



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

ARCTIC WATERS SURVEILLANCE

Report of the Standing Committee on Public Accounts

John Williamson, Chair

FEBRUARY 2026
45th PARLIAMENT, 1st SESSION

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Standing Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website
at the following address: www.ourcommons.ca

ARCTIC WATERS SURVEILLANCE

Report of the Standing Committee on Public Accounts

**John Williamson
Chair**

FEBRUARY 2026

45th PARLIAMENT, 1st SESSION

NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIR

John Williamson

VICE-CHAIRS

Jean Yip

Sébastien Lemire

MEMBERS

Gérard Deltell

Anthony Housefather

Ned Kuruc

Stephanie Kusie

Tom Osborne

Kristina Tesser Derksen

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

William Stevenson

CLERK OF THE COMMITTEE

Natalie Jeanneault

LIBRARY OF PARLIAMENT

Research and Education

Joëlle Malo, Analyst

Dillan Theckedath, Analyst

STANDING COMMITTEE ON PUBLIC ACCOUNTS

44TH PARLIAMENT – 1ST SESSION

CHAIR

John Williamson

VICE-CHAIRS

Jean Yip

Nathalie Sinclair-Desgagné

MEMBERS

Valerie Bradford

Blake Desjarlais

Han Dong

Peter Fragiskatos

Garnett Genuis

Michael Kram

Kelly McCauley

Brenda Shanahan

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

James Bezan

Kelly Block

Adam Chambers

Stephen Ellis

Anthony Housefather

Arnold Viersen

Julie Vignola

Bob Zimmer

CLERK OF THE COMMITTEE

Cédric Taquet

LIBRARY OF PARLIAMENT

Research and Education

André Léonard, Analyst

Dillan Theckedath, Analyst

THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

SIXTH REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the committee has studied Report 6, Arctic Waters Surveillance, of the 2022 Reports 5 to 8 of the Auditor General of Canada and has agreed to report the following:



ARCTIC WATERS SURVEILLANCE

INTRODUCTION

Key Findings of the Auditor General of Canada

- Federal organizations' actions did not address long-standing gaps in the surveillance of Arctic waters.
- Although the Marine Security Operations Centres helped federal organizations collaborate on building maritime domain awareness, weaknesses in the mechanisms that support information sharing, decision making, and accountability affected the centres' efficiency.
- Fleets, equipment, and infrastructure used for monitoring maritime traffic require timely replacement and enhancement.
- Existing infrastructure improvement projects were behind schedule and the Nanisivik Naval Facility will not effectively support the vessels that operate in the Arctic.¹

1 Office of the Auditor General of Canada (OAG), Arctic Waters Surveillance, Report 6 of the 2022 Reports of the Auditor General of Canada, [At a glance](#).



Summary of the Committee's Recommendations and Timelines

Recommendation	Recommended Measure	Timeline
Recommendation 1	National Defence, Transport Canada, Fisheries and Oceans Canada, and the Canadian Coast Guard should present the House of Commons Standing Committee on Public Accounts with a progress report detailing what concrete actions have been taken to address the long-standing gaps in Arctic maritime domain awareness, particularly regarding A) the inability to track vessels continuously and to identify non-emitting vessels; and B) the barriers that prevent efficiently sharing and integrating relevant information about vessel traffic in Arctic waters.	30 June 2026
Recommendation 2	National Defence, TC, DFO, the CCG, and PSPC should provide the Committee with a progress report detailing A) the actions undertaken to acquire equipment in a timely manner; B) the status of the new hangar being constructed near Iqaluit; and C) the development and approval of contingency plans to address the risk of having reduced capabilities in the event that key satellites, ships, or aircraft cease to operate before they are replaced. Transport Canada should also provide a report about the status of the hanger in Iqaluit.	30 June 2026

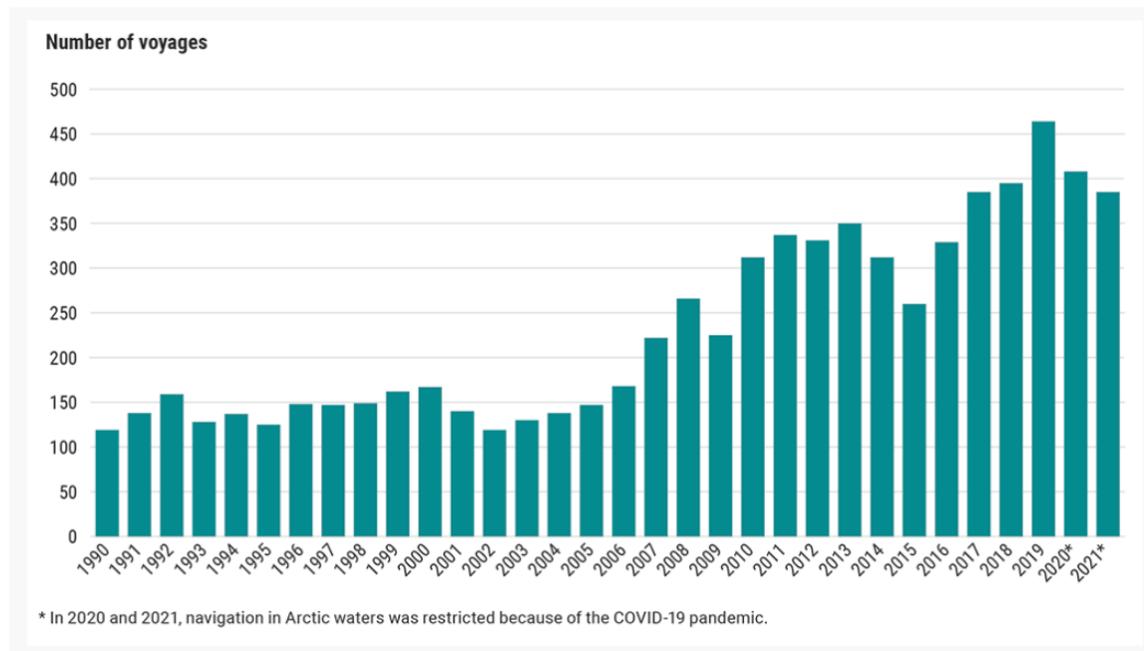
Background

According to the Office of the Auditor General of Canada (OAG), the Canadian Arctic has more than 162,000 kilometres of coastline, which represents 75% of Canada's total. Due to climate change, average summer sea-ice coverage in the Canadian Arctic has dropped

by about 40% over the past 50 years. This, combined with new technologies, is making the Canadian Arctic more accessible to ships.²

Between 1990 to 2019, the number of voyages in Canadian Arctic waters more than tripled. In fact, the number of ships (particularly foreign-flagged vessels) navigating the Canadian Arctic also increased significantly. And although vessel traffic declined in 2020 and 2021 because of temporary bans related to the COVID-19 pandemic, it will likely increase again because these restrictions were lifted in March 2022.³ (See Figure 1, below.)

Figure 1 – Maritime traffic increased significantly in the Canadian Arctic over the last decades



Source: Office of the Auditor General of Canada, [Arctic Waters Surveillance](#), Report 6 of the 2022 Reports of the Auditor General of Canada, Exhibit 6.2.

Additionally, “increased accessibility to Canadian Arctic waters generates opportunities for new economic activities, such as mining, commercial fishing, and tourism. In turn,

2 Ibid., ([full report](#)), para. 6.1.

3 Ibid., para. 6.2.



this promotes international interest and competition in the region. It also increases the risk of unauthorized or unregulated vessel transits and illegal activities.”⁴ (see Table 1).

Table 1 – Risks to people and resources posed by increased accessibility to the Arctic

Situation	Concern
Unauthorized access	<p>A variety of restrictions are in place to protect Arctic and northern communities. For instance, at the start of the 2020 navigation season in the Arctic, Canada restricted the access of foreign pleasure craft to the Canadian Arctic to protect northern communities from exposure to COVID-19.</p> <p>Some vessels may try to breach such restrictions. For example, during that summer, a foreign sailing vessel entered the Canadian Arctic without approval or exemption. It was identified in the vicinity of Cambridge Bay by an Inuit monitor. Once the foreign vessel was confirmed, Transport Canada officials directed it to depart Canadian Arctic waters and to not make landfall.</p>
Safety incidents	<p>Navigating the Arctic is risky, and safety-related incidents can put a burden on search and rescue resources and local communities.</p> <p>Cruise ships have been identified as presenting significant and increasing risks. They often carry large numbers of passengers, travel long distances by indirect routes, and approach small coastal communities.</p> <p>For example, in 2018, a passenger vessel carrying about 160 people on board ran aground near the coast of Kugaaruk, a village of about 1,000 people in Nunavut. The Canadian Coast Guard and the Canadian Armed Forces deployed 2 icebreakers and 5 aircraft to help, at a cost of more than \$500,000. The vessel was eventually refloated, and passengers were safely transferred to a sister ship.</p>

4 Ibid., para. 6.3.

Situation	Concern
Illegal fishing	The presence of fishing vessels, and their share of overall traffic, has increased significantly in the Arctic. Illegal, unreported, and unregulated fishing in the Arctic has been a rising concern, especially because of its potential effect on fragile marine ecosystems and the economy and the risk of increased tensions among fishing nations.
Marine pollution	Maritime traffic increases marine pollution. To protect the Arctic, Canada prohibits discharge of most waste in Arctic waters. Discharges, such as oil spills, can result from mechanical problems, grounding, or collisions and have long-term negative environmental consequences.

Source: Office of the Auditor General of Canada, [Arctic Waters Surveillance](#), Report 6 of the 2022 Reports of the Auditor General of Canada, Exhibit 6.3.

The OAG further notes that to be “able to assess safety and security risks adequately and respond appropriately, Canada must be aware of what happens in Arctic waters, particularly in terms of vessel traffic,” which “is complex. The territory is vast and isolated, and its climate is harsh. Waters are largely not charted to modern or adequate standards. Furthermore, the surveillance involves all levels of government, local and Indigenous communities, and trusted international partners.”⁵

Regarding federal responsibility, no single organization is responsible for the surveillance of Arctic waters, as explained in Table 2.

Table 2 – Federal Roles and Responsibilities regarding Arctic Surveillance

Fisheries and Oceans Canada (DFO)	<ul style="list-style-type: none"> • policies and programs related to oceans, including provisioning hydrographic services, navigational charts, and other information on maritime limits and boundaries; enforcing and regulating fisheries in Canada
--	---

5 Ibid., paras. 6.4. and 6.5.



<p>The Canadian Coast Guard (the CCG)</p>	<ul style="list-style-type: none"> • services for the safe, economical, and efficient movement of ships in Canadian waters (the territorial sea and internal waters of Canada) • marine communications, traffic-management services, ice management, and icebreaking services • also responsible for the marine component of the federal search and rescue program and for the appropriate response to marine pollution from ships • reports to the Minister of Fisheries, Oceans and the Canadian Coast Guard
<p>Environment and Climate Change Canada (ECCC)</p>	<ul style="list-style-type: none"> • providing weather forecasts and information on water and climate conditions
<p>National Defence</p>	<ul style="list-style-type: none"> • detecting, deterring, and defending against threats to Canada and North America, including those coming from Arctic waters • coordinating aeronautical and maritime search and rescue services and for providing assistance to civil authorities in support of national security and responses to major domestic disasters and emergencies • includes both the Canadian Armed Forces and the Department of National Defence
<p>Transport Canada (TC)</p>	<ul style="list-style-type: none"> • developing, administering, and enforcing legislation, regulations, and subsequent direction to ensure marine safety and security and to protect the marine environment
<p>Public Services and Procurement Canada (PSPC)</p>	<ul style="list-style-type: none"> • supports the previously mentioned organizations by being the central purchasing and contracting agent for items such as equipment and platforms (for example, ships and aircraft)

Source: Office of the Auditor General of Canada, [Arctic Waters Surveillance](#), Report 6 of the 2022 Reports of the Auditor General of Canada, para. 6.6.

Furthermore, Interdepartmental mechanisms have been implemented to support collaboration among organizations responsible for the surveillance of Arctic waters, as follows:

Interdepartmental Marine Security Working Group. This working group, created in 2001, is responsible for maintaining awareness of evolving and

new threats to the maritime domain conducting analysis and providing recommendations to mitigate risks to Canada’s marine security establishing and periodically updating strategic policy documents facilitating interdepartmental awareness and collaboration. It is composed of director general–level representatives from 17 federal organizations, including those subject to this audit, and is chaired and administered by Transport Canada.

Marine Security Operations Centres. These centres were created in 2005 to detect and assess marine-related security threats and incidents and to support a whole-of-government response. More specifically, the centres were created to collect, analyze, and disseminate accurate, coherent, relevant, and timely situational awareness of Canada’s maritime domain. The centres bring together a smaller number of federal organizations, including the ones subject to this audit: National Defence, the CCG, TC, and DFO. Three centres cover the country’s maritime domain. The centre in Halifax, Nova Scotia, covers the East Coast and the Arctic.⁶

Other forums and working groups share information and collaborate on Arctic-related safety and security matters among the federal government, territorial governments, and non-governmental organizations.⁷

In 2022, the OAG released a performance audit that “focused on whether key federal organizations built the maritime domain awareness needed to respond to safety and security risks and incidents associated with increasing vessel traffic in Arctic waters.”⁸ The federal organizations deemed key to the surveillance of Arctic waters and included in the audit scope were TC, DFO, the CCG, National Defence, and ECCC. PSPC was also included for its support role in central procurement of items such as vessels.⁹ Exhibit 1 outlines the geographic areas examined in the OAG audit.

6 Ibid., para. 6.7.

7 Ibid.

8 Ibid., para. 6.8.

9 Ibid., paras. 6.8 and 6.9.



Exhibit 1 – Map of Canadian Arctic waters and Areas included in the OAG audit



Source: Office of the Auditor General of Canada, [Arctic Waters Surveillance](#), Report 6 of the 2022 Reports of the Auditor General of Canada, Exhibit 6.4.

On 13 February 2023, the House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit, with the following in attendance:

OAG – Andrew Hayes, Deputy Auditor General; Nicholas Swales, Principal; and Chantal Thibaudeau, Director

DFO – Annette Gibbons, Deputy Minister, and Mario Pelletier, Commissioner of the Canadian Coast Guard

PSPC – Paul Thompson, Deputy Minister, and Simon Page, Assistant Deputy Minister, Defence and Marine Procurement¹⁰

On 6 March 2023, the Committee held a second hearing on this audit, with the following in attendance:

OAG – Andrew Hayes, Deputy Auditor General, and Nicholas Swales, Principal

TC – Arun Thangaraj, Deputy Minister, and Lisa Setlakwe, Assistant Deputy Minister, Safety And Security

National Defence – Bill Matthews, Deputy Minister; Rear-Admiral Steven Waddell, Deputy Commander, Royal Canadian Navy; Nancy Tremblay, Associate Assistant Deputy Minister, Material; and Rob Chambers, Assistant Deputy Minister, Infrastructure and Environment

ECCC – Chris Forbes, Deputy Minister, and Ken Macdonald, Executive Director, National Programs And Business Development, Prediction Services Directorate, Meteorological Service Of Canada¹¹

FINDINGS AND RECOMMENDATIONS

Long-Standing Gaps in the Surveillance of Arctic Waters Were Not Addressed

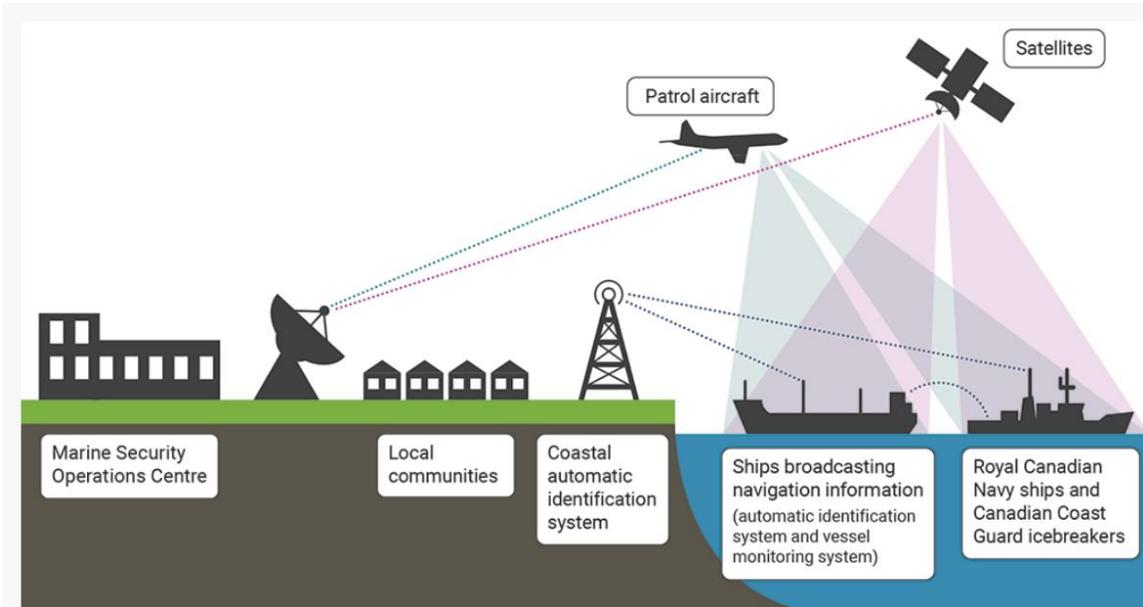
The surveillance of Arctic Waters is a complex undertaking involving many organizations, as illustrated in Exhibit 2.

10 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 13 February 2023, [Meeting No. 50](#).

11 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 6 March 2023, [Meeting No. 51](#).



Exhibit 2 – Overview of sensor systems that monitor maritime traffic



Source: Office of the Auditor General of Canada, *Arctic Waters Surveillance*, Report 6 of the 2022 Reports of the Auditor General of Canada, Exhibit 6.4.

Insufficient Action Taken to Address Gaps

The OAG found that the Interdepartmental Marine Security Working Group (or the working group) —the main interdepartmental forum responsible for maintaining awareness of evolving threats in the maritime domain—had repeatedly identified gaps and mitigation measures, but partner federal organizations had only taken limited actions to resolve them.¹²

In 2011, the working group adopted Canada’s Maritime Security Strategic Framework and Canada’s Maritime Domain Awareness Strategy, which highlighted what were then considered the most challenging deficiencies in maritime domain awareness, namely:

- limited capabilities to build a complete and uninterrupted picture of ship traffic in a region as remote as the Arctic;

¹² OAG, *Arctic Waters Surveillance*, Report 6 of the 2022 Reports of the Auditor General of Canada, para. 6.22.

- the inability to reliably track, monitor, and identify non-emitting vessels, notably small vessels and those not complying with requirements on identification and tracking equipment; and
- challenges in sharing information among organizations.¹³

In 2014, the working group performed a maritime domain awareness gap assessment that focused on the Arctic that inventoried capabilities and activities in maritime domain awareness, along with gaps and mitigation options. In 2015, the working group developed a work plan to prioritize and address these gaps, including those identified in 2011 such as

- radar coverage in Canadian waters, including choke points in the Arctic, which was considered to be a high priority given the lack of capacity for surveying small and non-emitting vessels in the Arctic; and
- requirements of the Automatic Identification System or other reporting systems for vessels then outside the scope of these requirements.¹⁴

This work plan, however, did not include implementation timelines, and the working group did not systematically monitor progress its implementation. In 2016, the working group began to develop an Arctic maritime security strategy but did not complete it. Furthermore, at the end of 2021, “it reactivated this project to finalize the strategy by March 2023 so that the partnering federal organizations would take concrete actions over 15 years to address the gaps in maritime domain awareness in Canada’s Arctic.”¹⁵

Additionally, at the departmental level, the OAG “found that some efforts were made to improve maritime domain awareness, such as the following:

- In 2021, Defence Research and Development Canada—an agency of National Defence that advises several federal organizations on safety and security matters—completed a 6-year research program on Arctic surveillance, with a maritime component. This component focused on reviewing maritime domain surveillance requirements, identifying capability gaps, and assessing current and potential technologies that could be used to fill these gaps, with an emphasis on satellite technology.

13 Ibid., para. 6.23.

14 Ibid., para. 6.24.

15 Ibid., para. 6.25.



At the time of the audit, this program had not led to operational changes in the maritime surface domain.

- Also in 2021, a joint project to improve communication capabilities between National Defence and Canadian Coast Guard ships was completed. These ships can now exchange timely maritime domain awareness information with each other and with land-based operational centres, which can facilitate the coordination of actions between federal organizations operating in the Arctic.
- National Defence undertook an initiative to modernize the remote communication capabilities used to operate in remote regions, including in the High Arctic.”¹⁶

The OAG also noted that other measures that could help mitigate gaps in maritime domain awareness have progressed slowly; for example, in 2012, “the federal government launched a project on shipping corridors to guide maritime traffic toward areas of lower risk, in terms of navigation, environmental protection, and cultural sensitivity. The concentration of traffic in specific sectors of a vast territory such as the Arctic could facilitate its surveillance. By 2014, the government had identified preliminary corridors and engaged with Indigenous groups and northern communities in the following years. However, 10 years after the initiation of this project, the government has not yet formally designated low-impact shipping corridors or established how these will be governed with northern communities.”¹⁷

Ultimately, although the federal government has been assessing these gaps and trying to develop a strategy to address them, it has not taken enough action, as the gaps identified in 2011 still existed at the time of the OAG audit.¹⁸

Lack of Integration Among Organizations

The OAG found that the Marine Security Operations Centre in Halifax (or the Halifax Centre) provided a valuable forum for collaboration to provide situational awareness of significant maritime events, assess risks, and develop concrete responses when warranted. However, it also found some weaknesses in its governance and information-

16 Ibid., para. 6.26.

17 Ibid., para. 6.27.

18 Ibid., para. 6.28.

sharing mechanisms that lessened its partner organizations' abilities to integrate their contributions to form a common understanding.¹⁹

The OAG noted that governance of [Marine Security Operation Centres](#) (MSOC) has been a long-standing issue.²⁰ In 2015, the Interdepartmental Marine Security Working Group identified (as a high priority) the need to integrate MSOC into a unified program with an appropriate governance structure. Furthermore, "another internal review of the centres (between 2016 and 2021) indicated that the governance committees were not sufficiently active, the reporting structure needed to be formalized, and accountability mechanisms needed to be enhanced. In 2020, the partners adopted a framework to provide high-level direction on the centres' administration."²¹

At the time of the OAG audit, other planned documents to establish MSOC processes had not yet been developed. Thus, the OAG noted that weak governance limits their ability to provide strategic guidance and make decisions on interdepartmental issues.²²

Additionally, regarding the Halifax Centre, although partner organizations shared relevant information and had regular and frequent communications, the processes required to reconcile and integrate this information into a more complete picture of vessel traffic were inefficient.²³

Finally, the Halifax Centre did not have adequate procedures in place to enable partner organizations to share information. In the 2021 review, the partners identified a need to specify the information-sharing barriers and to develop operating procedures. However, in fall 2021, "the partners decided that another review would be undertaken by an independent party to examine in more detail the centres' functions and outputs, to identify existing and potential gaps that affect the centres' capacity to generate maritime domain awareness, and to make recommendations to improve MSOC long-term effectiveness."²⁴

19 Ibid., para. 6.29.

20 Canada's National Security Policy, released in 2004, directed the establishment of Coastal Marine Security Operations Centers (MSOCs) that would have the authority and capacity to support a national response to perceived and real marine security threats to the country. East and West Coast MSOCs are located in Halifax and Victoria respectively and the Great Lakes St. Lawrence Seaway MSOC is located in Niagara.

21 Ibid., para. 6.32.

22 Ibid.

23 Ibid., paras. 6.33 and 6.34.

24 Ibid., para. 6.35.



Officials informed the OAG that this review was expected to be completed in September 2023, but at the time of its audit, it had not yet started.²⁵

Need for Concrete Actions

Consequently, the OAG recommended that National Defence, TC, DFO, and the CCG, working together, should take concrete actions to address the long-standing gaps in Arctic maritime domain awareness, particularly the following:

- the inability to track vessels continuously and to identify non-emitting vessels
- the barriers that prevent efficiently sharing and integrating relevant information about vessel traffic in Arctic waters.²⁶

The government's Management Response and Action Plan stated the government's agreement with the recommendation and that National Defence, TC, DFO, and the CCG will take a risk-based approach to maritime domain awareness in the Arctic as it does for Canada's east and west coasts, the Great Lakes, and the St. Lawrence Seaway. As part of the Marine Security Operation Centre Information Sharing Protocol and third-party review, it "will incorporate measures to identify gaps in monitoring, assessing, and reporting on maritime domain awareness and way forward on operational flexibility, options, and tools."²⁷ It also committed to the following milestones:

- 1) Complete the Maritime Domain Awareness (MDA) Strategy (October 2023);
- 2) Initiate MDA Afloat pilot project (Summer 2023);
- 3) Complete the Arctic Maritime Security Strategy, an interdepartmental initiative comprising key security partners such as DND, RCMP, CBSA, CCG, and TC as part of the broader IMSWG initiative to reinforce maritime security efforts across Canada (Draft to be ready by January 2023);

25 Ibid.

26 Ibid., para. 6.36.

27 Government of Canada, [Management Response and Action Plan](#), pp. 1-2.

- 4) Complete the Third Party review, which will concentrate its efforts on analysing current MSOC functions and outputs with the aim of identifying existing and potential gaps that impact MSOCs in providing MDA (December 2023); and
- 5) Complete trials of new MDA tools (for example Purple Trac and OCIANA), which have the potential to address long-standing Arctic MDA gaps with a view to revising and refining revising and refining the MDA requirements (November 2022).²⁸

In response to a question about how the government would manage if climate change led to increased access to Canadian Arctic waters, Mario Pelletier, Commissioner of the Canadian Coast Guard, provided the following:

Yes, we have what we call the northern marine corridor that we have developed as well. Basically, it's tracking where the ships are. We're going to ask the ships to follow the preferred routes. This is where we can focus our energy to put in aids to navigation. We can do the proper charting in those corridors. This is ongoing. This is exactly in preparation for what you're saying. This way, we can also map sensitive areas.²⁹

Additionally, Annette Gibbons, Deputy Minister, DFO, provided the following:

The expanded presence of the Coast Guard, as we bring on the new fleet and we're able to have an even greater presence of vessels in the north year-round, will also be something that allows us to deal better with increasing ship traffic.³⁰

On the issue of improving the government's performance around maritime domain awareness (MDA), Arun Thangaraj, Deputy Minister, TC, added the following:

[With] respect to some of the gaps, one of the first actions of the department was reviewing the working group. There have been changes to the working group and how it operates to make it more nimble and responsive and to identify where those gaps are. As the audit noted, the framework was old and outdated, so that working group has met and the revised framework will be approved by the end of this month.³¹

28 Ibid.

29 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 13 February 2023, [Meeting 50](#), 1225.

30 Ibid., 1125.

31 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 6 March 2023, [Meeting 51](#), 1120.



Mario Pelletier provided the following:

On the MDA, I think we're making huge progress. I'd say that 10 or 15 years ago we were one of the world leaders in e-navigation. We dialed that back due to reductions, but with the investment we've received through the [Oceans Protection Plan] and so on, we're really ramping up our ability and our participation in international forums, which allows us to have a better understanding and knowledge of marine domain awareness.

We're also collaborating with many other countries, like Denmark, Norway and so on, so we are exchanging expertise with each other and benefiting from it.³²

Lastly, Bill Matthews, Deputy Minister, National Defence, testified as follows:

In terms of closing gaps around awareness, the work we are advancing is twofold. Number one, we are looking at Arctic offshore patrol ships' new capability, and there are three more coming there. However, information sharing is also critical. The OAG report flags that some vessels self-report. Others, smaller vessels, are under no obligation to do so. There are multiple departments, including the Coast Guard, [that] work together to build that picture.³³

In response to a specific question about subsurface monitoring, Rear Admiral Steven Waddell, Royal Canadian Navy, provided the following explanation:

Based a lot on the efforts of [Defence Research and Development Canada] and others and some of the innovation pieces that we've been talking about, the Royal Canadian Navy is involved extensively in looking at autonomous vehicles and other remotely operated vehicles, both aerial and subsurface, along with other sensors to support and enhance our ability to understand the subsurface domain, including in the Arctic region.³⁴

When asked to explain what the government meant by its plans to take “a risk-based approach to maritime domain awareness in the Arctic,” Mario Pelletier provided the following:

It depends on the volume of traffic, the area and so on. That's what a risk-based approach comes from. Basically, we've developed a methodology for search and rescue purposes that we call RAMSARD, risk-based analysis methodology for search and rescue

32 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 13 February 2023, [Meeting 50](#), 1210.

33 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 6 March 2023, [Meeting 51](#), 1120.

34 *Ibid.*, 1240.

delivery, and we're developing the same methodology for environmental response going forward as well. There will be a common approach for various programs.³⁵

Therefore, the Committee recommends:

Recommendation 1

That, by 30 June 2026, National Defence, Transport Canada, Fisheries and Oceans Canada, and the Canadian Coast Guard present the House of Commons Standing Committee on Public Accounts with a progress report detailing what concrete actions have been taken to address the long-standing gaps in Arctic maritime domain awareness, particularly regarding A) the inability to track vessels continuously and to identify non-emitting vessels; and B) the barriers that prevent efficiently sharing and integrating relevant information about vessel traffic in Arctic waters.

Enhancement and Replacement of Equipment, Fleets, and Infrastructure

Satellite Capabilities

The OAG found that Canada's current "satellite-based surveillance capabilities do not meet the needs of National Defence and other federal organizations for earth-observation data. The RADARSAT Constellation Mission satellites, already used at full capacity, cannot accommodate all the demands of federal organizations for radar imagery of Canada's territory. Every time a priority request is made, the imagery acquisition plan must be reviewed to determine which other needs will be delayed or not met."³⁶

The federal government has acknowledged that it will take another decade for the Canadian Space Agency to launch a successor to the RADARSAT Constellation Mission and, thus, there is a significant risk of an interruption of satellite earth-observation services past 2026. Budget 2021 allocated \$9.9 million over 2 years to the agency to plan the next generation of earth-observation satellites. At the time of the OAG, the agency was developing options to replace the constellation's capabilities and to fill gaps in earth-observation services that could emerge after 2026; these include leveraging access to free and open data; expanding the purchase of commercial data; enhancing

35 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 13 February 2023, [Meeting 50](#), 1205.

36 *Ibid.*, para. 6.44.



collaboration with existing international partners; and developing new national satellites. The agency's goal is to set a course of action by 2023.³⁷

The OAG also concluded that "if the RADARSAT-2 or the RADARSAT Constellation Mission cease functioning or suffer performance limitations before new satellites become operational or other sources of satellite data are secured, National Defence and other federal organizations could be left with limited Canadian surveillance capabilities in the Arctic for years. This could significantly degrade Canada's ability to detect and track vessels in its Arctic waters and would likely increase Canada's reliance on its allies for surveillance information. Furthermore, should any delay occur in launching the new satellite systems, this capability gap would last even longer."³⁸

Icebreakers

The CCG fleet includes six icebreakers suitable for Arctic operations; however, they are between 35 and 53 years old and are becoming increasingly prone to breakdowns and are expensive to maintain. Given that it will take several years before these ships can be replaced, the federal government launched a project to extend their service lives, for which "it spent about \$162 million for the six icebreakers over the past 10 years and plans to spend about \$800 million more until 2030."³⁹

In 2018, the CCG purchased three second-hand commercial icebreakers (built in 2000-2001) to maintain icebreaking capabilities while the icebreaker fleet undergoes maintenance, life extension work, and refitting. The first two icebreakers were entered into service in 2018 and 2020, respectively, while the third was expected to enter into service by the end of 2022. However, the government's decision to add one more polar icebreaker to the shipbuilding strategy led to it "extending both the time allowed for the shipyard to submit its proposal and the assessment process. The first new icebreaker is expected to be delivered in 2030, and after life extensions, the current icebreakers are expected to start reaching the ends of their service lives by 2029, leaving little room for further delay if a gap in icebreaking capacity is to be avoided."⁴⁰

37 Ibid., para. 6.46.

38 Ibid., para. 6.48.

39 Ibid., para. 6.50.

40 Ibid., para. 6.51.

Arctic and Offshore Patrol Ships

The OAG found that there will be further delays (mainly due to the COVID-19 pandemic) in the delivery of Arctic and offshore patrol ships for both the Royal Canadian Navy and the CCG, which increase the risk of capability gaps in Arctic surveillance.⁴¹

Patrol Aircraft

Transport Canada operates the National Aerial Surveillance Program, which includes surveillance patrols to protect the maritime environment from pollution from shipping, traffic, fisheries, and ice. In 2021, the department completed an obsolescence study on the aircraft used for Arctic surveillance that identified several issues that, taken together, present a significant risk to the serviceability and availability of the aircraft. Moreover, no strategy has been implemented to renew the aircraft.⁴² National Defence may also have a capability gap if the aircraft to replace the aging Aurora CP-140 long-range patrol aircraft—also used for aerial patrols in the Arctic—are not delivered by 2032-2033 as planned.⁴³

Inadequate Infrastructure for Patrol Equipment

The OAG found that infrastructure projects to support the Royal Canadian Navy’s Arctic and offshore patrol ships and TC’s surveillance aircraft were deficient and behind schedule, which affects TC’s ability to maintain its patrol aircraft and puts the replenishment of the patrol ships at risk.⁴⁴ For example, in 2007, “the federal government announced that the deep-water port at Nanisivik would be converted into a naval facility—a logistics hub to support navy and other government vessels during the navigation season in the Arctic. As defined by National Defence in 2010, this facility was expected to provide vessels with docking space, fuel and other goods, as well as shelter, work areas, and amenities for personnel,” with an estimated cost of \$258 million.⁴⁵

Later, in 2012, National Defence revised the scope of the project to reduce its costs and subsequently received a budget of \$130 million to proceed with the conversion. This work commenced in 2015 with completion expected in 2018, but this was delayed; plus, there was no progress in 2020 and 2021 due to the COVID-19 pandemic. Furthermore,

41 Ibid., paras. 6.56 and 6.57.

42 Ibid., paras. 6.58 and 6.59.

43 Ibid., para. 6.60.

44 Ibid., para. 6.61.

45 Ibid., para. 6.62.



during summer 2019, the jetties where ships tie up were found to be severely corroded, and in January 2022, a \$37.5-million budget was approved to repair these jetties. The Royal Navy expects to start using the Nanisivik Naval Facility in 2025, but this will be four years after the first Arctic and offshore patrol ship voyage in the Arctic.⁴⁶

The OAG also found that the Nanisivik facility will be of much more limited use than first expected. Resulting from the decision to scale down the project, the facility will not be equipped to heat its fuel tanks, which will reduce its period of operation to about four weeks per year. For the remainder of the navigation season, ships' refuelling will continue to depend on commercial options or allies' cooperation; this leaves the Royal Navy at risk of not getting replenishment for its ships where and when its needed.⁴⁷

Additionally, the lack of adequate infrastructure is also a problem for the National Aerial Surveillance Program. From July to November, TC's Dash 7 maritime patrol airplane is located in Iqaluit, but the department does not have the infrastructure needed to maintain its aircraft or house its personnel in the Arctic. While operating out of Iqaluit, the aircraft must stay outdoors or in a rented hangar if availability permits, which limits the ability to perform maintenance and conduct extended operations in the Arctic into late fall or winter.

Moreover, TC plans to construct a hangar and an accommodations unit for the National Aerial Surveillance Program in the Arctic. This project was originally estimated to cost \$29.7 million and be completed in 2022–2023. However, the expected costs have thus far have increased to \$64.4 million (covered by budget approval) and completion has been delayed to 2024–2025. The OAG notes that “the delays and increase in forecasted cost are a result of supply chain interruptions, increasing material costs, and issues with contractor availability. As of March 2022, \$3.2 million had been spent on this project.”⁴⁸

Lastly, Transport Canada is also investing in the procurement of a remotely piloted aircraft system to provide additional safety and security surveillance in the Arctic. This system is intended to operate mainly out of Iqaluit; however, this cannot happen until the hangar is complete, and as a result, the intended increase in Arctic surveillance capability will be delayed by two years.⁴⁹

46 Ibid.

47 Ibid., para. 6.63.

48 Ibid., para. 6.64.

49 Ibid., para. 6.65.

Addressing Delays and Improving Capacity

Consequently, the OAG recommended that in order to address delays in the delivery of equipment to replace and improve the key federal capabilities used for maritime surveillance in the Canadian Arctic, and the risk that several types of equipment may cease operating before being replaced, National Defence, TC, DFO, the CCG, and PSPC should

- identify options and take action to acquire equipment in a timely manner
- develop and approve contingency plans to address the risk of having reduced surveillance capabilities in the event that key satellites, ships, or aircraft cease to operate before they are replaced.⁵⁰

Although the government stated its agreement with the recommendation in the Management Response and Action Plan, it also declared that no specific action plan was required for this recommendation “as it has already been addressed by the previous OAG [National Shipbuilding Strategy audit’s action plan] that is already in place and being monitored.”⁵¹ However, PSPC provided the Committee with a Management Action Plan that reiterates the Government of Canada’s commitments stemming from the OAG audit and Committee study of the National Shipbuilding Strategy (refer to Annex A).⁵²

Similarly, Transport Canada stated in its action plan that it:

- will continue to use the Dash 7 aircraft as the primary aircraft for Arctic surveillance pending a long-term strategy for the fleet.
- is working on a strategy to acquire a substantial inventory of Dash 7 parts to increase aircraft serviceability. Due to the limited availability of parts, Transport Canada intends to procure a presently available large package of replacement parts to augment its existing stock. Additionally, TC will continue to utilize both its internal and commercial engineering services to develop and have approved alternate parts, aircraft modifications, and repair designs to address issues (next few years).

50 Ibid., para. 6.66.

51 Government of Canada, [Management Response and Action Plan](#), p. 4.

52 Public Services and Procurement Canada, [Management Action Plan](#), pp. 1-4.



- has already identified the lack of infrastructure as an issue in the Arctic and has submitted and been approved for funding in the Oceans Protection Plan to build a hangar in Iqaluit (2024–2025).⁵³

Paul Thompson explained some of the recent challenges related to the National Shipbuilding Strategy and provided an update to the government's action plan:

Due to the pandemic and other global events, we have several new factors to deal with, such as inflation, commodity pricing and supply chain disruptions, which have all affected the cost and availability of materials. This is on top of increasing labour shortages. The report from the Office of the Auditor General is quite valuable as we work to counter the impacts of these challenges

[...]

Part of our management action plan to address the report's findings outlines ways to make sure that delivery schedules are more accurate, including by making improvements to how we monitor and report on the progress of the projects. The goal is to identify potential delays and cost overruns earlier in the process.

The action plan maps out continued efforts to ensure that we are properly and effectively integrating schedule, costs, and scope in how we measure performance.

[...]

PSPC will continue to work with its partners to mitigate the project delivery risks for the NSS, so the Royal Canadian Navy and the Canadian Coast Guard get the vessels they need to do the job.⁵⁴

Annette Gibbons also added that DFO has acquired four interim vessels so that when an existing vessel is taken out of service for vessel life extension, it has replacement assets to maintain uninterrupted service delivery.⁵⁵

In response to the Committee's concerns about that current state of Canada's Arctic patrol aircraft, and their replacement, Arun Thangaraj provided the following:

The Dash 7s are aging aircraft, as you said. That is why we have procured a very robust spare parts inventory to ensure that we can keep them operational for as long as possible.

53 Transport Canada, [Management Response and Action Plan](#), pp. 2-4.

54 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 13 February 2023, [Meeting 50](#), 1110.

55 *Ibid.*, 1105.

The surveillance program is augmented by the Dash 8 that flies out of Vancouver for the western Arctic. There are other Dash 8s positioned in Ottawa and Moncton that can be mobilized, if required, to ensure that we have adequate coverage for surveillance.

In the longer term, we are working with the Coast Guard on a plan to replace them—what the right aircraft and right capital asset are to replace them. In the meantime, the use of the remotely piloted aircraft is one way of augmenting the air capacity that we have, but the longer-term solution will be the result of the study we are doing with the Coast Guard.⁵⁶

Lastly, in response to a question regarding the hangar and accommodations that need to be built to house and service surveillance aircraft, Mr. Thangaraj provided the following update:

We finalized the design of the hangar and accommodations. It is going to procurement later this month, before the end of this current fiscal year, with, hopefully, construction by late summer or spring, given the construction season there.

It will do a couple of things for us. Having a hangar there will allow us to use our aircraft as well as the [Remotely Piloted Aircraft System] for extended periods of time. It will also be available to our partners in the north for their use as well.⁵⁷

The Committee believes that adequate infrastructure is integral to ensuring sufficient capabilities with regard to the surveillance of Arctic waters, and so should be part of the life-cycle concerns of vehicle and equipment management (including decisions about life-extension or replacement). To that end, thus, the Committee recommends:

Recommendation 2

That, by 30 June 2026, National Defence, Transport Canada, Fisheries and Oceans Canada, the Canadian Coast Guard, and Public Services and Procurement Canada provide the House of Commons Standing Committee on Public Accounts with a progress report detailing A) the actions undertaken to acquire equipment in a timely manner; B) the status of the new hangar being constructed near Iqaluit; and C) the development and approval of contingency plans to address the risk of having reduced capabilities in the event that key satellites, ships, or aircraft cease to operate before they are replaced. Transport Canada should also provide a report by 30 June 2026 about the status of the hangar in Iqaluit.

56 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 6 March 2023, [Meeting 51](#), 1220.

57 *Ibid.*, 1125.



Conclusion

The Committee concludes the Government of Canada has been deficient in its surveillance of Arctic waters. In this regard, it has not taken the required actions to address long-standing gaps affecting its surveillance capabilities which include the timely acquisition of replacement vehicles and equipment. In response, the Committee has made two recommendations in this report to help the Government of Canada improve its performance in these areas.

APPENDIX A: GOVERNMENT OF CANADA MANAGEMENT ACTION PLAN FOR RECOMMENDATION 6.66.

AUDITOR GENERAL RECOMMENDATION 6.66

To address delays in the delivery of equipment to replace and improve the key federal capabilities used for maritime surveillance in the Canadian Arctic and the risk that several types of equipment may cease operating before being replaced, National Defence, Transport Canada, Fisheries and Oceans Canada, the Canadian Coast Guard, and Public Services and Procurement Canada should

- identify options and take action to acquire equipment in a timely manner; and
- develop and approve contingency plans to address the risk of having reduced surveillance capabilities in the event that key satellites, ships, or aircraft cease to operate before they are replaced.¹

MANAGEMENT ACTION PLAN

Submitted by Public Services and Procurement Canada, the plan is a restatement of Government of Canada Commitments Stemming from the Audit of the National Shipbuilding Strategy.

Key Interim Milestone A: Enhanced Project Performance Through Detailed Schedule Analysis

Continue to leverage the world-class Earned Value Management (EVM) project management methodology that integrates schedule, costs, and scope to measure project performance. This will enable schedule and cost forecasting, identification of windows of opportunities to address potential issues, and adjustment of project parameters in a timely and effective manner. Work with client departments to confirm capability to perform detailed EVM analysis, or contract on their behalf to obtain third-

¹ Office of the Auditor General of Canada, [Arctic Waters Surveillance](#), Report 6 of the 2022 Reports of the Auditor General of Canada, para. 6.66.

party expert support. Use the EVM analysis to evaluate windows of opportunities within the project/program schedules. Link integrated EVM data to Risk Management discussions (see Key interim milestone C).

Date of Completion:

- EVM Clauses in Key Build Contracts: Completed
- Implementation across all Governance December 2023

Key Interim Milestone B: Comprehensive Review and Adjustment of Contracts

Review existing contracts for EVM and schedule-related obligations and deliverables. Assess the adequacy/acceptability and completeness of these obligations and deliverables and re-enforce and/or adjust specific clauses as required. Leverage the established NSS governance to consider proposed contract amendments aimed at ensuring use of EVM schedules, other shipyard-related schedule obligations, and deliverables are included as part of shipbuilding contracts. Lessons learned from the review of existing contracts will be applied to new contracts.

- Date of completion: Completed
- For new contracts: as required

Key Interim Milestone C: Focused Governance Reviews and Decision-Making

Establish a dedicated, recurring agenda item for the review of integrated schedule information (including EVM data and long-term project and programme schedules) at ADM and DM-level governance committees. This recurring agenda item will have direct linkages to the Risk Management information and be reviewed in a consolidated and timely manner so that project and program schedules can be comprehensively discussed and decision-making can be effectively enabled.

- Date of completion: Completed (ongoing activity)

Key Interim Milestone D: Comprehensive Mitigation Strategies

To ensure clarity and transparency, ensure completeness of mitigation strategies for all NSS risks and implement approaches to track and report on progress. The degree of control on each of the mitigation strategies will also be analyzed. Integrate risk mitigation strategies into the ADM and DM-level governance Committees and ensure linkages with key project/program parameters such as cost and schedules (EVM) are established and monitored.

- Date of completion: Completed (ongoing activity)

Key Interim Milestone E: Third Shipyard

Given requirements for the construction of large ships in support of the Canadian Coast Guard, the need for a third Canadian shipyard with the capacity and capability to deliver large ships has been identified. PSPC has been actively engaged in the process to support the inclusion of a third shipyard into the NSS. A prequalification process identified Chantier Davie Canada Inc. (CDCI) as the only capable bidder. Subsequent to this, a solicitation process was conducted and CDCI's bid submission was comprehensively evaluated and deemed compliant.

Associated future activities:

- Discussions are underway with CDCI to successfully negotiate an Umbrella Agreement Date of completion: Early 2023
- Treasury Board submission seeking advance approval to enter into the Umbrella Agreement Date of completion: Completed
- Post Umbrella Agreement signing, intent is to enter into contracts with CDCI to build 9 large ships (6 Program Icebreakers, 1 Polar Icebreaker and 2 Ferries). Date of completion: Initial contract Spring 2023²

2 Public Services and Procurement Canada, [Management Action Plan](#), pp. 1-4.

APPENDIX B: SUPPLEMENTAL INFORMATION FROM FISHERIES AND OCEANS CANADA

In response to requests at the hearing for additional information, the department provided the following response in a letter to the Committee.

REGARDING A QUESTION ABOUT PERCENTAGES AND/OR EMPLOYMENT STATISTICS RELATED TO INUIT EXPERTISE IN THE NORTH:

Table 1—Inuit Expertise in the North

	Total number of Employees	Indigenou s Peoples	Indigenous Peoples (%)	Inuit*	Inuit* (%)	Percentage of Indigenous Employees who are Inuit
DFO Arctic Region	84	12	14.3%	6	7.1%	50.0%
CCG Arctic Region	111	28	25.2%	18	16.2%	64.3%
Total for Arctic regions	195	40	20.5%	24	12.3%	60.0%

*Employees are given the option to specify Inuit identity when self-declaring as an Indigenous Person. Self-declaration is voluntary.

REGARDING A QUESTION ABOUT FUTURE PLANS FOR ARCTIC BED SURVEYS TO STRENGTHEN CANADA'S CLAIMS AT THE UNITED NATIONS COMMISSION ON THE LIMITS OF THE CONTINENTAL SHELF IN THE ARCTIC OCEAN:

On December 19, 2022, the Government of Canada filed with the Commission on the Limits of the Continental Shelf an addendum to the Executive Summary of its 2019 Arctic Ocean continental shelf submission. The revised outer limits of Canada's extended continental shelf in the submission are based on an in-depth study of all available data.

Assessments are underway to determine what additional data may be required to strengthen Canada’s submission.

REGARDING A QUESTION ABOUT STATISTICS ON UNREPORTED SHIPS THAT ENTER CANADIAN WATERS:

The Canadian Coast Guard does not have any program related to Inuit monitoring or aircraft observances.

As stated during the committee appearance, Northern Canada Vessel Traffic Services Zone (NORDREG) regulations fall under the purview of Transport Canada.

The table below outlines the number of foreign vessels entering the NORDREG that reported to the Canadian Coast Guard’s Marine Traffic and Communications Services Centre in Iqaluit for the period of 2010-2020.

Table 2—NORDREG Reporting (Foreign Vessels) 2010-2020

Number of Vessels Voyages in NORDREG Zone													
Flag	Vessel Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Foreign	Total	95	82	78	81	78	81	99	137	127	153	98	1109
	Adventurer	12	15	24	19	24	15	16	27	12	13	2	179
	Bulk - Grain	22	17	14	17	16	6						92
	Bulk carrier			2	4	7	21	45	63	81	92	82	397
	Fishing	12	11										23
	Government	4	3	3	1	1	1		2				15
	Merchant	4	2	1	1		4	3	4	3	8	6	36
	Passenger	18	11	10	17	13	18	20	19	21	24		171
	Pleasure	3	5	1	5	3	5	5	4	4	6		41
	Research	7	6	18	12	4	7	3	7		2	1	67
	Special Purpose	1	2	2	1	2	2	2	5	2	3	2	24
	Tanker	9	10	3	4	7	2	4	5	4	5	5	58
Tug	3				1		1	1				6	

REGARDING A QUESTION ABOUT THE COST OF THE THREE SWEDISH ICE BREAKERS:

Medium Icebreakers (Viking):

- The conversion costs for the three Medium Icebreakers (Viking) is \$362,085,304.

- The Commissioner's reference during his appearance on the acquisition and conversion costs of approximately \$850M for the three Medium Icebreakers is in reference to the project budget outlined on the National Shipbuilding Strategy website.

APPENDIX C: SUPPLEMENTAL INFORMATION FROM TRANSPORT CANADA

In response to requests at the hearing for additional information, the department provided the following response in a letter to the Committee.

AIRPORTS CAPITAL ASSISTANCE PROGRAM

Transport Canada's Airports Capital Assistance Program (ACAP) was implemented in 1995 under the National Airports Policy. The ACAP has an annual funding envelope of \$38M per year and was established to assist regional/local airport owners with safety-related capital investments. There are currently 187 airports that are eligible for funding under the ACAP.

Since the program's inception in 1995, the federal government has invested over \$1.2B nationally, with northern airports receiving over \$146.6M in funding for 84 projects at 32 airports.

The breakdown of ACAP contributions to northern airports from 1995 to 2023 is as follows:

- Northwest Territories – \$54.6M – 31 projects – 10 airports
- Yukon – \$18.8M – 14 projects – 3 airports
- Nunavut – \$73.2M – 39 projects – 19 airports

Active projects supported by ACAP funding at northern airports include:

- Hall Beach, NU – Airside surfaces rehabilitation and lighting upgrades valued at \$9.9M.
- Coral Harbour, NU – Upgrade of the apron electrical systems valued at \$797K.
- Yellowknife, NT – Purchase of a large snowblower valued at \$699K.
- Fort Smith, NT – Rehabilitation of the airport airside surfaces valued at \$15.0M.

Applications for funding under the ACAP are prioritized as follows:

- First priority: Includes safety-related airside projects such as the rehabilitation of runways, taxiways, aprons, associated lighting, visual aids, sand storage sheds, utilities to service eligible items, related site preparation costs including directly associated environmental costs, aircraft firefighting equipment and equipment shelters which are necessary to maintain the airport's level of protection as required by regulation.
- Second priority: Includes heavy airside mobile equipment that maintain safety, such as runway snow blowers, runway snowplows, runway sweepers, spreaders, winter friction testing devices, and heavy airside mobile equipment shelters.
- Third priority: Includes air terminal building and groundside safety-related projects, such as sprinkler systems, asbestos removal, and barrier-free access.

Both the resurfacing of runways and the abatement of mould would qualify as eligible projects under the ACAP. That said, the ACAP is a merit-based program where funding is allocated to the most urgent projects, based on the above-noted prioritization schedule. The ACAP is not an entitlement program and the ultimate responsibility for the safe operation and maintenance of an airport rests with its owner.

TRANSPORT CANADA'S REGULATIONS AND BAFFINLAND

Baffinland is not exempt from Transport Canada's regulations.

Baffinland is following Transport Canada's regulatory requirements as they apply to them. This includes, but is not limited to, compliance with the Canada Shipping Act 2001, the Arctic Waters Pollution Prevention Act, the Polar Code and the Marine Transportation Security Act.

Transport Canada inspectors regularly carry out compliance inspections of the vessels, oil handling facility and the marine facility at the Milne Port.

Transport Canada is ensuring that Baffinland is following all applicable regulations through regular compliance inspections.

Transport Canada closely monitors the passage of vessels in the Canadian Arctic in collaboration with the Canadian Coast Guard to ensure compliance with regulatory requirements. For example, during the 2022-2023 season, over 600 transits in the Canadian Arctic were monitored by Transport Canada.

Specific to Baffinland, Transport Canada inspectors were on site during the season, carrying out inspections of 12 bulk carriers and 2 domestic tugs to ensure compliance with applicable regulations.

APPENDIX D: LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's [webpage for this study](#).

44th Parliament – 1st Session

Organizations and Individuals	Date	Meeting
Department of Fisheries and Oceans Annette Gibbons, Deputy Minister Mario Pelletier, Commissioner, Canadian Coast Guard	2023/02/13	50
Department of Public Works and Government Services Simon Page, Assistant Deputy Minister, Defence and Marine Procurement Paul Thompson, Deputy Minister	2023/02/13	50
Office of the Auditor General Andrew Hayes, Deputy Auditor General Nicholas Swales, Principal Chantal Thibaudeau, Director	2023/02/13	50
Department of National Defence Rob Chambers, Assistant Deputy Minister, Infrastructure and Environment Bill Matthews, Deputy Minister Nancy Tremblay, Associate Assistant Deputy Minister, Materiel Steven Waddell, Deputy Commander, Royal Canadian Navy	2023/03/06	51
Department of the Environment Chris Forbes, Deputy Minister Ken Macdonald, Executive Director, National Programs and Business Development, Prediction Services Directorate, Meteorological Service of Canada	2023/03/06	51

Organizations and Individuals	Date	Meeting
Department of Transport	2023/03/06	51
Lisa Setlakwe, Assistant Deputy Minister, Safety and Security		
Arun Thangaraj, Deputy Minister		
Office of the Auditor General	2023/03/06	51
Andrew Hayes, Deputy Auditor General		
Nicholas Swales, Principal		

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* (Meeting No. [16](#)) from the 45th Parliament, 1st Session and (Meetings Nos. [50](#) and [51](#)) from the 44th Parliament, 1st Session is tabled.

Respectfully submitted,

John Williamson
Chair

BLOC QUÉBÉCOIS'S SUPPLEMENTARY REPORT

On 15 November 2022, the Office of the Auditor General released a report entitled “Arctic Waters Surveillance”. The House of Commons Standing Committee on Public Accounts held two meetings, on 13 February 2023 and 6 March 2023.

Because the report was tabled in the House more than three years after the report, the Bloc Québécois felt that it was important to request additional information.

Situation has evolved

The Arctic situation has evolved dramatically over the last few months and years. The Government of Canada will invest heavily in protecting arctic waters and has launched a series of projects and integrated the Coast Guard into National Defence. It was also possible to observe delays in Canada’s Naval Strategy by comparing the originally announced delivery schedule with what has been reported by numerous media outlets.

Given that the report was released in November 2022 and that the testimony was heard in 2023, we felt that it was important for the various departments to provide an update on the work undertaken since this report was released.

In 2022, the Office of the Auditor General found that federal organizations’ actions did not address long-standing gaps in the surveillance of Arctic waters; that certain infrastructure improvement projects were behind schedule; that the Nanisivik Naval Facility could not effectively support the vessels and the fleet that operate in the Arctic; and that the equipment and infrastructure used for monitoring maritime traffic need replacement and enhancement. We also wanted to know whether the various organizations had taken any action between the release of the Auditor General’s report and the release of this report by the Standing Committee on Public Accounts.

The Bloc Québécois recommends:

Recommendation 1: That, by 30 June 2026, National Defence, Transport Canada, Fisheries and Oceans Canada and the Coast Guard present the House of Commons Standing Committee on Public Accounts with an update on the status of the work undertaken in relation to Arctic waters surveillance since the release of the Auditor General’s report.

The need for insight into the current context

Additionally, the state of much of the equipment used in arctic waters surveillance had undergone service life extension, as the Office of the Auditor General illustrated so well in Exhibit 6.5 of her report. According to the information the Department of Fisheries and Oceans provided to the Parliamentary Budget Officer, it would take seven years to build new icebreakers. Construction of the first icebreaker was expected to start in 2024–2025 and be completed in 2030–2031, while construction of the second one was expected to start in 2026–2027 for delivery in 2032–2033. According to the Parliamentary Budget Officer, a one- or two-year delay could result in costs of between \$260 million and \$530 million.

As the Auditor General’s Report notes, the existing icebreakers were reaching the end of their useful lives and there were delays in procuring Arctic and offshore patrol ships. That is why it is necessary to assess whether the improvements carried out delivered tangible results.

Additionally, the emergence of drones has unlocked a new avenue for the government since the Auditor General’s report was released and since the committee held its meetings. Having a comprehensive view is essential to accurately evaluate the effectiveness of the measures implemented by federal organizations.

The Bloc Québécois recommends:

Recommendation 2: That, by 30 June 2026, National Defence, Transport Canada, Fisheries and Oceans Canada, the Canadian Coast Guard and Public Services and Procurement Canada provide the House of Commons Standing Committee on Public Accounts with an update on the state of their equipment (icebreakers, satellites, patrol aircraft and offshore patrol ships) dedicated to Arctic waters surveillance, stating:

- A) the expected end of service life for the equipment;
- B) the date new equipment is expected to be in service;
- C) any delivery delays since the Auditor General’s report was released;
- D) any new solutions developed for Arctic waters surveillance, including the use of drones and other technology tools; and
- E) that an illustration summarizing the subsequent information, using Exhibit 65 of the Auditor General’s report as a model, be included in the response.

Lack of satellite coverage

Lastly, another important item in the Auditor General's report focused on the RADARSAT Constellation Mission, which consists of three satellites that were launched in 2019. The satellites were designed to operate for at least seven years, so their performance is expected to degrade soon. In the report, the government acknowledged that it would take a decade for the Canadian Space Agency to launch a successor to the Mission. National Defence was supposed to launch its radar imaging satellite system, which was expected to become operational in 2035.

This means that Canada is in a position where it will have to purchase satellite imagery from commercial providers to ensure safety and security in Arctic waters.

This lack of coverage is therefore fraught with risk for Canada. The Canadian Space Agency and National Defence must provide an immediate action plan to address these gaps.

The Bloc Québécois recommends:

Recommendation 3: That, by 30 June 2026, the Canadian Space Agency and National Defence table an action plan to replace the RADARSAT Constellation's capabilities and address gaps in earth-observation services.

