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The Honourable Peter Kent

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•(1530)

[English]

The Chair (Hon. Peter Kent (Thornhill, CPC)): Good afternoon, colleagues.

Pursuant to Standing Order 81(5), we're considering supplementary estimates (B) for 2014-15, vote 1b under Communications Security Establishment, vote 1b under Military Police Complaints Commission, and votes 1b and 10b under National Defence, referred to this committee on Wednesday, November 5, 2014.

With us today is the Minister of National Defence, the Honourable Rob Nicholson, PC, MP.

Minister, thank you very much for being with us today.

As witnesses, from the Department of National Defence, we have Richard Fadden, Deputy Minister; Lieutenant-General Guy Thibault, vice chief of the defence staff; Rear-Admiral Patrick Finn, chief of staff of the materiel group; Kevin Lindsey, assistant deputy minister, chief financial officer; and Jaime Pitfield, assistant deputy minister, infrastructure and environment.

From the Communications Security Establishment, we have John Forster, deputy head and chief.

Mr. Nicholson, please make your opening remarks, sir.

The Honourable Rob Nicholson (Minister of National Defence): Thank you very much, Mr. Chair. It's an honour for me to be here today to discuss the supplementary estimates (B) for the year 2014-15.

I am joined today by Mr. Richard Fadden, deputy minister of National Defence; Mr. John Forster, chief of the Communications Security Establishment; Lieutenant-General Guy Thibault, vice chief of the defence staff; Mr. Kevin Lindsey, assistant deputy minister of finance and corporate services; and Rear-Admiral Patrick Finn, chief of staff of the materiel group.

Let me start by saying that I remain greatly impressed by the work of the Canadian Armed Forces and the employees of the Department of National Defence every single day. The entire defence team does incredible work on behalf of Canada. The unique challenges of such a large department are obvious. The breadth of our responsibilities and the efforts they require can be extremely complex.

Mr. Chair, let me turn to the specifics of supplementary estimates (B) before us today. I assure you that National Defence continues to exercise strong fiscal management and careful stewardship of its resources. As such, we are maximizing the use of every dollar,

making concerted efforts to support the government's goal of returning to a balanced budget in 2015.

In supplementary estimates, we are requesting just over \$913 million in new appropriations. At the heart of these estimates is the government's continuing commitment to ensure that the men and women of the Canadian Armed Forces have the right equipment to do the difficult tasks they are asked to perform. Of this amount, \$652 million will go to the sustainment and operational readiness of the Canadian Armed Forces in support of the ongoing implementation of our foundational defence policy, the Canada First defence strategy.

This amount includes the following: sustaining the operational requirements of the Chinook helicopter; modernizing our fleet of Halifax-class frigates and Victoria-class submarines; Aurora maritime patrol aircraft; light armoured vehicles; infrastructure, maintenance, and repair; training; and personnel support.

In addition, National Defence is playing its rightful part as custodians of the environment. We are requesting funding of \$55 million related to the assessment, management, and remediation of federal contaminated sites to be carried out under the federal contaminated sites action plan. We're also requesting \$15 million in funding for the reinvestment of revenues from the sale or transfer of real property. This relates to the reinvestment of revenues from the sale of the Downsview Park and Stanley Greene properties in Toronto.

Mr. Chair, another important item regards a new program for which we are asking funding of approximately \$700,000. This is the compensation for employers of reservists program.

[Translation]

Reservists are playing a larger role in meeting the operational needs and challenges of the Canadian Armed Forces.

[English]

We rely on the support of employers and the business community when their reservist employees are released for military duty. Employers, of course, wish to support their employees as they serve Canada, but it has become clear that some form of compensation is necessary. In budget 2012, the government announced that it would create a new program to help offset employers' costs, and the compensation for employers of reservists program delivers on that commitment.

Mr. Chair, of the funds requested, we are offsetting \$37 million in net transfers with other government departments. The bulk of this, \$28.6 million, is for the assessment, management, and remediation of federal contaminated sites. Other transfers to National Defence involve funds for research, as well as science and technology support and logistical services. This reduces our total request for new funding to \$876 million. If approved, these funds would raise the authorities of the department to roughly \$19.8 billion to date, up from approximately \$18.9 billion.

Mr. Chair, as I described, the majority of this new funding will go towards sustainment and the operational readiness of the Canadian Armed Forces in support of the implementation of the Canada First defence strategy, and would allow us to support new operations. Indeed, the turmoil that we see in both Ukraine and Iraq amply demonstrates the strong need for the Canadian Armed Forces to be ready to answer the call of duty and to contribute to international peace and stability.

● (1535)

These two international conflicts have prompted two major Canadian Armed Forces operations. Operation Reassurance supports NATO assurance measures in Europe through the provision of military capabilities for training, exercises, demonstrations, and assigned NATO tasks, in response to the Putin regime's military aggression in the region. Canadian Armed Forces are contributing to operational planning at Supreme Headquarters Allied Powers Europe, and our soldiers have routinely taken part in NATO training exercises to strengthen interoperability with our NATO allies.

As you know, HMCS *Toronto* is currently operating under Standing NATO Maritime Group 2 in the Mediterranean Sea, and the air task force is deployed to Lithuania, helping to safeguard NATO European airspace under the Baltic air policing mission.

These activities are in addition to providing financial, humanitarian, and non-lethal military support. Mr. Chair, this year, we have also witnessed the emergence of the Islamic State of Iraq and the Levant, or ISIL, which is a clear threat to local, regional, and international security. This terrorist group represents a direct threat. They have issued calls for targeted attacks against several countries, including Canada.

Several months ago, we made the decision that we could not simply stand by. The government announced our participation in Operation Impact, the Canadian Armed Forces support to the international coalition assisting security forces in the Republic of Iraq fighting against ISIL. Canada has contributed six CF-18 Hornets, two CP-140 Auroras, and one Polaris aerial refueller to aid in air strikes aimed at destroying ISIL's infrastructure and equipment, denying the terrorists the military means to attack Iraqi security forces or coalition assets.

Canada has already conducted several successful missions, which have significantly reduced ISIL's military capabilities. Additionally, almost 600 Canadian Armed Forces personnel are deployed on Operation Impact, contributing to the air strikes, as well as through support elements such as command and control, medical personnel, and logistics. Canada has provided more than \$28 million to respond to humanitarian needs in Iraq, and we will continue to monitor and

assess the situation and provide further assistance alongside our allies as needed.

Mr. Chair, there will be incremental costs to this mission, as there are for any mission. We will report the exact costs for Operation Impact through existing Parliamentary mechanisms once they are finalized. But as reports from Human Rights Watch and others show, there is a human cost to doing nothing. This terrorist group is committing mass atrocities, including the abduction, torture, and enslaving of innocent women and children. I know that our men and women in uniform will continue to demonstrate operational excellence as Canada stands with our coalition partners against the violence of ISIL.

I can assure you that as we move forward in this fiscal year, the department will continue to monitor our fiscal requirements, continue to ensure value for taxpayer dollars, and continue to serve the people of Canada to the highest possible standard, while keeping our country safe.

● (1540)

[*Translation*]

I am sure the committee will have questions on the specifics of this supplementary estimates package, and I would be pleased to answer them.

[*English*]

Thank you very much.

The Chair: Thank you very much, Minister.

We'll proceed now to our first round of questions, with seven-minute slots.

Mr. Norlock, please.

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Thank you very much, Mr. Chair, and through you to the witnesses, especially the minister.

Minister, thank you for attending today. My first question is going to be very broad-based.

In the estimates, there are numerous initiatives being funded that fall under the Canada First defence strategy. Can you outline how these funding initiatives help contribute to the goals of the Canada First defence strategy and how they contribute to the readiness of the Canadian Armed Forces?

Hon. Rob Nicholson: Well, you hit it right on the head, Mr. Norlock, in the sense that this contributes to our capabilities, and it gives us the opportunity to intervene and support those activities that we support. When you have flooding in Alberta as well as international operations, it's very important that we have the capability. We have to ensure that we have the personnel in place and that we have the capability. That includes, of course, the proper equipment to be able to do this.

We understand and recognize that the sovereignty of Canada and the protection of Canada is our number one responsibility. We have a responsibility as well to North American safety and security, and we work with the United States, Mexico, and other allies to ensure that. Part of this as well is our capability to involve ourselves when necessary in international operations. In my opening remarks, I referred to two of them that we are involved with at the present time.

Thank you for the question. The Canada First defence strategy is the core of what we are all about, what we are doing, and what we hope to continue to do.

Mr. Rick Norlock: Thank you very much, Minister.

In 2013-14, the government acquired 15 new Chinook helicopters. These estimates will see funding for operational sustainment of the Chinooks. What value do they provide to the Canadian Forces? How do they contribute to the Canada First defence strategy?

Hon. Rob Nicholson: Being able to respond to disasters at home is a key part of the Canada First defence strategy, and as the tactical medium-to-heavy-lift helicopter, the Chinooks' main role will be to rapidly move ground forces and equipment to areas that may be difficult or dangerous to access. The older version of the Chinooks, as you may be aware, has proven its capabilities in Afghanistan, among other places, and the newer ones will only be better, in the sense that there will be upgraded technology.

You did point out that there is \$115 million that will be funding for the operational sustainment of the Chinooks. In previous budgets and estimates, the costs of doing those constructions were a part of that, but this will be the sustainment cost. It's absolutely vital, and it goes back to what I was saying about capability. We have to have complete capability, or to the extent possible for our country, and I think this is an important part of that. I think they're a tremendous asset for the armed forces.

Mr. Rick Norlock: Minister, I'd like to move to the navy and the Halifax-class frigates, which are the backbone of our navy. They've been critical to the defence of our coastal waters and continue to contribute to missions abroad. The modernization will further enhance these capabilities. Can you outline for us what we're doing to modernize these frigates?

Hon. Rob Nicholson: We are doing quite a bit, Mr. Norlock, and I was very pleased to be in Halifax yesterday to initiate the HMCS *Fredericton* and to get word that the ship is now completely operational and has passed all the necessary steps.

This is part of an ongoing effort we have made to update these ships. They were commissioned for the most part in the 1980s. I remember with pride being in Toronto for the christening of the HMCS *Toronto* back in 1993, and I remember at the time how impressed I was with how operationally capable and modern these were. As you know, a lot has changed in technology in the last 20 or 25 years, so I was very pleased yesterday to have a relatively quick tour of the HMCS *Montreal* to see all the different technological improvements they have made, and it was very impressive.

One of the things you get when you talk with the members of our navy, and indeed other parts of the armed forces, is how proud they are and how pleased they are to get this kind of update. They told me they believe this is state of the art, not just with respect to Canada but

in the world. Countries like New Zealand are entering into contracts for upgrades similar to those we have already undertaken, and that really gives you a great feeling about the navy and what we are capable of. When you see how pleased those men and women who are on the front line are with this, it reinforces the feeling in all of us that these were very worthwhile investments by Canada.

● (1545)

Mr. Rick Norlock: Thank you very much, Minister. I can attest that if you want to maintain esprit de corps, you have to provide the necessary equipment to do so, and I think we're well on the way.

I wonder if since we've dealt with Chinooks and gone to boats, we can go back to some aircraft. Of course the proven capabilities of the Aurora have served the Royal Canadian Air Force very well in recent years. While they're getting up in age, they continue to be world class, and notably, are contributing to the battle against ISIL in Iraq.

The Chair: Keep your question brief, please, Mr. Norlock.

Mr. Rick Norlock: They also have the ability to provide reconnaissance and surveillance.

Can you tell us the funding estimates with regard to the Auroras and what they will contribute to?

Hon. Rob Nicholson: They are part of this effort we have undertaken to get the Auroras, in a sense, to be like new, to be as up to date as possible. You quite correctly pointed out that they play a vital role in reconnaissance and surveillance with respect to Operation Impact, and this will contribute to the modernization program that was announced. In 2014 we announced the restoration of four additional Aurora aircraft so that we will completely update their configuration, which will go towards making sure we have the capability not just within the navy but within the air force as well.

The Chair: Thank you very much, Minister.

Mr. Chisholm, go ahead, please.

Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP): Thank you, Mr. Chair.

Mr. Minister, thank you very much for being here today and thanks to the senior staff who are here with you.

We're here to talk about the supplementary estimates (B). I must tell you I was interested in hearing whether or not you were going to be increasing the supplementary estimates (B), or otherwise, what you were estimating in terms of the cost of our participation in Operation Impact. You've outlined what we're looking at: six CF-18 Hornets, two CP-140 Auroras, one CC-150T Polaris aerial refueller, 600 Canadian armed forces, and on and on. For a couple of months now we've been asking for the cost. We understand, according to General Tom Lawson, Chief of the Defence Staff, that an estimate has been provided to cabinet. On November 24 the parliamentary secretary Mr. Bezan told us that government plans to release a copy of the cost estimate today—

Mr. James Bezan (Selkirk—Interlake, CPC): On a point of order, Mr. Chairman, that was a mischaracterization of my words. If you actually review the transcript from CBC, my comments were that there would probably be questions to the minister on the cost of Operation Impact, not that we'd release anything. That was a characterization by Evan Solomon that was wrong.

• (1550)

The Chair: Continue your question, Mr. Chisholm.

Mr. Robert Chisholm: Thank you, Mr. Chairman.

I'd like to ask the minister if he plans to give us an indication of how or whether the supplemental estimates (B) will be increased. Will he tell us at all about the additional costs that will be incurred as a result of participation in this operation? What can we expect to hear from him and his department?

Hon. Rob Nicholson: The supplementary estimates (B) don't include the incremental costs of Operation Impact. They will be reported in the normal way. Usually, within 90 days of the completion of a mission the costs are tabled.

We initiated this six-month mission around the first week of October, so that we've been in it about six to seven weeks now. I've been very pleased with the results. This is a six-month mission, and when the costs are known we will table them in the usual way. There are no plans to start amending the (B) estimates. I don't think that would actually be the place for it.

Mr. Robert Chisholm: Can you tell us whether you have a cost estimate of the operation so that you can give us some idea of the confidence level that you have in relation to that?

I mean, the American president, when he announced their participation in this operation, was able to tell the American public an estimate of about \$7.5 million a day. That was back on August 29. I don't understand why members of this committee...or Canadians, for that matter. It's a big deal. You've said it yourself, and I certainly agree with you. We'd like to know, frankly, what we're looking at.

What are you setting aside in terms of the costs, or are we just going to go ahead and participate and pay as she goes?

Hon. Rob Nicholson: Again, there are incremental costs. There are many fixed costs, of course, with respect to the equipment we have and the personnel we are deploying. We will make those costs known when they are known. It's a little difficult to project in five months what we will do. Many times it's in terms of how many missions they fly. It's an ongoing effort.

I'd point out, Mr. Chisholm, that there is a huge human cost if we don't participate. The daily atrocities by ISIL that we're made aware of, the atrocities against men, women, and children, are...I hesitate to use the word "unprecedented", but they are as bad as anything we've seen.

So yes, there will be costs to the Canadian military that are not part of the supplementary estimates (B), but they will be part of future costs. I believe Canadians will be supportive of the costs of this mission, because Canadians support this mission and understand what it's all about. They understand the human cost, too, if we did not get involved.

Mr. Robert Chisholm: Mr. Chairman, I don't think there's any question that Canadians have concerns about the costs, all the costs—the human costs, the costs to the treasury, the costs to the taxpayer. Certainly the people in Dartmouth—Cole Harbour are asking me why the government is not coming clean with what this will cost us. You've talked about the human costs, and I don't dispute that, but we lay out budgets for everything in this government.

Are you not confident, Mr. Minister, with the estimates that have been provided to you? We know they've been provided to you; your chief of staff has said so. Are you not confident with the estimates that have been provided by the Department of Defence?

Hon. Rob Nicholson: I'm confident in everything that's provided to me by the department and the members of our armed forces. To your constituent who is concerned about the costs of this, I would point out to him or her the human costs of not doing anything in this area. I would indicate to him that to be exact at the beginning of a mission, to be exact on what a mission will cost, is always challenging. We have to be able to adapt. We'll go forward, and you can tell him that we will report it in the usual way.

Mr. Robert Chisholm: Mr. Minister, do your officials not know what it will cost for a sortie, what it will cost to fly one of the Hornets and to drop, as you've told us in the House before, about 500 tonne bombs? Do your officials not know those costs?

• (1555)

Hon. Rob Nicholson: There are individual costs. You were talking about the costs of this mission—

Mr. Robert Chisholm: Yes.

Hon. Rob Nicholson: —and again, I'd indicated that when the mission is completed, we will make those costs known.

Mr. Robert Chisholm: I have to tell you, for people in Dartmouth—Cole Harbour, I don't think that's good enough, Mr. Minister.

Hon. Rob Nicholson: I know. I appreciate that, and I know for you, Mr. Chisholm, it must be difficult because any money we spend on this area does not have your support.

Mr. Robert Chisholm: No. I want to know. I'm conscious, Mr. Minister—

Hon. Rob Nicholson: I appreciate that.

Mr. Robert Chisholm: As a member of Parliament, I'm conscious—

Hon. Rob Nicholson: You don't like the mission and you don't support it.

Mr. Robert Chisholm: No, I'm conscious—

Hon. Rob Nicholson: I would focus on the money that would help—

Mr. Robert Chisholm: I would focus on the money that we spend and that you spend, and that's what I want to try to hold you accountable for.

The Chair: Order. Order, please. And time.

Thank you, Mr. Chisholm.

Mr. Chisu, you have seven minutes.

Mr. Corneliu Chisu (Pickering—Scarborough East, CPC): Thank you very much, Mr. Chair. Thank you very much, Minister, for your testimony, and thank you again for your leadership of the ministry and the very contained supplementary estimates (B). It is quite impressive to have the supplementary estimates so good this year.

I have seen the reservists, and as you know, they are an integral part of the Canadian Armed Forces. I served in the reserves in the air force and I know how important the reservists are for us. They are important for their units and their local communities.

Being able to balance work-life and that of the military can be very difficult. There is funding in these estimates for compensation for employers of reservists. How will this assist reservists in the difficult task they have of balancing their work and military life?

Hon. Rob Nicholson: Thank you, Mr. Chisu, for that question.

No reservist should have to choose between serving their country and keeping their full-time job. That's the bottom line. As you know, the reservists are a huge part of the support for Canada's military efforts, and we've known for decades that they are an integral, essential part of our ability to maintain the capability of our armed forces. Our reserves certainly have my support and I know your support as well.

We want to make it possible to assist businesses and institutions that have reservists deployed on full-time operational duty either domestically or abroad. We want to be able to assist them. So the package I've announced will go to those employers to help offset the costs of one or more of these reservists who are employed by them. Because we know employers are for the most part very supportive of the reservists they employ, and they too, of course, support this country and what this country stands for and the operations that we have undertaken as a nation. This is the government's way of assisting, easing that burden a bit, and it helps everybody.

The reservists, I'm sure, appreciate the support. The businesses themselves appreciate it, and indeed, all Canadians support what our reservists contribute. I know Colonel Opitz and his association with a reserve unit down near my neck of the woods. He would be an expert to be able to tell you just how important it is to have reservists and to support them in their efforts. I don't have to tell you how valuable they were in the operation in Afghanistan. I have met many reservists who tell me that they were deployed and how proud they were to serve their country. It's part of that greater story of the support of our military, and again, I was very pleased to be able to make that announcement.

Mr. Corneliu Chisu: As we know very well the training is very important for high-readiness units, and I know that in the period of darkness, we didn't have that. I served in that period when we didn't have too much attention given to training and financial support.

Lately the Canadian Armed Forces have been at a high level of readiness in recent months, being able to deploy rapidly in the Middle East and eastern Europe where our allies were in need. Is there any funding in these estimates to ensure that when a crisis strikes in the future, our armed forces will be ready to respond rapidly?

• (1600)

Hon. Rob Nicholson: Thank you for that question.

As a matter of fact, Mr. Chisu, there is \$59 million that is allocated in supplementary estimates (B) for enhanced training for high-readiness units. This ensures that the Canadian Armed Forces has the training it needs to be ready to meet the security challenges, both at home and abroad. If the last year has taught us anything, it is that we have to maintain that capability. We have to be able to respond.

I don't think any of us at this table would have been able to guess one year ago as to what we would be facing in Ukraine, eastern Europe, with ISIL, and it underscores the necessity for us to continue to invest in high capability, high readiness. I think it's entirely appropriate that we include in the supplementary estimates (B) that you have before you, that \$59 million. We will turn it over to the armed forces to ensure that they can help maintain that high level of readiness. We have to do this. The past has taught us that we have to maintain that capability, and the last year is the perfect example of what that's all about.

Mr. Corneliu Chisu: Thank you very much, Minister.

Finally, I have a question about the caring of the ill and injured. As I was deployed in Afghanistan, I know that the care of our ill and injured is a top priority for Canadians. Furthermore, caring for our ill and injured contributes to the readiness of the Canadian Armed Forces.

Can you outline for the committee if any funding in these estimates will be allocated for caring for our ill and injured soldiers?

Hon. Rob Nicholson: Mr. Chisu, there is \$22 million for the joint personnel support units, and this builds on what we are doing.

You may be aware of an announcement that I made with the Minister of Veterans Affairs a couple of days ago in Halifax. We are contributing additional funds to support our men and women in uniform who are facing the challenges you referred to, and following that through to when they become veterans, to make that transition more smooth. I'm very pleased that we have made this a priority. We have continued to hire health care professionals; we've almost doubled them since taking office. We have increased the funds substantially in that area, to work with and support them. There are more mental health professionals, greater peer group support. This is just one more component of that, which we continue to build on and continue to fund.

The Chair: Thank you, Minister.

That is your time.

Hon. Rob Nicholson: This is money that is well-invested.

The Chair: Thank you.

Ms. Murray, please, you have seven minutes.

Ms. Joyce Murray (Vancouver Quadra, Lib.): Thank you.

First, thank you, Minister, and the team with you, for being here to help us understand the deployment of taxpayer dollars through your ministry.

I was surprised that you refused to provide cost estimate information to Mr. Chisholm. The usual way, and the normal way, as evidenced by the United States and Australia, is to provide cost estimates to Parliament and the public. I do want to remind the minister that the primary responsibility of members of Parliament is to hold government to account for the expenditures of taxpayer funds. I find this a surprising stand on the part of this government.

Minister, do you have concerns that should these estimates be provided that it would be uncomfortable for the government, or would you not have the confidence that you could have an outcome that is similar to the estimated costs? Can you give us some rationale for this unusual approach?

• (1605)

Hon. Rob Nicholson: Again, there are always difficulties in trying to estimate in advance when you go into a deployment area as to what it is going to cost. I pointed out that many of the costs are fixed costs, in the sense that we own the equipment, we pay the men and women of the Canadian Armed Forces.

I've been very up front that there will be incremental costs, of course, but our testimony here is not about the deployment of taxpayers' money. It's about the deployment of Canadian men and women in uniform and making sure they have the capability and support that they need and deserve. This mission is about the human cost of doing nothing, of standing on the sidelines, which has not been a Canadian tradition or indeed a Canadian value.

Ms. Joyce Murray: Sorry to interrupt, but we already heard some of those explanations.

Hon. Rob Nicholson: I think they're very important though. They're very important to talk about.

Ms. Joyce Murray: Could the minister tell me why on the order paper for my inquiry to the ministry about the Operation Reassurance, which is not the one that the minister has already been discussing, the answer that I received to this formal application for cost estimates was this, and I'll read it:

With regard to (b), cost estimates are dynamic and evolve with the refinement of planning and operational assumptions. These estimates are updated regularly to support planning efforts and decision-making, and would therefore be inaccurate.

That's the answer I received in asking for the cost estimates, and it's insulting to the institution of Parliament and insulting to Canadians to define what a cost estimate is as something that is dynamic. Yes, we know that, so I would like to ask why with Operation Reassurance you have not authorized information to the public. Secondly, are there incremental costs for Operation Reassurance in this budget supplementary estimates (B) request, and if so, what are they?

Hon. Rob Nicholson: Again, there are supplemental costs any time we initiate a mission. We have indicated with respect to Operation Reassurance that we are going to be there, and that we are going to continue our operations. Now, for instance, we are part of the Baltic air-policing mission that is ongoing, and we are in discussions with our NATO allies as to—

Ms. Joyce Murray: Excuse me, Minister, my question was this. Are those additional costs in the supplementary request?

Hon. Rob Nicholson: Supplementary estimates (B) are the estimates you have right before you. There are no other estimates

and any other estimates for any other cost we will either have them as part of supplementary estimates (C) when that comes or they will be part of the main budget. But in what you have before you there are no additional ones than supplementary estimates (B)—

Ms. Joyce Murray: Okay, so they're not in those figures.

Hon. Rob Nicholson: I'm sure you have a list of them.

Ms. Joyce Murray: Thank you.

I have another set of questions. There is \$912 million being requested in the supplementary estimates (B) for operational expenditures. Of that \$912,672,021, how much of that is for support for soldiers and for armed force members with injuries, mental health support, and how much is for support for their families?

Hon. Rob Nicholson: I'm going to ask Kevin Lindsey here to provide some of the details of that. You may have heard in a previous answer that I gave with respect to the joint personnel support units of the money that we are putting into that. That builds on what has already been budgeted.

Ms. Joyce Murray: I'm just wondering what percentage.

Hon. Rob Nicholson: Just let me finish just for a second. These are supplementary estimates, but I'd ask Kevin Lindsey to provide some additional details.

Ms. Joyce Murray: So how much of this is for mental health and for support for families of armed forces members?

Hon. Rob Nicholson: Those estimates are included in the main estimates that you have before you.

Ms. Joyce Murray: Excuse me, this is my opportunity to ask questions. This is a supplementary additional amount that's being requested by the minister. How much of that is for mental health support and how much of that is for families of armed forces members?

Hon. Rob Nicholson: Kevin.

Mr. Kevin Lindsey (Assistant Deputy Minister, Chief Financial Officer, Department of National Defence): Thank you.

Thank you, Minister, and thank you, Mr. Chair. In these supplementary estimates, in addition to the base budget that we get through main estimates, there is an additional \$22 million in these estimates to go to the joint personnel support units to carry out a variety of support functions to personnel. Unfortunately, I don't have a breakdown of that going to mental health versus other issues with me today.

• (1610)

Ms. Joyce Murray: So for people and their problems it's what, a couple of percentage of the total amount being requested?

Hon. Rob Nicholson: It's \$22 million in addition to the main estimates.

Ms. Joyce Murray: So it's about 2%. Thank you.

I also have some questions.

The Chair: Very brief questions, Ms. Murray, please.

Ms. Joyce Murray: I'm going to ask about the Fynes Public Interest Hearing, the request for \$2.4 million. This is a family not allowed to see an interim report of the death of their family member six years ago. What would this additional funding be for? Why is the government requesting more money, and why should the family have to wait more than six years and not have closure?

The Chair: A very brief answer please, Minister.

Hon. Rob Nicholson: If you're asking me about the joint personnel support unit and why we are doing that, it's because of the record of success that it has had.

Ms. Joyce Murray: No, the minister misunderstood my question.

The Chair: We've hit time.

Ms. Joyce Murray: It was about the Fynes Public Interest Hearing.

The Chair: Ms. Murray, that's time.

Ms. Joyce Murray: The \$2.4 million—

The Chair: Ms. Murray, please, that's your time.

We'll now go to the second round of questions five-minute slots beginning with Mr. Williamson.

Mr. John Williamson (New Brunswick Southwest, CPC): Thank you, Mr. Chair.

Minister, it's good to see you and your officials here today.

I see that DND is requesting \$652 million for the "Funding for the sustainment and operational readiness of the Canadian Armed Forces, in support of the ongoing implementation of the Canada First Defence Strategy". The supplementary estimates (B) note that DND will use these funds mainly to:

...support operational readiness for Maritime, Land and Aerospace efforts. This includes incremental operational and sustainment requirements of Chinook 147's, fleet maintenance of the submarines, frigates, aircraft and light armoured vehicles, infrastructure maintenance and repair, as well as training and personnel support.

Could you explain why base funds provided to the main estimates are not sufficient to cover CAF readiness, particularly training as well as equipment infrastructure maintenance and repair, and why more funds are required for this purpose today?

Hon. Rob Nicholson: We want to make sure that we get it right, Mr. Williamson. What you saw in the main estimates are what our expectations are of the procurement costs, the cost of maintaining the services that we have, and what you have here is, I believe, an accurate indication as to what it is we are going to have to pay out to make sure that we maintain that capability and readiness that is absolutely essential for the Canadian Armed Forces. This is done through supplementary estimates and occasionally I believe sometimes there are supplementary estimates (C) as well, because we want to make sure we get it right.

Again, it underscores this government's commitment to investing in our armed forces, and to making sure that they have the equipment

they need to get the job done on behalf of this country. We expect a lot of the members of our armed forces. They have always delivered on behalf of this country, and they have delivered on behalf of people abroad, but there have to be resources put into that for them to do that. As those costs become fixed we put them into the estimates, or again, depending on when they arise, into the main estimates. I think it's important that we do this and I'm hoping that this will have the support of all members here at this committee.

Mr. John Williamson: Very good, thank you.

We talked earlier about the Halifax-class frigates and the modernization they're going through. You answered Mr. Chisu's question around that. This is a local issue. I think it's important to myself and Mr. Chisholm. It's not really so much part of the supplementary estimates, but I'd be curious to just get a broad overview of the naval shipbuilding operations in Halifax, as to how they're going, are we getting that right, and is that on track to proceed.

Hon. Rob Nicholson: I think we're getting it right and I, needless to say, I watch this very carefully. That's one of the projects that I have been very impressed with. To see the updated technology that is now a part of these modernized frigates is extremely impressive. I saw them and I was in a number of them before this was done and I had explained to me the technology that they have. I can't tell you how impressed I am to see what the new configuration looks like today, and what they are capable of. This gives Canada a world-class capability, and the Americans and others are watching very carefully what it is that we are doing there.

But to answer your question, yes, they are on track. I think it is very important, quite frankly, to Halifax that this shipbuilding continues. They've been in the business of building ships in Halifax and Nova Scotia for a very long time and this builds on that wonderful tradition they have. One of the things that I think would impress you is the number of spinoffs that there are to other businesses, to other companies, which benefit from this. So we're going to continue. The Arctic offshore patrol ships are also part of the forward planning. I was quite impressed and I believe this is all money very well worth spending.

• (1615)

The Chair: That's the end of your time, Mr. Williamson.

[Translation]

Mr. Brahmi, you have the floor.

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

Looking at the current activities of the Canadian Armed Forces overall, we see that two major operations are under way. One, Operation Reassurance, is a show of force in Ukraine, and the other, Operation Impact, is a war operation to bomb targets in Iraq. I would like the minister to explain a few things in that regard.

I want to talk about the so-called incremental, or marginal, costs resulting from the fact that our forces are deployed outside the country. I gather that the incremental costs do not appear in supplementary estimates (B). Do you plan to include those costs in supplementary estimates (C)? I will explain what I mean. Supplementary estimates (B) run until the end of December, whereas supplementary estimates (C) represent the funding and votes needed until the fiscal year ends on March 31.

[English]

Hon. Rob Nicholson: As the costs become apparent, we will report them in the usual manner. Operation Reassurance isn't directly to Ukraine. I just want to make sure that's well understood. I indicated that in the air we are part of the Baltic air-policing mission that is ongoing at the moment. We have troops in Poland. We have HMCS *Toronto* in the Mediterranean on NATO deployment, and you can be assured that for all of these costs, with these supplementary estimates, we are now at well over \$19 billion for the Canadian Armed Forces. As these costs become apparent...and I hope they're going to get your support, because we have to have these funds—

[Translation]

Mr. Tarik Brahmi: Mr. Chair, I have a question I'd like to ask.

[English]

Hon. Rob Nicholson: —so our armed forces can conduct those important missions that you just described.

[Translation]

Mr. Tarik Brahmi: Mr. Chair, may I please ask the minister a question?

He said it was not possible to provide an estimate of the costs of the air strikes in Iraq. But we carried out similar flights in Libya. I would like to know why the costs of the Libyan air strikes can't be extrapolated to produce a cost estimate for the flights in Iraq. The planes and bombs are the same, are they not? I would like the minister to provide that information.

When I am in my riding, my constituents ask me how it is that the U.S. army is able to produce a cost estimate, for instance, \$7 million per day, but the Canadian army cannot. How is it that Canada's army is unable to provide that cost estimate? Is the financial branch of Canada's army inferior to its U.S. counterpart?

[English]

Hon. Rob Nicholson: With respect to the operation that took place in Mali, all the costs were tabled, and a complete description of everything money was spent on was tabled, because the mission of course was completed. I thank you for your interest in what is taking place in Iraq. As you know, our air strike mission began about seven weeks ago and we have authorization for a six-month mission. I would reassure those people that the mission is at the beginning stage. The first quarter of the deployment is authorized by the government and supported by Parliament. You can tell them with pride that we are putting over \$19 billion, with these estimates, into

those Canadian Armed Forces to make sure they have that capability, and you can be assured that the government will continue to make sure—

[Translation]

Mr. Tarik Brahmi: But I can't—

[English]

Hon. Rob Nicholson: —they have the funds that they need.

• (1620)

[Translation]

Mr. Tarik Brahmi: I can tell them that the government is requesting nearly \$1 billion in additional funding to close out the fiscal year. I cannot tell them, however, why the Canadian army is not able to produce a cost estimate of our operation in Iraq. After all, we are at war in Iraq and the U.S. army is able to provide those costs. I cannot reassure them with the explanation you are giving me.

The Chair: Quickly, Mr. Brahmi.

Mr. Tarik Brahmi: I cannot tell Canadians why Canada's army is not financially equipped to provide an estimate that the U.S. army can.

Thank you.

[English]

Hon. Rob Nicholson: Well, I want you to reassure those constituents who are stopping you and asking you about this that just as in the past, all the costs will be made available to the public, and they will know exactly how much these costs are. I think you should point out to them that many of them are fixed costs. For example, we own the CF-18s. We don't have to borrow equipment as we have sometimes in the past. We now have the capability of moving equipment, men and women, out of these sites, so you can tell them that is part of what we expend on our military.

The Chair: Thank you, Minister.

Mr. Opitz, you have five minutes, please.

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

Thank you all for being here today, and to my old boss, General Thibault, thank you, sir.

First of all, from reservists, thank you very much, Minister, for following through on your commitment to reservists in your announcement today on being able to top up employers to help the reservists deploy. As we know, on most missions, approximately 25%, give or take, are reservists, which is very important to the Canadian Armed Forces in our ability to carry out our missions abroad. Reservists step forward, and they make sure they contribute to that, and they do a professional, outstanding job. By doing so, you're also helping great organizations such as Canada Company's Captains of Industry, which originally started a lot of this as interested individuals and has carried that on, and tremendous groups such as Treble Victor Group and True Patriot Love Foundation, which just yesterday donated \$5 million for the care of many of our veterans.

Thank you, on their behalf, for that.

For a former reservist, as you pointed out, it's very gratifying to know that program's in place, because trying to get... As a former commander of a unit, I know it's very difficult to sometimes raise the strength to send out on deployments, and this makes it easier for reservists to be able to deploy, to do that job, and assure that employer that they're going to get back, and be assured they're going to get that employer back.

Just shifting quickly to Operation Reassurance, I have spoken to some troops who have done this. There are some intangibles that have come through this operation, and besides the very important assurance to our Baltic neighbours, in particular, Poland, where they're positioned, this is something that turns out to be tremendous training for our troops in terms of wings exchange, some of the cross-cultural training that they do with the Poles, with Lithuanians and other forces, and the British and the Americans who are stationed there as well. This is something that develops our troops professionally abroad. That's an impact we're having there right now.

I talked to a Polish three-star last night—who, by the way, learned his English here in Canada—and we are reaping the benefits of those relationships because Canada helped many of those Baltic states through the Canadian Forces College, through language training and through other professional development training, which helps our forces today to interact and interoperate with those Baltic states. So I'm very pleased that this is happening, because our troops are actually having a very rewarding experience in participating in those operations.

Sir, we didn't talk about today's LAVs and the upgrading of the LAVs within the estimates. Can you describe to us what the value is to our troops in upgrading those LAVs?

Hon. Rob Nicholson: Well, you've covered a number of areas, Colonel, and maybe I should check with your former boss as to how you did on that.

• (1625)

Mr. Ted Opitz: I'm going to get—

Hon. Rob Nicholson: My interaction with you, Colonel—

Mr. Ted Opitz: He's already written—

Hon. Rob Nicholson: —as the colonel of the Lincoln and Welland Regiment, was very positive, and we're very grateful for you and indeed everyone who participates in our reserves. I think

you summed it up very well. These are dedicated, very patriotic Canadians, who are prepared to help out their country. What we've announced today and what we have done in the past is a perfect fit, in my opinion, to assist them, because we are indeed very grateful for their contributions.

You pointed out as well that part of the supplementary estimates (B) will ensure that the LAV III upgrade vehicles will remain state of the art. We're installing more armour. We're capitalizing on existing and evolving technology to improve the vehicles' mobility and weapons systems. In my opinion and in the opinion of the armed forces, this will give our men and women in uniform a safer and superior combat vehicle.

I believe, as I testify before you, that these are worthwhile investments, the kinds of investments that we should make. We should never go back to the way some things were sometimes in the past, where we did not maintain that capability, where we did not invest in the equipment or the up-to-date technology. We owe more than that to our men and women in uniform, and we owe it to this country to be able to respond when we are called upon, because we don't know when that's going to take place.

We've discussed a lot about the two operations, Operations Impact and Reassurance, but Canada doesn't stand on the sidelines. That has not been the Canadian tradition, and it's not a Canadian value, so we have to continue to invest in this.

This is why I'm so pleased and proud to be here once again with the supplementary estimates to make sure we maintain that capability for the members of our armed forces.

Thank you for your service in the reserves.

Mr. Ted Opitz: Thank you, Minister.

The Chair: Thank you, Minister.

We have just a couple of minutes left before the minister is scheduled to leave us.

Mr. Chisholm, I would say that you have two minutes and 30 seconds, please.

Mr. Robert Chisholm: Thank you, Mr. Chairman.

Mr. Minister, I have to tell you that this is the normal process. Government comes before a committee like this, it comes before Parliament, and it gets authority before it goes out and spends money.

You're talking what? Six months? Libya was \$150 million. You're talking about \$150 million-plus. Why is it that you're expecting us to give you a blank cheque to go out and do...undoubtedly good things, some people would suggest, but why is it that you think it's not your responsibility to be accountable here?

I know that the senior officials in your department can figure out what an estimate is and are able to provide it to members of Parliament. I think it's offensive that you would suggest to us that we don't care about, that Canadians don't care—

The Chair: Order.

Mr. Chisholm.

Mr. Robert Chisholm:—about how their money is being spent.

The Chair: Order, Mr. Chisholm.

This committee will be voting on these votes at the end of today's proceedings. A question, please, to the minister.

Mr. Robert Chisholm: That's my question. How can you show the kind of contempt you're showing to this committee—

Voices: Oh, oh!

The Chair: Order. That's unacceptable language.

Mr. Robert Chisholm:—not to bring an estimate forward?

The Chair: That's completely unparliamentary language. The minister can choose to answer or not.

Hon. Rob Nicholson: I appreciate that you don't support any of the money that we are putting towards our armed forces—

Mr. Robert Chisholm: [*Inaudible—Editor*]

The Chair: Mr. Chisholm, order.

Hon. Rob Nicholson: Whether that be in the estimates or the main estimates, you're against it all, and that's fair enough. But I think it was important for me to come here for supplementary estimates (B), when we need these funds here, to make sure we have that capability. You can be assured that if you change your mind and you start supporting military expenditures—

Mr. Robert Chisholm: [*Inaudible—Editor*]

The Chair: Order.

Hon. Rob Nicholson: You can be assured that the hundreds of millions of dollars that are here will go towards joint personnel support units. They will go towards the operational effectiveness of our equipment. This is in addition to the main estimates that you did not support, but again, it was extremely important that we have that to maintain our armed forces.

Thank you, Mr. Chair.

The Chair: Thank you, Minister. I say on behalf of the committee that we appreciate your availability and your appearance before us today. We will suspend very briefly as the minister departs and we'll resume.

• (1625) _____ (Pause) _____

• (1630)

The Chair: Thank you, colleagues. We are resuming proceedings.

Our witnesses for the next 40 minutes, because we'll need to vote on the votes before we go into private committee business, are as introduced earlier. We have with us Deputy Minister Richard Fadden; Lieutenant-General Guy Thibault, vice-chief of the defence staff; Rear-Admiral Patrick Finn, chief of staff, materiel group; Kevin Lindsey, assistant deputy minister and chief financial officer; and Jaime Pitfield, assistant deputy minister, infrastructure and environment. As well, from the Communications Security Establishment, we have John Forster, the deputy head and chief.

Because of time constraints, we will make these five-minute rounds, beginning with Mr. Bezan, please.

Mr. James Bezan: Mr. Chair, first of all, I'm on a point of order, so don't start the clock yet.

Mr. Chisholm, in the last exchange with the minister, was in violation of Standing Order 18, which clearly says:

No Member shall speak disrespectfully of the Sovereign, nor of any of the Royal Family, nor of the Governor General or the person administering the Government of Canada; nor use offensive words against either House, or against any Member thereof. No Member may reflect upon any vote of the House, except for the purpose of moving that such vote be rescinded.

Anyway, his language to the minister was offensive and I believe he owes an apology to the minister—and I suggest that he do that at his next opportunity in the House of Commons—for even suggesting any of that language. We are supposed to be conducting ourselves at a higher standard, especially at committee, so I am extremely disappointed.

Mr. Robert Chisholm: Mr. Chair, on that point of order, he said he was raising a point of order.

The Chair: Are you responding to the point of order, Mr. Chisholm?

Mr. Robert Chisholm: Yes, I am speaking to the point of order, Mr. Chairman. I don't accept what the member has suggested. I, as a member of this committee, frankly, felt insulted by the fact that the minister wasn't providing us with any.... This operation is a big deal. I take it very seriously. My constituents take this matter very seriously, as do people within our caucus, and we're looking for some accountability. I don't buy the fact that the department doesn't have and hasn't given the cabinet estimates, Mr. Chairman, and I am just asking really basic questions about accountability. It's part of our parliamentary process.

I felt insulted that the minister would just basically give me, my questions, and our questions, the back of his hand. I don't think it's becoming of this government.

• (1635)

The Chair: Mr. Chisholm, as I ruled during proceedings, you did use unparliamentary language. You may be frustrated, but as Mr. Bezan has pointed out, the conduct of this committee is to ask questions and to listen to answers. If you wish to proceed further with the rhetoric that is accepted in the House, then that's fine, but I think we do try to maintain a level.... Shouting at a witness is unacceptable at any committee that I chair.

Now, in the interests of time, I would hope that you would take under consideration Mr. Bezan's suggestion. An apology to the minister may be in order. I believe it is in order, even though you can respectfully disagree with the answers you have heard.

Let's get on with things now.

Mr. Bezan, you have five minutes, please.

Mr. James Bezan: Thank you, Mr. Chair.

I want to thank the witnesses, all the members from DND and the Canadian Forces, for coming in and spending time with us today. I'm really excited to see that there is \$900 million-plus in the supplementary estimates (B) to help with everything from readiness to our Canada First defence strategy and overhaul of equipment.

One of the lines in here under vote 1b provides for \$190 million in extra funding for "strengthening the Canadian Forces Service Income Security Insurance Plan – Long-Term Disability components". I was wondering if you could speak to that as to why we need it and how it's going to be utilized by members of the Canadian Forces.

Mr. Richard Fadden (Deputy Minister, Department of National Defence): I'd be pleased to do that, Mr. Chairman.

Essentially, you'll be aware, that the CF service income security insurance plan is a group insurance plan that supports the income of Canadian Armed Forces members who are disabled or released from the military for medical reasons. There are similar plans in the RCMP and the public service. Essentially, \$140 million of this amount will go toward strengthening the SISIP reserve. Like all funds of this nature, it's necessary to maintain it at a reasonable level as you go along, and of the \$190 million mentioned here, \$50 million will go toward the implementation of the settlement that we agreed to in the Manuge class action settlement that was ordered by the Federal Court.

Mr. James Bezan: Thank you.

Of the \$652 million that's for sustainment and operational readiness, we talked about some of the overhauls and long-term investments we are making. Can you go into a little more detail, particularly on the LAV program, the upgrades we are doing there, and how that is playing out in support of our army?

Mr. Richard Fadden: With respect to the LAVs it's difficult to add a great deal to what the minister said. We have come to the view that the vehicles we have now can be improved by simply adding more armour and by upgrading the technology, which provides for the mobility of the system but also for its weapons system. The basic reason for doing this is to improve the capacity of those members who are operating at the function and also to protect them at the same time.

Mr. James Bezan: Thank you.

In the capital expenditures there is reduction of \$6.2 million. As the minister alluded, that's because of the sale of Downsview Park and property in the Stanley Greene neighbourhood.

How is that being reinvested in the military?

Mr. Richard Fadden: We have a general practice, Mr. Chairman, that when we acquire funds—and if you'll forgive me for using the word "unexpected", I don't quite mean unexpected—off the general process, it is put into a general fund that is administered centrally by the senior leadership of the forces and of the department. We will take this, along with any other funds that we acquire off-line, and over the course of the months ahead, if it is beneath a certain threshold, or if it's very important, we will ask the minister to make investments in shorter-term activities: exercises, the purchase of spare parts that might be necessary in the very short term. We put it

in a pot and we try to prioritize access to that pot for those issues that are the most important for that fiscal year.

Mr. James Bezan: Thank you.

Mr. Fadden, the increase to supplementary estimates (B) brings our total proposed authority to date to almost \$20 billion for the operation of the Canadian Armed Forces and National Defence. Would you be able to speak to the facts as we were hearing from Ms. Murray or Mr. Chisholm, who want to know the costs for Operation Impact, and Operation Reassurance?

Is there enough funding here to conduct our operations not only abroad but here at home?

• (1640)

Mr. Richard Fadden: I think if the chief operating officer of any institution, including I bet the chair, were given the opportunity to acquire more money, be it for travel, research, or whatever, he or she would be delighted.

Could we use more? We absolutely could, but with the adjustments that we made over the course of the last several months, several years, we have reprioritized. We stopped doing some things, and we've reallocated essential moneys to readiness, to exercises, and to operations abroad. So the short answer is yes, I think we do have enough to be able to discharge the essential responsibilities that the minister has under CFDS, but I wouldn't be the chief operating officer if I didn't say I'd certainly like a lot more. But we do have enough to discharge our central duties.

The Chair: Thank you, Mr. Fadden.

Mr. Bevington, please, you have five minutes.

Mr. Dennis Bevington (Northwest Territories, NDP): Thank you, Mr. Chair, and thank you to the witnesses.

I was interested in the minister's comments about the importance of matching the resources with the job at hand for the armed forces, and I think that's obviously something that has to be taken into account. But recently we've seen reports that the resources available for the frigate fleet indicate that we're likely to have only four coming out of that. Has the plan to build these ships been changed? Can we say that we only require four now, rather than eight? Is this part of the planning, or is there really a need for eight ships for the Canadian navy?

Mr. Richard Fadden: Mr. Chairman, forgive me for correcting you, but I don't think you're referring to the frigates. The frigates are the modernization program. You were probably referring to the—

Mr. Dennis Bevington: Arctic patrol ships, sorry.

Mr. Richard Fadden: —Arctic patrol ships. When the government made the initial announcement they said they would try to obtain up to a certain amount. In order to provide for increased costs and whatnot, our current planning, in working with our industry counterparts, is to get as many of these vessels as we possibly can.

Much like the answer to my previous question, if you ask the commander of the navy if he can use an extra vessel, the answer is always, yes, but I go back to the government's initial announcement, which said we would get as many as we could for the moneys that were available.

Mr. Dennis Bevington: You really don't have a particular plan that says you needed eight or six or four. No number is attached to it.

How is that part of capital planning if we don't have a *raison d'être* for these boats that we're putting in the water, so many on one coast, so many on the other perhaps? Some kind of plan should be attached to the capital acquisition, wouldn't you think?

Mr. Richard Fadden: Well, I entirely disagree with you, when you suggest there's no plan. If there's one thing the Department of National Defence and the Canadian Armed Forces have, it's plans.

Mr. Dennis Bevington: Okay, fine, there's a plan. I'll leave it at that. I wanted to move over to Mr. Forster for a second.

You're building a new building. It's a very expensive building. It's my understanding that you have contingents from other countries, such as the U.S., that occupy space in your existing facilities. NSA has a contingent there. I don't know if that applies to the others under the listening program. Do you lease this space to other countries within your own facilities?

Mr. John Forster (Deputy Head and Chief, Communications Security Establishment): Thank you, Mr. Chair.

The short answer is no. We do have exchanges of personnel amongst the Five Eyes nations, particularly with Australia, the U.S., and the U.K. They have some personnel who work with us as liaison officers, and so on, and vice versa. No, we don't charge each other rent.

Mr. Dennis Bevington: So these people are not working on separate operations? They are working within your jurisdiction within the building?

Mr. John Forster: We have liaison officers assigned to each other's countries to interact and deal with our partners on operational issues, and then we have people posted there, and they have some people posted with us.

•(1645)

Mr. Dennis Bevington: So there's a structure for this liaison that is very well laid out in terms of the information sharing that may take place?

Mr. John Forster: Yes. There are provisions around all that, and they're reviewed annually as well. Actually our commissioner just recently tabled a report on information sharing.

Mr. Dennis Bevington: Thank you.

The Chair: You have one minute, Mr. Bevington.

Mr. Dennis Bevington: Take it then.

The Chair: Mr. Chisholm.

Mr. Robert Chisholm: Mr. Fadden, you just said in answer to my colleagues—I think, but I may have misheard—that you believe you can carry out Operation Impact within the current budget of the Department of National Defence?

Mr. Richard Fadden: Mr. Chairman, I understand the House and its committees have a long-standing tradition whereby officials aren't asked to contradict their ministers.

The Chair: You're quite right, Mr. Fadden. Nor are they asked to speak on policy.

Mr. Robert Chisholm: Sorry. I was seeking clarification. I didn't mean to put you in a difficult position.

He had given an answer, Mr. Chairman, which I didn't hear from the minister. That's why I was looking for clarification.

The Chair: I believe the witness would like his answer to stand—

Mr. Robert Chisholm: Okay.

The Chair:—and he would like to offer no further comment.

Mr. Robert Chisholm: Okay.

The Chair: That is the end of your time.

Mr. Opitz, go ahead for five minutes.

Mr. Ted Opitz: Thank you, Mr. Chair.

You know what? I'm going to pass my time to Mr. Chisu.

The Chair: Mr. Chisu, go ahead for five minutes.

Mr. Corneliu Chisu: Thank you very much, Mr. Chair.

The minister alluded to funding related to assessment, management, and remediation of federal contaminated sites. Can you elaborate on that area? I know it is very important with regard to the contaminated sites that are coming out from the First World War.

Mr. Richard Fadden: Mr. Chairman, I wonder if I could ask Mr. Pitfield to answer. He's the assistant deputy minister responsible for this area.

The Chair: Go ahead, Mr. Pitfield.

Mr. Jaime Pitfield (Assistant Deputy Minister, Infrastructure and Environment, Department of National Defence): Thank you.

National Defence has a significant program share of the federal contaminated sites action plan. This year we will spend roughly \$60 million to continue remediating the sites across Canada.

Mr. Corneliu Chisu: Can you specify which sites? Are you talking about Niagara Falls or Petawawa or...?

Mr. Jaime Pitfield: What we do is based on risk assessments. We have significant work under way at Goose Bay in Labrador. We also are undertaking work at Ipperwash. We have a number of sites. There are quite a few. If you name a specific one, I can tell you what we have.

Mr. Corneliu Chisu: Thank you very much.

DND is not requesting any additional funding for vote 5. Does that mean the building infrastructure is okay in every Canadian base? You are transferring more than \$6.2 million from capital expenditures to help fund programs and initiatives in other federal departments and agencies. From my experience in the Canadian corps of engineers, I know that we always need to replenish the infrastructure on our bases. Is there any specification on that, or how are you explaining the transfer? It's not a big amount of money, but....

Mr. Richard Fadden: Let me start, Mr. Chairman. You're quite right that the Canadian Armed Forces is one of the largest holders of infrastructure in the country. Quite honestly, we could probably allocate more money on an ongoing basis to this function. There are limited capabilities and there's a limited amount of money available overall, so what we do, as Mr. Pitfield suggested, is that we have a list of priorities that we try to assign funds to in any given year.

I would note, if I may, that to some degree the government has recognized that we do need more money on infrastructure through the announcement of the Prime Minister yesterday, when he indicated that I think some \$452 million would be available to us to enable us to both repair and enhance Canadian Armed Forces facilities. The difficulty we have, as I'm sure you are aware, is that in any one given year sometimes you can use more, sometimes you can use less. Some of the transfers out are to other departments to enable them to do things for us and vice versa.

• (1650)

Mr. Corneliu Chisu: Thank you.

Thank you, Mr. Chair.

The Chair: You have a moment.

Mr. Corneliu Chisu: When you spoke about the \$15 million of reinvestment of revenues from the sale or transfer of real property, can you elaborate on this vote 1 issue?

Mr. Richard Fadden: Can Mr. Pitfield answer, Mr. Chairman?

The Chair: Yes.

Mr. Pitfield.

Mr. Jaime Pitfield: At National Defence we have a policy where when moneys come back to the department from the disposal or sale of real property they're reinvested in real property. In this case, the \$15 million will go to cover leases in the Ottawa area and some will go to cover remediation of contaminated lands. I have a list in front of me here that I can't find right now. Basically, at the end of the day our intention here is that we take moneys and we repurpose it to continue reinvesting.

Mr. Corneliu Chisu: Thank you very much.

The Chair: That is time. Thank you.

Ms. Murray, please, you have five minutes.

Ms. Joyce Murray: Thank you.

I'm going to start by saying that today is Navy Appreciation Day, so I'm going to express my appreciation for the good work of the Royal Canadian Navy and especially for the men and women in uniform who do that service for Canadians.

Last week, Vice-Admiral Norman acknowledged that delays in replacing ships and the retirement of four ships was going to be creating some real challenges for having a fully functioning navy in terms of being able to resupply our ships and in terms of aerial defence with the destroyers, with there being a five to seven, eight, nine years' gap in having essential ships in the navy.

Are there any short-term solutions to that problem expressed in the supplementary estimates?

Mr. Richard Fadden: Fundamentally, I don't think so, Mr. Chairman. What we're trying to do, and as I think Admiral Norman said, is that we are using the assets that we have now and we're prioritizing their tasking. The frigates are coming off-line now, as the minister intimated earlier. We now have three submarines operating

Ms. Joyce Murray: Thank you. I have a few more questions, so I'm really looking for just a very focused answer to my questions.

Secondly, there was a document leaked that had been prepared by the ADM materiel that talked about DND's procurement organization needing \$3 billion to make its promised purchases but only \$2.3 billion were available for those purchases, so clearly there is a gap. Is that shortfall addressed in these figures of the supplementary estimates?

Mr. Richard Fadden: Admiral Finn.

RAdm Patrick Finn (Chief of Staff, Materiel Group, Department of National Defence): Thank you for the question. Yes, some of the money in here actually comes to the maintenance that we're talking about there.

If I could just say very quickly, the \$3 billion is an overall estimate of what we would need, not necessarily what we could execute with industry, so the \$2.3 billion was the initial and there's some top-up in here.

Ms. Joyce Murray: Thank you.

Also, those leaked reports talked about big morale problems, attrition, burnout, and the upcoming exodus of many skilled employees in the procurement branch creating a significant risk to program execution. That came from the department. Is that addressed in the supplementary estimates?

RAdm Patrick Finn: There is nothing specific in the supplementary estimates. That is our human resource plan, where we define potential future states and risks. It also contains a number of things that we are doing to mitigate against those risks.

Ms. Joyce Murray: Thank you very much.

I want to talk a bit about spending lapses, and my question will be on how much of the proposed authorities to date are planned to be lapsed. The context is that there has been major funding lapsed over the past number of years. In fact, about \$14 billion has been either lapsed or are in the budget cuts of the last three years of \$4.6 billion. We know that the monies authorized and planned and announced are often clawed back and not available to the Canadian Armed Forces for expenditure.

Is a lapsing of the funding that's being authorized here already built into the plan, and if so, how much?

• (1655)

Mr. Richard Fadden: Mr. Chairman, could I ask Mr. Lindsey to answer?

The Chair: Absolutely.

Mr. Kevin Lindsey: Thank you, Mr. Chair.

Like all government departments and agencies, DND has the authority every year to carry forward some certain amount of money. In the case of DND, that is 2.5% of our operating budget and our capital budget. It is our assumption that because of events beyond our control each year, we will carry forward some proportion of that 2.5%.

Ms. Joyce Murray: Thank you.

I want to point out that spending lapses have represented 20% of DND's capital budget since 2009, compared to an average of 2% between 1973 and 2006. This has been a major source of savings for this government to be able to make other election promises.

The Chair: Very briefly.

Ms. Joyce Murray: Are we expecting to see more lapses in the order of 20%, or are you planning for a lower level of lapsing?

The Chair: A brief answer, please.

Mr. Kevin Lindsey: We don't plan on capital lapses.

When suppliers to DND fail to deliver what they have contracted to do, we don't pay them. That is beyond our control. The money that we do not pay the contractor is carried forward to the future year to pay for the item when it is delivered.

Ms. Joyce Murray: I'm surprised to hear that explanation.

The Chair: That's time, Ms. Murray.

Mr. Opitz, please, you have five minutes.

Mr. Ted Opitz: Thank you, Mr. Chair.

I note that DND is asking for the authority to transfer more than \$3.3 million to other federal government departments and some agencies, and some of that includes \$962,000, for example, to Shared Services Canada for information technology infrastructure for the military personnel management capability transformation project.

Could you comment on that and tell me what your end state is with that project?

Mr. Richard Fadden: By way of a bit of background, Mr. Chair, you'll be aware that it was decided some time ago that the non-secure, beneath the top secret level communications capacity of the Government of Canada, will be centralized in Shared Services Canada. We have an ongoing program, beyond what was initially transferred to Shared Services Canada, to make sure they have the resources to execute various programs on our behalf. All this is doing is something along those lines.

Mr. Ted Opitz: I'll refer to CSE now. It is requesting approximately \$8.2 million in funding for its long-term accommodation project, and over \$1.6 million for the implementation of a risk mitigation framework for telecommunications networks.

Could you explain in some detail how these additional funds are going to be spent and applied?

Mr. John Forster: Certainly. Thank you, Mr. Chair.

The first item is \$8.2 million. It is actually a reprofiling from last year. It is going towards equipment in the new building that we are in the process of occupying. It is related to audiovisual and IT equipment that wasn't ready to be completed last year and was rolled forward to this year as part of our building. So that money was reprofiled from last year to this year.

With regard to the \$1.6 million in new funding, CSE's primary mandate in cyber-defence has been to protect the networks of the Government of Canada, and that's been our focus for the last couple of years. As we've all seen over the past recent months, I think, the level of cyber-attacks that we are facing continues to increase. This amount of money here will allow us to put some of our expertise to work with critical infrastructure providers and the private sector, non-government folks, to begin to assist them in strengthening their telecommunication networks against cyber-attacks such as we've seen over the past few months.

Mr. Ted Opitz: Thank you.

I'd like to talk a little bit about how DND, Environment Canada, Fisheries and Oceans, and Parks Canada are working together in the field of search and rescue right now. I talked earlier about the \$3.3 million being transferred. What specific search and rescue prevention and coordination initiatives would be covered by the funds transferred to Environment Canada, Fisheries and Oceans Canada, and the Parks Canada Agency?

Could anybody comment on that; Mr. Lindsey, perhaps?

• (1700)

Mr. Kevin Lindsey: Mr. Chair, as members will be aware, search and rescue is a partnership among a number of departments and agencies in Canada. This year DND is transferring to Parks Canada funding in the amount of about \$336,000 to support an initiative called Coast Smart, which helps Parks Canada help its users manage risks by making them aware of them.

With respect to Fisheries and Oceans, it is piloting thermal-imaging and night-imaging technology on its 47-foot motorboats. We are assisting them in that pilot project. With respect to Environment Canada, we are providing funding that will allow Environment Canada to help train its volunteers in search and rescue.

Mr. Ted Opitz: Thank you.

The Chair: Thank you, Mr. Opitz.

Mr. Chisholm, you have five minutes.

Mr. Robert Chisholm: Thank you, Mr. Chairman.

Gentlemen, DND is requesting \$652.2 million in funding to support the sustainment of investments made under the Canada First defence strategy. In DND's report on plans and priorities for 2014-15, it's indicated that DND and the CAF will renew the Canada First defence strategy, and that this revised strategy will build on the successes of the original Canada First defence strategy.

I have a couple of questions. When can we expect the renewed CFDS to be publicly released? Can you explain how the government's deficit reduction action plan has affected the implementation of the strategy? What will be the top priorities of the renewed strategy, and how different will the new strategy be from the original one that was adopted in 2008?

Mr. Richard Fadden: Mr. Chairman, as the government did announce in the recent Speech from the Throne, consideration has been given to developing a revised Canada First defence strategy. The department has pulled together some recommendations to the government.

Again, Mr. Chairman, in long-standing tradition, it is a cabinet confidence and I am unable to comment.

Mr. Robert Chisholm: So you can't tell us when we can expect...? No. Okay.

Mr. Richard Fadden: I'm sorry.

Mr. Robert Chisholm: All right. Let me move on to another one.

DND's departmental performance report, tabled on the same day as the supplementary estimates (B) in November of this year, noted that a little more than half, 54.5%, of the Canada First defence strategy projects are on time. When you look at the joint and common support projects, none of them are on schedule despite a target of 85%.

Let me give you an example. The percentage of joint and common support projects on schedule is zero; the percentage of aerospace projects on schedule, 55%; the percentage of land projects on schedule, 43.5%; and the percentage of maritime projects on schedule, 57%.

Mr. Fadden, I wonder if you can explain why we haven't been able to achieve the projected 85% and to what extent the \$652 million that DND is requesting will help the government meet its own target with regard to the acquisition of equipment and materiel in accordance with this defence strategy.

Mr. Richard Fadden: Thank you.

I think in order to understand why we haven't met our target, it's important to understand that DND is one of a significant number of other players that operate on the procurement side. We work with Public Works. Industry Canada has a role. Treasury Board often has a role. Then there is a vast array of private corporations with which we deal, some of which are very efficient and always on time and some of which are not. When you put all this together, we end up with some delays that we would probably prefer not to have.

You will be aware that the government recently enacted the defence procurement strategy. One of the objectives of this strategy is to accelerate our ability to deliver on a variety of these programs. It also commits us to review some of the processes that we have internally and that Public Works has internally. We're hopeful that with a little bit of the passage of time we will be able to report next year, or in subsequent years, a higher percentage than we have been able to this year.

• (1705)

Mr. Robert Chisholm: Let me just say that I hope so because, listen, I'm from the Dartmouth-Halifax area, and I want this program to work because people are getting increasingly discouraged.

But I'm puzzled, because your department has been in this business for some time. Why would you set a projected completion rate at 85% if there were so many items outside your control? Because what happens is that it's making you look bad, and therefore, people's confidence in your ability to actually produce on time, on schedule, and on budget is compromised, frankly.

Mr. Richard Fadden: I think a partial answer, Mr. Chairman, is that it is a standard management technique to set objectives that you then prod your people to try to meet. Certainly, my colleagues and I at this table use these objectives in order to poke and prod away at our colleagues in the department and in other departments in order to encourage them to improve.

If we had set a target that was too low, I think it would be much harder to be able to incite people to meet an objective such as the one that we have set. We could have set a different one—there's nothing magical about it—but the objective really is to set it high enough and make people stretch to try to reach it over a number of years.

The Chair: Thank you, Mr. Fadden. That's time.

Finally, Mr. Norlock, you have five minutes, please.

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

Through you to them, Mr. Chair, thank you to the witnesses for being here.

In particular, I believe my questions will go to General Thibault, but someone else who may feel that they're better qualified can answer.

I am a great fan of helicopters. I know that as a result of our Afghanistan experience we learned that transitioning people from one place to another utilizing a helicopter saved us a lot of injuries, as opposed to going over land and the IEDs, so I'd like to talk about helicopters for a minute.

First, of course, we've purchased some EH101s. I think somewhere in the vicinity of 50 were ordered back in the eighties and then cancelled at a cost of \$500 million, so not only was that not spent, but the Liberal government of the day spent \$500 million to cancel a contract, for which we got zero. Now we're replacing them. We've just purchased some EH101s, and I just wonder what that cost was.

Getting back to the Chinooks, I wonder what locations and why the Chinooks chosen were. I think I gave you a hint there. Where are they being located and how will the upgrades to the aircraft make it suitable for the completion of this sort of mission?

Lieutenant-General Guy R. Thibault (Vice-Chief of the Defence Staff, Department of National Defence): Mr. Chair, thank you for the question. My colleague Admiral Finn might have some additional context for this.

Certainly, our helicopters, our rotary wing assets that we have, are supporting our activities not only for the land force but obviously in the maritime domain. They are essential, in fact, to the operational ends of the Canadian Armed Forces. They give us unique capabilities, whether they be at home or, as we've seen, in places like the Philippines, say, where all these kinds of operations require mobility for the purposes of resupply, for humanitarian relief, really, and for disaster response. Obviously in a domestic context, they're essential to complement our overall search and rescue response, both in our domestic land territory and in the maritime domain.

The Chinooks, of course, are primarily heavy lifters. Not only are they doing heavy lifting for army assets, but we could see them being employed in Canada's north. They obviously could be used for all of our domestic response. Also, in international operations, we would certainly intend on employing them in that context as well.

They've all been consolidated in one garrison in Petawawa, just to the north of here. That was done for economical purposes. When we first thought of acquiring these assets, we thought that maybe we'd have them in two main bases, but we opted for one main base for them, based on the ability to really sustain that fleet and to provide them for all of the operational requirements of the Canadian Armed Forces.

I'd like to turn to my colleague, who can talk a little bit more about the maritime helicopter patrol, as well as what we've done with the EH101s, to give you a little bit of a sense of what we're doing with those assets and how we're bringing on the MHP.

• (1710)

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

Of course, we're using the EH101, the Cormorants, in the rotary wing search and rescue role across Canada. It is supplemented by the Bell helicopters, the Griffon helicopters, for search and rescue as well. We have now done a fair amount of work and have updated contracts with Sikorsky for the Cyclone maritime helicopter. We'll start seeing delivery of that with a blocking strategy, as we have done with other aircraft now, with the block 1 aircraft being delivered and starting to see initial operations next summer.

Mr. Rick Norlock: For the EH101s, what's going to be our total purchase price for those aircraft, roughly?

You don't have to be exact.

RAdm Patrick Finn: The AgustaWestland aircraft, which you called the EH101, of course were acquired some time ago. I don't have the acquisition numbers with us. In fact, we're approaching mid-life on those airframes. They have been the search and rescue aircraft for some time. The ones that are in acquisition right now are the maritime helicopters from Sikorsky, which have a different capability from how we're using the—

Mr. Rick Norlock: If I'm not mistaken, it's a version of the EH101, or is it totally different?

RAdm Patrick Finn: The Sikorsky is a variant of, I believe, a Black Hawk helicopter, and it's being marinized for being brought to sea. But most important is the level of systems integration, because as we upgrade the frigates and their capability from an anti-submarine warfare perspective, we have to have a capable helicopter that can actually operate in that same domain. There's a very sophisticated combat management system inside the helicopter.

The Chair: Thank you, Admiral Finn.

That's time, Mr. Norlock.

Thank you to all of our witnesses today.

Now, colleagues, we've heard from the minister, we've heard from officials, and it is time for us to make our opinion to forward to the House.

COMMUNICATIONS SECURITY ESTABLISHMENT

Vote 1b—Program expenditures.....\$9,856,175

(Vote 1b agreed to on division)

MILITARY POLICE COMPLAINTS COMMISSION

Vote 1b—Program expenditures.....\$2,381,486

(Vote 1b agreed to on division)

NATIONAL DEFENCE

Vote 1b—Operating expenditures and authority for total commitments.....
\$912,672,021

Vote 10b—The grants listed in the Estimates and contributions.....\$581,066

(Votes 1b and 10b agreed to on division)

The Chair: Shall the chair report vote 1b under Communications Security Establishment, vote 1b under the Military Police Complaints Commission, and votes 1b and 10b under National Defence to the House?

Some hon. members: Agreed

An hon. member: On division

The Chair: Thank you, colleagues. We will now suspend as the room is cleared before we deal with committee business.

[*Proceedings continue in camera*]

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