of the priorities and requirements that have shaped the estimates before the committee today.

In broad terms, in 2013-14, the main estimates for National Defence are \$17.9 billion. Mr. Chair, you will note that the 2013-14 main estimates reflect a decrease from last fiscal year's main estimates. There are a number of factors behind that decrease. Chief among them is the fact that the National Defence department has the largest operational budget in the federal government and is doing its part to support the government's plan to return to a balanced budget in the medium term. More specifically, through spending review initiatives under budget 2012, National Defence is finding ways to improve efficiency and effectiveness in the organization.

In addition, the reduction in operational tempo stemming from the conclusion of the combat operations in Afghanistan and the completion of the Libya mission has also presented National Defence with the opportunity to realign resources. That means focusing on the right things, such as readiness.

[Translation]

Going forward, the funding outlined in the main estimates will allow National Defence to pursue important organizational priorities.

First, we will continue to deliver sustainable operational excellence at home and abroad, as conducting operations in the defence of Canada and Canadians remains the very *raison d'être* of the Canadian armed forces.

Second, the Canadian armed forces will be ready to meet the challenges of tomorrow, wherever they may arise. Indeed, as reflected in the estimates, National Defence remains committed to making sure that a sufficient number of personnel are trained to the required levels, and that the necessary equipment is available—for training and for operations—so that the forces can take on both current and future challenges.

[English]

Third, we'll continue to be strong stewards of the public purse. This will include maintaining an affordable sustainable investment plan that delivers on the commitments outlined in the Canada first defence strategy while accounting for fiscal realities as well as addressing requirements for new or expanded capabilities.

As the Canadian Armed Forces return to a more normal operational tempo, National Defence will take advantage of this time to develop ways to conduct the defence business better and smarter and find opportunities to reinvest resources in the front-line operational capabilities and readiness of the Canadian Armed Forces.

Finally, in all of this I want to emphasize to this committee that our fourth organizational priority is that of strengthening the defence team that shapes all that we do. I think we can all agree that our men

and women in uniform, our personnel, are our greatest asset. In fact, our ability to deliver successfully on the multiple objectives that I've just highlighted depends on the highly skilled, motivated civilian military members.

To this end, National Defence will continue to maintain a strong and vibrant workforce that contributes to operational excellence.

Thank you, Chair.

I look forward to the questions of this committee.

• (1610)

The Chair: Thank you, Minister. I appreciate those opening comments.

In line with our routine proceedings and motions, when a minister's here, the first round is 10 minutes per party.

Mr. Harris, you have the floor.

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

Thank you, Minister, for joining us today.

I'm going to get right down to brass tacks—no pun intended—since we have our military people here.

In your budget presentation, in particular in the planning and priorities document, there's a claim that on the procurement projects with respect to the Canada first defence strategy we're 90% on schedule. How does that ring true when we're talking about fixed-wing SAR aircraft being delayed, as well as maritime helicopter coast guard search and rescue helicopters, the Cyclones, the CCVs, the CF-18 replacements, SMP trucks, joint supply ships, AOPS? All of these procurements, in fact, are significantly delayed, so how did you come up with 90%? That's obviously not true, or some measurement is being used that means nothing to the public.

Hon. Peter MacKay: Mr. Chair, Mr. Harris, thank you.

What we're referring to there, of course, is the Chinook helicopters, the new C-17 heavy lift, the new fleet of Hercules aircraft, the M777s, the fleet of Leopard 2 tanks, new equipment that was utilized in Afghanistan.

As you know, there are more procurements that are in the pipeline, particularly with respect to the national shipbuilding procurement strategy. Fixed-wing SAR aircraft, of course, is an ongoing procurement. We have also replaced, as I mentioned in my remarks, the LAV III, which has become very much the backbone of the Canadian armoured division.

We have, in addition to equipment procurements, a number of very important investments that are playing out across the country, some \$3 billion, I believe, at last estimate, in terms of investment to the bases. That is where members of the Canadian Armed Forces and their families live, train, and prepare for our operational requirements.

With respect to some of the procurements that are ongoing, though, I will defer to Associate Minister Findlay to respond.

Hon. Kerry-Lynne D. Findlay (Associate Minister of National Defence): Thank you.

The fact is that the department has a long and successful history of handling complex and difficult procurement files. In 2011-12 alone we generated over 10,000 defence contracts.

Mr. Jack Harris: May I interrupt, as we only have 10 minutes here.

The projects are not on schedule. That's the point. Your documents say that 90% of the projects are on schedule. I've listed almost 10 of them, well-known projects, that are way behind schedule, so how can you claim a 90% rate of success? That doesn't make any sense.

Hon. Kerry-Lynne D. Findlay: As I just said, we've generated over 10,000 defence contracts through Public Works.

There are many examples of successful large capability procurements, including: the arrival of Canada's 17th and final CC-130J Hercules aircraft, which was on budget and ahead of schedule; major investments in the LAV III upgrade project, including on-schedule delivery; the successful maiden test flight of Canada's first Chinook F-model helicopter, scheduled to be delivered in June 2013; and the ongoing modernization of our frigates, which is a highly complex program to equip over 12 Halifax-class frigates.

•(1615)

Mr. Jack Harris: Minister, we are aware there are ongoing projects, but you haven't answered the question. If I may, I'd like to move to something else, given the time I have.

One question that's been arising since 2007 is the pension for reservists. Some 21,000 reservists are entitled to a pension, according to the 2007 legislation brought in under this government's watch. As of two years ago, there were over 9,000 individuals backlogged, and only 4% of them had been dealt with.

Minister, can you tell me whether that backlog has been cleared? If not, how many are left of the 9,000 who haven't been backlogged? When are reservists going to see the pensions they're entitled to?

Hon. Peter MacKay: I'd be pleased to give you the specifics of that, Mr. Harris. You would be the first to acknowledge that it was this government that made pensions available to reservists, whereas they previously were not. There was some catching up to do. There was a fair bit of work administratively to put in place a pension plan that will in fact compensate reservists fairly and provide the pensions they deserve.

I'm told by our military personnel that the work is ongoing. We'd be pleased to provide you with a comprehensive briefing if you desire.

Mr. Jack Harris: That would certainly be desired. Perhaps we can arrange a briefing to the committee at the first opportunity. I'd certainly appreciate that.

Mr. Minister, you mentioned SAR as an area you're concerned about. We have, of course, the Auditor General's report saying that your government doesn't have a plan—in fact, there's been no plan put in place since 1986, a strategic plan—that there are not enough

aircraft, not enough crews, not enough training, essentially suggesting the sustainability of the system is in question.

Is your government prepared to put a greater amount of money, a greater percentage of your budget, into search and rescue?

Hon. Peter MacKay: Well, in fact it's what we're doing, Mr. Chair.

Mr. Harris, you would know that the announcement that was made this spring, just a few weeks ago, focused specifically on ensuring that we continue to make necessary—I'd be the first to acknowledge—investments in equipment and in terms of the readiness, the procurements you've already mentioned that are ongoing. Much of this is going to require a greater coordination, hence the quadrennial review, which is meant to bring all of the participants and stakeholders of SAR around the table. This process has now commenced. It will run over the next number of months. It will allow us to have a deep dive into what the necessary investments are to reach that important sustainability which the Auditor General spoke of.

He did, you will know, say that search and rescue is working, and we have, in fact, one of the best search and rescue systems in the world, given the size of our country, our coastline. Twenty thousand people access our search and rescue system just at the federal level, and there is, of course, responsibility for provincial ground search and rescue.

It's bringing everybody together, making more investments in modern technology, including the use of satellites, where we have announced investments, more beacons. A lot can be done on the prevention side, so a public education component will be part of this quadrennial review, in addition, as you mentioned, to investments in both personnel and equipment, the enablers for search and rescue.

Mr. Jack Harris: Minister, I don't see new investments in this budget line, but I do see a decrease, for example, in the contribution to the search and rescue new initiatives fund over the last two years of \$1.7 million. Although we do see support for the Civil Air Search and Rescue Association, CASARA, I note that the ground search and rescue crew, representing 10,000 active volunteers across the country, are complaining that they can't get support from your government as part of the important role they play in search and rescue. Although it's ground search and rescue, you are the national coordinator for search and rescue in Canada, and we don't see any support for that in this budget or from your government.

Hon. Peter MacKay: You must be missing something, then, Mr. Harris, because we just announced—in fact I just announced in your province—almost \$1 million in support of ground search and rescue. There is a national program that is specifically designed to support the provincial responsibility of ground search and rescue, but it is for stakeholders, volunteers, those organizations that do perform the ground search and rescue task. So there has been money, I believe \$4 million, very recently announced nationally to address that exact scenario you've described.

• (1620)

Mr. Jack Harris: But that \$4 million is from the existing search and rescue new initiatives fund, which has been around for a long time and is not new money at all.

Hon. Peter MacKay: Is it new money this year for ground search and rescue? Yes.

Mr. Jack Harris: Mr. Chair, there are a couple of documents that would be quite useful to this committee that would give us information on the plans of the department. One is the National Defence investment plan, referred to on page 14 of the report on plans and priorities, and the other is the national procurement budget, which is referred to on page 19 of the report on plans and priorities.

Would you be prepared to table both of those documents with this committee?

Hon. Peter MacKay: Possibly.

Mr. Jack Harris: Possibly. What's your problem with that? These are documents that are required, in the one case, by Treasury Board policy on investment planning, and it's referred to in your document as your government's plan. We do have a situation where our parliamentary system has been criticized strongly for having a lack of ability to hold the government to account because we don't have the kind of transparency that's required to allow parliamentarians, and this committee in particular, to monitor and hold the government to account on these plans.

You're hesitant for some reason. Can you tell us why that's the case?

Hon. Peter MacKay: Mr. Chair, I will endeavour to give this committee whatever is legally permissible. Keeping in mind national security interests, I'd be pleased to provide information requested by this committee.

The Chair: Thank you, your time has just expired.

Mr. Strahl, you have the next 10 minutes.

Mr. Mark Strahl (Chilliwack—Fraser Canyon, CPC): Thank you very much, and I'll be sharing my time with Mr. Opitz.

I do want to take a brief moment, Mr. Chair, to extend our best wishes to our colleague Mr. Brahma as he recovers in hospital. I'm sure he'll be reading these transcripts and listening in, so we want to wish him a full and complete recovery as soon as possible.

I also certainly want to welcome a fellow British Columbian, the honourable Minister Findlay, to the table here. I wanted to ask more about the LAV III procurement. As the minister said, it's become the army's workhorse. Certainly, it played a key role in allowing our forces to operate in Afghanistan with a higher degree of safety than

some of the smaller vehicles that initially accompanied our troops when they went to Afghanistan. Unfortunately, we also know that a lot of Canadians died in accidents involving these vehicles. We know the modern battlefield has an ever-growing threat of IEDs and other threats.

Regarding the LAV III upgrade project, the main estimates show that National Defence has requested \$299.6 million for this project. Could you explain where we are in the procurement process, as well as what this project will provide for our army?

Hon. Kerry-Lynne D. Findlay: Thank you for your question.

You're quite correct that the modern battlefield is continually evolving and tragically has become a more dangerous place. Canada has embarked on an overall fleet renewal for the army and upgrading the LAV III is certainly a key part of that renewal. We are taking lessons learned in Afghanistan and elsewhere, embracing new technologies, upgrading the fleet. The upgraded fleet will offer much more protection to the troops, and provide them with additional firepower to successfully complete their missions.

On October 20, 2011, an implementation contract was awarded to General Dynamics Land Systems-Canada to upgrade these vehicles. We accepted delivery of the first upgraded vehicle on January 24 of this year. Initial operational capability is scheduled for later this year. The next steps will be to conduct a comprehensive test and evaluation program to ensure their performance and put in place the necessary logistic support to allow fielding to operational units this fall.

We expect that all 550 LAV IIIs will be upgraded by 2018. The last upgrade project is capitalizing on existing and evolving technology to improve the vehicle's mobility system and the weapons system, in addition to installing more armour.

I'm told that early indications are showing, and we have heard this, that the upgrades are proving more effective than first imagined, and that's certainly a very positive development. To date, the project is on budget and on schedule. Canada's light armoured vehicle III, LAV III, fleet, has served the Canadian Armed Forces in Afghanistan and other areas of operation well. With the upgrades, they will be state-of-the-art combat vehicles that will be used to transport infantry on the battlefield, while providing defence and protection and firepower.

Ultimately, we are using proven Canadian technology and workers to provide a better, safer workhorse—I think you used that phrase—for our army. The total projected cost to deliver the 550 upgraded LAV IIIs is \$1.32 billion.

• (1625)

The Chair: Thank you.

I want to point out that the bells are ringing. Standing Order 115 (5) stipulates that I should suspend the meeting unless there is unanimous consent to extend the sitting. I'd suggest that we extend to allow this round of questioning to finish for Mr. Strahl, Mr. Opitz, and Mr. MacKay. We would extend for roughly 16 minutes. Is it agreed?

Some hon. members: Agreed.

The Chair: Mr. Strahl.

Mr. Mark Strahl: How much time do I have?

The Chair: You've used four minutes.

Mr. Mark Strahl: Okay, I'll give the rest of my time to Mr. Opitz.

Mr. Ted Opitz (Etobicoke Centre, CPC): Thank you, Mr. Strahl.

Thank you, Ministers, for both being here today.

Minister Findlay, I'm a former user of the LAV. It's an outstanding piece of kit that has done wonders for our soldiers. It's an amazing piece of equipment. I know with the upgrades it is going to offer far more protection.

Minister MacKay, you are absolutely right. After decades of neglect of this military, which I lived through, this military is in better shape than it's ever been. I know the troops and the equipment, and all the things that we're putting into place is not easy but it's happening and it's getting there. When you're done and all these pieces fall into place, I'm sure it is going to be a top-notch military, as we are.

Minister, I'd like to talk to you about our navy. Our navy has been doing some outstanding work in the Caribbean and the Arabian Sea with respect to illegal drug seizures, which has been in the news a lot recently. I think every member in the room is concerned about the impact of illegal drugs on our communities. I know our navy plays an important role in keeping those drugs off the streets.

HMCS *Toronto* has been tasked to work with the anti-terrorism task force. We have had other ships involved in seizures in these areas and others.

Sir, would you be able to tell us a little bit more about the work of the Royal Canadian Navy in this particular regard?

Hon. Peter MacKay: Thank you very much, Mr. Opitz. Before I do that I want to again thank you for your service. You are sitting at this committee table with tremendous practical and operational experience. You've been deployed, so your international perspective is also greatly appreciated and valued.

You are absolutely right. The Royal Canadian Navy have done outstanding work. They really bring the shine to our country when it comes to our contributions internationally, particularly when it comes to counter-narcotics. The *Toronto* in particular, as you mentioned, is part of a Combined Task Force 150, a multinational maritime task force that is tasked specifically with combatting terrorism in the Red Sea, the Gulf of Aden, the Indian Ocean, and the Gulf of Oman, yet they are there as part of a coalition partnership promoting security, stability, and prosperity in an area that clearly requires support. It's certainly one of the world's most important shipping routes.

Very recently, just this month, HMCS *Toronto* successfully disrupted her third narcotics shipment. In fact, it was the third seizure in six weeks in the Indian Ocean. The sailors and the captain of HMCS *Toronto* are to be commended for their seizure and recovery of tonnes of narcotics that were eventually destroyed.

As you mentioned, sir, the seizure will deter and deny terrorists the funding that is often at the root of these narcotics shipments. It's also an important fact that this keeps hard-core drugs off the streets

of our cities in Canada, in North America, and around the world. That is an invaluable fact and a benefit of the work that HMCS *Toronto* and previous Canadian ships have been involved in.

This important work is valued by our allies. It is demonstrative of Canada's desire to support security internationally. As I mentioned, in terms of the amount of traffic, and I mean legitimate traffic moving on the water coming to North America, keeping these shipping lanes open is certainly vital. We just celebrated the anniversary of the Battle of the Atlantic. We know that the important work done during the Battle of the Atlantic was very much about keeping the supply lanes open to Europe.

This is in the same vein, in keeping with that same tradition of contribution by the Canadian Navy to ensure the free flow and passage of goods between Canada and our allies, and Canada and our trading partners.

• (1630)

Mr. Ted Opitz: Minister, training with other nations is always something that's very important to our forces. I think it's a key factor in seamless operations, whether it's with NATO, NORAD, or counter-terrorism task forces, because that experience is invaluable for our troops and other troops in the familiarity with one another.

Last summer there was a major exercise in the Pacific called RIMPAC that involved maritime, air, and land participation. Canada participated with air and naval assets, as well as infantry officers—may I add a “hoowa” to that.

Minister, you observed these exercises. Can you perhaps give the committee some information on the exercise and how in your opinion it contributes to the readiness of our forces to participate in these joint missions around the world?

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

In addition to the practical work that's done in places like the Gulf of Aden and the Horn of Africa, we have contributed practically to naval operations exercises, counter-narcotics in the Caribbean, and in training as well.

You mentioned RIMPAC, which is the largest military exercise in the Pacific. It involves some 1,400 Canadian sailors, soldiers, infantry, and members of the Canadian Air Force. The exercise this year involved 22 nations and some 25,000 personnel overall in the week-long exercise.

Canada this year played a very important leadership role in the exercise. Rear-Admiral Lloyd was the deputy commander of the total exercise. Brigadier-General Mike Hood was the air component commander. Other key command positions were held by Canadians, including then Commodore Pete Ellis, who commanded the amphibious task force. Captain (Navy) Dermot Mulholland was the sea combat commander, and Lieutenant-Colonel Wayne Joy was the commander of the maritime patrol and reconnaissance air group.

We figured very prominently in the exercise. It provided an outstanding opportunity for Canadian Forces personnel to train with our key allies and to rebuild, and build upon, the trust and confidence that other countries have in Canada's ability.

I note that one of the highlights I witnessed at RIMPAC was the successful sinking of a decommissioned American vessel, a warship, by HMCS *Victoria*, our west coast submarine. This was an important milestone in the operationalization of our submarine fleet. Again, it is a tribute to the members of the Royal Canadian Navy for their work, their diligence, and their desire to make a difference in the world.

The Chair: Thank you. The time has expired.

Mr. McKay, you have the last 10 minutes.

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

Thank you, Minister.

The last time you were here for the main estimates, you presented main estimates of \$18.429 billion, yet in the estimates to date, the accumulation, it's gone up to \$19.3 billion. That's almost a \$1-billion difference.

Can you explain the difference between this time last year and where we are today on the 2012-13 estimates, please?

Hon. Peter MacKay: Well, Mr. McKay, you would know that year over year there is an allotment that is specifically dedicated to the Canadian Armed Forces for our annual budget. We have made decisions with respect to budget reductions based on our contribution to the overall effort to reduce the deficit to bring us back into a balanced budget in the near term.

With respect to the specific budgetary allotments, they are before you in the form of the main estimates.

Hon. John McKay: This isn't a decrease; this is an increase. The difference between the main estimates this time last year and what has accumulated to date, it's almost \$1 billion more.

There has to be some explanation; I just don't know what it is.

• (1635)

Hon. Peter MacKay: Can you tell me again the specific figure that you're referring to?

Hon. John McKay: The main estimates of 2012-13 were for \$18.429 billion. In the estimates today, it's \$19.3 billion.

Hon. Peter MacKay: Mr. McKay, the monetary amount you're referring to that appears as an increase is attributable to the case of Queen and Manuge, which comes out to almost \$900 million. That is being paid out, as you know, in various allotments.

I can point to those figures, but that accounts for that.

Hon. John McKay: No, that's fine. It just jumped out at me as a discrepancy that didn't seem to....

I know that the government's mantra is that we're trying to get this budget down to \$17 billion or \$18 billion, and this doesn't make any sense.

Hon. Peter MacKay: That's a one-time payment.

Hon. John McKay: Yes.

Effectively, we should be looking at going from \$18.4 billion down to \$16.6 billion; in other words, a \$1.8-billion drop from 2012-13 to 2013-14.

Is that fair?

Hon. Peter MacKay: Yes, those are the figures.

Hon. John McKay: Okay.

The next page has to do with how you're going to do it. I'm looking at readiness—these are my numbers here, just rough figures—and it looks like you're taking about \$844 million out of readiness.

Is that a reasonable assumption? Is that correct?

Hon. Peter MacKay: I wouldn't describe it as taking it out of readiness, Mr. McKay. I would suggest that we have looked across the board at ways in which we can find efficiencies and reduce spending that can be done more effectively.

On the issue with respect to personnel, you are seeing reflected in these main estimates a move away from, in some cases, reservists who had been called up to full-time service and who will now be returning to that part-time service.

Hon. John McKay: Are the moves from full-time to reserve in these readiness numbers, or are they in separate locations?

Hon. Peter MacKay: That would be reflected partly in readiness, yes.

Hon. John McKay: You may not like the phrasing of taking \$1 billion out of readiness, but the bottom line is that you either had to run lean and mean last year or you're running lean and mean this year. You can't have it both ways.

For better understanding of these numbers, it appears that land is coming down by roughly \$247 million. Joint and common readiness, which I assume is working with our partners, our allies, is about \$171 million. Maritime readiness is coming down \$242 million, and aerospace about \$184 million.

Does that sound right to you?

Hon. Peter MacKay: Again, those figures reflect a reality that we are no longer in a combat mission. We are no longer performing the same degree of deployed operations that certainly accounted for much of the spending when it came to the issue of readiness. We are returning to what the head of the army, who appeared before this committee, would describe as a more steady state.

Hon. John McKay: I don't want to quibble with you, but the difference between this year and last year in terms of our engagement is not substantial, certainly not on the maritime front, on the aerospace front, and certainly not on the joint and common front.

If I take the number of \$1.8 billion as your drop number and take out \$844 million of readiness, I'm down to \$1 billion in other savings.

Is that somewhere close to correct?

Hon. Peter MacKay: That is close to correct, yes.

Hon. John McKay: Can you point to me how this would tie into General Leslie's report?

Hon. Peter MacKay: General Leslie's report is one of many reports we have in the Department of National Defence that we've considered. That report is some three or four years old now, I believe.

Hon. John McKay: General Leslie's core point is more tooth, less tail. It seems to me, certainly on the readiness front, that tooth has taken about half the hit here.

Hon. Peter MacKay: Not at all. You're completely incorrect, Mr. McKay.

We've in fact taken steps that I would suggest have certainly supported our effort to be more operationally capable. Because of the numerous investments that we've just discussed in terms of equipment, we've become a more capable, more ready, and certainly more deployable Canadian Forces.

•(1640)

Hon. John McKay: Your next number is on continental peace, stability and security. Is that NORAD?

Hon. Peter MacKay: Continental peace and security.

Where are you reading this from?

Hon. John McKay: I'm about halfway down the page of the main estimates.

Hon. Peter MacKay: Yes, it would be.

Hon. John McKay: So that would be NORAD.

Again, if I'm reading it right, between 2011-12 and 2013-14, we're dropping about \$22 million on NORAD.

Hon. Peter MacKay: Yes, that's correct.

Hon. John McKay: What is it that we're not doing at NORAD that we were doing at NORAD?

Hon. Peter MacKay: I would suggest that we're doing the same at NORAD, but we're perhaps not dedicating the same number of personnel.

Hon. John McKay: So it's fewer personnel.

Are there any other contributions that we're not making to NORAD that we were in previous years?

Hon. Peter MacKay: I'm going to let the Vice Chief of the Defence Staff, Mr. Donaldson, respond.

The Chair: Admiral.

VAdm Bruce Donaldson (Vice Chief of the Defence Staff, Department of National Defence): Thank you, Mr. Chair. Thank you, Mr. McKay.

It relates to how we're managing some of the maintenance and repair on the north warning system. It relates to a couple of the other financial obligations we have with NORAD and how we're phasing them. It's part of the strategic review divestment. Some of the other comments that you've been discussing on readiness are related to the strategic review divestments as well. These are activities that are low performing and low priority that we actually identified for this—

Hon. John McKay: Are we slotting readiness into NORAD, or is NORAD a discrete component here?

VAdm Bruce Donaldson: If I may, the way the numbers are allocated here is against activities. A lot of it is captured under those broad activities of readiness.

Hon. John McKay: Therefore, it wouldn't include taking down radar sites or putting up radar sites.

VAdm Bruce Donaldson: No.

It doesn't represent a significant change in—

Hon. John McKay: So can I assume that if you're down \$22 million, you're down \$22 million in personnel allocation?

VAdm Bruce Donaldson: That is \$22 million in cost of maintenance operations by changing the maintenance schedule and maintenance techniques. Particularly in the north, it's actually very expensive to do that work, and we're trying to be smarter about doing that.

Hon. John McKay: Yes.

You show a drop in defence team personnel support under the category of "Care and Support to the Canadian Forces and Contribution to Canadian Society".

As you know, Minister, we are doing a study on care of personnel. It drops from \$1 billion to \$690 million, so just a touch over \$1 billion to just a touch under \$700 million. That seems like a pretty significant drop in defence team personnel support.

Can you explain what that means?

Hon. Peter MacKay: Sure.

Again, Mr. McKay, when we're looking at defence personnel support, that would include such things as contract employees. It would include, in some cases, changes in the role that was being filled by a reservist versus a full-time employee. The defence team personnel support touches on a broad range of activities. It is not confined solely to personnel support for medical...necessarily.

Hon. John McKay: Okay, so this might actually feed into General Leslie's commentary about too many contractors and not enough soldiers.

Hon. Peter MacKay: We've taken significant steps, as you know, to reduce contracts.

Mr. Jean-François Larose (Repentigny, NDP): Mr. Chair, on a point of order, considering the fact that we need clarity and transparency, this is billions of dollars, and every time we have the minister here we always have a short period of time. It's either an hour...and so on and so forth. It gets frustrating. I think the taxpayers and the military deserve to have more time with the minister.

We appreciate that the minister is here, but we need more time. Is it possible on scheduling, before September, for the minister to come back, considering that I don't think we want to wait until Christmas to talk about billions of dollars?

The Chair: What I had was an agreement to extend the session to allow Mr. McKay to finish off his questioning.

We will entertain that and talk about that at another time.

I want to thank Minister MacKay and Minister Findlay for appearing.

Hon. John McKay: Did I run out of time?

The Chair: Yes, your time is up. You're over 10 minutes.

Mr. Jack Harris: Are we coming back for another round?

The Chair: I think by the time we get back, there will be only about 15 minutes left on the clock, and I know the ministers won't be available. They have a cabinet responsibility which they have to be at.

I am going to suggest to our other witnesses, Mr. Lindsey, Mr. Martin, Rear-Admiral Finn, and Vice-Admiral Donaldson, that they

be available next week possibly to come back to finish off the estimates. Probably on the 29th we'll have time on our schedule for that, for at least one hour.

With that, I want to thank you all.

The meeting is adjourned.

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