



House of Commons
CANADA

Standing Committee on National Defence and Veterans Affairs

NDDN • NUMBER 033 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Thursday, April 21, 2005

—
Chair

Mr. Pat O'Brien

All parliamentary publications are available on the
"Parliamentary Internet Parlementaire" at the following address:

<http://www.parl.gc.ca>

Standing Committee on National Defence and Veterans Affairs

Thursday, April 21, 2005

• (0905)

[English]

The Chair (Mr. Pat O'Brien (London—Fanshawe, Lib.)): Good morning. I would like to call to order the 33rd meeting of the House of Commons Standing Committee on National Defence and Veterans Affairs.

The first thing I would like to do is to welcome a new member. Monsieur Desrochers, from the Bloc Québécois, has now joined the committee to replace our colleague, Monsieur Perron, who is unable to be here for a period of time.

Bienvenue, Monsieur Desrochers.

Mr. Odina Desrochers (Lotbinière—Chutes-de-la-Chaudière, BQ): I will do what's possible.

The Chair: We're pleased to have you here.

We have two orders of business. You can see in the second part of the meeting there's a little bit of committee business we can deal with later on.

I will just say our travel plans have been approved to London, North Bay, Petawawa, and Dwyer Hill. If other events—I don't know what those might be—don't infringe on those travel plans, we have approval to travel. One doesn't know what will happen here.

With that, let's go directly to the main purpose of our meeting, which is to hear from the Auditor General.

I want to welcome Ms. Sheila Fraser, Auditor General of Canada, back to SCNDVA.

Maybe I'll leave it to you, Ms. Fraser, to introduce the people you have with you. I think a lot of the committee are familiar with them, but I'll leave it to you to introduce them. And I welcome you again. You know that as parliamentarians we appreciate very much the important work you're doing to make sure we get the best value for the tax dollars spent, in this case in the area of defence and veterans affairs, but particularly in defence.

With that thank you to you, I'll ask if you'd like to make some opening comments. I know the committee will have some questions.

Welcome.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): Thank you, Chair.

We thank you for this opportunity to discuss chapter 4 of our April 2005 report on the C4ISR initiative insupport of command and control at the Department of National Defence.

Accompanying me today are Hugh McRoberts, Assistant Auditor General, and Wendy Loschiuk, principal responsible for audits in the Department of National Defence.

We appreciate the committee's decision to review this chapter, because it focuses on a very complex and important subject—that is, using technology to help the Canadian Forces improve the way they gather and use information for operations. The forces want commanders to have every advantage possible for faster, more effective command and control. Therefore, the goal is to have fully integrated and interoperable command and control systems by 2008, and then to continue to improve the capability.

However, we have some concerns about how this initiative is proceeding. Action can be taken now to improve the chances of achieving the best possible outcome. The department has indicated to us that it is committed to making the C4ISR initiative work. It has agreed with all of our recommendations and in some cases is already addressing our concerns.

We have included as an appendix to this statement a chart that outlines the department's responses.

As you know, new technologies can be expensive, especially for military applications. C4ISR technology is no exception. The Department of National Defence is planning to invest significantly. Our analysis shows that it has spent some \$4 billion since the early 1990s on projects related to C4ISR, and it plans to invest a further \$6 billion over the next 10 years. The navy, army, and air force cannot afford to individually pursue C4ISR systems development, nor should they. C4ISR must be implemented in a structured, disciplined, and efficient way; otherwise there is a real risk that the end result will be incompatible or duplicate systems, along with excess costs.

[Translation]

To have a C4ISR initiative that is affordable and achievable, National Defence needs better mechanisms to help it choose which projects to pursue and to guide how systems will be developed. To make this happen, the Department needs to put in place some key elements.

First, they need to develop as a priority a joint C4ISR doctrine and concept of operations. In July 2002, the Canadian Forces came to that conclusion themselves. Yet today, in 2005, there has been no action on the necessary doctrine. A doctrine and concept of operations are fundamental to how military operations are conducted. Without these, the Canadian Forces do not have a blueprint to guide how C4ISR systems should develop.

DND is using an appropriate systems-development methodology to identify and refine requirements and to provide a path for C4ISR development, but it now needs to advance to improve these results. DND has recently begun working on a common architecture that systems will follow. By making it a priority and giving responsibility for systems development to the Assistant Deputy Minister for Information Management, DND is moving in the right direction.

Exactly what C4ISR means to DND needs to be clarified. The C4ISR Command Guidance and Campaign Plan is a good start, but DND needs to better define achievable goals, criteria for success, and interoperability.

During operations such as those in Bosnia, Afghanistan, and the Persian Gulf, the individual services have worked in combined deployments with other militaries. Our allies in NATO and NORAD want DND to be a meaningful partner with them. C4ISR is an initiative for both joint and combined operations, but each may have different demands. For example, the Canadian Navy works jointly with the Air Force off Canada's coasts but also must work in a combined way with the U.S. Navy, as it did in the Persian Gulf. The Navy wants systems that allow it to function effectively in both types of operations.

Navy, Army, or Air Force projects should have a common goal and, where appropriate, develop along a common path. We found that projects often proceeded along service-specific "stovepipes". But this is not the best way to proceed for C4ISR if there are to be interoperable and integrated systems. Again, National Defence recognized that the many C4ISR-related projects needed to be reviewed to ensure that they were consistent with the Department's vision and that they were still needed. We agree. We identified 91 projects of which many started before DND began its C4ISR initiative. DND needs to make sure these costly projects are all relevant.

Mr. Chairman, the Department needs to enforce oversight of C4ISR projects and provide assurance that all projects will ultimately be compatible with fully defined C4ISR goals. DND already has a committee to assess projects, but too many projects bypassed it before being approved.

● (0910)

[English]

Stronger oversight should also include assessing the risks inherent to this initiative due to its complexity. DND has not yet done a systematic risk assessment, although it has identified five possible risk weaknesses.

The department also needs to find skilled personnel to operate and maintain the C4ISR systems. The department believes that many of the needed skills can be found in-house, if personnel are given some training. However, the timelines set out to train people to fill these jobs need to be accelerated to meet the Canadian Forces' needs.

National Defence needs to provide Parliament with the assurance that it is using the C4ISR initiative to improve command and control in a disciplined, structured, and efficient way. This is a very significant investment, and every advantage to increase the chances of success should be taken.

We have proposed some questions that the committee may want to ask the department in a future hearing. Will the department still be able to meet its 2008 target of fully integrated and interoperable systems? Can the department assure the committee that all the C4ISR projects identified for spending over the next 10 years are consistent with its C4ISR objectives? And can the department provide the committee with a timeframe for delivering the necessary key elements that are important to ensuring success—a doctrine, concept of operations, definitions for interoperability, and enterprise architecture?

Mr. Chair, that concludes our opening statement, and we would be pleased to answer any questions the committee might have.

The Chair: Thank you very much, Ms. Fraser.

Colleagues, I'm going to remind you that with witnesses like the Auditor General, our first round will be 10 minutes. That's my understanding for a minister or a witness at this level, so unless I hear otherwise, I'm going to start with a 10-minute round.

I'll start with Mr. O'Connor, please.

Mr. Gordon O'Connor (Carleton—Mississippi Mills, CPC): Thank you, Mr. Chairman.

Ms. Fraser, welcome to our committee.

I read your report the day we had access to it, and one of the things that struck me was that because of poor management or whatever you want to call it, up to \$2.9 billion was spent on this omnibus project without clear statements of capability deficiency or requirements. I'd like to know what kind of reasons you were provided with from the defence department and how these projects got through Treasury Board.

● (0915)

Ms. Sheila Fraser: I'll perhaps ask Ms. Loschiuk to respond to that, Chair.

Ms. Wendy Loschiuk (Principal, Office of the Auditor General of Canada): Mr. Chair, we looked at several of the projects. We took a sampling of many of them, and in this case we found there were indeed, as you pointed out, problems with some of the substantiation—if I can use that word—to support these projects going through. In some cases they were missing important documents yet had still been pushed through the department's approval process. In other cases they may even have been missing both documents you mentioned.

We asked the department about that, and the reasons we were given were that in some cases these projects were very old and the expectation was that those documents would be provided as the projects matured. We did not go back to check to see if in fact that had happened; we had looked at just the approval process. In other cases the project was in an early development stage, and the department said it was not yet ready but it had gone ahead and asked for some funding and approval to at least continue to look at the technology and its applications. Those were the explanations we were given for that.

Mr. Gordon O'Connor: Well, I guess those are the explanations you got, but I find it strange that within a rigorous procurement process that's well laid out in the defence department—they have volumes and volumes explaining the process—they could get away with prosecuting a project and spending money without having a declared deficiency and without a statement of requirements and could get it through Treasury Board.

Ms. Wendy Loschiuk: That is one of the reasons we strongly support oversight and a strong review for these projects. There are a lot of them and they're very dispersed. Some are organized by the army, some by the navy, and some by the air force; some are joint and some are not. It really requires a good strong review of whether or not these projects are consistent with the direction in which the department wants to go.

It has a committee that is supposed to be doing that, but that committee was not always used. It was just too easy in many cases for projects to bypass that oversight process, and because they bypassed it, that's how some of them got through without the necessary questioning: where is the statement of deficiency, and where are the clear definitions of requirements?

We strongly urge the department to enforce what it already has to make sure that sort of thing doesn't happen again.

Mr. Gordon O'Connor: Another aspect that surprised me was the situation with doctrine. This project is at the heart of what the military calls transformation. This is at the heart of this theoretical transformation they're going through, and according to your report, they do not have their doctrine worked out. The doctrine provides the concepts and the coherence to the projects, so they're proceeding higgledy-piggledy with a bunch of projects without having the overall concept of where they're going. Is that correct?

Ms. Wendy Loschiuk: Yes, that's correct.

Mr. Gordon O'Connor: Since you made your report—I don't know if you check back on these things—have they made any moves at all to straighten out their doctrine?

Ms. Sheila Fraser: I could add, Chair, that now there's a new policy that has been announced. We'll have to wait to see if there is an impact on all of these projects and on doctrine; it is critical they work through that. Obviously, there's been none in the two weeks since we tabled this report, and I think that would probably be a question as well to the department as to what their timeframe is for developing this and when they expect....

I might even suggest the committee ask them for regular follow-ups, on—I don't know—a quarterly basis, to see if they're actually meeting the timeframes they are committing to.

Mr. Gordon O'Connor: I'm surprised they can even proceed with these multiple projects when they don't have a vision of where they're going. To me, until they get a coherent doctrine, they have the possibilities of adding to more and more miscalculations in their projects: project overruns, acquiring capabilities they don't need, things that don't link with each other. So it's not really a good way to run a large project like that.

The other aspect is people, simple planning. If anyone manages a project—it's simple planning—you have to have the number of trained people to prosecute the project. This omnibus project has

many parts, and I suppose over time it's acquiring more parts, yet the department does not seem to have planned the prosecution of the projects along with the growth in their trained personnel to run the projects. So what's the situation? Do they have some projects that are properly manned, and others that aren't, or are most of their projects undermanned? What's the general situation?

●(0920)

Ms. Wendy Loschiuk: Mr. Chair, in this audit we didn't specifically look at whether or not each project had enough people to manage it and run it. We have looked at that in the past. We know from other audit work we've done that it is a problem in National Defence to get enough project management people with the right skills for the demand. There is a lot of project demand out there, and there's a limit on how many people they can put on these projects.

In this particular case, though, I could not comment on whether a particular project had the right number of people, or whether it had the right skills. That was just outside the scope.

Mr. Gordon O'Connor: One of the dangers in not having an overall doctrine and not having enough people and having people in the staff coming up with different requirements that aren't actually approved is that you get this monolith of minor projects moving ahead, and you start to get what they call in project management “a lot of slippage”. That is, a lot of these sub-projects don't meet their deadlines, and the thing starts to get out of kilter, and it wastes work. It means that a lot of people are working on elements of this project that will never be achieved, or can't be achieved.

I'm just surprised that the department has gone down on a \$10-billion plan without really working out the details.

Ms. Sheila Fraser: If I could add something, I think one of the difficulties is that there isn't a \$10-billion plan. There are 91 projects that make up \$10 billion, which is, I think, the issue we're getting at, that they should be looked at as an overall project initiative, and not all these different projects going on, without bringing them together, as you mentioned.

In the response to our recommendation, you will note that the department has indicated that they will endeavour to have the doctrine, the concept of operations, by the end of 2006. So you might ask them what are the steps to getting there, and if they think that the recent policy would have any effect upon the timeline.

The Chair: There is still about a minute and a half.

Mr. Casson.

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

I thank the witnesses for being here.

One of the things we heard from the first witnesses who came to talk to us as we started this defence review and got into the whole procurement issue is about the fact that there's a mentality or culture that exists. They mentioned a \$2.7-billion project that was broken into 27 minor projects. None of them was over \$100 million, so they didn't have to go to make a special request for this money. That seems to compound an already terrible situation, with not enough trained people, not enough people skilled in the proper processes. Have you seen that in this instance as well, that the project was purposely split up to keep under a certain dollar level?

Ms. Sheila Fraser: I don't believe we saw any indication of that.

These were projects that were advanced by each one of the services. I think the issue we're trying to raise is that the army is doing their projects, the air force is doing their projects, and the navy is doing their projects. There is not that central overall coordination and control over a very large initiative, and all of these projects are supposed to all come together in 2008. But if you don't start off knowing how they're going to get there, it's an attitude of "with good luck, you may make it". So we're saying you really need to sit back and look at it not for specific but overall Canadian Forces, and develop these basic tools to ensure that your projects will be successful at the end.

We didn't see that. I know in past audits we've seen problems with procurement, just in the time that it has taken. I know in the CF audit that we did it was over 11 years, and they're trying to reduce it, but they're still talking about a target of... Anyway, it's very long. The procurement process is very long, for a lot of reasons.

• (0925)

The Chair: Yes, and you described it, Ms. Fraser, as stovepipes rather than as integrated. I think we've heard that concern before, and it's got to be addressed.

[*Translation*]

Mr. Bachand, please, you have 10 minutes.

Mr. Claude Bachand (Saint-Jean, BQ): Thank you, Mr. Chairman.

Good morning, Ms. Fraser.

I've read the various documents. It seems to me the table here is the perfect recipe for bitter failure in a few years. I think it's important to take quick action on this. It seems to me it's already off to a bad start.

I also want to point out how the project is being piloted. Two committees are handling the issue: the Joint Capability Requirement Board, chaired by the Vice-Chief of Defence Staff, and the C4ISR Oversight Committee, chaired by the Deputy Chief of Defence Staff. When you start to examine the interactions between these two committees, you see they can disagree. If you want to add bitterness to the recipe that's being prepared, you can include the fact that the three services of the Armed Forces operate in isolation. That means that, when you want to go into a theatre of operations, where you'll need to coordinate the three services, there's a risk of enormous communication problems. But the purpose is to improve communications. So I think this is off to a bad start.

First, I'd like to have your opinion on the defence policy that created what will now be called CanadaCom. This is a kind of supreme command, which will be divided by region in order to ensure that the services don't fight for three days to determine who's going to conduct an operation, since the Army, Navy and Air Force will all claim to be the best service for the job.

Do you think, for example, that if CanadaCom were given the opportunity to coordinate this kind of effort more, it might eventually help? I imagine that everything summoned to help with coordination and integration will be welcome to you.

Ms. Sheila Fraser: Yes. Essentially, we stated that there were management problems and, if I can use the term, problems with the governance of all the projects because, as mentioned, there was stovepiping. Each service stuck to its own business somewhat, but they talked about interoperability and communication. It's important that all these projects, that this initiative be managed as a whole, to ensure that the projects work together so that the Armed Forces can communicate with the Navy and so on.

In the new policy, we've had indications that the government wants to have more integration. This would be important for an initiative such as this. This initiative was also mentioned in the new policy that was announced.

So I think the Canadian Forces are aware of the difficulties. The Defence Department and the Canadian Forces should be asked what they propose to do to improve management and governance. You obviously can't have a number of chiefs and committees managing a project.

Mr. Claude Bachand: Precisely.

That makes me think a lot about the process of procuring materiel, whether it's tanks, aircraft or a large-scale communications system such as this. I have to admit I think a share this responsibility falls to the government. It's up to it to say what this is going to be used for and to determine what it needs.

As for the procedure in the department for freeing up some money for ordinary soldiers, the boots on the ground, I wonder whether the integrator concept shouldn't be developed a lot more. Let me explain.

You decide on a program, on a project, you state a doctrine, you determine what you want to do, and then you assign the task to an integrator—it may be Raytheon or another company—in return for a specific amount of money, rather than always acting internally. I don't know how many people are working on this project internally, but there must be a lot of people working on it at National Defence. So, instead of taking \$10 billion to do a job, we can take \$8 billion and ask an integrator, at the same time allowing it a profit margin, to go and find the system we need.

In the future, when a materiel procurement decision is made, shouldn't someone consider giving the job to an integrator, in accordance with established specifications, rather than doing it internally over a period of 10 years, for example, with more and more committees and human resources at National Defence's expense?

Do you believe that would be a more economical, more cost-effective way of freeing up money and giving it to the people who really need it, that is to say the soldiers, and not to the bureaucracy, as is currently the case?

• (0930)

Ms. Sheila Fraser: We didn't consider that question, Mr. Chair. So I can't comment on the benefits of one procedure or another. However, I'd like to tell you about some of the findings we made in the context of this and other audits.

Project management capability is limited. I believe we talked about that when we reviewed the CF-18 audit. Canadian Forces and National Defence don't have full project management capability, and people in the project management offices change too often.

The other difficulty we encountered in the context of this project—and I imagine this is also the case of other projects—is that the project was put on the market without all the required funding. So projects are started, but the long-term funding isn't guaranteed. Should a project of this scope be started without at least an assurance that the necessary funds can be obtained to complete it? So whether or not there's an integrator, there's no change to the situation if there's no assurance of longer-term funding.

The Canadian Forces have long had another problem: the vision of the Canadian Forces wasn't clear and defence policy wasn't established. They did the best they could.

We also found that this project takes up a very large share of capital funding. Will any be left for something else? There's always competition for funding at National Defence.

I believe managers are faced with a number of problems, a number of difficulties, a number of challenges. It would be good for the committee to discuss that with them.

Mr. Claude Bachand: As regards interoperability, there's no doubt in my mind that the three services that make up the Canadian Forces must be integrated and interoperable. It's important for a Navy ship to be able to communicate with an aircraft and with land forces during an operation.

However, you also refer to interoperability with our allies. Did you ask the department whether they had gone to see how things are done elsewhere? I imagine the Americans or British are working on these kinds of systems. If we want this kind of interoperability between allies, we have to ensure that the system put in place isn't unique to Canada and that we can communicate with each other in a theatre of operations where it's increasingly important for there to be coalitions.

Did you ask the department whether it had gone to see what was being done elsewhere and whether it can draw on that, rather than go its own way and opt for an arrangement that might lead to disaster? I'm afraid we might find ourselves in a few years with a system that will have cost a lot of money but isn't effective.

Did they go and look elsewhere?

Ms. Sheila Fraser: I can ask Mr. McRoberts or Ms. Loschiuk to address that. The services of the Canadian Forces definitely tended more toward ensuring interoperability with the United States. The Canadian Navy made sure it had interoperability with the U.S. Navy,

rather than with the Canadian Army. I believe that's always been a priority for the Canadian Forces. We're aware of that.

Moreover, the GAO, our counterpart in the United States, has conducted an audit. Ms. Loschiuk can tell you about that. However, when we hear the amounts they spend there, we find it perhaps a bit reassuring. For the U.S. Army alone, we're talking about \$108 billion for a project like this one. There are forces elsewhere, in other countries, that are working on similar projects. They are highly costly projects involving a lot of risks. That's why we say there must be better coordination and more rigorous follow-up. Otherwise it's easy to spend a lot of money.

• (0935)

[English]

The Chair: Merci.

On Mrs. Fraser's point, I recall that a couple of years ago it seemed the annual increase in the U.S. defence budget was as great as or greater than our total defence budget. It kind of gives you a perspective on who the only hyper-power in the world is.

Mr. Bachand's comments are certainly relevant. I'll allow a little latitude, but in the past I have had to remind the committee that Mrs. Fraser is here specifically on chapter 4 and those things that are fairly relevant to chapter 4. So I don't want us to be tempted to get into other things when we have a witness of this calibre in front of us. I just ask everybody to bear in mind why she is here.

Now I'll go to Mr. Bagnell for ten minutes, please.

Hon. Larry Bagnell (Yukon, Lib.): Thank you.

Not surprisingly, my first question will be related to the north. Because there's more of the country there than anywhere else and fewer forces, it's even more of a challenge. The communications, the command, and everything are even more of a challenge and more important. We are also using new technologies for that.

I'm wondering if you saw any deficiency or concentration on trying to connect the UAV, the satellite coverage, and the rangers. I noticed it was in the new defence policy document, which is great, that the rangers have to be more interoperable with the general forces. I don't know if that was in reply to your findings, which would be great because they replied so fast. But even other agencies in the north, like the coast guard, have to be interoperable for northern sovereignty because there's so little of each type of technology.

Ms. Sheila Fraser: I don't believe we looked specifically at the north, but I can ask Ms. Loschiuk if there were projects we may have looked at that would partly respond to your concerns.

Ms. Wendy Loschiuk: We did not look specifically at the north; instead we really focused on the overall initiative and how it was unfolding. Certainly the coverage of the north, the communications, and all the areas you mentioned figure into the whole C4ISR initiative. Those components are there.

You mentioned interoperability with the coast guard. Certainly they are looking at their interoperability and capabilities in that area with other government departments, and even other non-government agencies. So all of that does fall into the work they're doing on the total initiative. How it's unfolding and how they put a priority on it are probably good questions to ask the department.

Hon. Larry Bagnell: A previous committee here, before I was on this committee, did a study on procurement. There are concerns that it takes between one and two decades for major procurements, which is an issue in itself. But this particular type of major procurement, because of the computer-based technology, will become obsolete a lot faster. Computers are often obsolete in two years. So this would be an immense problem with a project this size and this complicated, because it changes a lot faster than an airplane you can keep for 50 years.

First of all, did you identify this problem? Second, did you provide any recommendations as to how such a system could be changed in a couple of years, because the technology changes so quickly in this field?

Ms. Sheila Fraser: Let me ask Ms. Loschiuk to talk about the methodology they're actually using to do the procurement, which we thought was a pretty good methodology.

Ms. Wendy Loschiuk: That's right. The methodology they've chosen is actually quite adaptable. They're using a spiral methodology that allows them to identify the directions they want to go in and the opportunities or options to get there. As they move along or as this matures, they can take advantage of the changing technologies as well. So it's not a traditional approach where you lock in to a certain type of procurement, and then you're stuck with it until such time as you finally get it eleven years later, or whenever. Instead, this is more flexible and gives the department an opportunity to look at the best ways of doing things, to adjust as things change, and then acquire what will really meet their needs.

What we want them to do is to make sure that while they're doing this methodology, they assess very well what they've accomplished and what they still need to do to make sure they get the right technology and take advantage of what the methodology can give them.

• (0940)

Hon. Larry Bagnell: Great. I'm very happy to hear that.

Just on interoperability with NATO and NORAD, we hopefully will have that, for safety, if we have all our planes flying around together, etc. I suppose you didn't get into whether the lack of interoperability was a problem in the accident we had in Afghanistan?

Ms. Sheila Fraser: I don't believe we've looked at that.

Hon. Larry Bagnell: Related to interoperability and NORAD, obviously we have our joint planes flying around North America, as we have joint responsibility for North America, so I'm assuming interoperability would be in an excellent state as it relates to air forces. We don't have as tight a relationship yet with the army and navy, but I'm just wondering what you found with the interoperability of the joint forces we have for the protection of North America.

Ms. Sheila Fraser: We didn't specifically look at that either.

We are aware that there is interoperability with the U.S. in the air and with the navy, just because of some of the joint missions they've done together, but that was not the focus of this audit either, and it's not something we have looked at in the past.

The Chair: You're straying a little bit, Mr. Bagnell. I understand the good questions, but you're straying a little bit from the parameters of chapter 4, which is why the Auditor General is really here.

Hon. Larry Bagnell: My question is related to command and control, as an American or Canadian is commanding and controlling both troops at the same time. Is the command and control system set up to be able to do that?

Ms. Sheila Fraser: Let me ask Ms. Loschiuk, because we do have some information on that.

Ms. Wendy Loschiuk: Basically, we didn't comment very much on NORAD. We didn't find any interoperability problems with NORAD, which seems to be working well, as the two countries have well-established protocols and well-established ways of working together.

I think interoperability becomes more of an issue when you're starting to get into NATO, as you mentioned, where you've got a lot of different countries with a lot of different technologies and a lot of different ways of doing things. That is something that becomes more problematic.

Hon. Larry Bagnell: Given that some of this is highly sensitive, do you have any problems in some manner or form with the proper oversight of things that can't really be made public?

Ms. Sheila Fraser: That was an overall issue we raised in the report. It wasn't actually so much in this audit, but in another audit that we did on air transport security. We sometimes have access to information that is secret. I have a few people in the office, of course, who have very high security clearances. So we do have access to this information and can see it. The difficulty we have is that when something is classified as secret, we obviously cannot make it public, but more importantly, we can't discuss it with parliamentarians.

In that particular chapter, one of the performance measures of air transport security was what they call the infiltration rate, measuring how successful or not people are who test the system in getting through the security systems. It's the only measure that really exists, and it has been classified as secret. So we are not able to talk about it, and parliamentarians are not able to fully assess the efficiency and success of the system because the performance measure is secret.

So we strongly encouraged government, which I believe government has now proposed, to establish a committee of Parliament that would be able to receive secret information. We and other oversight bodies, for example, would be able to bring forward and have a much more fulsome discussion with the departments involved in those kinds of activities.

• (0945)

Hon. Larry Bagnell: At times when there's a fast-unfolding emergency, such as September 11, where there are planes in the air and you have to make instant decisions, and there are senior decisions that have to be made at the political level, is there enough connection in the command and control system that this would be a smooth interface?

Ms. Sheila Fraser: I guess we could ask Mr. McRoberts. There was another chapter we did that would give some indication that there were areas for improvement here, as well.

Mr. Hugh McRoberts (Assistant Auditor General, Office of the Auditor General of Canada): Mr. Chairman, the question the member raises actually addresses material we dealt with in another chapter related to this report. It's the second part of our work on the security initiative.

In fact, we raised concerns that in terms of the structure and procedures of the current government operations centre, PSEPC has not yet fully developed the procedures for the devolution of command and control authority in the event of emergencies. There is still necessary legislation that must ultimately be put in place to cement that structure.

Hon. Larry Bagnell: I have one short question.

Since communication is obviously essential in this, did you find any problems related to split-second decisions in anything that might have been related to communications in relation to language, in that we have two languages, at least?

Ms. Sheila Fraser: We have no evidence of that.

Hon. Larry Bagnell: Thank you.

The Chair: Thank you, Mr. Bagnell.

Now, colleagues, we'll go to a second round, and it's five minutes for the question and answer.

We'll start with Mr. MacKenzie, please.

Mr. Dave MacKenzie (Oxford, CPC): Thank you, Chair, and thank you, Ms. Fraser.

Given the example we've seen lately with the submarines and how crucial risk assessment is, you've indicated on item 12 in your introduction today that DND has not yet done a systematic risk assessment, although it has identified five possible risk weaknesses. Could you tell us what those are and what inherent danger there is in those five areas?

Ms. Sheila Fraser: I'll ask Mr. McRoberts to respond to that.

Mr. Hugh McRoberts: I think one of the things we've learned over the years in auditing large, complex systems and technology projects such as this, as indeed have others who have studied them, is the importance of an ongoing risk assessment and risk management plan as an integral part of the project management framework. These things have relatively high inherent risks—technological risks, integration risks, as have been mentioned here—and what the experience of other projects has shown is that where there is a comprehensive risk assessment and risk management plan, these risks can often be identified in a timely manner and steps can be taken by management to mitigate those risks in the management of the program.

We were very concerned to see a project of this size and complexity proceeding to the point that it has without a fully developed risk management plan and risk management process. We have indicated that in the chapter and discussed it with DND management.

Mr. Dave MacKenzie: This is a project that has been under way since 1999?

Mr. Hugh McRoberts: That's correct, yes.

Mr. Dave MacKenzie: And here we are almost six years later, or in that range. When would we expect to see those things put in place?

Ms. Sheila Fraser: The department has responded to the recommendation on the doctrine, the concept, and on all the basic requirements. They said they will endeavour to have those in place by the end of 2006. I think the committee may want to ask them what their specific timeframe is for doing this and what is the assurance that it will in fact be in place.

• (0950)

The Chair: Maybe have some checkpoints along the way.

Ms. Sheila Fraser: And the committee may want to have updates or something from them to make sure that they are actually proceeding. The first major milestone in the project is 2008, so if they start to miss on this, one could question if they're going to meet the milestone.

Mr. Dave MacKenzie: This seems to be a consistently lacking component for a great number of the projects undertaken by DND. It doesn't seem logical that for each and every one we don't have a risk assessment in place. In something that's as significant as this, it's hard to believe that we could be six or seven or eight years down the road in a project and spend half the money. It's like building a subdivision when the roads may not line up.

Ms. Sheila Fraser: One of the difficulties, quite frankly, is it has been done by each one of the services in a multitude of projects, and there hasn't been that overall coordination—vision, management—as an overall initiative. If you manage them all as individual projects, it's very difficult to have any kind of comfort that you're going to come together at the end of the day.

Mr. Dave MacKenzie: In your report you mentioned the lack of skilled people; I think the number of 700 comes up. Is lack of personnel equally an issue throughout the military and DND? We simply don't have the people in place?

Ms. Sheila Fraser: In many of our audits we have noticed there are difficulties with trained personnel and shortages in some key skills. There is also a retirement wave coming, as is the case in many government departments, but it's particularly critical. We did an audit two or three years ago and found a gap in the personnel, so if you have a lot of people retiring, who is going to replace them? As well, in the military people tend to come in at entry level and move up within the military, so it creates new challenges.

We're planning an audit now for reporting in early 2006 on the whole question of recruitment and retention, so we should be able to give parliamentarians better and more up-to-date information as to whether there have been improvements in that or not.

Mr. Dave MacKenzie: Is part of the problem that we always try to use inside staff whom we train specifically, as opposed to going outside and bringing in private sources of people who would have a level of ability in that field?

Ms. Sheila Fraser: It could be, in part. We have to recognize, though, that much of this is very specialized, and it takes a long time to train up the people to be able to do the technical positions. It's sort of a requirement that you have to be there for a certain length of time before you're able to take over some of the technical trades, the mechanics, all the rest of it, and because of this gap in hiring during a period of time, they're facing a difficulty.

The Chair: Mr. MacKenzie, thanks very much for your good questions. Five minutes goes a lot faster than the ten in the first round, but those are the committee rules and now we alternate. For our colleague Monsieur Desrochers, who is new to the committee, we alternate on the second round, so I'm going to go to Mr. Martin now and I'll be coming to you next.

So next is Mr. Martin, for five minutes.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): I thought...were you next?

Go ahead.

The Chair: It's the government side for five minutes. Who would like to go? Next is Mr. Rota, for five minutes.

Hon. Keith Martin: Go ahead.

Mr. Anthony Rota (Nipissing—Timiskaming, Lib.): Okay. This is an unexpected surprise.

The Chair: The Auditor General is a popular witness, as always.

Mr. Anthony Rota: We should invite you more often. It's not often we get positive surprises here.

I was just looking at the report. Looking at the 91 projects, I think it seems as if they're trying to skirt the system. Is that what you're basically saying—that the military is looking at the system in place and by making a lot of small projects, they're skirting the safeguards that were put in place? Would that be fair to say?

Ms. Sheila Fraser: I don't think that's a fair conclusion. I think the projects were initiated by the services properly and in good faith. It's just that overall coordination. One of the problems we mention is that there was a committee put in place to bring more rigour to the system, but the projects weren't going there. Still, I don't think the projects were in any way divided. I think they are in and of their own a valid project.

Perhaps Mr. McRoberts could add to—

● (0955)

Mr. Anthony Rota: It's just the impression I got was we had a bunch of small projects to circumvent them.

So that's not the case. The military isn't playing games. They are viable, independent projects. I just wanted to clarify that.

Mr. Hugh McRoberts: Yes.

Mr. Anthony Rota: I just wanted to clarify that.

Mr. Hugh McRoberts: Yes, Mr. Chairman, it's important to realize these were projects, as the Auditor General has indicated, evolved by the individual forces, or parts of those forces, to meet specific needs. What the department realized—and I think they deserve credit for this—was there was a need to take these projects from a stand-alone status and integrate them, fit them into a larger framework, and that's what it has been trying to do with the C4ISR initiative, to try to pull all these things together.

They still have a way to go, as the chapter indicated, but the department is making the effort to pull these things together under a single coordinated umbrella.

Mr. Anthony Rota: How do you see that effort? Is it a valid effort? Are they putting the energy and resources required into it, or do you find that maybe they'll need more resources to accomplish what they're trying to do?

Mr. Hugh McRoberts: Mr. Chairman, the department is certainly putting an effort...and that's really what the chapter is about.

What we have concerns about, for example, is that to some extent they have started the effort to integrate without figuring out what in fact that integration is to serve. Again, it's the absence of developing a doctrine, a concept of operations, on the level of the technology and the IT, the absence of understanding that if you're going to integrate these things, they have to be integrated on the foundation of a common enterprise architecture. If you don't do that, then you're going to have some real problems down the track when you try to integrate these things.

The other step they put in place, intended to be a positive step, was a governance mechanism that basically said, as these projects come up, they're supposed to come to the joint committee so they can be assessed for possible future incompatibilities with the overall vision. Again, as we've indicated, in the early ones that committee was still being bypassed in the project decision-making process.

So there are a number of things we have suggested the department needs to do, and we are pleased to say they have agreed to do them.

Mr. Anthony Rota: I'll just go on with Mr. Bachand's question about hiring an integrator. It sounds like an interesting concept. He mentioned Raytheon as a possibility. Is this something that's done in other militaries around the world?

When I examine it, I hear them saying they try to keep everything in-house. To me, that means one possible inefficiency, but then again, national security comes into play. Would hiring someone like that basically amount to hiring mercenaries to be our army? Is that a reasonable concept, or is that pushing it too far? I'm just wondering, how feasible is that, is it done elsewhere, and does it work?

Ms. Sheila Fraser: Mr. Chair, as I mentioned to Mr. Bachand, this isn't an issue we looked at. The issue we're looking at is the coordination of this, which is critical. How the military decides to do it is in many ways up to them. They might be able to give more information on that.

The Chair: Mr. Rota, it's "Auditor General", not "General".

Some hon. members: Oh, oh!

The Chair: You have time for one more question.

Mr. Anthony Rota: I'm sorry to have put you on the spot there.

One of the areas you discussed last time, and it comes up again, is the project management and how we don't have that smooth transition or an actual group. How do we compare to other countries?

We had someone in the other day who talked about the French military and their project management team. They have a blend of people who train within the military and within industry and then come back, and the whole thing flows well so they know both sides. Is that a valid model and one we should look at? Do you know of other countries, and how do we compare?

Ms. Sheila Fraser: Again, Chair, it's not something we have looked at, and perhaps the military themselves would have information on comparable practices elsewhere.

The Chair: Thank you very much.

Thanks, Mr. Rota.

We're going to have the senior command in sometime in the near future. Other events may get in the way of that, but at some point they will be here and will answer those questions.

Thank you very much.

[*Translation*]

Mr. Desrochers, you have five minutes.

Mr. Odina Desrochers: Thank you very much, Mr. Chairman.

Good morning, Ms. Fraser, Mr. McRoberts and Ms. Loschiuk.

When did you conduct the audit that led to the report you've just tabled?

Ms. Sheila Fraser: Perhaps Ms. Loschiuk can answer that question.

• (1000)

[*English*]

Ms. Wendy Loschiuk: You could look at it, I suppose, in two frames. It covers the amount of time between initially starting the C4ISR concept. It was about 2000 when they started really developing it, but the projects themselves go back to the early nineties. So there is work in this area going way back, but the effort to pull it together only began about four to five years ago.

[*Translation*]

Mr. Odina Desrochers: In your audit, did you have a kind of book of specifications in which there was a clear direction as to what National Defence wanted, or, as you say, was it hard to understand who was doing what?

Ms. Sheila Fraser: We're saying there was no concept of operations, doctrine or an overall plan to ensure the interoperability and integration of all projects under way. However, that's the project's ultimate objective.

Mr. Odina Desrochers: So you're saying there wasn't any real coordination. However, funds had already been advanced to support the National Defence project.

Ms. Sheila Fraser: Indeed, the department spent approximately \$4 billion.

It must be understood that there are approximately 91 projects across the three services. So each of the projects has evolved without any overall coordination. National Defence found that kind of coordination would be necessary. However, it's still lacking the essential elements to ensure the undertaking is a success.

Mr. Odina Desrochers: In short, 91 projects are under way and require funds. How did National Defence go about justifying the advances intended for those 91 projects?

Ms. Sheila Fraser: I think the problem lies in the fact that each of the projects was in a way considered in isolation, without any overall coordination.

Mr. Odina Desrochers: These people weren't talking to each other.

Ms. Sheila Fraser: One of the problems we noted was the stovepiping among the three services. For example, if one of the services had a need that an old project could meet, it was implemented. To the credit of the Department of National Defence, it has to be said that it understood that many of those projects had to be integrated and better coordinated.

It was on this aspect of matters that we based our audit, and we noted that essential elements were still missing.

Mr. Odina Desrochers: But was there supporting documentation authorizing those funds? I imagine that, in the context of a normal process, the project is presented and the exact amounts that will be allocated to it are determined.

Ms. Fraser, I also note that reference is made to a project designed to integrate Armed Forces communications, whereas it's hard to integrate existing information on the 91 projects.

Ms. Sheila Fraser: Yes. Essentially each of the projects had documentation and, as we noted earlier, some documents were missing, including risk assessments and other important documents that should have been in the files.

Some of the projects dated back a number of years. Rather than set up an overall project and determine how to ensure control, various projects were established in the three services.

Now what has to be done is to put all that in order, coordinate the whole and ensure project interoperability. Obviously, as regards all these initiatives, basic elements have to be implemented. We also recommend that all the projects be evaluated based on the overall initiatives so as to determine whether they are relevant and headed in the same direction.

Mr. Odina Desrochers: It's a bit irresponsible all the same: 91 projects were submitted in order to solve a communication problem. But the three services weren't even able to say which of those projects was likely to solve the problem in question.

Ms. Sheila Fraser: However, it should be recognized that this is a very complex process: all the services have to communicate with each other, and it all has to be interoperable within the Canadian Forces, but also with allies. A single project can't solve everything. That means that a host of projects will be under way at the same time. Rigorous coordination and follow-up are necessary. In addition, people have to know where they're headed and know the concept as well as the doctrine.

• (1005)

Mr. Odina Desrochers: Like Mr. Bachand, in view of the way it started, I seriously wonder whether the project will be operational in 2008.

The inability to communicate and to say which of the 91 projects would be most effective raises serious reservations in my mind about the success of National Defence in this entire affair. It's already April 2005.

Ms. Sheila Fraser: As we're still waiting the audit, we still lack elements we consider essential to the success of the initiative. I think these are important questions to ask the department.

Mr. Odina Desrochers: Thank you very much.

[English]

The Vice-Chair (Mr. Rick Casson): Ms. Longfield.

Hon. Judi Longfield (Whitby—Oshawa, Lib.): Thank you for being here. It's an area I'm rather interested in.

You're making the point that on the interoperability we're really looking at three areas: one, among the Canadian Forces themselves; binationals or NORAD; and then NATO. Are you aware of the work of the Permanent Joint Board on Defence and the Binational Planning Group, the Binational Planning Group dealing with areas of interoperability between Canada and the U.S.? They're prepared to make major recommendations soon. Is this part of the audit? Was it referred to? Is it something you're aware of?

Ms. Sheila Fraser: Ms. Loschiuk will respond to that.

Ms. Wendy Loschiuk: We didn't specifically look at the working of other groups outside this area.

Hon. Judi Longfield: My understanding is that the Binational Planning Group are looking very carefully at the areas of interoperability and are making suggestions and have made some observations that you've actually made here—observations that both countries are trying to grapple with—and are trying to come up with that. Also, how about on the NORAD renewal? Again they're looking at those same kinds of things.

Ms. Sheila Fraser: That would not have been specifically part of this audit, but certainly, if you will, when we talk about the whole concept of operations—the doctrine—the forces would have to take those kinds of recommendations and reviews into consideration obviously when developing their own.

Hon. Judi Longfield: The Binational Planning Group will report by the end of 2006. I'm wondering if in response to some of your recommendations that when they talk about 2006 as being the end date if perhaps there was any mention that they're going to try to take that into consideration at the same time.

Ms. Sheila Fraser: It was not specifically mentioned, but that might be one of the rationales.

Hon. Judi Longfield: You made some fairly major recommendations, and the department has given response. I'm going to ask you now to critique the response—where you feel it was lacking, where you are feeling pleased that they've actually taken what you've had to say to heart—because all the responses start off saying “agreed” and then they give a response. So I ask for that if I might.

Ms. Sheila Fraser: We are pleased to see that the department does agree. We have a sense that the department recognizes that these things must be done. I would ask the committee if there could be more specific responses. We often ask committees to help us by asking departments for action plans and specifics about how are they going to actually address some of this. Of course, with the new defence policy, are there any changes or any modifications that may result from that as well? That wouldn't obviously have been taken into account in that.

The committee can certainly help us by asking the department to prepare an action plan and that you get regular updates as to how well they are actually progressing on some of this. That would help us as well because we would tend to go back and do follow-ups. It would help us to be able to say, okay, the department said they would have this in place by such and such a date, and we can go back and ask whether they have met their own commitment.

Hon. Judi Longfield: Thank you.

The Chair: Mrs. Longfield, is that it? There are two minutes remaining in this time slot.

Hon. Judi Longfield: That's it. Most of my questions have been asked before.

The Chair: Then you'll have another time slot, of course.

Mr. Martin.

Hon. Keith Martin: Thank you, Mrs. Fraser, Mr. McRoberts, and associates, for being here today.

I have a couple of quick questions. DND, as you had mentioned, is trying to integrate this. Would one solution be to scrap the joint capability requirement board and to take the mandate of the requirement board and subsume it into the C4ISR oversight committee, thereby having one committee that would engage in the oversight of the whole project? Would that solve this problem?

• (1010)

Ms. Sheila Fraser: I'm really not sure that we can answer. We usually try to stay away from what we call machinery issues. We say there needs to be coordination, but how the department actually does it.... As I mentioned earlier, you can't have a lot of chiefs and you can't have a lot of committees running things. It's important there be clear accountability for the overall management of this. How the department decides they want to do that I think is up to them. They would probably be better able to answer that than I.

Hon. Keith Martin: Have you offered any solutions to the department as to how we could better integrate? Because as you mentioned, we are engaging in that process of integrating it all under one. Have you provided the department with any guidance as to how we can do a better job at accomplishing that?

Ms. Sheila Fraser: No. That was not the focus of this work.

The Chair: Thank you, Mr. Martin. That's the end of this time slot, but I have your name after Mrs. Gallant, who's next for five minutes, and then we'll be back to you.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman.

Welcome back, Mrs. Fraser. I'm interested in the part of your report that deals with the problem of having sufficient skilled personnel to fully take advantage of new information technology and the suggestion that, if need be, civilian hires or resources would be utilized. Could you elaborate on what is meant by civilian resources in this private contract? What exactly is this?

Ms. Sheila Fraser: I'll ask Ms. Loschiuk to respond to that, Mr. Chair.

Ms. Wendy Loschiuk: Thank you, Mr. Chair.

You're referring, just for clarification, to the requirement for people to operate the C4ISR systems. The department is looking at how they're going to find the skills and how they're going to make sure they have the right resources in place when they need them.

One of the options could be that some of the jobs wouldn't need to be filled by military people, and in that case, they would civilianize them—they would make them civilian jobs. But they still have to do the work to figure out which ones those jobs would be, so there's a lot of work ahead of them, and it's moving slowly on that HR issue.

We've commented on that in here, and we've suggested to the department that they need to move a lot faster. The timelines don't match up. The need for the people is going to happen before they actually get the people in place, according to the current timelines. So if they could do that work—figure out who has to be military, who has to be civilian—then they could get on with the job of finding the people.

Mrs. Cheryl Gallant: Thank you.

I'd like you to elaborate on this in the context of the insufficient controls that were in place that allowed, according to DND, a single individual the opportunity to defraud the taxpayers of Canada of \$145 million to \$168 million—depending on exactly who you speak to. Considering that individual was at the director level, without signing authority, if he had had signing authority, would he have been limited by the Financial Administration Act—and correct me if I'm wrong—to \$250,000? That's a lot of cheque writing to total \$168 million. There are still too many unanswered questions regarding that massive taxpayer fraud.

So when I consider the sum of money involved in the project—\$10 billion by 2015—I worry, as you know, about the value and the size of this expenditure and whether or not the department is capable of handling this sum and being fully accountable to the taxpayers.

Could you elaborate on that instance when roughly \$168 million went missing?

Ms. Sheila Fraser: We are obviously aware of that case. We have not done any work ourselves. The work was all conducted by the internal audit department of the department. I'm not able to really comment on it. I'm aware only that they discovered it and they took the necessary procedures through the courts, and whatever. They might be able to give you more information at the department.

The point we're making here is that there really needs to be, over this very large initiative with many projects.... It is very costly and very complex—new technologies in communications. These are not easy projects, so there is a risk with them. The risk is compounded when you don't have a clear vision of what you're trying to achieve, a clear doctrine, a clear concept of operations, and if the projects aren't being coordinated rigorously. So we are saying that you have to increase the chance of success and make sure that these basic elements are in place.

• (1015)

Mrs. Cheryl Gallant: You mentioned that you really didn't look at that particular case. Would a separate audit by your department assist in finding out exactly what went wrong there and how it happened?

Ms. Sheila Fraser: We were aware of this. We've had discussions and been informed by the internal audit department as they were conducting their work. We were confident that they were doing the work appropriately. We felt no need to intervene. And I believe the government in fact recovered a significant sum of money in that. So I think it's actually a pretty good-news story that the internal audit department discovered this, dealt with it. We felt there was no need for us to intervene to do any additional work there.

The Chair: Thank you, Ms. Gallant.

Thank you, Mrs. Fraser.

Now, Mr. Martin, please. You have five minutes.

Hon. Keith Martin: Thank you, Mr. Chair.

Mrs. Fraser, I have to say I've often lamented the fact that with the astute capabilities and the analysis that your department does on all of us, we aren't able to marry that analysis up with the mandate to provide the solutions. I hope one day we'll be able to do that, because you provide us with extraordinary information. I think all of us here would thirst for solutions that we could actually offer the departments to be able to provide the constructive input that we would like to have.

Ms. Sheila Fraser: Well, we have to be careful about what our role is. Our role is to be the external auditor. If we were to become too involved with management we could, at least as a minimum, be perceived as losing our independence and objectivity. We can make recommendations that we discuss with departments, but how departments actually implement them is really up to them. They have a better understanding of the context, the many other challenges they are dealing with, and their priorities. So I think we have to be careful what our mandate is and how far we actually go.

Hon. Keith Martin: It was a lament on my part, Mrs. Fraser. It's almost like going up the aisle and not quite putting the ring on the finger at the end of the day—complete the job.

Having said that, we've tried very hard, and I know we're seized with the issue of how to shorten the procurement process. There's one thing that struck me, and I'll ask this question to all of you. Should Public Works get out of the business of procurement within DND?

Ms. Sheila Fraser: I can't respond to that. We haven't done any studies on that. Public Works is the procurement arm of government. I would be foolhardy to make any comments on that.

Hon. Keith Martin: It's a minefield territory for you.

On the second question, the last time you were here you brought up something very interesting that we spoke about. It was the issue of project managers, and how we can actually improve the system in that way. I've done some investigation into that, and the department is actively developing the project management capabilities within the Department of Defence. I know they're providing a whole cohort of people through that, and I think that's an encouraging sign.

On the skilled personnel issue, which is an extension of that, would it be beneficial to provide those who are retiring from the forces—the average age being 36, very young—with a retention bonus? That way we'd be able to retain more people in the forces through a reserve capability.

The second thing is to approach professional groups, through the reserves, to meet the deficit we have not only in defence, but indeed in the country in so many areas. In other words, try to attract people through the reserve force to meet the professional gaps we have.

Are those solutions that might work to meet those needs?

Ms. Sheila Fraser: Again, I can't really comment. The department would be better able to respond about the actions they're taking. But as I mentioned earlier, we have work going on now, and we hope to report in early 2006 on recruitment and retention. It'll be a follow-up to previous work we've done. We will see how successful the recruitment programs have been, what actions they are taking, and how they're dealing with retention. Next year we'll have more information for you, Mr. Martin.

● (1020)

The Chair: They're interesting questions you're raising, Mr. Martin, but we have a new Chief of Defence Staff, and as you know, it's not Mrs. Fraser. So we have to kind of sharpen it back to chapter 4, if we can. Those are valid points we'll pursue.

I know Mr. Casson has already mentioned that we want to pursue the work you're doing in this chapter. This committee is not going to just let it stop here. We're going to have that pursued by the proper military upper echelons pretty soon.

Back to you, Mr. Martin, on chapter 4, please.

Hon. Keith Martin: On the interoperability issue, we know our friends from the south are spending a trillion dollars over the next ten years—they have a \$470 billion deficit. That's not a direction our nation can go. We have a technology gap, and it's one of the biggest challenges of all allies of the U.S.

How do we manage to overcome that technology gap, given that our resources are far fewer than theirs—and quite rightly, as we're not willing to go into a deficit position? Do we focus on niches? How do we manage to meet that technology gap within the resources we have?

Ms. Sheila Fraser: We have raised the issue that interoperability with our allies is important. How that is actually conducted is a far broader question than we would ever cover in an audit. It really goes back to the whole defence policy in many ways. That again is a question for the officials of the department.

The Chair: I agree with you.

Our time is up now, so we'll stop there. Thank you.

We have finished two full rounds, and we have other work to do. I think one or two members have a few brief questions. Then we'll thank our witnesses and do our other work. I'll just go down the line here.

Mr. Bachand, please.

[*Translation*]

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

I'm not at all reassured by what I've heard this morning. The Joint Capability Requirement Board is currently studying the project as a whole, as are an oversight committee and three entities which are finding it hard to work together, each of which is working in its own corner. In addition — you'll see that the document I have in hand is related to Chapter 4, I've just found the spiral development methodology in your brief.

In my mind, a spiral is very negative. When you go into a spiral, you fall to the bottom of a hole. Now the thing is to find out what spiral development is. From what I'm reading, there are one or two spirals. I want to know if there are more. In addition, each of them develops independently of the other.

From what I've read, each of these spirals has its own objectives, and they are far from clear. I'm afraid the system won't work in five or 10 years, after \$10 billion has been invested. No one has done the general architecture of the project. With people who can't agree, we'd be going into spirals.

Am I too pessimistic in saying this can't work unless major corrections are made to it in the short term?

Ms. Sheila Fraser: Mr. Chair, it should not be considered negative because of the word “spiral”. On the contrary, we've stated that spiral development is an appropriate method. It's more flexible and allows for changes, especially, as we noted earlier, when you're talking about technological development, which can occur quite suddenly. You have to be able to adapt and take that into account.

However, we also emphasize that the risks must be carefully evaluated and overall objectives further clarified.

The method used is appropriate, but improvements must be made.

Mr. Claude Bachand: Can you tell me how many spirals there are? Are there one, two, 10?

Ms. Sheila Fraser: I'm going to ask Ms. Loschiuk to answer.

[English]

Ms. Wendy Loschiuk: There are eleven spirals.

Mr. Claude Bachand: Eleven spirals.

[Translation]

So there are 11 spirals, all of which are currently operating independently. How can all that be assembled in the end and how can this kind of program work? That's what I don't understand.

• (1025)

Ms. Sheila Fraser: We also emphasized that coordination, a common architecture, was necessary in order to be sure of coming together in the end.

[English]

The Chair: Thank you, Mr. Bachand.

I think the Auditor General has been quite clear with her stovepipe analogy that there's got to be better integration. It's something we've heard here before, and it's got to be addressed in a serious way. I think with the defence review, that's the ideal time to get into that.

Is there any final brief question?

Mr. Bagnell, do you have one final brief question—about the north?

Hon. Larry Bagnell: I have three brief questions.

The Chair: Well pick your favourite, because there's some other work we have to do.

Hon. Larry Bagnell: Okay. Command and control depends on information, and they are making rapid decisions so they need a good connection to the information they need to make those rapid decisions—all sources of information. Does the new system make sure there's a good connection to the data available from our military attachés around the world, and also from foreign intelligence agencies?

Ms. Sheila Fraser: I'm afraid we can't comment on that. We don't know that. Again, that would be a good question for the department.

The Chair: Next is your second but very last one, Larry.

Hon. Larry Bagnell: Okay. My second one is in two parts.

First of all, I assume they checked other systems in the world in looking for this procurement, as we always do in looking to do things better. Second, I assume the command and control system takes into account all the branches of the Canadian military, specifically the northern rangers.

Ms. Sheila Fraser: Yes and yes.

The Chair: We'll get the north back in there again. He's a strong advocate for his riding.

No, we didn't want a third round, and we can't just keep prolonging it, colleagues.

So thank you very much, Mrs. Fraser, on behalf of the committee, to you and to Mr. McRoberts and to Ms. Loschiuk. Thank you very much again for being here. You're always very enlightening witnesses and, as you can see, always very popular. So thank you very much again for the good work you do. We are committed in a non-partisan way at this committee to work with you to see the tax dollar in the Canadian Forces put to the maximum good use.

Ms. Sheila Fraser: Thank you, Chair.

If I might, I have one suggestion for the committee. When we appear before the public accounts committee, we often appear with the department, and many of the questions that members raise are questions that really only the department can answer. So I would just suggest that when we get into what are fairly technical issues, you might want to invite departmental officials at the same time as us, and it would perhaps give a more fulsome discussion to the reports.

The Chair: Right. We actually did kind of put that offer out this time, and we need to work out some logistics to make that happen, but your comments are well noted. Thank you very much.

Ms. Sheila Fraser: Thank you, Chair.

The Chair: Now colleagues, there are just a couple of points of business we can go through, and I think we'll be done.

The first one is regarding the week of May 2 to May 6. This is presuming that no other events transpire that would pre-empt any of this. Okay? And as our friend Mr. O'Connor said, we have to plan as if we're going forward and who knows what will actually happen. For the week of May 2 to May 6, regarding the meeting on May 3, at one time most colleagues were not going to be here, but now there have been some changes and we possibly could have a meeting May 3.

That's Tuesday, Angela?

The Clerk of the Committee: Yes, that's right.

The Chair: What would you propose? Who would be available to meet on Tuesday, May 3?

Yes, the House is sitting, but some colleagues are going to be in the Netherlands for the 60th anniversary. And others will be here? Okay, we'll then proceed with who's here.

• (1030)

The Clerk: We could perhaps have a joint meeting with the foreign affairs committee that day if the ministers are available.

The Chair: We'll look at the joint meeting with the foreign affairs committee on the defence review kickoff, and we'll talk to Mr. Patry, the clerk of that committee, and see. So that's a possibility. Failing that, we could ask the military leaders to come in and follow this up. We did ask them to be here today, and there was some hesitation to do that. So we might want to pursue that hesitation and also we want to have them available as well.

Mrs. Longfield, go ahead, please.

Hon. Judi Longfield: I guess it's maybe for my own self-interest, but I won't be here on the third and a number of members of the committee won't be. I think the meeting with the foreign affairs committee is a rather important meeting, and I would suggest that permanent members of this committee would want to be at that.

The Chair: Yes, I assume you're right there. Well, maybe we'll look at that and see if we can delay it. I guess after the long time we've all waited, we don't want to be seen now to be further delaying it, but I take your points, Judy. I think they're good and we'll talk it over with Mr. Patry.

Okay, leave that with us and we'll notify you next week as to what looks like the best plan for that day.

The NATO Defence College is here on the fifth of May; that's the Thursday. So any colleagues who are here would be welcome to come and meet with them. That's a frequent event anyway, to talk about defence issues with them, and so on.

Now the only other question I have is should we ask the clerk to go ahead and start the logistics for the trips in May—the trip to London May 12 to 13, the trip to North Bay and Petawawa May 18 to 20, and the trip on May 31? Should we ask the clerk to go ahead and plan those logistics?

Okay. Mr. O'Connor is nodding yes. I'm not seeing anybody saying no.

Mrs. Gallant?

Mrs. Cheryl Gallant: It was brought to my attention that there is going to be a fairly significant exercise in preparation for the next rotation to Afghanistan occurring in June.

The Chair: Yes, we're aware of that. It has been—

Mrs. Cheryl Gallant: They would be seeing the pointy end of things, as opposed to just touring the base. We would actually see what they'd be doing over in Afghanistan.

The Chair: Right. We're aware of that. We were made aware of that. The problem is we're locked into this schedule as far as the committee can see. We can always make another visit if we're still here. But we were aware of that, and that was factored in.

Mr. Gordon O'Connor: You're very pessimistic.

The Chair: No, I'm not. I know we'll be here till next November, but it's just...

So we're aware of that, and it's been factored in. If we're going to go to Petawawa and North Bay, we have to go May 18 to 20. We can look at a subsequent visit if we want.

Okay, is there anything else on that? So we're going to ask the clerk to go ahead and start the logistics for these trips. I don't have any other items of business.

Oh, the Minister of Veterans Affairs will be here on May 17 for estimates. I think that's it. Any final points?

Okay, thanks, colleagues. The committee is adjourned.

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

**Also available on the Parliamentary Internet Parlementaire at the following address:
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.