



House of Commons
CANADA

Standing Committee on National Defence and Veterans Affairs

NDDN • NUMBER 021 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Thursday, February 17, 2005

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Chair

Mr. Pat O'Brien

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Thursday, February 17, 2005

•(0905)

[English]

The Chair (Mr. Pat O'Brien (London—Fanshawe, Lib.)): It being 9 o'clock, I would like to call to order the 21st meeting of the House of Commons Standing Committee on National Defence and Veterans Affairs. This meeting signals the end of our testimony by witnesses today, and then the committee will proceed next week and in subsequent days to look at certain documents that we're anxiously waiting to get in both official languages. Then we will proceed to a draft report and hopefully a report on this from the committee to the House of Commons in mid to late March, I would think, but that's just a guesstimate.

We do come to the end, finally, of our witnesses today, so we'll move to that now.

I'm pleased to welcome back to the committee Mr. Alan Williams, assistant deputy minister, materiel; and Commodore Roger Westwood, director general, maritime equipment program management.

Gentlemen, welcome to you. We welcome your opening comments, and I'm fairly sure there will be some questions from the committee.

Mr. Alan Williams (Assistant Deputy Minister, Materiel, Department of National Defence): Thank you very much. Mr. Chairman. I'm pleased to be back here today with you to answer any questions you may have about the acquisition of the Victoria-class submarines.

I have, as you mentioned, with me today Commodore Roger Westwood, director general, maritime equipment program management.

I'll keep my remarks short so that we have as much time as possible for your questions.

A lot has happened since I was last here on October 25. We have successfully sea-lifted the *Chicoutimi* back to Halifax, and we have awarded a contract for the initial planning and preparation for her repairs. This is the first of a three-phase plan for the repair of HMCS *Chicoutimi*, and to save time and money we'll be progressing with the Canadianization and other planned maintenance concurrently with repairs.

This repair contract represents a significant opportunity for Canadian industry to gain invaluable experience working on a Victoria-class submarine, and it will facilitate our transition to domestic longer-term in-service support for the Victoria class.

Before I take your questions, I want to take this opportunity to expand on a recurring theme I've noticed, that of the procurement process and the time it takes. As a senior government official I expect ministers to take the time to examine and question major procurements. In fact, not to do so would be irresponsible. Ministers are ultimately accountable to the Canadian taxpayer for the billions of dollars of expenditures, and we public servants should provide all the information necessary to obtain these approvals.

[Translation]

Once ministers have given their authorization to proceed, it becomes a bureaucratic process, a process that is free of political interference. The military develops the statement of requirements. We develop the specifications. We develop the evaluation criteria. And ultimately, we identify the winning bidder.

The Agreement on Internal Trade requires government to openly compete defence procurements. We do so in conjunction with PWGSC and Industry Canada.

Our procurement processes are open, fair and transparent, and any company that feels they have been wronged has recourse through the Canadian International Trade Tribunal or in federal courts. I have immense pride in the integrity of our process.

[English]

That being said, there's always room for improvement. We're making strides and streamlining the procurement process and implementing new standards and best practices. In December 2003, the Vice Chief of the Defence Staff and I agreed that the front-end time of the procurement process must be reduced from its current nine years to four years, a reduction of over 50%. This gives the military two years to evaluate and produce their requirements and my organization two years to produce a specification and to ensure a contract is awarded.

At the back end we recently introduced a new project milestone called effective project completion. We used to have dozens of projects that were still open and we had project offices and dedicated staff long after the equipment was delivered, accepted, and put into service. Why? Because not all contract issues were concluded.

Now the project manager can certify the project effectively complete, close the project, and transfer any remaining items to the in-service support organization. We expect this initiative can cut up to two years from our present timeframes.

We are also always looking to introduce and improve upon our best practices. For example, we are emphasizing what I call opportunity-based acquisition, wherein we seek out unique opportunities, and when found, we take advantage of them.

This approach was recently applied to meet our requirement for an air-to-air refuelling capability. We learned that our German colleagues were undertaking a similar initiative, and rather than reinventing the wheel, we signed a memorandum of understanding with them to place our aircraft in their production line. This initiative cut three years from the planned timeframe and saved the Canadian taxpayers over \$50 million.

Looking for these collaborative opportunities with our allies is now an entrenched part of our thinking. We are also emphasizing commercial off-the-shelf technology and military off-the-shelf technology in our acquisition processes. This allows us to avoid the high risk and high costs of developmental programs.

[Translation]

Another example is what I call total package procurement. Rather than awarding one contract for the acquisition of a piece of equipment and a separate contract for its support, we now bundle the two together in one overarching major contract. Not only does this practice eliminate procurement activity completely, but it also has the added effect of holding industry accountable for the full life cycle costs of the product they are delivering. This reduces risk to us as a department and, more importantly, the Canadian taxpayer. The recent acquisition of the maritime helicopter is an example of this practice.

• (0910)

[English]

While there are many more practices I could expand upon, I hope my message is clear. Once we receive the government's approval, we will be doing our utmost to provide our men and women with the goods and services they need as quickly as possible.

I would now be happy to take your questions.

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

Commodore Westwood, is there anything to add from you?

Commodore Roger Westwood (Director General, Maritime Equipment Program Management, Department of National Defence): No, sir.

The Chair: Okay. Thank you.

Indeed, let's go to a first round of questions. This is question and answer. It's seven minutes, and I'm going to try to keep it within this timeframe because I know there will be a lot of questions.

We'll start with Mr. O'Connor, please, for seven minutes.

Mr. Gordon O'Connor (Carleton—Mississippi Mills, CPC): Commodore, I'm not going to spend my time on the past; I'm going to spend my time on the present and the future. You and your staff must have a pretty clear idea of the technical status of the submarines at this time, and I'd like you to tell me what you believe has to be done to these submarines to make sure they're all seaworthy and they can be effective for our navy.

Cmdre Roger Westwood: At the present time, two of the submarines are completely seaworthy as we speak, the *Windsor* and *Victoria*; they're ready to go to sea. The *Corner Brook*, which is the third submarine accepted, is in a Canadianization work period, and we're doing the changes that are part of the contract to Canadianize the boat. The *Chicoutimi* is in a repair period now—we're starting the repair period, as Mr. Williams has articulated—and will probably be in that state of repair and Canadianization for up to two years.

Mr. Gordon O'Connor: Do you have any estimates of the costs that will be involved in getting the four submarines up to seaworthiness?

Cmdre Roger Westwood: As I said, the *Victoria* and *Windsor* are ready to go now. They're ready to sail at any time. The *Corner Brook* is in Canadianization, which is part of the project cost. The Canadianization is a process that costs about \$18 million of the acquisition project funds, so that's ongoing. For the *Chicoutimi*, we know the repair part of it will probably be in the neighbourhood of \$3 million to \$5 million. The Canadianization, of course, will be the other \$18 million on top of that.

Mr. Gordon O'Connor: Again, staying with the present and the future, the navy's plan is to have three submarines on the east coast and one submarine on the west coast. Will you have sufficient technical and logistic support on both coasts to support these submarines?

Cmdre Roger Westwood: Actually, the navy's plan in the longer term is to have two submarines east and two submarines west. At the present time we're split three and one.

In the longer term, we will have sufficient support both in terms of in-house support and support that we get from industry. We will set up an in-service support contract with Canadian industry, probably within about a year and a half.

Mr. Gordon O'Connor: What do you do, then, in the next year and a half?

Cmdre Roger Westwood: At the current time we have the engineering supply management contract in place, which I believe you're aware of—it's with BAE—and we're using them to provide support, as well as the in-house facilities within the fleet maintenance facilities on both coasts, and there is additional contracting that I do directly out of my division.

Mr. Gordon O'Connor: Concerning spares for the future, various people have been before us and talked about the issue of spares. We have four unique boats. How much assurance do we have that we can continue to keep these boats in service 15 or 20 years into the future and that we'll have the spares?

Cmdre Roger Westwood: I think you're aware that spares, in some cases, have been difficult, because we're going back to the original equipment manufacturers in the United Kingdom to get them. However, of the 19,000 line items we've ordered, we have received 17,000. In cases where we can't get a spare part, we work workarounds to re-engineer and put in place. That's not unusual for a design that's 15 years old and we're putting in service. I'm encountering the same things on the Canadian patrol frigates as I do on Victoria class. In some cases, the source of supply dries up and you have to find a workaround. You either have to replace the equipment or the system or find a way of re-engineering the part that will allow you to support the system.

I have every confidence that we will be able to establish the supply line to support the submarines to 15 or 20 years downstream.

• (0915)

Mr. Gordon O'Connor: I assume the submarine acquisition is still a project, so what is the status of the project? I mean in the sense that in the project flow you haven't completely handed this project off to the navy, I believe.

Cmdre Roger Westwood: It is still a project. Part of the project is the Canadianization of *Chicoutimi* and *Corner Brook*, and until those two parts are done, the project can't be completed. As you know, the project structure is based on lease payments that go off quite a way into the future, so the project cannot close until those lease payments are made.

Certainly, we have handed over the four submarines to the navy, all the ones that have been accepted. Immediately on acceptance of *Chicoutimi* it was turned over to the navy. The navy will likely turn that boat back over to me within the next couple of months to do the third land repair that's required.

With respect to *Corner Brook*, *Windsor*, and *Victoria*, they're in the navy's control at the present time.

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

[Translation]

Mr. Bachand, it's your turn now. You have seven minutes.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Chairman, I see from Mr. Williams' presentation that he reacts well and is closely monitoring the committee's work because he has already provided certain answers to questions that have purportedly been raised in court. However, one of them is a bit contradictory.

You explain us in your presentation that the procurement process is open and fair and that you also often have to refer to the project manager. It was learned during the debates that there was no manager for the submarine acquisition project. In your view, is it a serious matter that there's no one responsible for project management here or there? Is it possible that what we were told is false? Can you tell us whether there was a project manager?

Mr. Alan Williams: Absolutely. We have the person who is responsible for that project right here.

Mr. Claude Bachand: Who is, or who was?

Mr. Alan Williams: Who was responsible.

Mr. Claude Bachand: Has he been responsible from the start?

Mr. Alan Williams: From the start, before Commodore Westwood, there was another commodore, Mr. Sylvester, in my organization who handled that project as well. In his organization, there are managers who devote all their time to this project. So this project has a manager, like all the projects in my organization.

• (0920)

Mr. Claude Bachand: Okay.

So you're denying what we were told, that is to say that there was no manager or person responsible for the project. Okay.

I have to tell you that we have a translation problem: our researchers are lucky enough to have the contracts in English, but none of the committee members here has the documents. So we're a bit paralyzed. Furthermore, Mr. Chairman, I believe the deadline is today. If we don't have it, the navy will have brushed us off once again: months ago, we requested documents; months ago we identified certain documents that aren't hard to translate, and we're still waiting for them.

We at least have excerpts from the contract, and my questions will focus on that. Will we have to pay another \$61,717,200 this coming April 1?

Mr. Alan Williams: The contract states that, on April 1 of every year, we spend nearly \$15 million per submarine. We bought the *Victoria* a few years ago. So there remain only three other submarines, which will cost us \$46 million on April 1. That's the exact amount we have to pay for those three submarines.

Mr. Claude Bachand: All right.

In Schedule C to that same document, you see all the payments to the British government. You're right: it appears that the final payment to be made is \$61 million, which includes what you just talked about.

You must be familiar with this document. If I add up the amounts in the right-hand column, I come to a total of \$458 million. And yet, we were told the contract was worth \$750 million.

I have another question. Will the bill exceed \$750 million as a result of Canadianization and the *Chicoutimi* incident? Explain why the total payments amount to \$458 million, when the figure stated in the media is \$750 million.

Mr. Alan Williams: I'll explain that to you in English because it will definitely be clearer for you and for me.

[English]

The initial contract has three components to it. The main one for \$360 million is in fact the payment for the four submarines at \$90 million each. In addition, though, we also paid in the upfront contract for what we call trainers and a technical data package. The sum of those two is \$98 million. Those were paid for at the beginning of the program. So the total of the \$360 million and the \$98 million is \$458 million.

That \$458 million is part of the initial \$750 million, which included project costs, support spares costs, and those things as well that totalled up to \$750 million, as well as contingencies. Built in to the program were things like the *Chicoutimi* and those kinds of costs. So they're basically in line with our cost figures, except that, as I indicated, we did an audit a year ago that suggested some other costs like infrastructure should be added. So we have added a total of \$85 million more to the capital program, consistent with the information from that audit.

[Translation]

Mr. Claude Bachand: Are you confirming to us that, of the \$750 million we have to pay Great Britain, approximately \$60 million is still payable?

[English]

Mr. Alan Williams: First, not all the money is going to the U.K. There are project management costs and contingency costs there, and to BAE as well for spares. So not all is going to the U.K. I just wanted to make that clear. Having said that, I forgot the second part of the question.

[Translation]

Mr. Claude Bachand: The project totals \$750 million. I know that not all that money will be paid to Great Britain, but how much remains to be paid to Great Britain? Is it \$60 million? Will the submarines be ours after that payment?

[English]

Mr. Alan Williams: For the actual four submarines we have paid so far \$207 million of the \$360 million. So between now and 2009-2010 we will be paying the balance of another \$150-some-million to pay off the rest of the submarines.

[Translation]

Mr. Claude Bachand: I'm going to come back to the figures because that's not consistent with what I see here in the contract. It states here that, after April 1, when the final \$60 million amount has been paid, we will have paid a total of \$458 million.

[English]

Mr. Alan Williams: You have to remember that we have already bought out one of the submarines. So the initial contract that showed \$60 million, plus or minus, was 15 times 4. Now there's just 15 times 3. So if you look to the future, the payments for the fourth submarine will be included in your figures, but of course we've already paid it out. That's why the numbers won't be exactly the same.

[Translation]

Mr. Claude Bachand: So we have \$150 million payable between now and the end...

[English]

Mr. Alan Williams: It's for the four submarines. That's correct.

The Chair: Merci, Monsieur Bachand.

Now we come to this side of the table.

Mr. Bagnell, go ahead, please, for seven minutes.

Hon. Larry Bagnell (Yukon, Lib.): Thank you very much, and thank you for coming back again. I know you must have a lot of patience.

Our last witness suggested that the cost, when you add in extra things and stuff, was \$1.5 billion, which would still be one heck of a deal for \$4 billion worth of submarines. But I can't imagine how it could be that high if we are appropriately charging the British for any problems, because the deal was that we get these subs in good shape. Is there any way you could see the cost actually being \$1.5 billion?

Mr. Alan Williams: Yes, depending on what you want to total in.

Let's try to make this very clear. When we quote the project costs, we are talking about the cost to acquire whatever asset we're talking about, and we usually include in that one or two years of support, spares and initial training packages. That figure is in fact what I referred to before. It was \$750 million in current-year dollars or \$812 million when you escalate it for inflation, and that's the number that we added \$85 million to. So that brings it up to \$897 million. That essentially is the cost of acquisition.

You're quite right: virtually all of the costs for reactivation were incurred by the Brits. What people are adding together inappropriately are the costs now to maintain and support that asset for a long period of time. So if you take what it costs for us to buy it and what it's costing us to maintain it year after year, depending on how many years you want to consider, it could be \$1.2 billion or \$1.5 billion or \$1.7 billion. It can keep going on and on and on. I think people are taking the initial project cost and adding on to it the engineering and supply management contract—which is in fact a long-term nine-year support contract—and totalling the two together. But that is in essence adding apples and oranges together.

• (0925)

Hon. Larry Bagnell: That's stuff you would have for any submarine.

Mr. Alan Williams: You would have it for any asset period. When we talk about the cost of acquiring something, that should be looked at as one cost. The cost to sustain it is very important, but it's usually not built into the capital cost. It's more an operation than a maintenance figure, to support any asset we have year after year.

Hon. Larry Bagnell: So the asset cost itself was no more than \$1 billion.

Mr. Alan Williams: Well, it's about \$900 million.

Hon. Larry Bagnell: This is just a technical question for the commodore. I don't know if he can answer this or not. No one else could.

Mr. Alan Williams: And obviously I can't either.

Hon. Larry Bagnell: It's just about the insulation at the part where the wires join the electrical boxes. I'm not an electrician, but there was some suggestion it wasn't thick enough, that you need to have more insulation there. Do you have any knowledge of that?

Cmdre Roger Westwood: I'm getting into the board of inquiry area, and I'll keep it very quick. The easiest way to put it is that the insulation in the area was splash-proof but not waterproof, and hence it had to be changed to make it waterproof.

Hon. Larry Bagnell: This was in all four subs before they were put to sea?

Cmdre Roger Westwood: Yes, they've all been done now.

Hon. Larry Bagnell: Are the mechanical parts of the subs any different, or are all four identical?

Cmdre Roger Westwood: Whenever you build ships, you don't get pure identicalness amongst all of them, but for all intents and purposes the four are identical. It's just because of the shipyard practices; they cut metal, bend metal, and pull cables, and it might not be in exactly the same place.

Hon. Larry Bagnell: But the wiring is the same.

Cmdre Roger Westwood: The wiring is the same. I do know now that *Upholder*, which was the first submarine built and which is our *Chicoutimi*, was built in Barrow and the last three were built in Cammell Laird and Liverpool. Some of the cables were reversed; things like that happen.

Hon. Larry Bagnell: Our last witness also suggested that we didn't need submarines and that the detection of enemy submarines could be done by UAVs or whatever else we have. My understanding is that a submarine has a more acute ability to detect other submarines than, say, an ultralight—especially of course if it's a foggy day—other planes, or service ships. Is that true?

Mr. Alan Williams: I think in general questions on the value-added of the submarines are better answered by the navy than by us.

Hon. Larry Bagnell: Do you mean the technical specifications of what they can do?

Mr. Alan Williams: In terms of what they can do, for sure. I just didn't want to talk about whether they're needed or not, that kind of issue.

Cmdre Roger Westwood: I'm an engineer, and operators set requirements, as Mr. Williams has pointed out. All I would say is that most operators will tell you the best anti-submarine weapon is another submarine.

Hon. Larry Bagnell: Just as a technical engineering question, can you detect a submarine more effectively from a submarine than from the surface or the air?

• (0930)

Cmdre Roger Westwood: Yes.

Hon. Larry Bagnell: Thank you.

The Chair: Thank you, Mr. Bagnell.

We were hoping for a question about the Arctic. I don't want to coax my colleagues—

Some hon. members: Oh, oh!

The Chair: —so we'll move on then.

Now we start a second round with five minutes for question and answer.

Mr. Casson, please.

Mr. Rick Casson (Lethbridge, CPC): Thanks, gentlemen, and thanks, Mr. Williams, for returning.

You're only a month or so away from retirement.

Mr. Alan Williams: Two months.

Mr. Rick Casson: You look far too young to do that.

Anyway, in your presentation you outlined some steps you're going to take to reduce the procurement time. Do any of those suggestions you brought forward require any kind of legislative or regulatory change to the way DND operates or to how they go through their procurement?

Mr. Alan Williams: No.

Mr. Rick Casson: So that is just an internal mechanism you're looking at to shorten up the times.

Mr. Alan Williams: Exactly.

Mr. Rick Casson: I would suggest that any effort in that direction would be welcome, to reduce from nine years to four the time it takes to acquire a piece of equipment for the military. It's unbelievable, especially in this day and age, when things change as quickly as they do.

Mr. Alan Williams: Exactly.

Mr. Rick Casson: The suggestion you make in one of your points is that one of the reasons it takes so long and drags on is that there are always loose ends in a contract. They don't always just come to an end; there's always something going on. You're just going to stop the project office or team from working on these issues and then move it somewhere else, but will that not just take the same amount of work and shift it so it is still going to take as long to get done?

Mr. Alan Williams: The answer is no. Typically you have a very large project team, and even as work diminishes, chances are the majority of the team will still be there. It's much more efficient to just take those isolated incidents and build them into an existing team. They're doing a myriad of things, and, frankly, they typically can add it on to their regular responsibilities. You can take those project people and allow them to be fully utilized again in other projects.

When you have little bits and pieces it's better to consolidate them, where people can handle these as part of their normal workload and allow that other work to go on. Keeping a project together has a lot of embedded costs in it, and the more you can move it into regular business, the more savings you can make inside and for the taxpayers.

Mr. Rick Casson: In your experience, has the decline in support and funding for the military been in line with the length of time it takes for procurement to take place? Is the lack of resources the reason this is happening?

Mr. Alan Williams: We won't acquire something unless the money is in our budget. So whether we have money or not determines what we go and buy, but not the length of time to buy it, because we won't start down that process until we have the moneys earmarked.

Mr. Rick Casson: The lack of people, the lack of annual budgets, is not an effect?

Mr. Alan Williams: More money and more people mean we could push more through, for sure; less money and fewer people mean we can't buy as much. But once you say you're going to buy something and you assign the people to it, then there's no excuse for me not to deliver that in a timely way.

Mr. Rick Casson: We were told there was no dedicated project team on this procurement project for the submarines. Could you comment on that and why there wasn't?

Mr. Alan Williams: I know I can go to someone specific and demand answers to questions. As far as I'm concerned, we get clear accountability.

Cmdre Roger Westwood: In fact, there was a stand-alone project team within my organization from the day we signed the project and the contract, and it still exists today. Up to 20 people within my organization...plus a detachment in the U.K. overseeing the reactivation of the submarines.... Those were part of the project team, so you have from 20 to 30 people dedicated to the submarine acquisition alone.

I believe Captain Williamson testified in front of this committee a couple of times. He was the last project manager. He's gone on to other duties, but I now have a Commander Carter who is my project manager of submarine capability life extension.

Mr. Rick Casson: Was this project team structured differently from other major procurements, because where would that come from? Or is that just absolutely false, the fact that there was no project team?

• (0935)

Cmdre Roger Westwood: In some cases we actually take the project and move it out of the parent organization and call it a stand-alone project. When I was the project manager for Maritime Coastal Defence Vessels, although I reported to the gentleman who is in my current position, I was removed from the office building, where my current staff is. The difference this time around is the project office was within my office building, with my other staff.

Mr. Rick Casson: So are the people who are working on the submarine procurement, or were, 100% dedicated to that project, or are they just mixed in with everybody else?

Cmdre Roger Westwood: They are 100% dedicated to that project. They do get support from other areas of my organization, obviously, the technical expertise that exists there, but their salaries are part of the project cost.

When Mr. Williams broke down the cost and mentioned we had to buy the submarines, the initial support, and then other costs, part of

that was the cost of running the project management office—Captain Williamson's salary for the last three years, a number of engineers, and a number of other officers and NCMs who supported the project itself.

Mr. Alan Williams: I would like to clarify this. In my five and a half wonderful years at National Defence, all of the projects, save for one, were managed under the direction of the commodore or his equivalents. The only exception was the maritime helicopter project, which, because of its enormous size, reported directly to me. How we're managing this project is virtually identical in terms of governance, structure, and accountability to the way we have managed every other project.

The Chair: Thank you.

Mr. Casson, thanks for that clarification.

Now, we go to Mr. Martin, please, for five minutes.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Commodore Westwood, Mr. Williams, thank you for being here.

Certainly, Mr. Williams, we wish you well in your retirement, and thank you for your years of public service.

One of the issues, of course, was the electrical issue. You mentioned the difference between splash-proof and waterproof, Commodore Westwood. Does the wiring on our subs differ from that on other diesel–electric subs in other parts of the world? In other words, is the electrical wiring in other diesel–electric subs splash-proof or waterproof?

Cmdre Roger Westwood: As far as I'm concerned, the wiring is the same. In this particular case, we're talking about an isolated connection. The cabling itself is wrapped in insulation and is purely waterproof. We were talking about one particular area where a connection was made and a new piece of insulation was built up around that. In that case, it was splash-proof as opposed to waterproof.

I don't believe the submarine wiring in this diesel–electric submarine is any different from that in any other diesel–electric submarine.

Hon. Keith Martin: That's the nub of the matter, because some may suggest that there was a fault in the actual original wiring of the subs. However, in our Victoria-class subs, when the reactivation process was finished, when we received those subs with the electrical connections that it had, those were no different from the electrical connections and the wiring and insulation on diesel–electric subs in other parts of the world. Would it be fair to say that? In other words, it wasn't unusual.

Cmdre Roger Westwood: I'm not entirely familiar with everybody else's design practices, but in general, no. There may be particularities—how people do various things, how their actual technologies work—that may produce small changes, but in general they're the same.

Hon. Keith Martin: It's within the realm of the norm.

Cmdre Roger Westwood: Exactly.

Hon. Keith Martin: There was nothing inherently wrong with the wiring on the subs when we actually acquired them, in essence.

On the procurement issue, Mr. Williams, I just want to get back to the barter issue, because this will come up in our subsequent deliberations.

In your original comments, you said the barter was done because you were trying to do the best for the Canadian taxpayer. You decided to change it because you felt it would be more transparent to pay the money and have the equipment come back. You felt that was, for the taxpayer, the most transparent way to actually do this. Would it be fair to say that?

Mr. Alan Williams: I wasn't there when the barter was suggested, but the barter is a useful approach if you can net out figures from an accounting standpoint and then negate all conversion charges from pounds to dollars and those kinds of things. It makes for less administrative and conversion costs if you net things out, and that's probably why it was suggested.

On the other hand, when you look at when we had to make payments on a regular basis—April 1, for example—and when the U.K. had to make their payments to us, the dates didn't coincide. From a practical standpoint, it would have become virtually impossible to undertake this kind of netting effect if you were not debiting and crediting the same day. It became problematical that way. And while both the contract and the MOU allow for it, they don't demand it.

Noting the virtual accounting challenges of making it happen, it clearly was not practical to do. The effect of not doing it is also that, within our public accounts, each of the figures for both what the U.K. pays to us and what we pay to the U.K. is very visible on its own. I think that's one of the outflows of not netting the figures.

● (0940)

Hon. Keith Martin: How do we shorten up the procurement process? This is a very large question. What are two or three things we can do in order to shorten up the procurement process? I know you want to decrease it quite significantly, and we all know this has to happen. What do you see in the future? What do we have to do in order to shorten the procurement process so that our men and women in the Canadian Forces can get the equipment they need, when they need it?

Mr. Alan Williams: I think the most important factor here is to recognize that what we're trying to introduce is a cultural change. People have been doing business one way for decades and are used to doing business that way, and that includes everybody.

Within the development of the statement of requirements, people would take years and years to study and examine and re-study and re-examine. I gave one example where we're saying that maybe in many cases we're not that different from other people. Maybe in some

cases we can build on or work with somebody to shorten that front-end statement of requirements, period. That's not to say there shouldn't be rigour in it, but there are a lot of ways of getting to that rigour perhaps more quickly than heretofore we have been. So I think we can do that.

I gave one tangible example, and there are others, where we're looking at ways of not taking time, because as you said, with the revolution of military affairs, technology is changing so fast that by the time you specify something, years later everything is different. We too have to do things smartly. If you buy commercial off-the-shelf or military off-the-shelf, you're getting stuff that's less risky, less costly, and it's there. So that's where we're moving to. When we bundle the initial acquisition with long-term support, we're saving ourselves contracts. We're not having to do many contracts. That saves time. We don't have to spend time now on the maritime helicopter and spend two, three, or four years to put in place a service support contract. We did both of them together.

We also have something that is called an optimized weapons systems management approach, which basically says take any asset, and instead of having hundreds of contracts of one or two years to manage each one of those, bundle them into bigger packages of longer terms, save yourself some time administratively, bundle more on the table so that there's more incentive for industry to get it right, and put packages out that way.

Those are ways we cut out procurements and procurement processes totally, by bundling, by regrouping, by doing total package procurements in an opportunity-based way. When you see an ally doing something, maybe work with him or her to make that happen. There are a number of ways, but underneath it all is getting people to understand that the culture has to change. I think together, within the military organization, within the departmental structure, people are starting to see that we want to do things differently, and we're rewarding and recognizing people for those kinds of behaviours in order to get that to continue to unfold.

This is all part of a mindset change, and I'm very proud as to how we're coming along with that. It's not something you can ever take for granted, and you have to be vigilant. I know the commodore in his organization and the others in theirs continue to try to push people to think, to challenge, to ask whether this is the best or smartest way of doing it. That's what we're trying to do as leaders within the organization.

The Chair: Thank you.

Thank you, Mr. Martin.

[Translation]

Mr. Perron, please. You have five minutes.

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): I've decided to change my vision. I was going to talk about figures with Mr. Williams, but I see that leads him to say just any old thing, like any good manager or accountant.

I'm mainly going to talk about the technical side with Commodore Westwood. I realized you were wearing an engineer's bar. Are you an electrical engineer, a mechanical engineer?

• (0945)

[English]

Cmdre Roger Westwood: I am a naval architect, *architecte général*.

[Translation]

Mr. Gilles-A. Perron: All right, but you wear the engineer's bar.

[English]

Cmdre Roger Westwood: Yes. A naval architect is a graduate engineer who has done post-graduate work in a mechanical engineering-related field.

Mr. Gilles-A. Perron: You were in mechanical engineering when you left university.

[Translation]

You were a mechanical engineer.

[English]

Cmdre Roger Westwood: I was actually a chemical engineer with a nuclear engineering option.

[Translation]

Mr. Gilles-A. Perron: Yes. Your chemistry background will help me. As a tourist, I visited HMCS Windsor in Halifax. I was dumbfounded when I saw the number of exposed electrical conductors. What kind of plastic insulates those conductors?

[English]

Cmdre Roger Westwood: There is an inert material that is against the actual metallic conductor, so it would be an insulating-type material. I don't know exactly what it is, but it would be a fibrous-type material. Then on top of that it would be encased with a rubber-type material that would provide the waterproofness.

[Translation]

Mr. Gilles-A. Perron: During your studies, you learned that all plastic material is combustible. Some is fire-retardant: if a flame is put to them, they burn, and when the flame is distinguished, they stop burning. Is that material fire-retardant?

[English]

Cmdre Roger Westwood: In fact, in this particular design, because the Royal Navy had some particular incidents with fires in the past, they paid a lot of attention to putting fire retardant materials into the submarines and materials that would not maintain combustion. I don't know the exact makeup of the insulating material, but I do know that a lot of attention was paid to ensure that

fire retardation and emissions from combustible products were addressed.

[Translation]

Mr. Gilles-A. Perron: You've convinced me that it's combustible material. It's plastic that's either combustible or fire-retardant, which burns when it's in contact with a flame and stops burning when the flame is extinguished.

All plastic material produces lethal gas when it burns. I don't see how exposed plastic material can be allowed in a submarine. When the submarine is at 30, 40 or 50 meters under water and a fire breaks out, you can't open the doors to air out the place, and you have to surface. So there's a risk of poisoning and killing people. That's what happened on the Chicoutimi, isn't?

• (0950)

[English]

Cmdre Roger Westwood: If you burn anything, you're likely to get a combustible product that might not be healthy to inhale. If you get something hot enough you will vaporize it and you will get those sorts of products. You're not supposed to have a fire in the first place. On the rare occasions where you have a fire, and understanding the fact that a submarine is below the surface of the water, you're right, there is not an easy way to open it up to air and let it clear out. There is an emergency breathing system that's provided in the submarine to allow people to breath in that sort of emergency. It's exactly that, an emergency breathing system to be used only in cases of emergency—if there is one.

Really, the answer to your question is that you're not supposed to have a fire. You cannot eliminate entirely products that would produce harmful vapours when vaporized, so you have to put another process in place, which is the emergency breathing system.

[Translation]

Mr. Gilles-A. Perron: Let's come back to another aspect. Keith asked a question on the terms

[English]

rainproof, or splash-proof, or waterproof, or watertight.

[Translation]

That's what's called CEMA type 4, CEMA type 12, and so on. So I saw that there was CEMA 4 on the submarines, in other words splash-proof. So water can get in and, unless you make corrections, nothing is watertight, or CEMA 12, as it's stated in the National Building Code. Personally, I wouldn't board a submarine with electrical wiring insulated in that manner; I wouldn't go under water in a submarine. Would you go under water in a submarine, given your experience?

[English]

Cmdre Roger Westwood: Unfortunately, I've lost the train of the original thought in the translation, but I got the last part of the question. Yes, I would go in this submarine underwater.

[Translation]

Mr. Gilles-A. Perron: My last question is for Mr. Williams.

One of your duties is to dispose of materiel. In my opinion, we bought these submarines at a flea market. We should try to resell them at a flea market and find another sucker to buy them. That's my personal conviction about the submarines we currently have.

[English]

The Chair: Thank you. I don't think that calls for an answer, but it's an interesting opinion. Some agree with Mr. Perron, but we'll have to see what our deliberations conclude when we're done.

Thank you very much.

Now we go to Mr. Rota, please, for five minutes.

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

Just for the record,

[Translation]

Mr. Perron, that's not my conviction, but everyone's entitled to his own opinion. Thank you very much.

[English]

I'll continue in English.

[Translation]

We're not going to fight about it.

[English]

I just want to address the spares issue. We're making it sound like you buy a submarine, you put it in the water, and you can go to your local Canadian Tire store and buy parts. If something breaks down, well, we'll just put a new propellor on—I know we have it at the local marina—or the spark plugs are gone, so we'll pick up some new spark plugs over at another warehouse.

Buying a submarine is not just like buying a car. Say we bought some Mercedes-Benz land rovers, the four-wheel-drives. You can buy parts for those. I know you don't like to hear this word, but a submarine, when there are only four made, as far as I'm concerned, is still a prototype. It's not like a finished product you buy off the shelf.

As for the spares, whether it was 15 years old or a new product that we bought brand new, freshly made, can it be compared to other big equipment? Is the issue of spares a red herring, or is it really an issue we should be concerned about?

Mr. Alan Williams: The spares are an important part of this program. On the engineering supply management part of it, to sustain it, we spend about \$250 million, and about \$130 million of that is in spares. When we initially launched into this program, we thought we could operate under what is called the innovative just-in-time process, so we said, well, let's not spend a lot of money on spares; when we need them, we'll get them.

We quickly learned that this really wasn't the brightest way to proceed and we had to recoup our time and start spending a lot of money to fill up our shelves and get the spares. As the Commodore

said at the beginning, virtually all of our tens of thousands of line items are there right now.

It's not something that should overly concern us as long as we take care of business, and that's what we're doing right now. We're making sure we have enough spares on our shelves to do the business. Some spares require more lead time, so we're making sure we get them in time. We're doing what we have to do to make sure that this asset, as well as all others, has the spares available when needed. That's how I would put it into context.

Mr. Anthony Rota: All right.

Cmdre Roger Westwood: Could I just add one little bit to that? You've created an impression with the beginning of your question that we could just go down to Canadian Tire and buy a spare part.

● (0955)

Mr. Anthony Rota: I realize that's not the case; that's why I asked the question.

Cmdre Roger Westwood: With the submarines, we're very concerned with safety. There are what are known as first level systems, which are completely certified. As a result, in any first level system, that is, for things that make up part of the boat that would prevent it from sinking, that affect the water tightness or the operation, spare parts have to be certified. They have to be manufactured to a certain specification, and the manufacturer has to certify that he has done it to that design. So this does add some complications to getting those parts.

Mr. Anthony Rota: That's exactly what I thought I would hear. But if I could just continue in the same vein—I had a different question path—you mentioned just-in-time procurement. Just-in-time usually happens on a production line—when you have something, you can predict when it's happening. When something breaks on a submarine, you can't really say, okay, we're manufacturing. We're bringing in the seats; we'll put them on the production line and put them through.

One of the things that came up when Sheila Fraser, the Auditor General, was here was the project management of the military. Someone is brought in for three years, given the title of project manager, and then shipped off somewhere else. I realize there's some cross-training there, which works out very well, but when we're talking multi-million or billion dollar projects, could this have been part of what happened with the HMCS *Chicoutimi*? Were there people brought in who really didn't understand the full process?

Mr. Alan Williams: No, absolutely not.

We would never put a project manager in charge of a program like this who wasn't fully capable and fully trained. By the way, not all project managers are military either. We have about a fifty-fifty split in my organization of about 4,000 people; I have civilians and I have military. That doesn't matter. So (a) we would never put someone untrained in there, and (b) we spend a lot of time and money every year training project managers.

In the last 10 months we provided about 76 different courses and trained nearly 1,750 people, of whom about 680 were project managers. We have a whole array of programs and courses that we're continually putting people through. We're smart enough to know that in a complex program like this, people who are fully trained are going to be the ones in charge.

Mr. Anthony Rota: I have a few more questions I want to ask you. I want to congratulate you on your retirement in two months. But my first question is this. You're retiring in two months; in three months, if we had you back, would you have the same answers?

Mr. Alan Williams: Absolutely.

Mr. Anthony Rota: Fantastic.

The Chair: Thank you, Mr. Rota.

I suspect that would be the case too. I have a couple of quick questions I want to get on the record myself. Mr. Williams, the U.K. Ministry of Defence, agreed to do certain works to pay for, to correct, the deficiencies identified in the certificates of acceptance when the subs were handed over to us. What's the status of that work?

Mr. Alan Williams: I'll let the commodore go into more detail, but essentially all of the deficiencies that had to be corrected prior to our accepting them were corrected. Any minor or lesser ones that didn't impact on that, the commodore has in hand. So having said that, now I'll pass it on to him.

Cmdre Roger Westwood: I'm not exactly sure what are the deficiencies you're talking about. Minor deficiencies that were accepted with the first three submarines have obviously been corrected as we've gone through the maintenance, and we've received restitution from the U.K. for paying for those repairs. As for the *Chicoutimi*, obviously that hasn't been done yet. We will do that as part of the repair of the fire damage.

The Chair: Thank you.

You mentioned splash-proof, waterproof.... Was that upgrade done to the *Chicoutimi* before she sailed?

Cmdre Roger Westwood: She hasn't sailed. It will be done before she sails next time.

The Chair: But before the *Chicoutimi* attempted to come to Canada and had the problem that there's an inquiry investigating, was this upgrade from splash-proof to waterproof done to her?

Cmdre Roger Westwood: The upgrade was a result of finding the problem as a result of the fire.

The Chair: I want to confirm that. My last question is for Mr. Williams. You set off a bit of a hubbub, and I think confirmed the need to have these hearings, when you indicated publicly the last time you were here—and I think it was the first time anybody

knew, at least the public knew—that there was no barter involved, and we certainly thought there had been a barter involved.

Why wasn't that made public sooner, if not by you, by one of your political masters, if I can put it that way, the Minister of Defence, or somebody? That's fairly significant information and yet we had to get that from you at a hearing. Why wasn't that made public sooner?

• (1000)

Mr. Alan Williams: In retrospect, it undoubtedly should have been without any question. I don't have the answer to that. I would only say that when you look at the actual contract and MOU, there were particular clauses that said something could happen from an accounting standpoint. Whether they did or didn't I think people felt did not warrant the obvious reaction it did make. In hindsight, clearly that should have been made clearer to people sooner. Frankly, as we've talked about here, the cost to the taxpayer wouldn't have been any different. All that we have done by not doing it, frankly, is made things perhaps more transparent than otherwise they would have been.

So it's a good news story, and in hindsight I think we should have said, by the way, everybody, we can't do it for these reasons, but maybe we're better off not doing it. That I think would have really quite rightly calmed the waters and made sure there wasn't anything hidden or intended in any way, shape, or form, which there wasn't.

The Chair: I think we agree with you. I suspect the committee is probably going to comment on that in our report. Just to follow that briefly, were you ever present at cabinet discussions around this issue of barter versus outright purchase?

Mr. Alan Williams: No.

The Chair: Thank you.

We have two or three other colleagues.

Just on our timeline here, we have until noon if we need it. There are two or three important bits of work we're going to want to do when we finish with the second witnesses, colleagues. If we can stay for that, there's a motion from Mr. Blaikie and a couple of other important items in terms of our outlining where we go in this study after today. Let me go to the other colleagues.

Mrs. Hinton, please, five minutes.

Mrs. Betty Hinton (Kamloops—Thompson—Cariboo, CPC): It's going to be a very brief question, and it's for the commodore, and then I'll pass the rest of my time on to one of my colleagues.

Commodore, you said there was a team of 20 people who were dedicated to the project. I'm assuming that's for the full nine years. I'm wondering if you would please be kind enough to supply a list for me. I would like to know who was on that project.

Cmdre Roger Westwood: I don't think there's a problem providing a list. Of course, the names will change because of the military postings over the timeframe. I'm not sure whether the names are severable or not, but we'll pass that through the parliamentary affairs people. From my point of view, there's no problem releasing those names.

Mrs. Betty Hinton: Okay. I'm sorry, I maybe misunderstood you originally. I thought you told me that the dedicated team was the same team from beginning to end.

Cmdre Roger Westwood: No. There have been four project managers, for example. The first project manager was Commander Payne, the second was Captain Greenwood, then Captain Williamson, and now Commander Carter.

Mrs. Betty Hinton: I'd still like a list, please.

Cmdre Roger Westwood: Some people have gone through continuously—civilians, obviously—but the military change.

Mrs. Betty Hinton: Okay. I'd appreciate a list. Thank you.

The Chair: Thank you, Mrs. Hinton.

Mr. Casson.

Mr. Rick Casson: Thank you, Mr. Chair. I just want to get back to the question I asked originally about the project management and the number of people involved in this major project. It's a huge project, obviously, from some of the witnesses we've heard and the ongoing issues that have had to be faced to get these boats operational.

Your indication was that people who are involved in the matrix in the rest of the department just took this on as extra work, or whatever they were doing before was put aside and they concentrated on this. I'm having trouble understanding how you could take a huge procurement project such as this and just absorb it through the number of people who are already involved in the regular day-to-day process.

You're shaking your head, so I'd just like a comment.

Mr. Alan Williams: Let me clarify, because it's the exact opposite situation.

We were commenting, I think, in response to a question about what happens at the tail end of a program, about taking people and absorbing the work into an organization.

When we have a project of this magnitude we in fact have people dedicated 100%, who are committed full-time to a program like this. They do not do other things; this is all they do. They are trained for it and they're brought in.

As the commodore said, they don't stay throughout the whole duration. Some are there for two years, some for three years, some for longer, but when they're on a program of this magnitude, that's all they're preoccupied with.

Mr. Rick Casson: So you indicate that when a project like this starts, there is an increase in the number of personnel who are involved?

• (1005)

Mr. Alan Williams: We move people around. We have project management positions, and not everybody is occupied, so we will look for the right mix of skill sets and we will bring those people in dedicated to this kind of program.

Mr. Rick Casson: And you said they need special training, or are they trained to deal with each specific project?

Mr. Alan Williams: As you would expect, there's a global, horizontal kind of management capability for project management that's not necessarily specific to a particular project. There's the kind of training you need in terms of leadership and management and governance, but there are also specific skill sets related to the particular program that are complemented. The senior people, such as the commodore, would indicate that to make this program work they need these kinds of people with these kinds of skills. Then we look throughout the organization to see who has these skills and say, let's bring those people in to make up the team.

Mr. Rick Casson: Would these people who move around be basically in the procurement section, or are they coming in from different areas, or how does that work?

Mr. Alan Williams: They may be in the materiel organization. In this case they may be from the navy. We would look to find the skill sets with them. They may be from headquarters; they may be from regions; they may be from a group of places from which we can get them. We would also sometimes complement them, potentially, with private sector people, to bring those skill sets in periodically too.

So it's a mélange that we look at. The key is to find the best people with the skill sets, from wherever they may be.

Mr. Rick Casson: Are all of the costs associated with these people attached to the total cost of the project?

Mr. Alan Williams: Yes.

Mr. Rick Casson: Thank you.

The Chair: Thank you, Mr. Casson.

Mrs. Longfield, please.

Hon. Judi Longfield (Whitby—Oshawa, Lib.): Thank you. It's good to see you back again, Mr. Williams. I sometimes think I see you here more than I see members of my family, so it's good to have you, and I congratulate you as well on your upcoming retirement.

As a very brief follow-up on the project management team, from your perspective, is the way in which this project management team was designed any different from the way in which you would design a project management team for any other major project?

Mr. Alan Williams: Not from my perspective.

Hon. Judi Longfield: And does it differ significantly from what you might find in the private sector?

Mr. Alan Williams: I would be less comfortable in commenting on how they structure their project teams. Hopefully they would do it as well as we do.

Hon. Judi Longfield: But you indicate that from time to time you seek expertise from the private sector.

Mr. Alan Williams: Oh yes, if we need certain skill sets there are numbers of companies that clearly come back to help us out.

Hon. Judi Longfield: There's been much to-do about whether this was a barter or an outright purchase, and the committee will have to make a determination about how—

Mr. Alan Williams: It's not a question of barter or outright purchase. There's no conflict between those two terms.

Hon. Judi Longfield: I wasn't suggesting that. If you just let me go on, I was going to suggest that from what I'm hearing, the way in which you handled the procurement and everything else, it would not have mattered how we had initially determined how we were going to pay for it.

Mr. Alan Williams: That's right. What we're talking about is frankly an accounting question—how you are going to account for it. Do you net the figures out, i.e., take one program versus another, net the two out in a barter-like arrangement and reflect it that way, or do you keep the accounting separate and reflect it that way?

Hon. Judi Longfield: Then the rollout of the program would essentially have been the same—

Mr. Alan Williams: Absolutely.

•(1010)

Hon. Judi Longfield: —with all the same checks and balances.

This is perhaps not fair, but I'm going to ask it anyway. Given that hindsight is wonderful, knowing what's happened, what are the lessons learned? What would you do differently, and what do you feel was absolutely the correct way to do it?

Mr. Alan Williams: I would certainly think twice about using the term “barter,” and if I did do it and then I didn't use it, I think I'd come back a lot easier and explain it. We also have learned about the notion of just-in-time. There are no magic or silver bullets to this business. You need rigour and you need best practices in the procurement business.

Having said that, as I said last time, we have taken a very complex asset and for about 25¢ on the dollar put it into place. I think it is great for the Canadian taxpayer and is consistent with the concept of opportunity-based acquisition that I talked about. When we see opportunities, we need to look and determine whether or not we can make best use of them. This is a terrific example of people being smart and saying that for this kind of capability there may be an asset that we can do great things with. I am pleased about that.

I would like to see us think outside the box more often in terms of what our allies are doing and what's happening in the world, because cooperatively you can do things a lot better and a lot smarter. It's that kind of culture we're trying to inculcate even today.

Hon. Judi Longfield: Thank you. That answers my question.

The Chair: Thank you, Mrs. Longfield.

To conclude the second round—and I think we'll have to leave it there unless we want to open up a whole third round, which I don't think we have time for—Mrs. Gallant, please.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): In your testimony, Mr. Williams, you mentioned that the procurement process begins once the specific dollars for a project are earmarked.

Mr. Alan Williams: It actually begins when we're authorized by the minister or by government to proceed with something—cabinet approval, Treasury..that kind of thing. As soon as we get that approval, we would typically not even ask to go forward without the money. We can have the money ready in our budgets, but until we get the go-ahead we can't proceed. Once they say go, then we take the resources we have earmarked and we can in fact proceed.

Mrs. Cheryl Gallant: Based on what you've told us today, when we look at a project for the future, on your lessons learned, how long would it take in the very best-case scenario to provide our armed forces with the strategic lift they so desperately need—assuming they could piggyback onto a contract, everything?

Mr. Alan Williams: Again, we have set as a standard four years until we get something into a contract. Can we do it even faster than that? Absolutely, but that depends on the circumstance. If there is an emergency situation, for instance, we have the authority to bypass the whole competitive process. If someone says here's an emergency and everybody agrees that we must buy this product, we can even short-circuit that process dramatically as well, but that shouldn't be the expectation.

The expectation should be the four years. If we can meet that on a regular basis, I'll be thrilled, because that is a great benchmark to try to adhere to. After that comes the delivery, and depending on the complexity of the product you're talking about, we can get delivery of product within two years or four years or six years or eight years, depending on how many we want and how complex it is.

I think that's the world we're in.

Mrs. Cheryl Gallant: Have you been given the go-ahead to start the procurement process for this strategically?

Mr. Alan Williams: No, we have not.

Mrs. Cheryl Gallant: When the budget comes down this week—

The Chair: That's a little off the topic, but go ahead. I'll give you a couple more minutes.

Mrs. Cheryl Gallant: —if it was \$1 billion, which wouldn't even fix what's broken in the military, at that point, that is the soonest time at which we could start the whole process for procuring strategic lift following an emergency situation.

Mr. Alan Williams: There's a distinction between the budget, which is a very global document, and how those funds are in fact allocated within our department and military. The military will take the capital budget, prioritize, and allocate moneys over time, and then we'll start the process. Depending on the moneys, certainly it may be to the left or in the middle or farther to the right, depending on their priorities. Based on when we think we can do it, that will be the time when we will start the process through government to get approval to proceed.

So it's not just the budget that determines it; it's the military prioritization that really determines when we would launch a particular program.

Mrs. Cheryl Gallant: So there's already money in some account somewhere within the military, theoretically accumulating toward this capital purchase.

Mr. Alan Williams: I'm not talking specifically about airlift now, I'm talking generally. It's not done through a specific account. We have a 15-year plan. If you were to look at that plan, you would see what's earmarked for the next 15 years. That plan is subject to change, depending on moneys and priorities and what happens in the world, but it gives us a vision in terms of where we're going to go. We would try to adhere to that vision, given the availability of funds.

Mrs. Cheryl Gallant: So in the best-case scenario, with no emergency, we'd have the strategic lift four years from the date of—

Mr. Alan Williams: I wasn't specifically talking about strategic lift.

Mrs. Cheryl Gallant: But in general?

Mr. Alan Williams: In general, that would be our goal, from the time we get an approval to proceed with a particular project until we can get it into contract.

Mrs. Cheryl Gallant: Would that apply to the Sea Kings, whereby the procurement process has already started?

Mr. Alan Williams: In fact, for the maritime helicopters, from the time the government gave the go-ahead we had it in a contract in less than two years. We got approval in December 2002 and had the contract signed this past fall.

Mrs. Cheryl Gallant: And are we on track for receipt within the four years?

• (1015)

Mr. Alan Williams: Yes. In fact, we just had our first project meeting with Sikorsky, and we're monitoring to make sure we do get our first one within four years of the contract date. If not, as you know, they incur a penalty.

Mrs. Cheryl Gallant: Thank you.

The Chair: Thank you, Mrs. Gallant.

Gentlemen, thank you very much for being here.

Mr. Williams, thank you for coming again and adding to our knowledge of this topic. We hope to produce a report soon, as you know.

Let me join my colleagues and, on behalf of all of us on the committee, wish you the very best in your retirement, Mr. Williams. Thank you for your good work in this place, serving the people of Canada.

Mr. Alan Williams: I would be remiss if I didn't thank all of you here. I actually enjoy coming here. I think it's democracy in action, and I think it's important that we're able to convey our feelings openly, with some humour too. It's been a pleasure meeting with you and discussing these things with you over these many years. I've enjoyed it. Thank you.

The Chair: Thank you very much.

We'll just suspend for a minute or two while our current witnesses leave and our new ones come to the table.

• (1015)

(Pause)

• (1020)

The Chair: Order, please.

I'd like to reconvene the 21st meeting of the House of Commons Standing Committee on National Defence and Veterans Affairs and welcome our second group of witnesses.

At their request, we're happy to have with us representatives of the Federal Government Dockyard Trades and Labour Council (East). They are Mr. Dean Reid, president; Tom Denault, vice-president; and Lorne Brown, recording secretary.

Welcome, gentlemen. I can give you 10 minutes for an opening statement, if you wish, and then we'll have some questions for you.

Mr. Dean Reid (President, Federal Government Dockyard Trades and Labour Council (East)): Thank you, Mr. Chairman.

I'm not quite sure if 10 minutes will be enough to get through our presentation, but I think it would be valuable for you to understand fully; that way, you'll be able to ask better questions.

Anyway, we'll proceed. You have the gavel.

The Chair: We'll give you a little bit of flexibility, but we do have the gavel. Go ahead.

Mr. Dean Reid: Thank you.

On behalf of our organization, we thank you for giving us this opportunity to address this important study. Before we begin our presentation, we feel it is very necessary to make it clear that everyone understands who we are and, more importantly, the context for our presentation.

We are the Federal Government Dockyards Trade and Labour Council (East). We are certified by the Public Service Staff Relations Board to represent ship repair employees in DND. Our primary role, as employees, is to provide maintenance services for Canada's east coast navy.

The purpose of our presentation is to create an awareness that the decisions in regard to the provision of maintenance and repair options to the Upholder-class submarines have been made considering political reasons and without due regard to safe, practical considerations. It is our opinion that if this thinking continues, it will create some potential significant risk to the safety and security of our armed forces involved with the Victoria-class submarines.

We stand here today to present these observations—not to be negative to our employer, but to the contrary. We take this opportunity to speak on behalf of our employer, the navy, where we feel they cannot.

This, in our opinion, is due to the unfortunate situation in our country that when and if the military presents business cases for provision of services, these presentations, for the most part, usurped by Canada's requirement to satisfy Canadian industrial-political decisions. To stand and to speak against this Canadian reality would bring significant negative repercussions to those in uniform. We, as the employee representative, stand there in their stead.

We hope our presentation will help those who have the will to see beyond the politics, and to consider our observations and recommendations, before they themselves recommend options and solutions for the submarine program. The priority of our membership is now, as always, to support the Canadian navy and their equipment, with the utmost concern for the safety of the military members and their equipment—all of this while providing the best financial business case for the Canadian taxpayer, given due consideration to the Canadian Armed Forces' strategic requirements.

Our appearance here today we see as a positive testimony of today's government working in the best interests of all Canadians. As a follow-up to a meeting on January 19 in Halifax with our local MPs, we received an all-party recommendation to request an appearance before this committee. Again, we thank you for this opportunity. There is also a sense of urgency, in terms of determining who will carry out repairs to HMCS *Chicoutimi*.

To pick up on our written submission, I'd just like to refer to the submarine CRS report, the Chief Review Services report. As is clearly articulated in this report, the submarine program has been underestimated from the get-go, in terms of overall project costs and maintenance requirements. This may be viewed as the norm for any new acquisition of this complexity; we refer to it as growing pains. The standard to which these submarines were built, SSCP 25, has since been converted to a Canadian standard. The premise of this standard is the documentation requirement for material certification and work performed, especially on level one systems, which deal with the watertight integrity of the submarine.

We represent approximately 700 highly skilled tradespersons and apprentices, all employed within the Department of National Defence at Marant, within Fleet Maintenance Facility Cape Scott, which this committee had the opportunity to tour. The strategic

capabilities have been proven numerous times over the past 15 years, most recently in Operation Apollo and prior to that in Operation Friction.

The methodology for the new acquisition of capital equipment, including the Victoria-class submarines back in the nineties, was for a greater support role for private industry. Understanding the complexity of the platform and the challenges we have faced since acquisition, we now submit—we now believe—that decision, that methodology, especially with respect to safety concerns in the submarine program, should be re-evaluated.

The unfortunate accident on *Chicoutimi* further amplifies the fragility of the submarine program and the requirement for tighter controls. In light of the disaster on *Chicoutimi*, the question today is whether the maintenance and repairs to Victoria-class submarines should be performed by DND employees or by private industry.

● (1025)

I'd like to give you some background on program review. During the 1990s all government departments went through program review. The fallout from this is that our council membership dropped from 1,200 to 600. This significant reduction was made possible in part by the loss of work resulting from the decommissioning of the Oberon-class submarines. Now with the acquisition of the Victoria-class submarines, the ability to satisfy the significant requirements of our customers has been degraded by the considerable amount of work we have been performing on the Victoria-class submarines.

With regard to the BAE contract, British Aerospace Engineering is a subsidiary of the company that built the Upholder-class submarines for the British navy. BAE was awarded the engineering and supply management contract by the Canadian navy for the first six years. This contract is the means of procuring operation and maintenance support for the Victoria-class submarines. Included in this contract were the initial provisioning of the spare parts, potential intellectual property rights, other services, and refit material. The refit material has been purchased as a special buy to take advantage of a contractor initiative to dispose of inventory. The original cost of this contract was \$81 million, but with contract extensions through 2004 and 2005 and now a further one-year extension, this has ballooned to \$258 million.

If, as stated previously, this contract was taking advantage of a contractor initiative to dispose of the inventory, then this inventory should be readily available to allow the work to progress. The opposite seems to be true in that there have been significant delays in receiving material.

The Chief Review Services report, dated May 2003, has several recommendations, which we agree need to be implemented. A few of those we find interesting are: document the rationale for treating estimated initial provisioning and intellectual property cost as O and M; ensure a business case captures the rationale for amending the ESM contract ceiling; and evaluate and action, as appropriate, the identified cost savings/avoidances and performance opportunities.

The next item is lack of expertise within the private sector. Private industry within Canada has had little or nothing to do with submarine work in the past. They have not performed any considerable amount of work on the Oberon-class submarines or been involved in any training for the Victoria-class submarines, thus no or very little expertise exists to work on these platforms.

Next is certification requirements for welding. There has been much talk in the media lately about the replacement of the diesel exhaust valves and the cost for this contract. FMF Cape Scott had in place a plate-to-plate welding process for Q1N steel and was qualified in that process. That process would have to be modified and the welders qualified in the new process to be able to weld cast to plate, the requirement for the replacement of the diesel exhaust valves. It seems that due to intellectual property rights, for which an amount was paid in the BAE contract, we were unable to have a plate-to-cast process. Despite intellectual property rights, private industry were able in a short timeframe to have welders qualified to perform the plate-to-cast process.

With regard to the diesel exhaust valve cost overrun, there was an article in *The Daily News* of February 1, 2005, that quoted the cost for the diesel exhaust valve replacement work. This is another example of work that has resulted in extreme cost overruns, to the tune of an additional \$1.6 million for each of the four submarines.

The next item is an e-mail from Commodore Westwood. This e-mail explains the contracting process to date for the *Chicoutimi* work, which we feel gives the sole-source provider the impression they have a blank cheque to complete the work.

With regard to accomplishments to date, since the arrival of the Victoria-class submarines in Canada, considerable work has been done on this new class of boat, including first-, second-, and third-line maintenance work; engineering changes; and Canadianizations. This work has been performed on HMCS *Victoria*, which sailed safely to CFB Esquimalt in British Columbia, and also on HMCS *Windsor*, which has made several sailings from CFB Halifax and returned safely.

The first EC and Canadianization work packages to be done came with a higher-than-estimated cost, but with the work package completion and the specification and drawings corrected for any errors or flaws, it was realized that there would be cost savings with each additional work package to follow. There was a very sharp learning curve for the DND employees who performed the work, which will be of great value to the Canadian navy.

With regard to training requirements, the tradespeople within FMF Cape Scott must demonstrate the ability to perform the work to a very high standard by completing an SR trades test.

●(1030)

In the past, the ship repair unit had a very successful apprenticeship program, and it has reinstated that program. Through the program the trades people are trained internally to the provincial Red Seal level, but most also successfully pass an SR trades test to demonstrate their knowledge of the ship repair trade, recognizing the technical requirements of the navy. Once this is completed they enter into a continuous process of specialized training for the systems and the equipment within the navy, which allows the navy to maintain ownership of this specialized workforce, as opposed to contracting as required.

I'll speak now of honing our skill sets. Prior to the creation of FMF Cape Scott during program review and the realignment of various functions, the naval dockyard consisted of three separate units: the Ship Repair Unit (Atlantic), the Fleet Maintenance Group, and the Naval Engineering Unit (Atlantic). During that period FMG would perform the first line maintenance, SRUA would provide second and third line maintenance, and NEUA would provide the engineering capabilities. It was the third line work, along with the major refits, that provided the opportunity for the skilled trades people to enhance and expand their skills by actually seeing and working on the internal components of the equipment and being able to hone their skills to perfection.

Turning to the sensitivity of DND technology, with the purchase of any new equipment comes additional and newer technology. Some of this technology is of a classified and sensitive nature and should be handled by classified personnel. CFAO 36-45 identifies the basis on which level three maintenance will be retained within DND. Some of the bases for consideration include: no suitable industry exists, and the factors of time and cost render it not in the national interest to have an industry created; Canadian Forces and DND level three maintenance expertise is essential to maintain Canadian Forces and DND competence for conducting maintenance at first and second levels or for managing maintenance both in-house and by contract; Canadian Forces and DND level three maintenance expertise is essential to provide military mobile repair assistance to operating units.

Turning to the history of submarine support expertise, since the acquisition of the Oberon-class submarines, the tradespeople within the naval dockyard at CFB Halifax have been providing maintenance and repair and major refit capabilities. The extent of the capabilities came to a high point during the 1990s when an Oberon-class submarine underwent a major project to replace diesel engines by cutting a submarine in half. Very few countries in the world have completed this rather enormous feat. All of the preparation for cutting, which involved removing all equipment, cabling, piping, and associated components clear of the cut area, the pulling apart and putting together, the successful welding of the pressure hull, and the replacement of all associated equipment, cabling, piping, and associated components was completed by the skilled tradespeople in the naval dockyard.

The project was supported by private industry to do the actual cutting of the submarine hull because of the capability limitations within the naval dockyards. This complete project was supported by engineering staff from within the naval dockyard and was completed, with the submarine safely going back into operational service for years after that.

Many of these highly skilled tradespeople are still employed at FMF today. In recognition of the above, the contractual control for the extended docking work period coming up on *Windsor* was assigned to and is being engineered by the FMFs within DND.

We will provide the committee with a video to view this past work with respect to the Oberon class, for your viewing pleasure.

Turning to design and test capabilities, today the naval dockyard at FMF Cape Scott has maintained that same level of expertise with engineering and design capabilities. As a case in point, our internal engineering staff, with support from our highly skilled tradespeople at FMF, have designed, tested, and received approval from Ottawa to implement a fix for the watertight insulation of the electrical glands for the charging cables that were at the centre of the disaster on board *Chicoutimi*. This FMF Cape Scott-engineered design has been implemented by FMF Cape Scott on *Windsor* and by FMF Cape Breton on the *Victoria* on the west coast.

Turning to 24/7 capabilities, Canada has been criticized of late for not being able to mobilize on short notice. The strategic capabilities within FMF facilities are an excellent example of where DND has the ability to mobilize on short notice. It is the above expertise, gained through the maintaining of the equipment for the naval fleet, that makes our members such an asset to the navy as well as to the Canadian taxpayer.

● (1035)

Maintaining that level of expertise, combined with being readily available 24/7, makes this workforce a viable factor in ensuring that our naval fleet receives the required expertise when it is needed to meet global commitments. It also provides the unique ability for the navy to be able to assemble a multi-functional, mobile repair party to travel anywhere in the world within a 24- to 48-hour timeframe in order to ensure that the naval fleet, when deployed, can maintain that global commitment.

On objective quality evidence, the control of materiel certification must be maintained by the navy and performed by qualified technical personnel. The SR employees, in a separate quality control department, performed this activity with complete success for the Oberon-class submarine maintenance and repair work. This has been augmented by FMF Cape Scott, through a lengthy and in-depth certification process, to obtain International Organization for Standardization certification to identify, develop, and implement a quality management system.

Turning to safety, the pride and dedication of all employees at FMF Cape Scott, and not only our members, are second to none. Over many years, every operational ship that has sailed out of Halifax was the result of the collective efforts of these employees. That pride and dedication is further amplified when we speak in terms of the submarine program, based on our impeccable safety record.

Notwithstanding the challenges of maintaining the highly sophisticated surface fleet, that level of effort and dedication takes on a higher plateau with respect to submarines. Putting operational submarines to sea requires a highly skilled and dedicated workforce at all levels. Of utmost importance to the employees at FMF Cape Scott is the safety of the military members who must sail on these vessels, as well as the safety of the vessels and their equipment.

On efficient use of taxpayer funds, over the years we have heard and seen reports in the media of the cost overruns of contracts for maintenance work on the naval vessels. Our members also see firsthand the amount of rework that is required when vessels return from private contracts. DND has a highly skilled and capable workforce that, when used efficiently, can provide all the necessary maintenance, repair, and major refit commitments of the Canadian navy, while at the same time expanding on its own expertise, which will always remain within DND.

In conclusion, the council firmly believes DND employees have the expertise for and that it is essential that they do the *Chicoutimi* project, as well as refits and extensive third line work on the other submarines. Such that there is a group of experienced tradespeople within DND, we can maintain the submarines on an ongoing basis. Developing that false private industry for a fleet of only four submarines will come with a substantially higher overall cost to the taxpayer and a significant loss of strategic capability for the Canadian navy.

In summary, as a minimum, DND should conduct a thorough business case analysis before making a hasty decision to contract this and any other work to private industry. The council also realizes that there are functions and capabilities that may need to be contracted out for various reasons, but our council is ready to enter into any consultations at any time with the department to identify those situations and to provide any assistance we can with producing a solid business case. This is consistent with the decision to select the FMFs as the prime contractor for the EDWPs, the major maintenance activities on these vessels. These maintenance activities include partnering a portion of the work to private industry.

Thank you, Mr. Chairman. I'm trying to catch up with my speech writer.

● (1040)

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

Obviously you went longer than 10 minutes, but I just thought what you were saying was too important. I wanted to hear your whole presentation. It does help sometimes if we can get a copy ahead of time, because sometimes witnesses forget—not just you—that we can all read here too. But I thought it was important for you to get your comments on the record, so thank you for being here.

Let me just say that I think most of our committee had a chance to go to Halifax. We weren't just impressed with the dockyards, but with your members, whom we had a chance to speak with. We found them to be very helpful and very professional.

We're glad you're here. We understand your perspective. I'm not sure exactly of the extent to which the committee is going to be looking at some of the issues you raised. That's for us to decide as we get into our report.

So let's start. We start with a first round of questions, at seven minutes for the question and answer, gentlemen. I invite you to try to be somewhat succinct so that we can get in as many questions as possible.

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

Mr. Gordon O'Connor: Mr. Reid, welcome. It was interesting hearing your briefing.

If I could tighten your briefing into a few sentences, the essence of it is that you believe the dockyard staff have the necessary skills and security clearances to do the work, yet DND is in the process of outsourcing submarine work to private industry.

Could you explain that to me? Give me the reasons you believe DND is outsourcing it to private industry.

Mr. Dean Reid: As you know, it took DND quite some time to finally get approval from government to make the acquisition. The methodology of the government of the day back then was for the in-service support to be done by private industry. I'm not quite sure if the government told DND or whether DND promised the government that was the way it was going to work, but rest assured at that time we were scurrying around basically cutting our membership in half. We should have been at the table when that dialogue was taking place, in our view.

Mr. Gordon O'Connor: Just to carry on, what are the practical reasons? If *prima facie* your situation is that you have all the skills, you have all the security clearances, why would DND outsource these projects?

Mr. Dean Reid: The problem we're faced with right now is staffing levels. This is something our council has been echoing with our local management as well as senior management within the department for quite some years. Right now, no, we don't have the full capacity to take on the *Chicoutimi* plus all the other submarine work we're currently doing.

Having said that, if it meant that the surface fleet work had to slip out to industry in the interim.... I think it's very important that we maintain control in-house of the submarine program until we get a firm grasp on the program, and then maybe look at introducing industry at an applicable time.

The Chair: Okay. Who wants the rest of the time?

Mr. Casson.

Mr. Rick Casson: Mr. Reid, thank you for your presentation.

I want to get to point ii under "Background" in your presentation, where you talked about the issues with BAE, that the original contract was \$81 million and it's up to \$258 million at this time.

Also, there's an issue of intellectual property. Further on in your report you talk about welding cast to plate—and subsequently, maybe you could answer on that issue. But does BAE have a patent on welding cast to plate? It doesn't seem that would be reasonable. And what's this intellectual property issue?

Mr. Dean Reid: As I understand, yes, BAE did have the rights to the welding process. As I mention here, we started to internally develop our own process, but at the end of the day we were basically told that we wouldn't be doing the work because of intellectual property rights. I haven't seen the original contract from when these boats were acquired, but I believe that's probably spelled right out in the contract.

Mr. Williams touched on procurement in regard to putting one contract in place to design a product, build a product, and provide in-service support. In my view, I think that is very dangerous. If I buy a new car, I can take it to any garage I want to have it maintained; whereas if you're into legal contracts or whatever, those options are not always in place. In my view, it's not always in the best interest of the taxpayer dollar.

I recognize industry is in place for the number one priority of making money. That said, we belong to the government, and that is not our role. Our role is to make sure the navy has operational vessels for the safety of our personnel.

•(1045)

Mr. Rick Casson: Are you aware of why this contract has bloomed from \$81 million to \$258 million? Are there more things that have been added to it, just as extension, or more problems found?

What's the issue there?

Mr. Dean Reid: It's been hard to get information with respect to this particular contract. But as I understand it, there have been things added to the contract and the scope of the contract has gotten bigger, and it only stands to reason that, yes, the price would obviously increase as well. That said, the challenges we face in trying to get work done today are basically some of the same challenges we faced five years ago when we started working on the boats, especially in regard to engineering support, as well as materiel support.

Mr. Rick Casson: You indicated one of your major concerns, and I think it's a major concern around this table as well, is the safety of our personnel, the safety of the equipment, and of the people aboard. Can you give us an example of where you feel their safety has been put at risk by the way the present system is operating?

Mr. Dean Reid: I don't think their safety is put at risk currently, but I think if this future philosophy is continued there is definitely a potential. In any project of this magnitude, any time you enter more entities into a project you get overlaps and then you lose the accountability—the responsibility thing—and as you say, things get missed, and yes, there's a potential for accidents.

Mr. Rick Casson: Is there anything specific?

Mr. Dean Reid: Nothing specific right now, no.

Mr. Rick Casson: Thank you.

The Chair: Thank you, Mr. Casson.

[Translation]

Mr. Bachand, you have the floor.

Mr. Claude Bachand: Thank you, Mr. Chairman.

I'll start by saying I found your presentation very interesting, being a former unionist myself. When you're a unionist and you take part in the business in the way you do, you see things go by, and it would be very important for you to reveal them to the committee. I would remind you, moreover, that you need have no fear here because you have what is called immunity. You can say that what BAE is doing is immoral, and you can't be prosecuted. I wanted to reassure you on that in case you didn't know. I won't be able to sell BAE any tickets to my next financing cocktail party.

Correct me if I'm wrong, but I believe that BAE originally said it was going to supply the materiel to us very quickly, as soon as we needed it. Now we're extending the contract until August 2005, as a result of which the amount has increased from \$81 million to \$258 million.

Do you feel that BAE is taking advantage of a monopolistic situation? Knowing that it's the only one that can provide the expertise and that it's currently the only one that has the intellectual property—that's one of the reasons that have been raised—the company is taking advantage of the situation to increase the bill. It sees no problem in increasing the bill from \$81 million to \$258 million. BAE's shareholders will be very pleased with this contract. Do you get the impression that we're in this situation today because of the company's monopoly?

[English]

Mr. Dean Reid: Thank you for the question. There's no question, in my view: BAE is definitely in the driver's seat with respect to these contractor obligations. Having said that, we have an opportunity to make some changes for the future.

With respect to the original BAE contract, as I understand, one of their obligations was to identify Canadian industry to supply materiel. To date I don't think a whole lot of that has happened. To give you an example, we're still paying probably \$100 for a four-inch O ring that could be supplied locally here in Canada, right in Dartmouth. But because of the certification of materiel, we have to go through BAE. As I understand, the parts are still coming from England.

• (1050)

[Translation]

Mr. Claude Bachand: Here I have an article from the Daily New of February 1, 2005. There are people who comment on the fact that the valves were not watertight and that they should have been replaced. I understand from the article that it would have cost the navy \$2 million in the worst-case scenario, but that it ultimately cost \$8 million. Moreover, there are members from the region speaking out on the issue. Bill Casey, one of my Conservative Party friends, said:

[English]

“Every single estimate they've given on cost and time has been wrong.”

[Translation]

As for Peter Stoffer, he said:

[English]

“It looks like they're probably just guessing.”

[Translation]

Is this another example of the way BAE takes advantage of its monopoly? In replacing valves, how can you shift from a highly pessimistic scenario of \$2 million to a catastrophic scenario of \$8 million?

[English]

Mr. Dean Reid: In my view, yes. At the onset of this job, we basically tried to interject and have our welders qualified to be able to take on that work, based on our past extensive experience working on the Oberon-class submarines. By the time I finally had a response back from the ADM, it took me eight months to try to get through the infrastructure within DND as to why we could not have the certification.

I'd like to say that when you look at the BAE contract overall, this is a sole-source contract and a monopolized contract.

[Translation]

Mr. Claude Bachand: If the Department of National Defence consulted its union and, together with it, considered the possibility that, for many contracts, it's the members of that union that do the work, rather than companies that have a monopoly, would that save Canadian taxpayers money? Can you confirm that before the committee?

[English]

Mr. Dean Reid: When Mr. Williams talked about the future procurement process, in my view, it would only stand to reason to have people who had past experience maintaining the old equipment working on these projects so they could bring that knowledge with them. Who knows today whether or not we would have bought this class of boats if that had happened.

Having said that, we still have a lot of qualified engineers out at Cape Scott, as well as tradespeople. Basically, there should have been much more consultation with these people to begin with.

[Translation]

Mr. Claude Bachand: Were you involved when the submarines were purchased? Were any of you taken to Europe to see the, let's say, decrepit state of the submarines?

Should the Department of National Defence have called in experts, that is to say its employees who are assigned to ship repairs? Did you go to England to see the state of the submarines? If you went, did you have a chance to recommend that they not be purchased? If you didn't go, do you think the fact that you were not involved in the project has had an impact?

[English]

Mr. Dean Reid: With respect to my involvement in the project, no, I've only been in my current position for the last 23 months. Prior to that, I was on the shop floor.

The decision was made to purchase the submarines.

With respect to training opportunities, some of our people had the opportunity to go over to Scotland for training. With respect to the training we received, in my view, it was basically operational training and not good technical training that would be required to support the fleet.

With respect to whether or not we would have recommended the purchase of this class of submarine, that is out of the scope of my realm. When you look at submarines or whatever, these are senior military decisions that are made basically with respect to capabilities. As far as the capabilities of a submarine, that is not my realm, but I can speak on maintenance, no question about it.

• (1055)

The Chair: Thank you, Monsieur Bachand.

I didn't hear the answer, though, to Monsieur Bachand's question. Do you have any knowledge of whether any of your members went to the U.K. to assess the state of these subs?

Mr. Dean Reid: To the best of my knowledge, no, not before they were bought. As I said, they went over for training originally.

The Chair: Right. Yes, I heard that part. To your knowledge, it was not to do any assessment.

Mr. Dean Reid: No.

The Chair: Okay. Thank you.

Mr. Blaikie, please, seven minutes.

Hon. Bill Blaikie (Elmwood—Transcona, NDP): Mr. Chairman, first of all, I want to thank the witnesses. I certainly think we—all of us—made the right decision to hear them, because they've brought some new information to the table, some of which is directly relevant to the purchase and other information that is relevant to decisions that have to be made by DND in the very near future on how the *Chicoutimi* will be repaired.

We heard from Mr. Williams this morning that they have awarded a contract for the initial planning and preparation for repairs. I don't know who got that contract, but it would be interesting to know whether that's also BAE. But that's an initial contract, so there's still room for subsequent decisions on who will do the rest of the work. That's why I think it's timely that you're here.

Also, I don't know whether we should take some comfort from the fact that it took you eight months to get an answer out of DND. We've been having a similar experience. We thought three or four months was bad, but perhaps eight months is the.... We'll talk to you in four months' time. Maybe we can catch up to you in that regard with respect to the way information comes out of that department.

A couple of times when you were asked questions, you said you can't do the work because you don't have the capacity any more, but you don't have the capacity because things were outsourced or contracted out in the first place. It's a bit of a vicious circle once this starts. Unless there's a political or management decision to actually take on the expertise and have it there, you're always trapped in that sort of vicious circle.

In terms of what you do know about the submarines, is it your feeling that, particularly with respect to the wiring problem, it was something that was common knowledge outside the BAE circle? I

know this work was being done in Scotland before the boat came back for Canadianization, but was there a general knowledge that this was something that had been fixed on the other three but wasn't being done on the *Chicoutimi*?

Mr. Dean Reid: No, it wasn't general knowledge. As you said, it was the fire on the *Chicoutimi* that actually identified the problem with the insulation. Without going into too much depth, the board of inquiry is looking at that. So, no, it didn't come as a result of or with respect to the problem of the insulation or the fire on the *Chicoutimi*.

Hon. Bill Blaikie: So it wasn't generally known that this was something to distinguish the *Chicoutimi* from the other three, that the insulation hadn't been replaced in the way it had been in the others?

Mr. Dean Reid: I don't think it was general knowledge, but I recall that there was an article in last fall's newspaper in which Commodore Westwood was questioned with respect to the wiring. I do believe he made a statement that there was a letter from the British Minister of Defence, in the thick file or whatever, that basically identified that this might be a potential problem with respect to wiring. But like you said, they didn't red flag it to the point that it had to be fixed right then. But those are the growing pains of any program in regard to something of this magnitude and this complexity.

Hon. Bill Blaikie: In part of your background paper here, you say:

Now with the acquisition of the Victoria Class Submarines, the ability to satisfy the significant requirements of our customers has been degraded by the considerable amount of work we have been performing on the Victoria Class Submarines.

Who do you mean by your "customers"?

• (1100)

Mr. Dean Reid: As you say, we have a fairly large surface fleet as well—

Hon. Bill Blaikie: So you mean the surface fleet?

Mr. Dean Reid: No question, yes.

Hon. Bill Blaikie: It was the language of "customers" that threw me off there. I wasn't sure whom you were referring to.

Were you ever ultimately able to get a copy of that contract that was preventing your people from doing a whole lot of work? I mean the contract that included all the intellectual property rights and all those sorts of things. Or did you just get a clarification or an explanation from DND after eight months?

Mr. Dean Reid: We basically had a clarification from DND after eight months.

I first started to have concerns about the submarine program when I stumbled upon the CRS report with respect to the overall acquisition, which was one of our reference materials. Chief Review Services does the audits within the department. It was asked to have a look at the acquisition of the submarines program. It delivered this report back in May 2003.

A lot of this report was whited out because of freedom of information, plus contractor obligations with BAE were still being entered into for the diesel exhaust valve replacement. As you say, a lot of it was whited out.

I made an attempt to get a full copy of this contract, recognizing the position I was in of trying to represent our membership. To this day I have never had my hands on a full copy of that report. Having said that, Commodore Westwood did offer, sometime when I'm in Ottawa, to let me sit in his office and read the full report.

But, no, I have not received the full copy myself.

Hon. Bill Blaikie: This is the CRS report in May 2003.

I don't know whether we have a copy of that report, Mr. Chairman.

The Chair: We do.

Hon. Bill Blaikie: Is ours whited out too? We're all in the same boat, to use the appropriate metaphor for this inquiry, Mr. Chairman.

I don't really have any further questions, except to say that I think one of the things the committee should be looking at is this contract with BAE. It's all part of the purchase agreement. It seems to me that in the nature of this agreement, not having seen it, the foundation was laid for a great deal of capability on the part of BAE to charge the Canadian taxpayers whatever it liked and to run up the cost of this purchase to a figure considerably more than was originally portrayed by the government. I think that's certainly something we should be looking at, Mr. Chairman.

I thank the witnesses for calling our attention to that. I don't think we really have had our attention called to this before in the same way.

The Chair: That's right. Thank you, Mr. Blaikie.

It's a valid point. As a committee, the way it works, gentlemen, is that the majority of the committee has to agree to pursue any particular point before it does. Mr. Blaikie has made a case to pursue that. The committee, in due course, will make a collective decision whether to do so or not. I second his comments on your highlighting of those concerns.

I'm going to go now to Mr. Martin, please, for seven minutes.

Hon. Keith Martin: Thank you.

Gentlemen, thank you very much for being here.

Let me say at the outset that, as Canadians, we're deeply grateful for the work civilian employees do as part of DND. You're often unsung heroes. The department couldn't do its job without you, so I thank you for that.

You made quite a number of accusations in your brief. I just want to go through a couple of them, if I may. I'm reading from your preface, where you say:

that the decisions in regard to the provision of maintenance and repair options to the Upholder Class Submarines have been decided considering political reasons and without due regard to safe/practical considerations.

That's quite an allegation. Could you explain, please, the proof you have to back it up?

• (1105)

Mr. Dean Reid: First, I don't see it as an allegation. It's our point of view, recognizing these decisions were made back in the nineties and understanding that probably all the information in regard to the complexity of the program wasn't available at that particular time.

With respect to the project management team, in our view, it could have been composed differently, with more expertise from the front line. I see it as an observation, not as an allegation.

Hon. Keith Martin: Thank you.

Sir, on page 3, section 5.ii, you're talking about the cost increases. I'll read it out: "Therefit materiel has been purchased as a special buy"—and this is the important part—"to take advantage of a contractor initiative to dispose of inventory." Then you go on to talk about the increased costs, which we're all concerned about.

Can I infer from this that the reason it has gone up is that we took advantage of, essentially, purchasing materiel that our submarines will need at a lower cost because of the disposition of inventory—in other words, because we were getting, essentially, a sale on that inventory? Would it be fair to say this?

Mr. Dean Reid: I think that would be correct. As Mr. Williams pointed out, the original ideology was to buy the materiel just in time when the work was about to be completed. As we know, that didn't work, so they re-entered into negotiations to basically buy up all the spares the contractors had on their shelves.

Hon. Keith Martin: That's a pretty reasonable thing to do, I would think.

Mr. Dean Reid: No question, but we're not quite sure where the materiel is, because today we still have the same problem getting the materiel. I would think if we bought up all the materiel, it should have been shipped to Canada and put in our stores system so it would be readily available either on the east coast or the west coast to support the platforms.

Hon. Keith Martin: I represent Esquimalt—Juan de Fuca, and I've spent much time with the civilian employees there. They do a fantastic job, as you know. They've done a tremendous job on our Victoria-class subs, as you would agree. Really, they've done a yeoman's job.

Can you perhaps edify us on page 4, subsection iv, "Materiel Acquisition". You mention in there the acquisition of materiel to progress and complete work is seriously flawed, and you talk about the long lead times. Could you outline for us what those problems are and what solutions you could provide to our committee as to how we can improve the acquisition of materiel?

Mr. Dean Reid: That's a tough question. As you know, the supply chain was on the ASD review back in the 1990s or whatever. Subsequent to that it was derailed and we were supposed to look at creating new internal ways of better improving the supply system.

With respect to the materials for the submarines, you're talking about a British supply system, but I don't think the materials that we bought have been fully integrated into our supply system, so they still require long lead times and delivery dates. That's a norm.

Hon. Keith Martin: You mention in section 4, page 3, under “Issue”—and I’ll read it out so you don’t need to worry—“The unfortunate accident onboard HMCS Chicoutimi further amplifies the fragility of the Submarine Program and the requirement for fighter controls.” It is our understanding, and I asked this question this morning, that the electrical wiring and the insulation that goes around that are not unique to our four Victoria-class submarines. In fact, when you compare them to other diesel-electric submarines, they are within the norm of the electrical wiring and the protection of that electrical wiring. The wiring we have on our subs is essentially within the norm of other diesel-electric subs in the world. Is that your understanding too?

Mr. Dean Reid: As Commodore Westwood said, he’s not quite sure fully exactly what the other submarines carry for electrical wiring. I can basically only talk about the design on the Oberon class compared to the design on this particular class. Basically, what we’re talking about is a submarine that is divided into three watertight compartments, so it’s actually where these wires go through the watertight bulkheads that you have to seal it to prevent leakage from one compartment to the other in case one compartment gets flooded. The gland set-up is totally different on this particular class of submarines compared to the Oberon class, and as you say, the insulation material was splash-proof but obviously it wasn’t water-proof, and that looks like it helped cause the fire.

• (1110)

Hon. Keith Martin: We don’t know that, though, because the board of inquiry is still assessing the cause.

Mr. Dean Reid: They’re still assessing the cause. That’s correct.

Hon. Keith Martin: So none of us know the true answer to that.

Mr. Reid, at the end of the day, you’re here to—and I certainly understand this, and in fact I would find it hard to believe, quite frankly, that the contracts to do the *Chicoutimi* Canadianization and refit would not go to our DND employees—make sure that the contract to refit and repair the *Chicoutimi*, Canadianize it fully, is going to be done on the east coast by our DND employees. That’s the six- to ten-year contracts? Is that what we’re talking about?

Mr. Dean Reid: I think our primary reason here today, which is echoed throughout this document, is one of safety. At the end of the day, if you people have all the information from all the different people who have appeared before this committee, and if the decision of the day is still for industry to support this work, that is a decision of the government. We’re only here basically giving our opinion in regard to how we feel the long-term maintenance should be done with respect to the submarines.

As far as the long-term contract is concerned, I think the commodore mentioned, in regard to the contract for *Chicoutimi*, that it was going to be a two-year work period. Within that two-year period they’re going to roll the Canadianization into it as well, which makes sense, but the learning curve we went through on the first three boats doing the Canadianization.... To put that out to industry right now, or whatever, in my view, will be a lot more costly than if we maintain it in-house.

Hon. Keith Martin: You have the skills right now. It has already been demonstrated quite clearly on the west coast, and there’s no difference on the east coast with regard to your skills. So you have

the skills in order to do the Canadianization, the upgrades, and the maintenance. Is that true?

Mr. Dean Reid: We have the skills, but we don’t have the capacity, as I said, because of program review, and we haven’t basically staffed up for our new mandate.

The Chair: Thank you, Mr. Martin.

That completes the first round of questions and answers. Now we’ll start a second round of five minutes for questions and answers. We’ll see how many colleagues want to continue with questions.

First on my list is Ms. Gallant.

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

I have just a brief question, and I will share my time with any of my colleagues who would like to ask a question.

By coincidence, on the eve before your appearance before this committee, the defence department issued a press release saying that the planning contract for the *Chicoutimi* repairs has been given to Irving Shipbuilding in Saint John, New Brunswick. How will that impact upon the people you represent? Will any jobs be provided for your people through this contract, or are you totally removed from that particular contract?

Mr. Dean Reid: I think we will probably be totally removed from that aspect of the contract. That is the planning phase to fully scope out the work. I believe we will have very little interaction, if any, within that contract.

Mrs. Cheryl Gallant: Thank you.

The Chair: Are there any questions on this side?

Seeing none, I’ll go to Monsieur Perron.

[Translation]

Mr. Gilles-A. Perron: Thank you, Mr. Chairman.

Ms. Gallant has just opened the door for me by referring to Irving Shipbuilding. If I correctly understood all those who have come to testify here, no private Canadian company has the necessary technology or know-how to work on the Upholders. Am I mistaken?

[English]

Mr. Dean Reid: You are correct.

[Translation]

Mr. Gilles-A. Perron: If we’ve just signed a contract with Irving, it’s no doubt BAE that will provide Irving with technical support because Irving doesn’t have the necessary technology to make the repairs to HMCS *Chicoutimi*. True or false?

• (1115)

[English]

Mr. Dean Reid: My understanding is that BAE and Irving have actually teamed up. This is what happened in the case of the diesel exhaust valve work that was recently done on HMCS *Victoria* as well as HMCS *Corner Brook*. They basically formed a partnership.

[Translation]

Mr. Gilles-A. Perron: Was Irving the sole bidder on the repairs to HMCS *Chicoutimi*?

[English]

Mr. Dean Reid: That I can't answer for sure.

With regard to the future in-service support contract for the submarine program, I'm made to believe that the department did put out offers to the public to see if there was any interest. To date, I think only two companies have been interested. BAE joined up with Irving, and I do believe Raytheon and possibly SNC Lavelin teamed up.

[Translation]

Mr. Gilles-A. Perron: How far is the Irving shipyard from the naval dockyard in Halifax? Is it one kilometer, five kilometers or 10 kilometers, or on the other side of the bay?

[English]

Mr. Dean Reid: The end of our dockyard is on the border with the Irving shipyards.

[Translation]

Mr. Gilles-A. Perron: Will you have access to HMCS Chicoutimi during the repairs? Am I going to have access? I know that, if it were repaired at the naval yard, I'd have access to it.

[English]

Mr. Dean Reid: Recognizing that the boat is going into a private yard, that will probably be up to Mr. Irving.

As far as the interaction between our workforce is concerned, in the past when we've been called upon to go up there and work on navy ships while they've been in dry dock, the relationship has not been that easily transitioned. Quite frankly, when they come down to our yard, basically it's open arms and we do anything we can to facilitate them working on the boats while they're in our yard. Having said that, when the reverse occurs, we don't get the same cooperation, for obvious reasons.

[Translation]

Mr. Gilles-A. Perron: Has one of you or one of your members had an opportunity to see HMCS Chicoutimi, which arrived in late January or early February, and to see the damage that was caused by the fire?

[English]

Mr. Dean Reid: As late as Monday, I spoke to some of my members who are currently working on *Chicoutimi*. Initial reports are that she is very clean inside. They did a great job cleaning her up over in Scotland before she came over here. As far as any smells or anything else like that from the fire are concerned, things like that have all been cleaned up.

We have safety precautions put in place. When we start to open up electrical panels, I think we're required to wear breathing apparatuses and things like that just in case there are still vapours or whatever within these panels.

[Translation]

Mr. Gilles-A. Perron: You say that HMCS Chicoutimi was cleaned in Europe. Had the investigation been conducted? In cleaning it, could anyone have concealed certain things that might have been necessary to see in order to conduct a thorough investigation?

[English]

Mr. Dean Reid: I wouldn't be able to comment on that. I think the general cleaning that was done was just a physical cleaning to get rid of all the smells and things like that so that the engineering staff can actually get in there, fully scope out the damage, and then try to put a plan in place for a method of repair.

[Translation]

The Chair: This is your final question, Mr. Perron.

Mr. Gilles-A. Perron: Can you tell us how many millions or hundreds of millions of dollars it will cost to repair HMCS Chicoutimi as a result of this accident? I imagine you have no estimate.

[English]

Mr. Dean Reid: I'm not aware of any assessment that has been made, except for what I heard in testimony here this morning. With respect to *Chicoutimi*, on the day she was tied up alongside the dockyard in Halifax, I do believe the national news ran an article on the *Chicoutimi* that evening, and they echoed that she will be in a work period for up to two years. At the time, I do believe—but don't quote me on this—they quoted \$75 million for repairs. I haven't had a chance to verify that, but this was new information that I heard here this morning with respect to the cost of the repairs.

• (1120)

[Translation]

The Chair: Thank you, Mr. Perron.

[English]

I see no more colleagues with questions, gentlemen, so I want to thank you very much for being here. I certainly think we all second the comments of our colleague Mr. Blaikie, in that the committee made the right decision in hearing from you. It's just coincidental that you happen to be the witnesses who will wrap up or whose testimony we'll finish up with today. We'll now go into a phase of considering the other documents we're waiting for—and we're going to get an update shortly on that from Mr. Martin. When we get those documents, we'll then move into a draft report and clause-by-clause study of a report that we hope to prepare and hopefully table in the House next month.

In thanking you, I would also ask you to express the gratitude of our whole committee to your members for the dedicated good work that they do. There are some philosophical decisions to be made, and they're not new to those of us who have been in government for awhile in terms of contracting out or not, but it doesn't lessen the fact that there are many good, dedicated workers you represent. Please express our gratitude, and thank you for being here.

Mr. Dean Reid: Thank you very much, Mr. Chairman and other members of the committee.

Could I just close with a short statement?

The Chair: Sure.

Mr. Dean Reid: The pride and dedication in our workforce is second to none when compared to any workforce in this country. As an example, I have members right now who are actually taking emergency escape training and are willing to sail on these vessels, to go to sea to do sea trials, after the boats come out of work periods. I'm not quite sure where you're going to find another workforce that dedicated, but that is the dedication that our workforce has.

After 9/11, when the Prime Minister stood up in the House and said the Canadian government would commit four ships to Operation Apollo, our members knew exactly what that meant to our workforce. During that year-and-a-half timeframe when we had to support Operation Apollo, probably over a hundred members travelled to all corners of this world to support the fleet. Those are the capabilities and the levels of dedication that exist in our workforce, and, in our view, that's in the best interests of the Canadian taxpayer and the security of this nation.

Thank you.

The Chair: We thank you. Obviously, your workforce is well represented here today, and we thank you for being here.

We are going to move to another phase of our session as our witnesses leave us. Colleagues, we now go to Mr. Blaikie's motion, which we'll deal with, and then we need a few minutes—important minutes—in camera as well, so don't rush off after the motion.

The motion is in front of us and we've all read it. I'll give Mr. Blaikie a moment if he wants to speak to it.

Mr. Blaikie.

Hon. Bill Blaikie: Mr. Chairman, I think to some degree the motion is self-explanatory. I might just say similar motions are being moved and have already been passed in some other committees. It really has to do with giving form and function, if you like, to an idea that seems to have been broadly accepted in various committee reports and even in various statements by the government and by previous governments over the years. It is that there be a more democratic, transparent, and non-partisan process associated with appointments, and this would simply put some flesh on the bones of this idea.

I don't know if you want me to read the motion. Do people have it in front of them?

The Chair: I think everyone has the motion, but if you prefer to read it into the record, go ahead.

Hon. Bill Blaikie: The idea is to establish skills-based qualifications for every government appointment. We know that the perception and sometimes the reality—sometimes it's only a perception—that many appointments are done on a political basis rather than a skills basis are something that over time is calling the credibility of government into question. We want committees to be able to establish criteria and then have an opportunity to question the people who are named by the government on how they meet those criteria.

It's a way of improving the process. There's nothing particularly mischievous or villainous about it. I think it's pretty straight up, and I would hope the committee could see its way clear to supporting it.

• (1125)

The Chair: I just have one question, and I'll see if other questions exist. It may be a picayune point, I don't know, but maybe not.

In point 5, Mr. Blaikie, you say the committee “shall have at least one full meeting every two months”. I can see saying we're going to have a meeting every two months, but it may not be necessary to devote a full two hours to it. It's not a big point, but—

Hon. Bill Blaikie: I think there's a provision there. Obviously, if there are no appointments or if the committee feels there are no appointments worth reviewing, there's a mechanism in there for the committee by unanimous consent to just say, well, let's not do that.

The Chair: Or perhaps it can review whatever it wants to review in less than a full meeting.

Hon. Bill Blaikie: Yes.

The Chair: Are there any other questions on the motion before I call it?

Mr. Martin and Mr. Szabo.

Hon. Keith Martin: I certainly understand the essence of some of the points Mr. Blaikie is putting forth here, but I think a better place to actually put this motion, so it can be hammered out and put in a more simplified fashion, would be in the government operations committee.

The second point would be that this motion would actually choke the committee's work. The amount of work that would be required to do this and to do what's required here would cause committees to grind to a halt and would prevent them from doing a lot of the other work they have to do. Furthermore, it would be opening up the whole process to politicization.

While I can certainly understand the essence of what's in here and agree it needs to be addressed, I think a better way of doing this would be to simplify this whole motion down into a couple of things and take it to government operations to have a system that would be functional for appointments across all committees and across government at large.

The Chair: Thank you.

Mr. Szabo.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Martin is quite right. Actually, government operations has been seized with this matter with regard to the Feeney appointment at Canada Post. The Treasury Board guidelines are in fact that whenever you have one of these positions, whether it be any board member or senior officer, regardless, right across the spectrum, the board of the agency must set up a nominating committee. It must engage a recruiting firm, do national advertising in all the newspapers, go through the whole due diligence of review, and then make recommendations to the minister responsible. There actually is a Treasury Board guideline that deals with all of this.

On one of the issues we had to deal with, which was important in our committee because we have a broader range of responsibilities... we found that there were literally thousands of appointments that were potentially going to come through the committee. My question is, just for the edification of all members, whether someone understands or is aware of what are the dimensions of the number of appointments that would or could in fact come before the committee in a year.

The Chair: That is a valid point. I don't imagine anybody has a quick answer to that.

The clerk is indicating she might have it.

The Clerk of the Committee: I believe it's approximately 46 in a year for this committee, but I would have to confirm that number. That looks possible.

The Chair: The clerk has indicated 46 for this committee or thereabouts, so it may not be as voluminous for this committee as it might be for some others.

Now I have Mr. Powers and then Mr. Rota.

Mr. Russ Powers (Ancaster—Dundas—Flamborough—Westdale, Lib.): Thank you, Mr. Chair.

One of the other committees I sat on chose to send this motion back, virtually collectively, all of us. There were more questions than there were answers in the motion. We weren't prepared to deal with the motion because it triggered a substantial number of questions as to whether there was going to be uniformity of criteria—the point raised by Mr. Martin is indeed correct—that was going to cross all the committees, or, since it's referred to here, would the committee create the criteria and the procedure? We had a lot of questions that required answers before we were in a position to even consider that motion. So it's probably not going to appear on our block for at least two to three weeks with answers to those questions.

• (1130)

The Chair: What committee is that, Mr. Powers?

Mr. Russ Powers: That's access to information, privacy, and ethics.

The Chair: Then you tabled it for further information.

Mr. Russ Powers: We did.

The Chair: Thank you.

Mr. Rota.

Mr. Anthony Rota: This is very similar to what I've heard already. The intentions are good. It really hits a concern. However, the bureaucracy or the extra levels of work and what would happen, even with 46 appointments...if we had to consider 46 appointments, that's a lot of time, and we don't have a heck of a lot of it as it is right now.

I agree with Mr. Martin that it should be brought to the government operations committee, where it would be right across the board and everybody would have the same policy, rather than have different committees with different variations of this committee.

The only question I have is for Mr. Blaikie, if that's okay.

You mentioned that this has been adopted by a number of committees. Do you know which ones have, which ones haven't, and which ones have postponed it, and could you share that with us?

Hon. Bill Blaikie: I know for sure that citizenship and immigration adopted it. That's the one committee I know about for sure. Apparently others have, but I might be wrong on that. I know absolutely for sure about citizenship and immigration.

In due course, Mr. Chairman, I'd like to respond—

The Chair: I'll come back to you, for sure.

Mr. Casson.

Mr. Rick Casson: Mr. Chairman, we have some of the same concerns. I think we need more information as to the ramifications of this motion. We're not willing to deal with it at this time. We need to table it either for further discussion or for further investigation.

I'm not sure if referring them all to one committee is the way to do it or if each committee should look at what it would mean to their committee if this were adopted. That would be part of the discussion that would need to take place. Certainly the clerk's information is 46 appointees. I believe there are thousands who are appointed throughout the government. This is not a small issue, and it's not one that we are prepared to deal with today until we have some further information on it.

The Chair: Well, it's properly before us. I'm going to go to Mr. Blaikie in a second, but for procedure, it's properly before us. Working in a spirit of collegiality, I'm hearing pretty strong opinions that we should perhaps table it and reconsider.

It's Mr. Blaikie's call. He has it appropriately before us, and he's the next speaker. If he wants to move it, it has to be in order. I would have to rule that it's in order to receive it. Then you could vote for it or against it, or suggest a friendly suggestion that we table it for the information you're looking for.

It's over to Mr. Blaikie now.

Hon. Bill Blaikie: Mr. Chairman, I have some appreciation for the fact that notice was given on Tuesday and we're debating it today. People may feel that they want to think more about it. That's fair ball. There could be some good reasons for tabling it.

I don't think there are any good reasons for rejecting the idea outright, in the way that some people on the government side have. I don't think trying to do all this through government operations is the idea. In fact, this is the opposite of that idea. The idea is to have the committees where expertise rests look at the appointments in the area where they have expertise and not try to do it all in one particular committee.

I would also say that the idea is not that every appointment be reviewed. There's a minimum that the committee needs to meet to review. It's not necessarily to have every appointee before the committee, but to ask who has been appointed since we last had the meeting. It would be up to members of the committee to decide whether there were appointees who they might want to have before the committee, to review whether or not they met the criteria that the committee itself, not the government, would have approved.

The idea is to de-politicize. It's only politicizing it in a negative sense. I understand why Mr. Martin feels that way. He'd like to do away with the whole political process and the committee all together and we'd take orders from the government—you could say that about both Mr. Martins.

The fact of the matter is that this is a political process in the best sense of the word.

If people want to think about the details and think about how we might go forward on this, I would certainly be open to a motion to table the motion for further debate at some point so that people have more time to think about it.

•(1135)

The Chair: I'll let Mr. Blaikie make the motion to table, seconded by Mr. Casson.

The motion is to table until a future date, seconded by Mr. Casson, to seek further information and to review other options on how best to proceed with this idea.

(Motion agreed to)

The Chair: We need to go in camera briefly for a couple of important items. We'll momentarily suspend this meeting.

[Proceedings continue in camera]

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

Publié en conformité de l'autorité du Président de la Chambre des communes

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