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Monday, November 1, 2004

• (1530)

[English]

The Chair (Mr. Pat O'Brien (London—Fanshawe, Lib.)): I would now like to call to order the sixth meeting of the Standing Committee on National Defence and Veterans Affairs.

I can't let the moment pass without recognizing and welcoming an old friend and colleague of ours, Mr. David Price, who is seated here today. He is, of course, a distinguished former member of this committee and distinguished former parliamentary secretary to the Minister of National Defence.

Nice to see you again, David, and good luck in your new business ventures. We're happy to see you today.

I'll just refer colleagues to the orders of the day. There are two categories, of course. We have a witness with us to whom we will turn shortly. When the witness' testimony has finished, we have three or four items of business, so I would ask members to try to stay for that. We can have a brief discussion or we can refer it all to a steering committee if that's your wish, but we'll see how we approach that as we move to that part of the meeting.

Let me now turn to Mr. Peter Cairns. Welcome, sir.

Let me just very briefly read an introduction to put this gentleman's career in perspective for all of us.

Vice-Admiral Peter Cairns retired in 1994 after 39 years of service in Canada's navy. His career has had an operational focus, with extensive command experience. He is a qualified submarine officer. His sea commands include a submarine, two frigates, a submarine squadron, and a frigate squadron. He has had significant international experience, having completed tours in the Royal Navy, the United States Navy, and on NATO's marine staff.

It didn't take me too long to read all of your accomplishments and your whole CV here, sir, but just to put it in that context, let me welcome you to the committee and invite you to make some opening comments.

• (1535)

Vice-Admiral (retired) Peter Cairns (As Individual): Mr. Chairman, ladies and gentlemen, my name is Peter Cairns. I appear before you as a private citizen today, albeit with more submarine knowledge than the average Canadian. I'm a former commander in the navy. I spent ten years of my life in submarines, including a tour as the commanding officer of HMCS *Onondaga* and as commander of the 1st Canadian Submarine Squadron.

Before you begin any questioning, I would like to just read a very short statement.

It is my view that the company of HMCS *Chicoutimi* should be commended for facing an extraordinary challenge in saving their submarine. Few if any of us, including myself, can even imagine the horrors they had to face on that fateful day, yet they met the challenge head-on with a heroism and professionalism that has become the hallmark of the Canadian military. The Prime Minister, Parliament, this committee, and the Canadian people are saddened at the loss of life and injury, but extremely gratified that this ship's company, in the most adverse conditions imaginable, faced mortality yet did its duty.

Why submarines? Many, including SCNDVA, have voiced this question. The fact it is even asked is indicative of the low level of thought Canadians give to why their country maintains armed forces. To many of us who are concerned about security and defence, the answer is self-evident. Canada maintains armed forces for the defence of Canada directly and through shared commitments to international peace and stability. All other tasks that our forces perform on this country's behalf, be they peacekeeping, disaster relief, fishery patrol, criminal intervention, or whatever, are spinoffs from this core requirement. Implicit in these defence roles is a war-fighting capability. Without a war-fighting capability, armed forces cannot be justified.

The navy is the only service that operates in three dimensions. It must be capable of combating threats from the air, from the surface, and from beneath the water. The submarine is the acknowledged ruler of this third dimension. Actively and as a deterrent, it is an invisible protector both domestically and globally. The submarine also has the unique capability to be relatively impervious to the air and surface threats that wreak havoc on the surface ship, be it a frigate or a mighty aircraft carrier. It can take the fight to the enemy and operate in areas where the enemy controls the air and the surface.

The submarine's six 21-inch guns—as I like to call the torpedoes—allow the submarine to engage any warship in any navy. It is this single capability that gives a potential enemy cause for concern. But it is a mistake to look at the individual ships and aircraft of the navy in isolation. While each has its own unique characteristics, it is the synergy of the whole that tells the tale. A Canadian task group brings much more capability to the table than that inherent in the individual units of the task group. A frigate without its helicopter is like a boxer with one arm tied behind his back. A submarine working in conjunction with a maritime patrol aircraft provides significantly more surveillance capability than either can provide on its own.

It has become fashionable to speculate that anti-submarine warfare—or ASW, as we call it—is a relic of the Cold War. In my opinion, this is nonsense. Other witnesses before this committee have testified to the growing number of submarines in the world. I believe this number is in excess of 400 as we speak. Without submarines providing deterrents, the threat of aggressor submarines increases enormously. Submarines are an irreplaceable element of the defence continuum.

ASW is also the most complex area of naval warfare, and a navy must continually hone its skills to be proficient. A navy that lets its ASW skills decline does so at its peril. Canadian submarines also provide the training that allows our surface and air ASW forces to maintain their position as world leaders in this field. If Canada's navy is to be relevant in the future, there is a finite number of ships and aircraft below which, in my view, the navy cannot be reduced. I believe the navy is at that critical number.

• (1540)

Submarines serve as force multipliers that do much to overcome the navy's lack of physical numbers. It follows that submarines are an essential element of our defence. But why this submarine? This is another question that I will address.

Canada claims or has jurisdiction over an ocean area as large as its land mass. By virtue of its geography and the ferocity of its climate, Canada needs a large, robust, ocean-going submarine. The navy had investigated replacement possibilities for the O-boats as early as 1985. A proposed conventionally powered submarine acquisition program was cancelled when the government announced a nuclear-powered submarine program in its 1987 white paper. This program, which spun everyone's wheels 24 hours a day, was itself cancelled two years later without notice. This left the navy with O-boats that were five years older and still no program or funding to replace or extend their capability.

In the early nineties, a change of government forced the military to slash its already inadequate budget further. At the same time, this new government exhorted departments to find new and innovative ways to do business.

As an aside, it is my observation that governments love to promote innovation but do not make the required process changes in their own bureaucratic organizations to facilitate change. For the most part, truly innovative solutions go for naught because the very government that promotes the innovation cannot accommodate the solutions. The eight-year, interest-free, lease-to-buy option in which Canada's lease payments were to be bartered for ongoing use of Canadian training facilities by British forces at Wainwright, Suffield, and Goose Bay, was such an innovative solution to a naval problem.

This is not the first time the navy has acquired used vessels from its allies. Lend-lease provided U.S. end destroyers to Canada during World War II. HMC Ships *Crusader*, *Crescent*, *Sioux*, *Ontario*, and *Ville de Québec*, to name a few, all started their lives in the Royal Navy. The submarines *Grilse* and *Rainbow* all had World War II patrols under the Stars and Stripes. All of these vessels served with distinction in Canada's navy. That the submarine is used is, in my view, not really an issue.

There is not an equivalent of CarCanada when it comes to used submarines. You cannot go out to the lot and kick the tires. Remember, our Canadian navy was attempting to keep an essential capability alive with very little funding. Building new submarines, however desirable, was out of the question. Choices were limited. There were probably only two viable choices available to the navy, the Dutch Walrus class and the Upholder class. In my view, the Upholder program represented the opportunity to acquire a good submarine with several exceptional capabilities, at a very reasonable cost. Our life-long relationship with the British and our 40 years of experience in operating their submarines made the choice obvious.

In conclusion, I believe the acquisition of the Upholder class was a rational and reasoned choice for Canada, given the circumstances.

Thank you, Mr. Chairman.

The Chair: Thank you very much, Mr. Cairns. I appreciate your opening comments.

We'll now go to a first round of questions, which will be seven minutes per member, starting with Mr. O'Connor, please.

Mr. Gordon O'Connor (Carleton—Mississippi Mills, CPC): Admiral, welcome to our committee. It is nice to see you again.

I think what is particularly good from our point of view is that you were at the beginning of the process to acquire the Victoria-class submarines. What I'd like to know first is when you were first aware of the U.K. offer for their Upholder submarines.

VAdm Peter Cairns: I think we were aware that the U.K. would in fact look at getting rid of their submarines probably in the late eighties. I know the Canadian submarine acquisition program, the program which I spoke of in my notes, looked at the Upholder as one of the options when our navy was looking at the possibilities. That went completely by the book when the 1987 white paper came out and we were rotated into the nuclear submarine program. I'm not overly familiar with what went on there because I was serving in NATO at the time.

In 1992, when I became the commander of Maritime Command, we were in desperate straits as to what we were going to try to do to keep the O-boat capability alive. We looked at what was then called an SCLE, a submarine life-extension program, essentially. That was when we looked at a couple of submarines, one of which was the Upholder, and we went to see what they were all about. At that time, some of them were still operating.

After looking at those, we thought this was perhaps a good opportunity for us, given that it looked as though very little money would change hands. It appeared in our initial analysis that we could actually do this for the same amount of money that we were spending operating the O-boats, that we could virtually have a cash-neutral transaction, but it didn't quite turn out that way. After I left, further studies were done and further things happened, so it never really got off the ground until 1998.

• (1545)

Mr. Gordon O'Connor: I think what we call the hard offer, the substantive offer from the U.K., started in your command period. It would have been somewhere between 1992 and 1994—

VAdm Peter Cairns: In 1992, and—

Mr. Gordon O'Connor: —that some offer would have come from the U.K.

VAdm Peter Cairns: We actually went to the U.K. and asked what the possibilities were. I honestly don't recall, but I think a hard offer actually came in late 1994 or early 1995. I can't say for certain, because, to my knowledge, it didn't happen when I was in the chair.

Mr. Gordon O'Connor: Did you have any discussions about submarines with Minister Collette when this offer came through?

VAdm Peter Cairns: No, I did not. I did not talk to Minister Collette about the submarine issue. That happened after me.

Mr. Gordon O'Connor: When this offer came from the U.K., did the department or the navy send a team over to the U.K. to investigate these submarines from a technical point of view?

VAdm Peter Cairns: As far as I know, yes, they did, in great detail.

Mr. Gordon O'Connor: Do you believe there is a report somewhere?

VAdm Peter Cairns: I'm assuming there would be, because you would have to base the decision on a report. I have not seen it, to be very truthful with you—I was retired—but I'm almost certain there was a very detailed technical report.

Mr. Gordon O'Connor: Were there any other bidders that you were aware of at the time? Were other countries interested in these submarines?

VAdm Peter Cairns: In that time period, the South African navy was given the go-ahead to refurbish its whole fleet, and they actually became quite interested in the Upholder class. So there was in fact another bidder at the time, and I believe it was the South Africans.

Mr. Gordon O'Connor: Was the navy in a situation in which you had to consider this offer or perhaps not have any succeeding submarines?

VAdm Peter Cairns: Yes, sir.

Mr. Gordon O'Connor: Are you aware of any pressure from the United States to encourage our government to acquire submarines?

VAdm Peter Cairns: I'm not aware of any pressure from the United States. I have heard there was perhaps some correspondence on military channels, but I cannot say that for certain. I do not know of any pressure by the United States on the Canadian government.

Mr. Gordon O'Connor: Do you know the reason or have any suspicion about what the reason is for the Canadian government's

delay—between 1993, I believe, and 1998—in making a firm decision?

VAdm Peter Cairns: No, I honestly don't. I would only be speculating.

It's unfortunate, because the boats became five years older. That's the real issue. Every year you delayed, they sat in the water another year.

I felt reasonably certain that a deal could be closed very quickly after I retired, just given the lay of the land, with the will to pursue it. For some reason, though, it could never seem to get off the ground until 1998.

Mr. Gordon O'Connor: Perhaps I could make a slight diversion and talk again about navy capabilities. As we understand it, these boats can operate within the open water and maybe at the edge of the ice cap. Did the navy ever envisage having the capability to go under the ice? The whole of the Arctic is usually covered.

• (1550)

VAdm Peter Cairns: That was one of the drivers for the 1987 white paper about the nuclear-powered submarine. It is the nuclear-powered submarine that can do that without any real problems. They're built to do that.

When we looked at the Upholder class, one of possibilities was that you could put a 30-metre plug in it and put in air-independent propulsion. That was quite possible, technically very possible. We were at that time investing in a lot of research and development on AIP technology, particularly with Ballard Power Systems on the west coast. It wasn't actually Stirling engine technology but fuel cell technology. The navy research and defence and military research and defence budgets actively pursued those technologies for the Canadian military, not only in submarines but in other areas.

We felt this submarine would have the capability to do that if and when we wanted to do it. As to whether it would have been financially feasible, whether we could have afforded it or any of these other things, or whether the fuel cell technology from Ballard would in actual fact have been the technology that was good enough to do the job, those are all open questions. At that time, that was what we were looking at as a possibility.

Mr. Gordon O'Connor: Thank you.

The Chair: Mr. O'Connor, thank you.

[Translation]

You have seven minutes, Mr. Bachand.

Mr. Claude Bachand (Saint-Jean, BQ): I want to thank you for being here today. You seem to be very knowledgeable about submarine operations. I believe you even commanded a submarine at one time. Can you tell us how a submarine goes about reporting its position? Most of the time, our submarines are under Canadian command. If you have occasion to move outside international waters or into US waters, to whom do you report your position and how is this information conveyed to other nations?

[English]

VAdm Peter Cairns: Within the NATO nations and within a lot of the western nations there is a submarine regime. Your nation, your command authority, which would be Canadian, would in fact inform the allies essentially of what your submarine would be doing or where it would be going, or not necessarily where it was going but what areas it would be transiting through or passing through.

In operations within your own Canadian waters—for instance, within our 200-mile economic zone—that's not an issue. We control that. We do what we want. But when transiting through international areas where there might be other allied submarines, you report positions. Essentially you set up like an airplane would go through an air route. There's a way route your submarine will go through at certain times. That area becomes inactive because they know there's a friendly submarine in there. You may not know which one it is, whether it's Canadian, American, Dutch, or whatever, but you know that within certain timeframes the submarine will pass through.

[Translation]

Mr. Claude Bachand: So then, you report your location to your command here in Ottawa, which then relays the message that a Canadian submarine is operating in a particular area. Is that how it works?

• (1555)

[English]

VAdm Peter Cairns: You would relay your communications to your submarine operating authority, which would be the commander in Halifax or Esquimalt, depending on whether you were an east or west coast submarine. He would deal directly with the submarine operating authority through NATO. In the east coast case that would be co-located with what used to be the commander of submarine Atlantic, who was also the NATO commander.

I think it would go that way.

[Translation]

Mr. Claude Bachand: Is it standard rule among submarine operators not to have to report the presence of a foreign submarine when that submarine is operating in the waters of a country that does not have any submarines of its own?

[English]

VAdm Peter Cairns: Other than what I've told you, not that I know of. In other words, if you have a transit plan and you're going from A to B, or from one area to another area, wherever it may be, that is communicated by your national submarine operating authority to the NATO submarine operating authority. It's looked at that way.

There are two NATO submarine operating authorities, one on the east coast of the United States and one on the...I guess we would call it the west coast of the United Kingdom. If you were going, for instance, from Canada to France, those submarine operating authorities would transfer your information over, much like what would happen if you were taking an airliner from Toronto or Montreal to Paris.

[Translation]

Mr. Claude Bachand: If Canada had not purchased the Upholder when the Oberon class submarine reached the end of its life

expectancy, would this have had an impact on the Americans? Perhaps the Americans would not have felt obliged to report the presence of one of their submarines in Canadian waters because Canada did not have any submarines in its fleet. What do you think?

[English]

VAdm Peter Cairns: That's quite possible.

[Translation]

Mr. Claude Bachand: Are you saying that's possible?

[English]

VAdm Peter Cairns: Yes. It essentially depends on the authority, American or British or French or whoever. It depends on what they're doing and whether they want to tell you or not. That's essentially what it comes down to.

Diplomatically, it would be polite to inform you that they intend to go through your waters between this area of time. I would say that probably 98% of the time that's what happens. But if some crisis is going on in the world and they want to go through your water and you have no reason...or there's nobody for them to run into, it's unlikely they'll tell you.

[Translation]

Mr. Claude Bachand: Therefore, if Canada did not own any submarines, then unbeknownst to us, some countries could have vessels patrolling in our waters.

[English]

VAdm Peter Cairns: Absolutely.

[Translation]

Mr. Claude Bachand: However, in a case where we do have submarines in the Canadian fleet, would these countries be obliged to notify us if they have vessels operating in our waters?

[English]

VAdm Peter Cairns: It depends on who it is.

Maybe I misunderstood your previous question, but I understood you to say that if a foreign submarine was operating in our waters he would be obliged to tell us. If we did not have any submarine operating ourselves, as I said before, diplomatically he probably would if he was an ally. If he was not an ally, he'd never tell you in a million years.

[Translation]

Mr. Claude Bachand: Do you think the Americans might have told Canada that if it didn't have any submarines in its fleet, they would feel free to patrol our waters without having to notify us? Do you think that's one of the reasons why the government moved quickly to buy the submarines?

[English]

VAdm Peter Cairns: No. That's not a reason why we bought submarines. We bought submarines for the defence of Canada. I believe the Americans act very much above-board. They are the people who will inform you of what's going on. We have excellent relations on a navy-to-navy basis with the United States Navy. We pass intelligence to them. They pass intelligence to us. The U.S. Navy, as far as I'm concerned, is not an issue. In fact, I believe they are very much above-board in this sort of area.

To me, that is not an issue for us to buy a submarine. It would be foolish to buy a submarine just for the pure fact that someone might tell you they're operating in your waters. If they don't want to tell you, they won't anyway, whether they have a submarine or not. You buy it for reasons of defence of your country. If you buy it for any other reason it doesn't make any sense.

• (1600)

The Chair: Thank you, Monsieur Bachand.

We go now to Mr. Blaikie, please, for seven minutes.

Hon. Bill Blaikie (Elmwood—Transcona, NDP): Thank you, Mr. Chairman. I apologize for being a few minutes late.

Admiral, I wonder if you could expand on what you think the consequences for the Canadian navy would have been if there had been a political decision—or for that matter, any kind of a decision—not to acquire the Upholder class, to phase out, in other words, submarine activity in the Canadian navy. What in your view would be the negative consequences?

VAdm Peter Cairns: I think the negative consequences would be several. First, we would lose one tremendous amount of capability in our navy for the defence of this country. We would lose the firepower that only the submarine can bring. And there's no argument here; all the frigates in Canada put together can't equal the firepower of the four Upholder submarines. When it comes to fighting somebody, killing people—and in the final analysis, that's what this damn thing's all about, whether you like it or not—it's the submarine that can really carry the mail.

It would be of significant detriment to all the rest of our maritime forces for two more reasons. One, we would lose all our ASW capability. One of the significant issues that the Canadian submarine brings to our own forces is our ability to train our own ASW forces. In fact, one of the primary reasons we bought the original O-boats was to train our ASW forces.

Hon. Bill Blaikie: That's anti-submarine.

VAdm Peter Cairns: Yes, our anti-submarine warfare forces.

So you would lose that capability. You would also lose the tremendous surveillance capability and sovereignty capability that the submarine can bring you.

You know, the submarine doesn't have to be there; all you have to do is say it's there.

Hon. Bill Blaikie: Nobody knows where it is.

VAdm Peter Cairns: No one knows where it is. If you tell somebody, "Don't sail across Parliament Hill, because we have a submarine there", it doesn't have to be there. It's now their call to decide what they're going to do.

So you'd lose a lot of capability that way, but you'd also lose a tremendous training capability and tremendous war-fighting capability. I think that would be a mistake.

Hon. Bill Blaikie: You mentioned sovereignty protection. One of the other things that's been cited as a reason for submarines is their role in drug interdiction, anti-smuggling, overfishing, environmental dumping, or whatever. But when I posed these questions to the CDS and Admiral MacLean, they didn't seem to have at their fingertips

any evidence, even anecdotally, of what kind of role submarines would play in that.

During your time, were records kept, or do you have a story to tell about a time when a submarine figured critically in apprehending smugglers or overfishers?

VAdm Peter Cairns: All those things, as I said in my statement, really are spinoffs of what the submarine does for a living. But in my time we experimented to see whether in actual fact we could do those things with a submarine, whether we could actually look at drug smuggling and overfishing and see whether the submarine had an intelligence role there.

We actually put a submarine on the Georges Bank. We knew there was overfishing on Georges Bank, and as soon as the fishery inspectors left, all the overfishers would move in. We documented that. We photographed the boats. As a further experiment, we actually stuck a mast up, took photographs, and then talked to them on VHF. That scared the living hell out of them. For some time later they didn't go onto Georges Bank. You could hear them chattering, "These guys have some damn submarines out here watching us." So yes, there was a positive effect.

To be very frank with you, I wouldn't buy a submarine just to do that—

• (1605)

Hon. Bill Blaikie: Yes.

VAdm Peter Cairns: —but it can do that.

As well, it can play a role anytime you have to watch something and you don't want the person you're watching to know he's being watched. This is particularly important in drug issues, where you need continuity of evidence. In other words, you can't pick up a guy with a shipload of drugs in Panama, not look at him again until he comes into your waters, not look at him again until he goes by Cape Breton Island, and board the ship and do any number of things... because if he has the drugs and you don't have continuity of evidence, you don't have a case.

I'm not explaining myself particularly well.

One of the things you can do with a submarine is keep that continuity of evidence. In other words, you can watch that guy all the time. You know that he's taken this on. You know that he still has it or whatever. He can't give you any other arguments, because you have it all documented.

From that point of view, it plays a role. You can do that with an airplane, too, if you can keep the airplane from being discovered. Each has its own role. They're complementary; they support each other.

Hon. Bill Blaikie: How critical is having a submarine capacity? Your argument about having to have submarines in order to maintain your anti-submarine capacity was an interesting and somewhat persuasive argument, but how critical is having submarines to the whole interoperability thing with the American navy? You do war games and stuff like that. If you don't have submarines, is your ability to participate in those war games severely hampered?

VAdm Peter Cairns: No, I wouldn't be so blunt as to say they wouldn't let us play if we didn't have a submarine. But when you bring certain capabilities to an area or to an issue, you get some quid pro quo in return. If you have diesel-electric submarines, for instance, they are the threat in the world right now. The ocean-going nuclear-powered Russian submarine.... The Cold War is out there somewhere. We've won that one at the moment. The threat right now is the diesel-electric submarine on inshore waters, or what they call littoral waters. I like to call them inshore because then everybody can understand what I'm talking about.

That is a different ASW ball game from the open ocean. The water is far more disturbed. The water is far more difficult to deal with, and the boats, being diesel-electric and on battery, are very quiet. If you can bring that kind of capability to your neighbours who operate nuclear-powered submarines, i.e., the British and the Americans—remember, at one stage it was bantered about that we would in actual fact let them use the Upholders as targets for so many months per year as part of the deal to get these old ones. I read that somewhere. I don't know whether it's true or not, but I read it.

Hon. Bill Blaikie: Fake targets.

VAdm Peter Cairns: Yes, fake targets, targets of opportunity to practice. That's a term we use. You're a running target for people to train on.

When you can bring those things to the table that they need—they need that expertise and need to be able to get that training and you can assist them with that training—then you can quid pro quo with that. The Americans have a tremendous intelligence network. Sometimes you can get some gems from them by virtue of the fact that you're providing. You provide, they provide; you provide, they provide. It's like buying sausages from the local grocery. If I sell them a couple of apples, they give me an extra sausage.

The Chair: Thank you, Mr. Blaikie.

We will go to Mr. Rota, please, for seven minutes.

Mr. Anthony Rota (Nipissing—Timiskaming, Lib.): Thank you, Mr. Chairman.

Mr. Cairns, one of the options available to Canada to replace the Oberon submarines was to select a design for a submarine and to build it in Canadian shipyards. I understand that the Australians went that route with the Collins-class submarine.

Let's go back to the late 1990s or even during the whole of the 1990s. What was the capability in the Canadian shipyards? Did we have the capacity or the ability to go that route?

VAdm Peter Cairns: We would have been exactly like the Australians. We would have had to build the capacity, build the ability, which is what the Australians did. They said okay, we're going to do this. They invested \$100 million in the Australian Submarine Corporation to build their Collins-class submarines. By the way, it took them 22 years to get the last one, from concept up, so that's not a particularly good deal. We're actually getting the Upholders in quicker time than they're getting the Collins class.

We could have built that capability and we could have done it in Canada. The question is, why would we do that? For three or maybe four submarines, to take 30 years to build that capability and then just blow it away over the next 30 years, do you do it again? We're

notorious for that in this country. We invest and we blow the money away. We invested hundreds of millions of dollars in the St. Laurent-class destroyer. We put hundreds of millions of dollars of IRBs, regional benefits and industrial benefits, into the country in 1954, of which none exists today. We did the same thing with the 280 destroyer. We did the same thing with the Canadian patrol frigate. We spent \$55 million or \$60 million on Saint John shipbuilding and then we let the whole damn thing wither away, because we didn't build anything else with it. We never followed up on any of the investment.

Those investments in money are fine. They did the job and we got a ship out of it, but we really didn't get a good return on our money. I don't believe we would have got a good return on our money had we tried to do what the Australians did.

• (1610)

Mr. Anthony Rota: Based on history, it was not a good idea to build our own.

VAdm Peter Cairns: I don't believe in our case it was a good idea, because we couldn't sustain the investment that we made. If we just wanted to do that as a one-off, spend that money, and say okay, we're just going to blow that money and not do this any more, then that would be okay.

We have a history of building submarines in this country, just as a matter of interest. At the end of World War I we built lots of H class submarines for the Royal Navy at Vickers in Québec, in Montréal. In fact, my Van Doos friends really don't like me to remind them that the Citadel housed submariners before it housed Van Doos. So we have that. Davie themselves built sections for nuclear-powered submarines for the fleet ballistic missile force in the United States. We do have the capability of building the bits and building them if we put it all together, but I'm not sure that's the right thing or the right investment.

Mr. Anthony Rota: In keeping with history, I think you anticipated my next question. You mentioned earlier that we had purchased other vessels. What is the history on the previous vessels? We hear about the problems with the submarines. Historically, is this something that happens fairly often? Is it something that is new, or is this pretty well in line with what's gone on in the past?

VAdm Peter Cairns: I don't know whether there's a pattern or trend here. I don't think I'd want to even go there.

Mr. Blaikie, of course, is concerned about submarines on the west coast, and so is the navy. Around 1960 we actually made a deal with the Americans and we got a submarine—I can't remember what its original name was—that we called *Grilse*. *Grilse* ran out of the Esquimalt dockyard from 1960 probably right through until 1970-71. We followed that up with another submarine we acquired from the Americans. Its American name was *Argonaut*, I believe, and we called that *Rainbow*. We operated that one until about 1975-76, when we ran out of money. We didn't have enough money in our budget to run it, so we essentially let the west coast submarine lapse. We always wanted to get submarines on the west coast, but we've never quite been able to achieve it. Hopefully we can with the Upholder.

We got these submarines and they were a pretty good deal. I think they were dollar deals, if you know what I mean. In a lot of acquisitions we have had, there have been deals that went on for something else. I don't know whether there was any other deal. But I do know I was there when we actually brought *Rainbow* back from the United States. We brought it from Norfolk, Virginia, through the Panama Canal. We couldn't let any of the troops ashore, because we were impounded, since no one had paid the duty. It took us several days to get the duty paid by the government before we could let our people go ashore. That's just a war story.

Mr. Anthony Rota: Aside from duty, were there any technical problems or anything along that line?

Vadm Peter Cairns: Because they were old, yes, there were technical problems. Technical problems are a way of life with machines, particularly complicated war machines. Yes, there were technical problems, because they were old. We scrounged spare parts. They were of an age, in those days, that you could actually in fact do a lot. If you had people with hand skills, you could do things.

• (1615)

The Chair: Like cars used to be.

Vadm Peter Cairns: Like cars used to be, exactly. Has anybody tuned their carburetor lately? You can't do it. You used to be able to do that with ships. You could make parts and you could do things. You can't do that now with the new modern ships. The Upholder is that way too. You can't get in there. You can't go back on the lathe and make a part. You have to get the real thing from the stores.

The Chair: One last brief question.

Mr. Anthony Rota: I don't know if you can make this brief, but I'll ask it as briefly as I can. How much physical access did we have to the Upholder before we actually purchased them?

Vadm Peter Cairns: We had as much physical access as we wanted.

Mr. Anthony Rota: So it was wide open.

Thank you.

The Chair: Thank you very much, Admiral Cairns.

That completes the first round of questions. Now we'll go to a second round of questions where we go back and forth across the table. It's five minutes for question and answer. We'll start with Mr. Casson, please.

Mr. Rick Casson (Lethbridge, CPC): Thank you, Mr. Chairman.

I believe you indicated in your opening comments, or in response to a question, that at the time the Oberon subs were available, initially, there were others we were looking at. Where were they and what were they?

Vadm Peter Cairns: When we looked at submarines in 1985, I believe, it was called the Canadian submarine acquisition program, which was the start of looking at replacements for the O-boats. We looked at various submarines that might have been possibilities. This was not necessarily buying used in those days. This was looking at submarines that we might actually have built or build, I believe.

There was the Upholder. There was the Walrus, from the Netherlands. There was the Type-1700 German submarine, I believe. I think that was about it. I think we looked briefly at the possibility

of a French submarine. They have it in two versions—one with nuclear power, one with diesel-electric. We looked at the diesel-electric version, Saphir, I think it was called. Those were possibilities that were being brainstormed at the time and being looked at in whatever detail.

Of course, when we were sidetracked onto nuclear power, that all went.

Mr. Rick Casson: You also indicated that you felt South Africa was also interested in these.

Vadm Peter Cairns: When we eventually got around to going back and looking at the old Upholder as a used item, we had an opportunity. It was a target of opportunity for us. At that time we had to deal with the South Africans.

Mr. Rick Casson: Were you aware at that time of any other countries that were interested in the—

Vadm Peter Cairns: No, I am not. I was only aware of South Africa.

Mr. Rick Casson: We were told the other day by one of our witnesses that taking four years to five years to procure something as complex as a submarine is normal and acceptable.

Do you know, in your experience or your involvement for the time that you were there, if there was any opportunity for us to take these submarines over, I think the term is, as a hot transfer, or when they were still operating, to move them right into our operations?

Vadm Peter Cairns: I think it would have taken.... I think there was always a possibility of doing that in theory. Whether it could have been pulled off or not, I don't know. It's hard to say.

I'm not sure we would have wanted to take them as a hot transfer without really looking at them, because what we were getting were used. Two of the boats hardly ever ran. Two of them ran, a Polar and one other ran, and two of them were virtually brand new. Depending on the terms, we might have looked at that, but I don't believe that was a possibility. I believe the procurement process is far too long. I know that's normal, but I don't think it's acceptable.

• (1620)

Mr. Rick Casson: It's normal, but maybe it's not quite right.

Vadm Peter Cairns: There was an article in the paper the other day that it took 12 years to get a knapsack. My God, if it takes 12 years to get a knapsack, it's going to take 30 years to get a submarine.

Mr. Rick Casson: Following up on Mr. Rota's comments, you indicated we had all the opportunity in the world to have a look at these things and we could get on them or get a look. Are you aware of unexpected problems that arose—it looks like there were—things that our people missed, some things that we might not have been told by the British?

VAdm Peter Cairns: I'm going to say right out that I don't believe anybody tried to hold anything back, to be very truthful. If it was missed, it was missed by both sides. Everybody knew that the Upholder during its building had problems with torpedoes—torpedo tubes. They rectified that. We knew there were some problems in the power plant. They rectified that. These were all during the building, in their time. We all knew that before the beginning.

I don't believe there was anything that came out after the transfer. As for the problem with the exhaust valves, I don't know whether anybody could have foreseen that. I honestly don't. I'm not a metallurgist. I don't know. These sorts of things are not uncommon. They're not uncommon in ships. They're not uncommon in aircraft, I might add.

You don't want them to happen. Don't get me wrong. I'm not trying to make any sort of a reason that they should happen, but I'm not sure this was anything that was held back or that we might have caught. Maybe we would have; maybe we wouldn't have. I really don't have enough knowledge or ability to give you any better an answer than that.

Mr. Rick Casson: Thank you.

The Chair: Thank you, Mr. Casson.

I'll now come to this side. Are there other questions?

Mr. Martin, please, for five minutes.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): General Cairns, thank you very much for being here.

The comments you made about the crew of the *Chicoutimi* are well appreciated, I'm sure, by everybody who is watching. They performed heroically in saving their lives and the life of the ship.

I'd like to ask you something. You made a comment—and I'll preface it, if I may. You said “The Upholder has exceptional capability and cost, and it was consistent with our relationship with our ally, the United Kingdom”. You said it was “a rational and reasonable choice”.

Perhaps you could explain to us, in your view, in the context of the choices we had at that time, particularly with respect to the Walrus, if you remove the relationship with the U.K., what made the Upholder a better choice than the Walrus?

VAdm Peter Cairns: In general, from our point of view, one of the big things—and I wasn't there to make the final decision—was that the submarine had a couple of significant advantages. First, it was extremely quiet, which is the name of the game in submarine warfare. Second, it was extremely manoeuvrable. It was the first diesel-electric submarine built with a teardrop hull, which in fact made it incredibly manoeuvrable, just by virtue of design.

As one chief told me, it was one of the two submarines that you could actually do some work on. In other words, there was enough space to actually get a wrench out and do some work if you had to. From that point of view, he was adamant that he didn't want to go with Dutch submarines—this was a technician's stance.

Although the Walrus had tremendous range and staying power—in fact a little bit better than the Upholder—I don't think they ever

really envisaged operating their submarines for extended periods of time away like we do, out in the middle of nowhere.

It's funny that around this table we are questioning why we are operating submarines in Canada, yet we haven't questioned why the Dutch operate submarines when we could fit their whole area of operation into Hudson Bay. I don't know what I'm trying to say there, except....

The fact is, I think we favoured the Upholder for several reasons.

● (1625)

Hon. Keith Martin: I take your point, Admiral Cairns, when you mentioned that 40 countries have submarines and none has an area of operations and sovereignty control that we do as a country.

VAdm Peter Cairns: Not at all.

It's interesting, in my view, one of the lessons that came out of the first Gulf War, which I don't think many people have picked up on, was that the country that actually picked up a lesson was Iran. They went right out and bought four submarines so they could get their mitts on the Hormoz Strait, in case they needed to close that waterway. That's why they did it.

Hon. Keith Martin: And the weapons systems on the Upholder are superb.

VAdm Peter Cairns: The weapons systems on the Upholder that we bought—the British weapons systems—were not superb, not by our standards.

The Royal Navy will never forgive me, but I believe Canada has been superior in the areas of command and control systems and technology for sensors for years. That is why we had Canadianization. In actual fact, we wanted to put in our towed arrays, our electronics, and our command and control system.

The command and control system we had on the *Onondaga* in the O class was not the original one, but it was so good that we decided we could put that in the Upholder and we'd have a much better system. So that's what a lot of the Canadianization was all about.

We have a great torpedo in the Mark 48 advanced capability. It's an American torpedo used by the Americans and the Australians. We wanted to use that torpedo because we had a bunch of them and they cost I don't know how many millions each, but they're not cheap. We wanted to use those torpedos so we wouldn't have to buy new torpedos. We decided we would modify the tubes—because they didn't fire that torpedo on the Upholder—so we could fire our own torpedos. So that was another part of the Canadianization.

But we underestimated the time for Canadianization. I think that's clear.

The Chair: Thank you, Mr. Martin.

I have just a word of context before I go to Monsieur Bachand—for all of us and for our witness.

Our first two witnesses were Admiral MacLean and CDS General Henault. Of course, we thought it was logical—we're all lay people around this table when it comes to the military, except for our friend, Mr. O'Connor, who brings some particular expertise in defence—to say, let's review why this country feels the need to have submarines in the first place. I guess with three oceans, you might say it's kind of obvious. I think we all stand on the fact we felt it served our purposes to review that. You've helped us a bit today with that, and we appreciate it, and you've helped us a lot on the particulars.

The purpose of this investigation is to probe the question of why the Canadian government of the day purchased these particular submarines from the British, and probe why we've had the particular problems we've had, tragically involving the loss of life of one of our submariners. You've helped with that very much so far, and you've helped with putting into context the fact that in the eighties, the government of the day had a white paper, went in a different direction, and then suddenly cancelled that direction.

This is all some very good context to help us probe, but the real thrust of this is not to continue to look at why we, as a nation, want to have submarines, but why we purchased those particular ones, and why we've had the problems we've had.

With that, I now want to go to Monsieur Perron.

[Translation]

You have five minutes.

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Good day, Vice Admiral Cairns. I have several rather innocuous questions for you, because I'm somewhat of a neophyte on the subject.

How much did the government pay for each submarine? You stated that the submarines were acquired and modified to meet Canadian specifications. Did they cost \$1 billion or \$2 billion? These vessels remain in dry dock.

[English]

VAdm Peter Cairns: As I'm not current on the service, I can only quote the figures that I believe I've heard. I did hear that they've budgeted for \$190 million for all four. That includes the reactivation, and whatever. I don't know whether that's true or not, but you should get somebody who is current on the service to answer the question.

•(1630)

[Translation]

Mr. Gilles-A. Perron: You showed us how submarines are a useful piece of military equipment. I greatly appreciated your demonstration, but I do have a very serious question. You served as Commander of the Pacific Region and to my knowledge, you never had any submarines. Is the Pacific coast not as well protected as the Atlantic coast? What about the Arctic, since the submarines currently in our fleet cannot transit under the polar ice cap, as I understand it?

[English]

VAdm Peter Cairns: I think it would be safe to say that in actual fact the east coast of North America, including the east coast of Canada, probably has the majority of marine forces and therefore by implication better protection. Some years ago, though, we realized we had to do a better job in our own Pacific area, and for that reason we then restructured the number of ships we had on either coast. If

you look at where ships are stationed in the Pacific in relation to ourselves and to the Americans, the majority of the American ships are stationed in southern California and the majority of the Canadian ships are in Esquimalt, British Columbia. There are some ships in the Seattle area—ballistic missile submarines, in fact—but in general that part of the world was not particularly well protected, I would say, although the Americans have significant air forces in Alaska.

A few years ago that part of the world, in my view, took on more importance. That's one of the reasons we tried to address it with what facilities we could. By virtue of the fact that the Americans did build their ballistic missile submarine base in Bangor, Washington, they do transit down the Strait of Juan de Fuca. They did build a submarine testing range in Ketchikan, Alaska, which meant they had to bring submarines through the strait going into Prince Rupert.

Anyway, I believe in general it's safe to say there are fewer forces in the Pacific and there are fewer again in the Arctic. We have never had enough forces to do what I think most military people wish we could do in the Arctic. People ask why, saying there's nothing up there; it's ice most of the time. In actual fact, the projections are that it's not going to be ice most of the time within the next 15 to 20 years, so it's an area we have to begin to seriously consider.

[Translation]

Mr. Gilles-A. Perron: Was the final decision to acquire the submarines made by the military or by the government?

[English]

VAdm Peter Cairns: The navy would make the recommendation, and the government—the cabinet of the day—would in actual fact make the final decision.

The Chair: Thank you very much, Mr. Perron.

Mrs. Longfield, please, for five minutes.

Hon. Judi Longfield (Whitby—Oshawa, Lib.): Thank you, Mr. Chair, and thank you, Admiral Cairns.

I was very pleased to hear you talk about the very close cooperation Canada has with the Americans in terms of our marine operations. I think that is something perhaps Canadians aren't as aware of. We can appreciate the cooperation we have in aerospace under the NORAD agreement, but I believe, as you have indicated, that while it is not as formal as NORAD, there is incredible cooperation in terms of operations and intelligence sharing in the protection of both our countries.

Hindsight is 50/50. Given everything that's transpired and the tragic occurrences in the past, do you believe the decision for Canada to get the four Upholder submarines was the right decision?

•(1635)

VAdm Peter Cairns: I believe that, given the circumstances we were faced with, it was the correct decision. I don't believe we had a lot of choices, but given what we had at the time, I believe the navy made the best decision it possibly could.

Hon. Judi Longfield: Is there anything in the back of your mind, any sort of lingering question, as to whether there was any other reason for Britain to take the Upholders out of service other than the fact that they were proceeding in another direction, in terms of nuclear?

VAdm Peter Cairns: I believe there was no reason other than budget. Both the Americans and the British have made exactly the same decision, and that decision was to get rid of diesel-electric submarines so people would not force them into diesel-electric submarines and reduce the number of nuclear-powered submarines they felt they needed. That has always been a considerable worry, so they said if we don't have any diesel-electric submarines, then no one can do that. When the budgets got tight, the diesel-electric submarines left.

Hon. Judi Longfield: Actually, Mr. Chair, I think most of the questions I had when I came in have already been posed, so I will turn my time over to someone else.

Thank you.

The Chair: You have two and a half minutes, Mr. Rota, if you want it.

Mr. Anthony Rota: I have a quick question. I'm interested in the history, because it seems like this isn't unusual when you're purchasing. Whether it's naval vessels, tanks, or anything else, it just seems to be the same thing. I'm not saying this is good or bad. I'm just saying this is the way it is.

The *Chicoutimi* was a tragedy, there's no question. There was loss of life and a lot of people's lives were put at risk. Here we are questioning the whole fleet. Would we even be having this conversation if that had not been so visible or so newsworthy, if I can use that term?

VAdm Peter Cairns: Well, I don't know why we're going through this, to be very frank with you, and I'll tell you why. You didn't have a parliamentary inquiry when those kids in the *Itis* died. We blew up a gearbox in HMCS *Kootenay* in, I believe, the late 1960s or early 1970s. We killed nine people; I don't think anybody even mentioned it in the newspapers. It was a tragedy far more severe than this one is as far as death is concerned. We have brilliant, great, young pilots who crash their airplanes, and we don't have parliamentary inquiries. I honestly don't know what has spurred the nation, the people, the media, and Parliament on this one issue, but it sure has got everybody upset.

Mr. Anthony Rota: Thank you, Mr. Cairns. That's a good answer.

The Chair: Thank you, Mr. Rota.

I won't go through the logistics on how the committee decided, but the committee certainly did decide to take this on.

We appreciate your candour very much.

And now we go to Mr. MacKenzie, please, for five minutes.

Mr. Dave MacKenzie (Oxford, CPC): Thank you, Mr. Chair.

Vice-Admiral, I'm new to this, but maybe I could suggest to you that it's not the accident but the process; we're looking at the procurement, not the incident. There is someone else looking at the incident.

You've indicated this was a good purchase, based on the circumstances at the time. If we'd had money to purchase new, would this have still been a good purchase?

VAdm Peter Cairns: I believe if we'd had money to purchase new, we might well have made other decisions.

Mr. Dave MacKenzie: Is it fair to say, then, that for the navy it was take these subs or no subs?

VAdm Peter Cairns: This was an opportunity, and it was an opportunity the navy was presented with.... How do you keep your submarine force alive? This is a pretty good alternative. It's not the best alternative. It's not the greatest submarine in the world, but it is a good submarine. It has some very good capability in certain areas. But I believe had we had money, time, and all those other things you're talking about, we might have made other decisions.

Mr. Dave MacKenzie: The other part I find very interesting is that we started this process in 1994, when you were still in the navy, and we did look at those submarines thoroughly then.

• (1640)

VAdm Peter Cairns: We started to, yes.

Mr. Dave MacKenzie: Are those basically, though, the same submarines four years later, the ones we've taken? Have they deteriorated? They haven't gotten better.

VAdm Peter Cairns: No, they haven't gotten better, and in fact, if they're sitting in water, you're not doing them any good. Every year you sit in water, every year you don't operate it.... If you have an historical car and you put it up on blocks for a year, it takes you some time to get it moving again. If you put it up on blocks for ten years, it's probably going to take you three, four, five, or ten times as long to get it moving again, and that's exactly the same situation.

The corollary is very similar to that. When you have an opportunity like this and the sub is used and is in the water, you should try if you possibly can to make this procurement go as quickly as possible.

Mr. Dave MacKenzie: The other part of that equation is that if we look at those boats as of 1994 and they're appropriate and if there are all those other things but we can't get them serviceable for 15 years, are they still a good buy?

VAdm Peter Cairns: Well, I don't know whether 15 years is a good figure. I won't comment on that.

I believe the navy is looking to keep these submarines for 30 years of full life. I don't know whether the navy considers that 20 years in Canada and 10 years in the RN or any combination of that to be equal to 30. I don't have the answer to that.

What I do believe is that we will find out that this submarine will in fact turn out to be a very fine submarine for Canada, but it is going through some teething problems.

Mr. Dave MacKenzie: The other part, I think, as I believe you are of the opinion—and I haven't heard anybody here dispute it—is that submarines are essential to Canada.

Vadm Peter Cairns: I truly believe they are. I believe they are—certainly to the maritime defence of Canada, yes.

Mr. Dave MacKenzie: And the fact we probably will be without operational submarines for an extended period of time...?

Vadm Peter Cairns: I think we'll have operational submarines. I'm the wrong guy to ask, actually, but I understand that the *Windsor* and *Victoria* are very close to operational capability. I think it will take longer for *Corner Brook*, and certainly longer for *Chicoutimi*. I believe they're closer now.

There are a lot of things they can do, even though they don't have weapon capability. So they can do a lot of sovereignty issues; they can do all sorts of things; but from a war-fighting point of view, they need to get weapon capability.

Mr. Dave MacKenzie: I guess the other part about this purchase is that these are the only four that had been built and will be built.

Vadm Peter Cairns: That's correct. That was another reason why these were favoured over Walrus, because there were no more Walrus, either.

A lot of the components in this submarine are similar, if not the same, to certain components that the British run on the nuclear-powered submarines. So there still is a lot of technology and ongoing serviceability that will float down to Upholder class by virtue of the nuclear submarine program in the United Kingdom, which we wouldn't have if we'd gone the Walrus route.

Mr. Dave MacKenzie: If we'd had the money to purchase another country's submarines, such as the German-manufactured submarine, which may be equal or better or whatever, marginally, the money aside, would that have made sense?

Vadm Peter Cairns: If it was a submarine with the capability that we wanted, it would make sense, absolutely. I think in fact the Type-1700—which I don't know what they call now—was in those days a highly rated submarine.

The key issue for us is that we have to have a submarine that will go in the ocean. A lot of the small submarines, when you talk about Swedish submarines, Danish submarines, and German submarines, are coastal submarines and not suitable for us.

The Chair: Thank you, Mr. MacKenzie.

Mr. Rota, we're over to this side again, for five minutes.

Mr. Anthony Rota: I guess I'll start off with a quick question. You mentioned that they may not have been the best alternative.

I have a two-pronged question: given the monetary restraints, what would have been the best alternative; and if the sky had been the limit, and let's say we're dreaming here, and we could have got whatever we wanted, what would have been the ideal alternative and how much more would it have cost?

● (1645)

Vadm Peter Cairns: If we were dreaming in technicolor, we would have stayed with the nuclear-powered program of the 1987 white paper. It would have cost us \$8 billion, which was what was projected at the time. If it were, as you say, dreaming in technicolor, that would have been the best alternative. Whether we could have sustained that, whether we would have enough money ever in Canada to actually do that, is another question. Certainly, if you're looking at capability, the top of the line is a nuclear-powered submarine.

What would have been the alternative in the diesel-electric field, if we had had enough money? I think we would have looked at new Upholder and Walrus boats, building our own boats, not buying used ones. If we could have built our own, we would have looked at a German capability. We probably would have looked again at the French capability. The Spanish are building a submarine or the Italians are building a submarine; but I think those four would have probably been the areas that we would have looked at.

Mr. Anthony Rota: Would we have gone through the same process, with the same or similar errors?

Vadm Peter Cairns: We would have had to have had an evaluation process. We would have had to have looked at them all, and we would have had to have made a decision as to which one we wanted. Then we would have had to have decided how we were going to procure them, whether we were going to build them in Canada or build them somewhere else. All of that would have been a long, laborious process.

Mr. Anthony Rota: With similar steps and similar problems along the way?

Vadm Peter Cairns: Exactly.

Mr. Anthony Rota: That's all for me. Thank you.

The Chair: Thank you.

Mrs. Gallant, please.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Were there any intermediaries to facilitate the transaction, an agent or commercial entity, aside from the Government of the U.K., in the initial capital purchase?

Vadm Peter Cairns: I don't know. There was no commercial agent, like a company in London being hired to do this on our behalf. There was nothing like that. We did deal with an arm of the British government, whose job it was to sell British equipment. It was a government arm. I'm trying to think of their acronym; it's a disposal organization, anyway. The Canadian government or the Canadian authorities dealt with this organization, which was then dealing with the British navy. That was the way it worked.

Mrs. Cheryl Gallant: With regard to the service for reactivation, it was BAE who did that. Was there a tendering for the contract? Were they the only company who could do it? Is that why they were chosen?

VAdm Peter Cairns: They were the builders of the submarines, they were the original equipment manufacturers. It would, I think, make no sense to try to do it anywhere else because the learning curve for somebody else to do this.... We wouldn't have this inquiry because none of this would have ever happened.

Mrs. Cheryl Gallant: So to the best of your knowledge, were there any commissions paid to any entity whatsoever for this transaction?

VAdm Peter Cairns: To the best of my knowledge, there were no commissions paid.

Mrs. Cheryl Gallant: At what point did the transaction go from being cash-neutral to an actual cash transaction?

VAdm Peter Cairns: That's a good question, and I can't answer that. I don't know. That's after my time in the service and I don't know. I have here with me the press release that talked about the barter and everything, and that was in 1998, so it was post-1998.

Mrs. Cheryl Gallant: Given your experience in the department, who would be the correct person to put that question to?

VAdm Peter Cairns: I would have thought someone like the ADM materiel, Mr. Williams, or the commander-in-chief of the navy would have the facility to find out those answers, that's for sure.

Mrs. Cheryl Gallant: When you were talking about the *Rainbow*, you mentioned that sometimes things are done in conjunction with other deals, that something else is at play. To the best of your knowledge, was there anything else at play, any other side deals going on at this time?

VAdm Peter Cairns: Not to my knowledge. I say that in the context of not side deals so much, because that sounds sleazy, and that's not what I mean. I mean industrial benefits. For instance, I understand that it was always a story, and it may be apocryphal, but it was always bantered about that with the original Oberon class submarine, part of that deal was that they bought cheese from us. We got a deal on those submarines and they bought tons of cheese from us. I have no idea—

•(1650)

The Chair: Not hockey sticks?

VAdm Peter Cairns: Not hockey sticks, but that's what I mean. In other words, it was that kind of an issue. It was a straight industrial benefit issue. In other words, we're going to charge you so much money, and, by the way, it's less money, but we're going to make up for the less money that we're charging you by buying your cheese. So there was a benefit to Canada and Canadian cheese producers.

Mrs. Cheryl Gallant: Thank you. No further questions at this time.

The Chair: Thank you, Ms. Gallant.

I have a couple, if you'll let the chairman ask them after two full rounds, Admiral. Thank you.

First of all, just for the committee to recall, we had ADM Williams here, and he I think surprised a lot of people when he talked about

this. As a matter of fact, I was the one who asked him that when my turn came. Cash money, as they say, changed hands. Canadian taxpayers' dollars are going into a certain account, and he told us the account; British pound sterling is going into an account, and not this barter. So he's the one who put that in front of this committee. We can certainly recall him or any other witness—we all know that—and we don't have to have someone just once. We may invite them to come back as we go on.

I'd like to pursue two things that you said, Admiral. The first one is that it's been said by various people that the navy was looking at a situation where it was take these British subs or risk not having a submarine program. That's not what I heard you say today, though. First you said two, and then I thought I heard you say three: the Dutch Walrus, the Upholder, and then I think you mentioned a German sub. I want to be very clear for the record: how many options on used submarines were there that were considered?

VAdm Peter Cairns: I think there's a little confusion here. There are two separate situations I'm talking about. I'm talking about the submarine capability, CSP, the Canadian submarine program, which in fact I think looked at four or five different alternatives, and that was in 1985. That went by the board with the 1987 white paper. We ended up back at ground zero about 1990 or so, whenever they cancelled out that program.

When there came a time for an opportunity to get this deal, there was Upholder and I believe there might have been an opportunity to get a Walrus.

The Chair: The Dutch Walrus.

VAdm Peter Cairns: The Dutch Walrus. But those, in my view, were the only two that were feasible at the time. And I cannot swear on a stack of Bibles whether we could have got the Dutch Walrus.

The Chair: That's fine. I just want to be clear whether we really were limited to just the one used sub. So you're indicating that there likely was another opportunity, another option of used subs. Thank you.

You gave us some very good historical overview here, which I think we all appreciate, from the 1980s and other times past, further back. And you mentioned that it's not the first time that the navy has recommended and the Canadian governments past have bought used ships. And then you said "used is not an issue". I wrote that down exactly as you said it. Why not? Can you elaborate on why used is not an issue?

VAdm Peter Cairns: Because I think the fact that a vehicle is used does not mean that it can't do a job or whatever. It does shorten its lifespan, so you have to know how old it is and you have to know for how long you're going to keep it. You have to make those calculations. But I think the fact that it's used doesn't make it second rate; the fact that it's used, depending on how old it is, doesn't essentially make it a bigger problem or less of a problem. A lot of new equipment has a very intense maintenance requirement.

I think what I was trying to say here was that just because it's used doesn't mean that in actual fact it's going to be more expensive to operate. In fact, when we get through these teething problems I think you'll find that this submarine will not be overly expensive to operate. And there are two reasons for that. One is that it carries far fewer people. You know what I mean: four submarine crews equal a crew of one frigate. So there's a significant saving in people. You don't use much gasoline in these electric submarines. With the price of gas today that's a bonus.

• (1655)

The Chair: And given your expertise, you feel these will...? I hope you're right.

VAdm Peter Cairns: I believe they'll pull it off. We have in the past. We've had all sorts of issues in the past that we've pulled off and we've made them work, so I don't see why we can't do this now.

The Chair: Thank you.

I have other questions, but I'll go to my other colleagues for a third round if colleagues have questions.

Mr. O'Connor, please, for five minutes.

Mr. Gordon O'Connor: Mr. Chair, I have a quick one.

Admiral, you mentioned the nuclear submarine program of the late 1980s. How many boats were in that program? How many boats were planned?

VAdm Peter Cairns: My memory is not good, but I think it was six. I think six was the number.

Mr. Gordon O'Connor: The current acquisition of the Upholder, or the Victoria class, are four. Do we have four because there were four and it doesn't really relate to what you needed?

VAdm Peter Cairns: Absolutely. We have four because there are four. Four is one more than we'd probably get anywhere else. I believe six to eight is the number, and the number, I believe, is settled pretty much on six, although I'm sure the current folks would update me quite quickly.

The Chair: Good, thank you.

Is there anybody else? Let's just open it up.

Mr. Bachand.

[*Translation*]

Mr. Claude Bachand: Mr. MacKenzie was wondering earlier if the decision to purchase the submarines was being called into question. He seemed to think that no one was questioning the decision. However, I have to say that the Bloc Québécois has some issues with the decision that was made. We question how useful the submarines really are. To date, no one has been able to convince me that they serve a useful purpose.

The Chief of Defence Staff told this committee that submarines were the eyes and ears of Canada's navy. I reacted to that statement by saying that we had reconnaissance aircraft. Of course, a reconnaissance airplane cannot fly undetected over an illegal vessel. However, I do know that the government is making plans to purchase several UAV, or Unmanned Air Vehicles, that can do the same job as effectively as a submarine, in my opinion. I believe Admiral MacLean then went on to stress the importance of

submarines to Canadian sovereignty, particularly in the Arctic. We then reacted to that statement by saying that the current class of submarines were unable to transit under the polar ice cap. Therefore, submarines are far from being the piece of equipment likely to safeguard Canada's sovereignty over the Arctic.

You seem to go one step further in terms of your position on how useful submarines actually are. In your estimation, sovereignty or the fact that submarines are the navy's eyes and ears is a secondary concern. In an article published in the Kingston Whig-Standard, you're quoted as saying this:

[*English*]

"You're not buying this to do fishery patrol."

[*Translation*]

You also went on to say:

[*English*]

"...you're buying it for a warlike purpose."

[*Translation*]

Furthermore, you stated this:

[*English*]

"...you are buying it to kick somebody's teeth in."

[*Translation*]

As I understand it, what matters most to you is combat value, or kicking someone's teeth in. Could you elaborate on your position for us? I've had some discussions with colleagues of yours who told me that during the fishing dispute, the Spanish were reluctant to send out their frigates, perhaps because they were afraid of the submarines.

My question remains. First of all, since we've had submarines in our fleet, have we ever fired torpedos at another vessel? Is it our intention to do so at some point in the future? If not, perhaps we have no real need of these vessels. Why is it so important to you to have submarines as a weapon of war that our military can use to give someone a good kick in the teeth, so to speak?

[*English*]

VAdm Peter Cairns: First of all, I didn't think I was so warlike. I don't recall ever saying those things, but—

Mr. Claude Bachand: I have it here.

An hon. member: You must have been at a hockey game.

VAdm Peter Cairns: Yes, I must have been watching a Senators game or something.

If you have a submarine, you can do it if you want to. That's not to say you would ever want to do it. The point I make here is that we buy armed forces equipment, whether it be an airplane, a ship, a submarine, a tank, or a rifle, to defend Canada, to do that role. If you can make these technical instruments—for want of a better term—do something else and still do that, then you have a bonus. With the submarine in particular, if you look at its war-fighting capability, that's why you have it.

I think it is false or unwise to say we don't have a threat. I didn't hear anybody pontificating about the threat that caused 9/11. That's not to say that in my view there are not going to be any more threats. I believe one of the most significant threats to this country, right at this very instant in time, comes in every container ship that goes into the Port of Montreal or Port of Quebec. At some stage, we're going to have to deal with this in some way.

One of the ways in which you deal with those threats, if you can sort out where they are, and it's not difficult, is by starting to use these forces. One of the things you can do with the submarine is track these things, monitor them, follow them, and engage them in certain areas if you need to. Just because you have a gun, that doesn't necessarily mean you have to go and shoot somebody. But if you do have to shoot somebody, you can't do it if you don't have a gun.

I believe you have to keep uppermost in your mind the purpose for which you have the armed forces. You then have to decide if there are other things for which you can use them but which do not degrade the essential purpose for which you have them. I think that's the principle we should work with.

If you decide that all we're going to do is peacekeeping, God help us if someone decides to come up the river to Quebec, step ashore, and claim the Plains of Abraham for somebody else, because in actual fact you're not going to be able to do anything about it. You need to have the capability, even though you can't project your threat.

What's happening today in the world is exactly what normally happens. We have been lulled in the years from 1945 through to 1990, because we had an organization that ran around with a hammer and sickle on its arm and a big sign underneath it that said "Enemy". We don't have that now. What we have now is the normal situation in the world. For a normal, peaceful world, we sure have one awful lot of wars and we have one awful lot of threats. I think we need armed forces to combat those threats. On one day, it's an army that we need. On another day, it's an air force that we need. On a third day, it's a navy that we need. On some days, we need all three of them.

• (1700)

Mr. Claude Bachand: Do we need submarines in there?

VAdm Peter Cairns: Yes, we need submarines in there.

The Chair: Thank you, Mr. Bachand.

I have one question. It flows from Mr. O'Connor's question and your answer. He asked why we have four. We have four because there were four available and the navy recommended that we buy those four. The government of the day agreed and bought them. Did you say that's one more than we could have gotten anywhere else? Can you explain that?

VAdm Peter Cairns: If we had looked at the Walruses, I don't think there are more than three. Maybe there are only two Walruses, to be honest with you. In other words, had we gone the other route, we probably would have ended up with one, two, or a maximum of three in the used market.

The Chair: The number the navy really wanted was six, is that right?

VAdm Peter Cairns: In my view, yes, the navy would love to have six. Six allows you to put them on both coasts and keep one on station virtually all the time.

The Chair: To get the six, we would have had to buy them—

VAdm Peter Cairns: We probably would have had to buy them new—

The Chair: —or build them ourselves.

VAdm Peter Cairns: Or build them ourselves, yes.

The Chair: I heard you say that in the eighties that decision was not taken.

VAdm Peter Cairns: That decision was not taken because of nuclear power being considered in the 1987 white paper. Then, almost without any notice at all, the government of the day decided they were unaffordable and cancelled them in the budget. I believe that was the 1990 budget.

The Chair: I'm just trying to get the history, and you're helping. There was a decision by two different governments of the day not to go new, and when you bought the four, that was the number you could get. I just wanted to be clear on that, because I heard you say it was one more than anywhere else.

Okay, that's it for me.

We do have some other business, and I would ask colleagues to hold on for that.

[Translation]

Go ahead, Mr. Perron.

• (1705)

Mr. Gilles-A. Perron: You stated that ideally, the navy should have six submarines. It now has four. Could it possibly purchase two additional vessels? Are any more identical submarines still available? Could some be built to order?

[English]

VAdm Peter Cairns: You can do anything if you have the money. You could get two more submarines if you could ever work that sort of a program. Realistically, given the finances of the day right at the moment, four submarines are the number we will have for the foreseeable future because there are a lot of draws on the department's money. There are lots of organizations, and the army and air force all have programs and all require money. That money has to be distributed as fairly as possible.

I believe that although the navy would like to have six, four will be the number it will have, and that's it, *point final*.

The Chair: Vice-Admiral Cairns, thank you very much for joining us today. I think you have advanced our knowledge of the topic and have helped to put it into some very interesting context for all of us. We appreciate it very much. Thank you, sir.

For the committee, if we could turn to some routine but still important matters, it is possible we will need some additional outside research help to bolster our very capable research staff. This could evolve into a pretty big project, colleagues.

Can I ask one of our researchers to speak to the availability of people and the idea of the cost that there might be for a contract?

Mr. Koerner.

Mr. Wolf Koerner (Committee Researcher): I'll try to get somebody else from our service to come on board, but right now that is probably unlikely, because the Senate is also doing a security review. In the past, we've had Barry Hamilton working with us. He provides good service, comes cheap, and does what he's told. He's a good soldier, you could say. Barry is available to help again if the committee decides to hire him.

I think we're okay with this study, but where the crunch is really going to come is when we do the review. I went through the 1994 review, and I think we had about nine people working for that committee. We're not going to need that number this time, but we may very well need a couple more bodies. The reason Hamilton is a good choice is that he knows how the committee system works. Once we get into the defence review—and we've done this before—the other option is to second a couple of people from the department. We can go to the minister and ask for some experts there.

The Chair: Well, Wolf, do you think you're all right for this study, though?

Mr. Wolf Koerner: For the time being, yes. If we're to bring Barry on, I was thinking of bringing him on some time after Christmas.

The Chair: Okay.

Mr. Wolf Koerner: We have a break week, and there are a couple of more weeks. The review is probably being tabled at the end of November. If they keep promising, sooner or later they're going to deliver. And then there's the Christmas break and there are no meetings in January. I think the end of January is when we're really going to get moving.

In terms of cost, I would say \$30,000 is the maximum for a consultant, at \$500 a day plus GST.

The Chair: All right, thank you. That's just to give colleagues information.

On behalf of the committee, I'll leave it with you. If you and Monsieur Rossignol start to find you're having difficulty with the workload in this particular study, I'd like you to get back to us as a committee so that we can look at additional help.

Mr. Wolf Koerner: Sure.

The Chair: Thank you.

The second item, colleagues, is an invitation by the Department of Veterans Affairs to hold a briefing for the committee members who are interested, as was done at DND. The date proposed right now is Tuesday, November 16—that would be the day before we go to Halifax, if we get approval to go to Halifax, and I hope we do—at 11:30 a.m., probably for a couple of hours. I imagine they'll probably have a little bit of a sandwich or something, since there is some indication of some light lunch.

Is there any reaction to that? As SCONDVA, we do deal with veterans affairs. While it's not a big percentage in terms of time here, as we all know, we have had some very important things, some emotional issues in the past. The merchant mariners issue was an incredible series of hearings that we had.

Ça va with that date, Claude? Yes? All right. So we'll go with that date. For anybody who is interested and available, we'd be happy to see you there.

Do we want to take a show of hands now, Madam Clerk?

• (1710)

The Clerk of the Committee (Ms. Angela Crandall): I can actually send the time and date to everyone's office. They will be receiving this, and they can reply by November 10.

The Chair: That's a good idea.

If you could respond formally by November 10—that's a week before—we can see if we're going to hold it.

The Clerk: It's in the West Block.

The Chair: We have a request from a veterans group to appear before this committee, and that raises the matter of the Subcommittee on Veterans Affairs, which we set up. We set up the numbers for that a couple of meetings back, you'll recall, but the various parties haven't appointed their members to that committee. I want to encourage all of us to go back to our party whips and get our folks appointed to the Subcommittee on Veterans Affairs.

I think this is exactly the kind of request you would have for delegation status. You would send it to the subcommittee and they would hold the appropriate meeting. Of course, anything they decide or recommend has to be reported to this committee. Just so we're clear on that, they can't take any action. No subcommittee can act. It has to report to the standing committee, which can then make its decision.

Does anybody know whether your party's membership is set? No? Can we just encourage our whips?

Rick.

Mr. Rick Casson: We'll have a chat with the whip to make sure that gets straightened out.

The Chair: And I'll talk to the government whip.

Mr. Gordon O'Connor: My memory was that there were to be seven on the subcommittee.

The Chair: Yes, seven. I think it's four opposition members and three from the government, to reflect the new political reality.

Mr. Gordon O'Connor: It was two, one, and one, wasn't it?

The Chair: Yes, and they'll meet, pick a chair, etc.

I guess that's it, colleagues, unless you have anything you'd like to air now.

Mr. Rota.

Mr. Anthony Rota: I have just one item. At the last meeting, we had talked about NORAD in North Bay. We're looking at the first or the second. It's a day trip. We'd fly in and fly out.

I don't know if there's any interest or not; I just would like to get back to the colonel and let him know one way or the other.

The Chair: Good point. You're proposing December 1 or December 2?

Mr. Anthony Rota: December 1 or December 2 would work.

The Chair: Which days are they?

Mr. Anthony Rota: Those are a Wednesday and a Thursday. Wednesday might not be that great, but....

The Chair: What's the interest around the committee table? How many would like to go to see the Canadian headquarters for NORAD? I'd like to go. I see four or five, so I think there's enough to justify it. We have to get approval, because it's going to take a budget to fly in.

If you could tell the people you're dealing with that there are half a dozen—it'll be six or seven by the time we take a staff person—who are interested.... And there may be some other Liberals who aren't here with us now. You're carrying the can alone there, so we'll ask the clerk to cost it out. If we can do that, we'll try to firm it up as soon as possible, okay?

Are there any other items? No?

Thank you, colleagues. The committee is adjourned.

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