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Chair

Mr. Rick Casson

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•(0910)

[English]

The Chair (Mr. Rick Casson (Lethbridge, CPC)): I call the meeting to order.

As we continue with our witnesses on the procurement process, from the Department of National Defence we have General Lucas, Chief of the Air Staff. Sir, welcome. We have Colonel Burt, director of air requirements. Welcome, sir.

And from Public Works and Government Services Canada we have Terry Williston, director general, land, aerospace, marine systems, and major projects sector; and Len Bradshaw, airlift capabilities project.

I understand, General, you'll be making a presentation. Then we'll open it up for questions. The floor is yours, sir.

Lieutenant-General J. S. Lucas (Chief of the Air Staff, Department of National Defence): Mr. Chairman and members of the committee,

[Translation]

thank you for inviting me back to speak with you about Canada's Air Force. It gives me great pleasure to see members of Parliament show interest in the Canadian Forces. I know that some of you are amongst those who spent time at our headquarters and on our wings last year, meeting and speaking with our personnel and, in most cases, flying in Canadian Forces' aircraft. I encourage all members of Parliament to visit their Air Force and gain a better understanding of what our men and women are doing on a daily basis to provide security at home and abroad.

[English]

I'm delighted to have with me today the people you've introduced, Mr. Terry Williston and Mr. Len Bradshaw from Public Works and Government Services. They will cover off certain aspects of your interest in the procurement process. Colonel Dave Burt is my subject matter expert on requirements matters and brings a wealth of experience with him.

As Chief of the Air Staff and commander of Canada's air force, I am responsible for what we call force generation. This means ensuring that commanders who employ air power in Canadian Forces operations have the equipment and trained personnel required to do the job. As the force generator, I set the operational requirements for air force equipment that will be used by our men and women to conduct the job assigned them by the Government of

Canada. For the air force, that job is wide-ranging as we focus on Canada's security needs.

Day to day we maintain surveillance and control of the air space enveloping the second-largest country in the world. We assist our navy in monitoring the maritime approaches along the longest coastline in the world. We respond to calls from Canadians in need, providing immediate assistance through our search and rescue squadrons. Our personnel are on duty around the clock, integrated into Canadian Forces operations, contributing to Canada's economic, environmental, and physical security in the post-9/11 world.

Air force personnel continue to make a tremendous contribution to Canadian Forces operations around the world, especially in south-west Asia, where the air force has been present since Canada first became engaged in the region over five years ago. Today you can find air force personnel almost everywhere you turn throughout the theatre of operations: at the theatre support element, largely run by the air force; with the joint task force in Kandahar, both on the airfield and outside the wire at the forward operating bases, and with the provincial reconstruction team; and elsewhere throughout Afghanistan. Many of them are working side by side with their colleagues from the army, some in fully integrated units.

[Translation]

Since my last appearance before this committee in November, you have had an opportunity to visit our personnel who are doing such a great job in Afghanistan. I trust you are as impressed as I am with the tremendous job being performed by the men and women deployed in that theatre of operations. And I hope you had a chance to observe the challenges our people face in carrying out such operations on behalf of Canadians.

[English]

That brings me to the focus of this meeting: the challenge of generating air force capabilities that are needed to conduct and support Canadian Forces operations here in Canada and around the world.

Canadian Forces operations are, for the most part, no-fail missions. Whether it's rescuing a hiker from the mountains of British Columbia, saving lives over the stormy Atlantic, providing essential life-saving supplies to Canadian communities in distress, or supporting humanitarian or combat missions around the world, we must succeed, often under extreme conditions. And unlike sports, in combat operations there is no second place.

My role as the force generator of aerospace forces is to ensure that we have the right combination of equipment and trained personnel to carry out the tasks assigned to us by the Government of Canada, to a standard that will permit us to succeed and survive to carry out those tasks another day.

Two years ago, on February 7, 2005, my predecessor appeared before the Standing Committee on National Security and Defence. At that time he characterized the state of the air force as fragile, as increased pressures were put on the air force to protect Canadian interests in the post-9/11 world. He said:

Currently, aging fleets and infrastructure impose further strains on the air force's ability to fulfill its roles. The gap between national procurement funding and the need and the diminishing experience levels of and the ability to retain our personnel exacerbate these existing problems.

In short, the air force faces a sustainability gap in its ability to generate operational capability as it transforms to fulfill its role in defence of Canada and Canadian interests.

[*Translation*]

He emphasized that in the post 9/11 security environment the changing nature of the threat places even further demand on the Air Force' stretched resources.

[*English*]

What has happened since then? Since February 2005, two successive governments have reinvested in defence, and while much work has been done to put spare parts back in the bins in order to keep our aircraft flying, our aircraft continue to get older and continue to run out of hours.

The most critical situation we face right now is with the air mobility fleet, in particular the CC-130 Hercules fleet. That is the aircraft on which you flew into Kandahar recently. As you heard last week from my colleague Mr. Ross, the assistant deputy minister for materiel, four of our fleet of 32 aircraft have already run out of hours and are sitting on the ground in Trenton. By 2010, we will have only 18 flyable aircraft remaining from the original fleet of 32. So we welcome the government's decision to move quickly to acquire four strategic airlifters and 17 replacements for the CC-130 Hercules aircraft, which will restore our ability to support Canadian Forces operations at home and abroad into the future.

Other areas are also being addressed. By early 2009 we expect the first of the Cyclones, the replacement for the Sea King helicopter, to arrive, and we're working towards acquiring Chinooks to replace a capability lost in the 1990s.

While we are slowly beginning to recover from the fragile state described by my predecessor, the need remains urgent as time runs out on our legacy fleets of aircraft, which brings me to the main point: how we determine the operational requirements for equipment we need, which is the air force's role in the procurement process.

The requirements flow from defence policy. The defence policy, and scenarios that are developed from that policy, help us to identify the capabilities we need to accomplish the tasks assigned to the Canadian Forces.

When we first identify a need for a new capability, we establish guiding principles. One of the key guiding principles is in fact to obtain best value for Canadians. Based on these guiding principles, we use capability-based planning to identify what we call the high-level mandatory capabilities. These high-level mandatory capabilities are derived from internationally agreed standards and an analysis of the needs of the Canadian Forces that will employ the equipment.

From the high-level mandatory capabilities flow the mandatory requirements, those requirements that any potential supplier must meet in order to satisfy the Canadian Forces' needs. By way of example, the strategic airlifter required by the Canadian Forces needs to, among other things, take combat-ready equipment across long distances, including the oceans, and rapidly deploy them where and when they are needed. The mandatory requirements, along with a number of rated requirements, are packaged into a statement of operational requirements.

Draft statements of operational requirements go through a challenge process within a range of organizations within the Department of National Defence. They are subsequently refined to ensure they represent the capability required before being submitted to the minister.

Once the statement of operational requirements has been finalized, the rest of the procurement process can begin, based on the tenets of fairness, openness, and transparency, as you heard many times from the Minister of National Defence and from ADM Materiel last week.

The statement of operational requirements is just that: the statement of what the men and women of the Canadian Forces need in order to undertake the missions the people of Canada call upon them to perform. I'm happy to see that Canada's air force is beginning to receive the equipment it desperately needs in order for our men and women to continue to serve Canada and to serve Canadians.

● (0915)

[*Translation*]

Mr. Chairman, members of the committee, I would happy to answer any questions you may have at this time.

[*English*]

The Chair: Thank you very much, sir.

We'll start our opening round of seven minutes for each questioner. Mr. Coderre will begin.

[*Translation*]

Hon. Denis Coderre (Bourassa, Lib.): Thank you very much, general, colonel, gentlemen. It is an honour and a privilege to have you here.

We know that we are dealing with several billion dollars here and that this money needs to be well spent. We also recognize the importance of the equipment for the Air Force.

Because this is a two-hour meeting, we will have many questions. My first question is for you General Lucas, and then, given that you have brought along an expert in the field, Colonel Burt, I would also have some pointed questions to put to him.

First off, you must know that Liberals do not approve the purchase of the C-17s. We think that we could have rented them and made better use of public funds, furthermore, we get the impression that we've given the Americans a blank cheque because we don't have the copyright nor will we be doing the maintenance on these aircraft.

Today, general, I'd like to discuss C-130J with you. Through the agreements and synergy brought about through the CF-18 modernization project, the costs and risks were shared among the countries, which was to the advantage of Canadians. We did it with Australia, the U.S., and the U.K.

If there is this brotherhood of nations, fairness and some fair-play, why did Australia purchase the Hercules C-130Js for U.S. \$54.5 million and the U.K. for \$64 million? These amounts included initial technical support. You can't say the Canadian aircraft cost more, because the additional costs were already included. The Americans paid \$64.5 million. Yet, it cost Canada \$188 million per aircraft, or twice the price paid by our allies.

The \$3.2 billion contract is for the purchase of 17 aircraft; that's quite a lot per aircraft. Out of these \$3.2 billion, over \$1.7 billion will go to maintenance over a 20-year period, for a total of \$4.9 billion. That's a lot of money.

What could possibly explain why we would be so inclined to buy aircraft which cost \$188 million in Canada when they cost half that amount in other countries?

• (0920)

LGen J. S. Lucas: First off, thank you for your question.

[*English*]

I mentioned earlier that we are interested in value for money. It is of interest to note with respect to the C-130J that we have not in fact entered into contract at this point in time. So obviously there are going to be some negotiation processes that we'll need—

Hon. Denis Coderre: That's a hope.

LGen J. S. Lucas: Well, I have to say that we will be in a world of hurt. Our older fleet of C-130 aircraft is dying out from underneath us very quickly, and we need to find some way of replacing that. We set a requirement, which I feel very strongly was a very good requirement, and the process to date has identified one compliant bidder, that being the C-130J.

By way of interest, you mentioned other countries that we have collaboration with. In fact, the three countries you mentioned all operate the C-130J. I met recently with the heads of their air forces. All three countries are very pleased with that particular aircraft. It is serving them very well right now. So I'm actually quite enthusiastic that we are going to receive them.

In respect of the actual price, I do know that the gentlemen on my right here will, over the next while, be doing some extensive negotiations with Lockheed Corporation on this issue. They will drive a hard bargain, as they have in the past, and I'm sure we will get good value for money. I say that because I have confidence in them, but it really is not the air force's responsibility to negotiate the price. It is our responsibility to set the requirement, and then once Public Works and Government Services and other arms of government have done their work, we'll bring them into service.

So as to your question regarding price, I think I would have to defer that to the gentlemen from PWGSC.

Hon. Denis Coderre: So eventually it will be answered. Thank you.

Colonel Burt, we saw an exchange of a lot of e-mails. You're becoming pretty public these days. I saw some in the newspaper, *Le Devoir*, and from CanWest, on a series of issues.

It's a bit troubling. We surely don't question your integrity. You have a great reputation. You're a man of integrity. You're one of our greatest experts on the requirements, and you clearly know how to deal with an SOR.

What's troubling me is what happened after the famous meeting on May 1 with General O'Connor.

You've been saying since the beginning, and starting on April 28, that the requirement for the strategic airlift was based on a certain weight, which is the 43,000 pounds. You were also talking about delivery dates. We all know the process of the strategic airlift took years and years, and it seems that within weeks we changed some of those requirements. Why was it amended on April 28, from your initial e-mail saying we should have a competition between the two companies?

I'm not biased. As a matter of fact, all I care about is that we have the best equipment. But because it's taxpayers' money, I'd like to make sure it is fair and well spent. We all agree on that.

By some intervention, it seems we changed the way the procurement was put together. We took out the A400M. That's a bit troubling, because perception sometimes is reality.

What happened after April 28? Something also happened between May 1 and June 13. I believe the integrity of the SOR was not necessarily honoured because we had some political intervention.

Would you please expand on that situation? I noticed some of the e-mails that Major Goulden, you, and the others talked about. What happened in the timeframe?

• (0925)

The Chair: Mr. Burt, his time is up. If you could just hold that, when we come around to his turn again I'll get you to answer.

Hon. Denis Coderre: I would like to have a little taste of it first.

The Chair: Just a real short response and then we have to move on.

Colonel D. C. Burt (Director Air Requirements, Department of National Defence): Thank you for your initial comments about the job we do in the directive of our requirements.

Very shortly, I can say that at no time through this process has there ever been any influence from the government with respect to the operational requirement. I would also say that we develop these operational requirements absolutely clearly to provide best value to Canadians and the Canadian Forces and to meet performance requirements of the Canadian Forces. We do not develop the requirements to focus on, to include, or to eliminate any particular product that's out there.

The Chair: Thank you.

Mr. Bachand, seven minutes.

[*Translation*]

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

I'd like to welcome everyone.

First off, I'd like to start by explaining to you why members of the Bloc Québécois called for this study. We had started work on Afghanistan, and after that, we wondered what other issue we could address. That is when we decided to study the procurement process.

I hope you share our opinion, in that Parliament, at this point, is not very involved in the decision-making process. I must admit that I've always been somewhat frustrated to see the astronomical amounts being spent. Indeed, an amount of approximately \$20 billion has been announced.

In my opinion, parliamentarians need to take a critical look at this issue, because we're dealing with taxpayers' money. That is currently the philosophy which guides our committee and it has led us to undertake this study.

I also have a few questions to ask.

Last July 7, I was surprised to see that a number of contracts were already posted on the MERX's site. The C-17s, the Chinook and Hercules were there. However, when it came to the Hercules it was a letter of intent. I would imagine that is how the Department of Public Works and Government Services wants to proceed with the Hercules. What I was surprised by was the C-17s and the Chinooks, both platforms are produced by Boeing, and there were advanced contract notices out, for ACAN.

Finally, I even wrote an article published in *Frontline*; I hope you read it. I found this article quite interesting. I spent a lot of time writing it. I'd like to hear your comments once you've read it, if you have not already done so.

I believe we lose our bargaining leverage when we tell a company that it is the only company we want to deal with. Do you agree that it affects our bargaining power? From that point on, the company understands we will only do business with it. In that way, it can be stricter as to the time when it will manufacture the product, where it will be done and how it will be done. I think we're losing bargaining leverage.

I would like an answer to that first question.

LGen J. S. Lucas: Thank you for your question.

I agree that this is an important matter.

[*English*]

In fact, because of the dollar value associated with procurement, it demands a fair bit of attention from us. I'm quite pleased that we're looking at this subject. As we move forward, finding a way to deliver useful products to the men and women of the Canadian Forces in a very timely fashion, while meeting the needs of the taxpaying public, is a wonderful thing.

I can provide part of the answer, but once again I would defer to these gentlemen when it comes to the negotiating process. That is really their bailiwick.

With respect to ACAN, we set a requirement based on what our needs are and then we go out and have a look at what products are available. If it is found that in fact there is only one product likely to be able to meet our needs, this is when the government is inclined to use ACAN, the advance contract award notice process, so that we can move expeditiously.

All of the defence procurements that were announced are needed urgently in the Canadian Forces, which have tended to use a process that, while fair and equitable, moves quickly.

I have to say that with the arrival this summer of the first C-17, the process from announcement to delivery capability will be almost unprecedented. I am certainly delighted.

I would now ask my friends from PWGSC to respond to the second part of your question.

● (0930)

Mr. Terry Williston (Director General, Land, Aerospace and Marine Systems and Major Projects Sector, Public Works and Government Services Canada): I would start off by saying that ACAN is only the government's indication of an intention to award a contract. There's no guarantee that a contract is going to be awarded. So we certainly continue to hold the upper hand when it comes to negotiating, because if the government's needs are not addressed, there will be no eventual awarding of a contract.

I would also counter by saying that a competition for which there isn't a real competitive environment is not just uncompetitive, but if the competition is such that there is only one legitimate contender, it's very difficult to get a fair price. In that case, we have no visibility or opportunity to negotiate with the supplier. We just take the price that's been offered.

In the case where there isn't an open, competitive field of equally qualified suppliers, ACAN and the negotiation with the sole qualified supplier offers the Government of Canada the best opportunity for value.

[Translation]

Mr. Claude Bachand: I would now like to deal with requirements. When it comes to the procurement process, the Americans have a performance-based approach. I personally get the impression Canada creates requirements to fit with a platform it has in mind, in other words from the moment when we want a given plane, which carries a given weight and we know there's only one on the market and that is part of our requirement, we know exactly which plane will meet our requirements and in that way we sideline the competition. That is also a message being sent to a company, sort of like the ACAN, because the company knows that it is the only one able to meet the criteria.

Why do we get the impression that when the armed forces formulate criteria, they already have a platform in mind.

What about political involvement? Can a minister specify a type of aircraft? And you, within the forces, do you have to comply with requirements to find the specific aircraft requested by a department or a minister? Could this type of situation occur? According to Mr. Ross and one other person, it is possible. Do you think political interference is possible?

[English]

LGen J. S. Lucas: I believe, as Mr. Ross has said, this possibility exists. I've certainly not seen it, and certainly what we have here is a process. Let's just talk about airlift, because that's the one that seems to be the focus of attention.

We've had on the books for quite some time the requirement for a total airlift solution, both a strategic piece and a tactical piece. Depending upon the priorities of the military and of the government, we would then be able to address either all or part of it.

I was delighted when the resources were made available to address both parts of the airlift equation this time around, both the strategic and the tactical piece. Our strategic requirements are essentially fourfold. We want to be able to lift large amounts of material, for long distances, at rapid speeds, and to bring them right into where they're needed—those four pieces. And the air force doesn't do this in isolation. We work with the army, for instance, and ask, "What is the nature of the kind of equipment...over the next 10, 15, 20 years. What are the kinds of things you're going to need to move?"

I began in my opening presentation by talking about the high-level mandatory requirements. We've identified this as a way of expediting the procurement process. Instead of trying to identify every last little piece, we've identified a representative piece. A representative load for us was two light-armoured vehicles, two LAV IIIs. A representative distance for us was from here to Ramstein, Germany, because if you look at where we are in the world, an awful lot of what we think we're going to do over the next couple of years is either in the African domain or over in the Asian domain. To get there, it makes an awful lot of sense for us to hop first into Europe and then out of Europe into those domains.

• (0935)

The Chair: Thank you. We're going to have to move on. I'm sorry your time is up. Keep that thought.

We'll get back to Mr. Bachand.

Ms. Black for seven minutes.

Ms. Dawn Black (New Westminster—Coquitlam, NDP): Thanks very much, Mr. Chairperson.

I want to welcome each of you to committee, too, and as you can see by the questions from the opposition members on the committee, I think we all have some unease about the appearance of a sole-source contract, and I think all the questions are heading that way.

I have some specific questions about the C-17 and how this process has gone. I'm wondering when the change in lift size happened and exactly why, because for quite some time it was 43,000 pounds, and then suddenly it seemed to increase to more than double that.

I'm also curious about how high up in the chain was the involvement of the SOR, the statement of operational requirements, for the C-17. I wonder if you could answer that.

And my final question in that vein is this. Who initiated and who approved the national security exemption on this contract?

There might be a variety of people who can answer this question.

LGen J. S. Lucas: I can probably give you information on the first two questions. On the last one, unfortunately, I don't have the expertise in that particular area.

When it comes to the process whereby we set requirements, there is an ongoing process. It starts at certain levels, and over time, it bubbles its way up to the top. I talked earlier about a challenge process where we set something out and it gets looked at.

I also talked about guiding principles. One of the guiding principles for strategic lift was that we already have a platform that performs one element of strategic lift, and that is our Airbus A310 aircraft. So one of our principles was that whatever we got had to be able to lift at least as much as that particular Airbus, because it didn't seem to make a lot of sense for us...especially when we were looking for a bipolar solution, if you will, one that had a strategic element to it and one that had a tactical element to it.

When things began to bubble up and we looked at the numbers, it seemed to us a bit of an anomaly that we would only want to be able to lift one LAV III vehicle, which is essentially only incrementally more than our tactical aircraft can do right now. So we were going to have two parts to the solution, and in its early stages we identified a requirement for something that was only incrementally larger than the Hercules could lift right now, so—

Ms. Dawn Black: So why wouldn't you have done that in the beginning, when you already had the Hercules?

LGen J. S. Lucas: That's a good question. In fact, as I said, requirements are built into the system and they come up, but they're not really completed until they get to the top. In fact, it was before it got to me that we began to challenge the idea that it made a lot of sense for us to buy a strategic lifter that could only lift one LAV III.

We talked to the army. We looked at the kinds of scenarios that were unfolding for the future, and we identified that a more representative load for us to lift would in fact be two LAV IIIs, and the distance from Trenton to Ramstein would be a distance that we would want to do because the kinds of places in the world we're likely to go with this would require that as the first hop, that 3,500 miles.

That's some of the background. I have to say that for a while the file was not proceeding as quickly. When the new government came in, they identified this as one of their platforms. We began to work on the file a little more, so that was probably why, in that timeframe, you saw more work being done on it. And the challenge function caused that requirement to be put in better shape, because when I signed off on it, saying it needed to be able to lift two LAV IIIs, I was confident that this was in fact a load that a strategic lifter should be lifting, and the distance of the 3,500 nautical miles made perfect sense from my perspective.

We have I think a very good, solid requirement. The one that went forward has my complete endorsement as being the kind of thing that makes sense. Especially if you're going to have a strategic lifter and a tactical lifter, you want that strategic lifter to be able to lift the big loads, cover long distances quickly, and get into those destinations you want it to be able to.

• (0940)

Ms. Dawn Black: Okay, thank you.

And the national security exemption?

Mr. Terry Williston: The trade agreements to which Canada is a signatory have allowances for exceptions to the trade agreements when the national security interests of the country are at stake.

Ms. Dawn Black: Where is that?

Mr. Terry Williston: Specifically, it's the originating department. In our case, it's Mr. Ross, ADM Materiel, who would determine the justification for requesting that exception. He sends it over to our department. It's reviewed by trade agreement lawyers to ensure that the exception required is applicable or allowed for within the trade agreements to which we've signed, and then it's formally and officially approved by the ADM of acquisitions—

Ms. Dawn Black: But what was the rationale for it? I understand the process you're talking about, but what was the rationale for asking for that exemption?

Mr. Terry Williston: I don't have the specific letter from Mr. Ross in front of me, but as I understand it, it was to ensure that we could control in-service support activities within Canada, and that there is apparent for most of the fleets that are being bought right now.

Ms. Dawn Black: But in fact it allows for a third of the maintenance to be done in the U.S., instead of according to the internal trade agreement we have in Canada.

Mr. Terry Williston: There is a fairly significant amount of the maintenance on the C-17, once it arrives, that will be done actually in Canada, in Trenton. All the first-level maintenance will be done, and in fact, as I understand it, and I'm not an aircraft maintainer, it's only once every five years that the aircraft will be returning to one of the Boeing facilities for the large rehabilitation that occurs at that five-year period.

Ms. Dawn Black: My next question has to do with the search and rescue aircraft. This has been going on a very long time. One of the witnesses who came and testified at committee said it's been 27 years. I'm wondering why it's taking so long.

The other question I had concerns search and rescue. I come from British Columbia, where this is a big issue, but it is also a big issue in other parts of Canada as well. There seems to be some appetite, I would say, for using transport planes, the Hercules, for search and rescue, and I'm wondering why.

LGen J. S. Lucas: We have in fact been using a combination of C-130 Hercules aircraft and Buffalo aircraft for search and rescue for as long as I've been in the military, which is coming on 38 years now. Essentially, we had the aircraft, therefore we used them.

Certainly the project that was initiated a while back, to come up with a unique fixed-wing search and rescue aircraft, was designed in fact to give us perhaps a more efficient way of doing that.

The issue of why the project has not moved forward I guess is one of prioritization. There are an awful lot of things on our plate right now, and we will be receiving direction out of the defence policy discussions on exactly where the resources we have are going to go. Certainly I'm enthusiastic about getting that new capability at some point in the future.

As someone who has been involved in the search and rescue business for quite some time, I know it's a capability we need, but it's a question of prioritization, where it fits, and whether or not the mitigation measures we can put in place are reasonable. Therefore, all of those things are being factored into the decision on how quickly we're going to actually proceed with that.

The Chair: Thank you, sir.

Moving on, Mr. Hiebert.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you, Mr. Chair.

Thank you all for being here. I'm going to follow the line of questioning you've been experiencing in the last couple of minutes. I have a number of questions, so the answers don't need to be lengthy because we've already touched on some of this material.

I'll start with the question for General Lucas and for Colonel Burt. In determining the high-level mandatory capabilities of both the strategic and tactical airlift requirements, was there any political influence in determining these requirements under the current government?

LGen J. S. Lucas: Absolutely not.

Mr. Claude Bachand: Do you swear it?

LGen J. S. Lucas: Absolutely. As a requirement, the requirements as set...the government involvement is in the priority setting. If they hadn't brought the money for the C-17 we probably wouldn't have bought it, but because the resources were made available.... But when it comes to the requirement, the requirement is ours, completely 100% ours. These are the needs of the Canadian Forces.

• (0945)

Mr. Russ Hiebert: That's great.

In determining the performance requirements, these ones we're talking about for strategic and tactical airlift, are you looking at the specific performances of an individual aircraft, or are you looking at the capability needs of the Canadian Forces?

LGen J. S. Lucas: Without doubt, the process begins with identifying the capability requirements. I can't say we don't look at aircraft, because if we identify a requirement and then we look over the fence and see there's absolutely nothing out there that can get the job done, that causes us to go back and look at our requirements again. But fundamentally we start with the requirement. The requirement—you pick one. I can go through and talk about any of the pieces of equipment we set on a single page, a set of high-level mandatory requirements that we believe make perfect sense with respect to the missions we're going to be conducting. I spoke briefly here about the requirements for strategic lift. The tactical lift ones essentially are different because tactical strategic lift is about moving lots of stuff long distances quickly. Tactical is about flexibility; therefore the requirements set there are slightly different.

Mr. Russ Hiebert: Is it fair to say you're buying a capability, not buying an aircraft?

LGen J. S. Lucas: The requirements business is focused on capability right from the outset.

Mr. Russ Hiebert: Okay.

In determining the statement of requirements for the strategic airlift, would it be correct to say those requirements significantly exceeded the demands of the C-130 Hercules in terms of airlift and performance capabilities, and that they also exceeded the CC-150 Polaris in terms of airlift capability?

LGen J. S. Lucas: Absolutely. Neither of these two aircraft perform the strategic mission we're looking for. The Polaris does three things for us reasonably well: it moves people; it very shortly will become a strategic air-to-air refueler for us; and it also moves palletized cargo of certain sizes, but it does not have a roll-on roll-off capability and it cannot take loads into.... For instance, we've never landed one at Kandahar and don't propose to because of self-protection on the aircraft.

All of these items render it.... There's a big Delta there and the new strategic lifter will fill that Delta very nicely.

Mr. Russ Hiebert: In terms of the range and the payload, which are key components to strategic airlift, how did the Canadian Forces come up with the distance of 3,500 nautical miles and nearly 90,000 pounds?

LGen J. S. Lucas: I spoke a few minutes ago about representative loads and representative distances. We look at places in the world we're likely to be over the next 15 to 20 years. Africa, Asia, and southwest Asia are certainly among those. That caused us to say, if

we're going to operate into those areas, what makes sense from our perspective? Hopping our way from here to Greenland, to Iceland, to...that doesn't make a lot of sense for a strategic lifter. Where would we likely want to go? We chose Ramstein because it looks to be about the right distance for us. You could probably pick another place in that area, but that 3,500 miles looked like a pretty reasonable distance for us.

Similarly, on the weights, I mentioned the fact that we discussed with the army what representative loads would be. What are the kinds of things they're going to need to take in early? Of course, a strategic lift and the reason for owning your own lift is that you're going to need to do something and you need to do it with very little notice. So we talked to the army about the kind of stuff they're going to need to get in there first. The two LAVs, if you will, were a representative load of what the army suggested they might want to move in early.

Mr. Russ Hiebert: On that note—and I'm conscious of the fact that my time is about to run out—you talk about these needs being urgent needs. Was the option of leasing considered, or how do you view the option of leasing, in terms of choosing between it and purchasing?

LGen J. S. Lucas: Leasing gives you certain things, but it also leaves you with some deficiencies. There are some things that leasing will not do for you.

One of the missions we want to be able to use this aircraft for is the non-combatant evacuation operation to evacuate Canadians from parts of the world where we have large numbers of them. When things start to go south, we need to be able to look at getting there quickly to withdraw people.

Mr. Russ Hiebert: During the time of the tsunami, for example, instead of having to wait two weeks to find equipment that would be available to lease to get our DART team to Southeast Asia, if we had had our own capability, we could have done so—

• (0950)

LGen J. S. Lucas: DART is another mission, absolutely. Essentially, it allows the Government of Canada the flexibility and the responsiveness to be able to say, "We want to be among the first countries to get our aid in, as opposed to among the last."

Mr. Russ Hiebert: Or to get our Canadians out, as the case may be.

LGen J. S. Lucas: In the case of the non-combatant evacuation operations, absolutely, or not to have to depend on another country, because that is also something we've done. Possibly, in some parts of the world, we would do that as well. If it's close to Australia, the Australians would help and have helped us out. But if it's close to here and there are some Australians, we would like to be able to help them too. We would like not to always depend on others to do the heavy lifting for us.

Mr. Russ Hiebert: That's almost like an element of sovereignty, to be able to do your own work, your own job, rather than relying on other people.

LGen J. S. Lucas: You could characterize it that way.

Mr. Russ Hiebert: I'll leave it at that.

The Chair: I would like to ask a question.

Put into just troop-hauling mode, how many troops with full combat gear on would one of these C-17s haul?

LGen J. S. Lucas: It's about three times as many as you could bring in using a C-130.

In fact, this is one of the uses we are likely going to make of this aircraft, especially as we go through the transition. As the older C-130s die and the new C-130s come on line, there is going to be a period of time of some fragility. The tactical capability of the C-17 will allow us to use that aircraft, so if we want to take people from Camp Mirage into Kandahar, we can do it much more effectively with an aircraft that has self-protection on it. We can't make that flight with an Airbus because it doesn't have self-protection and it's not designed to be shot at, whereas the C-17 is a militarized aircraft with self-protection on it. We would feel much safer about moving our people in that conveyance.

The Chair: Very good. Thank you.

We'll start our second five-minute round.

Mr. Coderre.

[*Translation*]

Hon. Denis Coderre: I would like to point out, for the record, that after the Tsunami, there was no equipment-related problem, because in the course of 48 hours, once a political decision had been made, the Canadian Armed Forces were ready to go. So, it had nothing to do with the C-17, etc.

[*English*]

Two weeks was another issue. There was maybe some political bickering, but it had nothing to do with the equipment. We were supposed to do it. I was not in cabinet at that time, though.

General Lucas, you swear there was no intervention. We also know that the minister has the final say in writing on the requirements, so we can proceed with the rest of the process.

On May 1, Colonel Burt said there would be a meeting with the Minister of National Defence at 10 o'clock sharp.

There was some question about what is the CF vehicle that drives the weight, and at that time it was 43,000 pounds, and is this vehicle weight-limited, and so on. So you were discussing requirements with the minister.

On May 1, the final recommendation of Colonel Burt was as follows—he sent this to General Martin:

As you and I have discussed, tracked vehicles were not included on the understanding that they would not form part of a rapid reaction team. Do we still consider this valid in the context of recent DCP discussions? If a decision were taken to incl track vehicles, this would reduce contenders to one. I recommend we not incl the complexity of the ADATS in the Strat HLMC (and leave the HLMC as amended on 18 Apr);

So Colonel Burt's recommendation at that time was that we stick to the 43,000 pounds.

I would like to know, first, what was discussed with Minister O'Connor at that time, since there was some follow-up. On June 14, another e-mail says, "Bring us the latest version", and this is at the exact moment that we changed the 43,000 pounds. So the payload was changed at that time.

What was the discussion? What was the decision? And why did we change a study of six years, the statement of operational requirements? Even in 2003, my colleague, the former Minister of National Defence, was sending a letter to the president and chief executive officer of Airbus saying that, "DND has completed its assessment of airlifters against its Statement of Operational Requirement, and the Airbus A400M has been found to be a fully satisfactory solution."

Something happened. Perception is reality. I'd like to know what happened, since the experts, the ones who truly have all the expertise for the requirements, said we should stick to 43,000 pounds.

● (0955)

Col D. C. Burt: Thank you for the question. It's certainly something that there has been a lot of speculation on over these last couple of weeks, and I welcome the opportunity to put things into the open.

First of all, it's an interesting thing we do as we develop statements of operational requirement. As the Chief of the Air Staff has stated, up until the point that I pass the document to him, it remains in a period of refinement, a period of draft, a period of development, and a lot of iterations go on through that in order to refine this, with the clear focus that we are trying to get best value for Canadians in the Canadian Forces.

Hon. Denis Coderre: Sorry. I just want to catch you on this. You recommended and you were in favour of sticking with the 43,000 pounds?

Col D. C. Burt: No, that is not what I'm stating now.

Hon. Denis Coderre: So you changed your mind in due course?

Col D. C. Burt: No, I'm stating that I was in a period of refinement of the SOR.

The other thing I'll comment on is that if one takes part of a discussion from one period of a process like that, that I've just described, referring to an e-mail string that I was involved in at one period of time in part of this refinement period, and then takes an e-mail from another period and tries to relate them, they are probably very unrelated issues.

The issue we were dealing with on May 1 had nothing to do with the actual abilities of the individual aircraft. It had to do with whether or not we wanted to include tracked vehicles in the requirement. The challenge we had with this is, at that time, tracked vehicles were not considered part of our rapid reaction process, and we realized that if we included all tracked vehicles, including our tanks, that would significantly change the operational requirement for the payload. But the dilemma we had, and the dilemma my staff had presented to me, was that the ADATS, the air defence anti-tank system, could be considered part of our rapid reaction process, and therefore we should be including that.

Hon. Denis Coderre: The time is up, but I would like to hear from General Lucas on what happened with the minister and whether he is willing to deposit all the e-mails from between May 1 and June 14—

The Chair: We'll have to come back to that, General. There'll be another opportunity.

Mr. Blaney, then Mr. Bouchard.

[*Translation*]

Mr. Steven Blaney (Lévis—Bellechasse, CPC): Thank you very much, Mr. Chairman. I am pleased to speak this morning.

I'm also pleased that the committee can consider the issue of procurement, because I realize it has been a long time since the Canadian Armed Forces had assessed the tools they needed in order to accomplish their missions, be they rescue missions here or military and humanitarian missions abroad. I want to thank you for taking the time to meet with us and give us some explanations. The clarification is much appreciated.

I have flown on board a Hercules, from the host country to Kandahar. We felt like we were in a relatively safe vehicle, but as you explained, it is at the end of its life cycle and must be replaced. It is a tactical aircraft, as you explained. Many questions were also asked on strategic airlifters.

I remember one of your sentences, Mr. Lucas. You said more or less the following:

[*English*]

"I am happy to see that Canada is finally getting what it desperately needs."

[*Translation*]

Finally, this morning, that is at the very heart of our discussion.

You clearly indicated that the only thing government did was, essentially, to make the resources available. You said so on two occasions since the beginning of your presentation. What is important is to know that the government's role is to make resources available so as to cover our area of jurisdiction at the federal level with respect to military equipment, rather than encroaching in other areas of jurisdiction.

We have learned, from the testimony we've heard, that there was a radical downsizing in Canadian aircraft fleet over the last decade, which not only jeopardized our ability to ensure our own sovereignty, but it made us vulnerable. That came across clearly.

So, what is embarrassing, is not necessarily to have started a procurement process, but rather the fact that we are doing it now, in 2007, when 18 out of 32 Hercules are still operational. I think it is important to stress that. I am also very open to the process we are undertaking.

We have seen that the military role is to define its needs. We really noticed that you do have the necessary skills to do so. The government's role is to make the resources available to the Department of National Defence. You mentioned defence policy and principles. We clearly see that you developed estimates based on performance.

This allows me to get back to what Mr. Bachand was saying. Mr. Bachand said that when he was young he had a Firebird. But needs change. When you have children and other needs, you sometimes have to set aside your Firebird in order to buy a minivan, which is more spacious. So there you are, needs change!

Perhaps that has something to do with income, Mr. Bachand.

Which leads me to my question. You mentioned that it was necessary to have the resources available. Can you tell us about the versatility of C-17s? You explained that it was a strategic airlifter, which travels long distances, but which can also be used for tactical purposes. You also mentioned that with respect to the Hercules, which is at the end of its life cycle, you may be able to do what you referred to as operational bridging, given the aircraft's versatility. I'd like to hear what you have to say on that, to start.

If there is any time left, Mr. Williston, could you tell me about Public Works and Government Services' role, because we will be hearing from departmental officials soon. So, I would like to get back to the role of PWGSC in the procurement process as well as on the issue of competition. How can we ensure competition in the procurement process once the needs have been defined with the Canadian Forces?

Mr. Lucas.

• (1000)

[*English*]

LGen J. S. Lucas: Very quickly, on the C-17, while it is a strategic lifter, it also has tremendous capability that can be used in the tactical realm. We will use it to help bridge that period of time when the older 130s are less available to us and we have not yet received the C-130J. It has great capability in terms of lifting into short airfields. It has self-protection. It will be actually useful to transfer people and equipment. Other than that, I don't know what more....

I'll leave a little time for Mr. Williston.

Mr. Terry Williston: One of the things I would say is that we, along with other federal departments, are involved in the whole procurement process, through advisory committees and what have you. There's a significant challenge role that's played, not only by Public Works and Government Services Canada but also in these committee meetings, which include Treasury Board Secretariat, PCO, Industry Canada, Finance, and other departments.

We try to make sure the performance specifications are clear. We challenge to determine what those mission parameters are that the general has already indicated. We compare them with the market analysis we have available to us to determine whether there's a sufficient competitive situation out there, and if not, why that situation has occurred and whether there is an opportunity to determine that we can do something slightly differently or whether the requirement has to be built.

I should say that we're comparing requirement here with what's commercially or militarily available off the shelf. If the requirement is so specific and so precise and so high that something doesn't exist, then we're into a build situation, which can take many years to deliver the required solution.

The Chair: Thank you.

We have to move on.

Mr. Bouchard.

[Translation]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

Welcome, General Lucas. We're pleased to have you with us today.

Welcome also to you, gentlemen.

National Defence has already announced the procurement of search and rescue equipment. The issue was raised by Ms. Black. One could say that this issue has a certain amount of history: four ministers have examined this program. Twice, Treasury Board has approved spending. You spoke earlier about the Defence department's priorities in terms of procurement.

What has to be done to move this forward?

LGen J. S. Lucas: Thank you again for the question.

[English]

My sense is that the ongoing defence capability plan discussions that are proceeding at this point in time are going to examine the needs of the Canadian Forces to determine where the remaining moneys we have are going to be spent.

Essentially, unlike some programs—for instance, the C-17 program, which came with dollars specifically identified for it—search and rescue did not. The search and rescue deal that was struck a number of years ago was simply that we could move money forward; that they would allow us to bring money from the future down to the present and spend it at that point in time. But it was still part of our allocation.

We are now examining that whole allocation and determining all of the different requirements we have and where the money should be spent. Fixed-wing search and rescue is involved in this. Once these discussions are completed, we will determine when fixed-wing search and rescue can go forward.

• (1005)

[Translation]

Mr. Robert Bouchard: Thank you. We are in fact currently examining the procurement process. National Defence is proceeding with the acquisition of equipment. What we were told is that the department neglected to replace its equipment for several years.

When equipment is replaced what happens with the old equipment? Is any provision made for that within the current procurement process? What happens with the equipment that has been replaced? Is that part of the negotiations? How are these tools, this equipment disposed of once they are replaced?

[English]

LGen J. S. Lucas: Thank you for that.

Unfortunately, my translation device has just died on me, but I believe I understood the intent of your question.

For the most part, the Canadian Forces are among the best in the world at deriving the last useful piece out of any piece of kit we have. So as in the case of our Hercules aircraft, for the most part the

oldest of them will probably be too uneconomical to continue to work with.

That being said, there are times when, for reasons, we have some useful economic life left in aircraft. In many cases, we turn them over to Crown Assets Disposal for sale, and we have derived benefit from them. In some instances, we've been able to do that with helicopters. Or we find a different use for them. Some of the Griffin helicopters that we determined were surplus to our needs we have essentially turned over to the company that is now helping us with our helicopter training in Portage.

In most cases, the older equipment is pretty much dead by that point in time. Essentially, it's disposed of for the components; it's down to that level. In some cases, obviously with some limitations for some military equipment, it gets turned over to Crown Assets, and that revenue is returned to the Government of Canada.

[Translation]

Mr. Robert Bouchard: For information sake, you have several old unused aircraft parked on a lot in Bagotville.

LGen J. S. Lucas: What kind of aircraft are they?

Mr. Robert Bouchard: In Bagotville, you currently have two old aircraft parked there, but I'm just telling you that for your information.

You mentioned sharing responsibility between National Defence, that sets requirements, and Public Works, that negotiates and puts out tenders.

When you're determining equivalences, who has the last word? Does National Defence or Public Works decide what the final choice will be when two pieces of equipment are deemed to be equivalent or when two same pieces of equipment are deemed to be equivalent?

[English]

The Chair: Give just a short response, please, sir.

Mr. Terry Williston: If you're talking about, for example, the statements of capabilities that may have been received in response to an ACAN—because an ACAN does allow other suppliers to put in a statement of capabilities—the Department of Public Works and Government Services manages that challenge process and determines whether that statement of capabilities will be accepted or denied.

We certainly include our colleagues in National Defence as part of the evaluation process, but the final determination is made by Public Works and Government Services Canada.

The Chair: Thank you, sir, and thank you, Mr. Bouchard.

We will now go to Ms. Gallant, and then back to Mr. McGuire, who will be followed by Mr. Hiebert and then Mr. Coderre.

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

My question is directed to Colonel Burt. Earlier you stated that the SOR is a process of refinement and mentioned that an e-mail from one juncture in time might not relate to the same issue as an e-mail from another point in time, so it would seem that the news article leading to the false allegations about political interference had incorrectly pieced together the ATIs.

Just to clarify the rationale behind the change in the SORs, I want to go into a little bit of specifics so that we can set this issue to rest once and for all. Since the range and the payload are key components of the strategic lift capabilities, how did the Canadian Forces determine the distance of 6,482 kilometres or 3,500 nautical miles and 39,000 kilograms—85,980 pounds—in order to support domestic as well as international operations?

•(1010)

Col D. C. Burt: Thank you for that question.

As the Chief of the Air Staff has already stated here this morning, we looked at a representative distance, understanding that Canada has, between it and most of our future operations, oceans. We took the representative distance from Trenton to somewhere in Europe—in this case the specific number is from Trenton to Ramstein—as being an appropriate minimum acceptable distance. To determine the 39 metric tonnes, that is the weight of two combat-ready LAV III vehicles; we considered that as a representative load, and the minimum acceptable representative load.

Mrs. Cheryl Gallant: Therefore it was correct to say that an aircraft that's not capable of flying these distances with these payloads would be inefficient, and that it would be required to make fuel stops.

Col D. C. Burt: Efficiency is a key element here.

We use three basic principles. One is an overriding basic principle on each and every operational requirement we build, and that is to get the best value for Canadians and the Canadian Forces. The other two basic principles that applied in the case of the strategic airlift project were that the capability we received must significantly exceed the capability of the current tactical airlifter, the CC-130 Hercules, and it must exceed the capability of the current strategic airlifter, the CC-150 Polaris. After applying those basic principles and seeking best value, we brought in the efficiency element, which drove the reasonable determination that carrying two LAV IIIs was the appropriate number.

Mrs. Cheryl Gallant: Thank you.

That's all, Mr. Chairman.

The Chair: Thank you.

Mr. McGuire is next, and then Mr. Hiebert.

Hon. Joe McGuire (Egmont, Lib.): Thank you, Mr. Chairman.

Good morning, everyone.

As you probably read in the transcripts from our meeting two days ago, the industry basically said that the whole system of procurement is dysfunctional, whether it's at the level of DND, the level of the bureaucracy, or at the political level. There was a pretty blanket condemnation of the whole system.

I guess they were referring to the whole process of when you get money to buy equipment—and God knows, you need new equipment—everything sort of gets derailed, we end up with contracts, the equipment doesn't work, or we give 20 years of maintenance on the C-17s to Boeing, or whatever. We are charged with making recommendations on how to improve the procurement system.

I'd like to know from both Public Works and DND whether you agree with the industry that the system is dysfunctional and taxpayers are not getting credit for their money. What do you recommend to us to improve the system—in three minutes or less?

LGen J. S. Lucas: I have to say I am encouraged by some of the things I've seen. Certainly we have been guilty in the past of over-specifying. Very thick documents had to be produced that essentially laid out every bolt and widget and the requirements for each. It's a very good first step to go back to high-level mandatory requirements right now, and go out to industry and offer them the opportunity to meet these, recognizing that for the most part they're going to be able to meet most of those sorts of subordinate activities as well.

There are obviously an awful lot more in areas that are really outside my area of expertise, but certainly as a first step toward creating a process that delivers what we need in a timely and efficient manner, while respecting the needs of the taxpayers of Canada, I am encouraged by what I see.

•(1015)

Hon. Joe McGuire: Does Public Works agree with the industry that things could be vastly improved?

Mr. Terry Williston: I didn't understand that as the message that came from the industry associations generally, but there is always room for improvement in any process, including the procurement process. As was indicated by Mr. Ross last week and by the general here today, moving to high-level performance specifications and the acceptance of off-the-shelf commercially available types of supplies and materials is showing itself already to be a vast improvement in the way we're doing business.

We're potentially going to see the arrival of a C-17 aircraft some 12 to 14 months after it was initially announced by the government. I think delivery of a high-value piece of equipment like a C-17 is almost unprecedented in our history. So I think our procurement process is very much on the right track. We deal openly and effectively with the industry associations and companies individually. We deal with their issues as they come up.

I also understand they made specific reference to the joint support ship project and clearly indicated the excellent interaction they had with that project team through its website, sharing of documentation, and what have you.

I firmly believe we're doing the right thing and getting the best value for the taxpayers of Canada. We have a fair, open, and transparent procurement process that is quickly giving us the results we're looking for.

Hon. Joe McGuire: Do you agree that a 20-year contract for maintenance is good for this country?

Mr. Terry Williston: I believe that a single point of accountability and a long-term maintenance arrangement generally for most fleets of equipment is a desired end state.

Specifically with respect to the C-17s, given the fact that we'll have four airplanes out of a worldwide total approaching 200, it will certainly provide good value to us. As I previously indicated, a significant amount of that work will happen within CFB Trenton, so we are going to get a large share of that maintenance activity back here in Canada.

Hon. Joe McGuire: So with any future contracts that are awarded like this, what does our aerospace industry have to look forward to if they get just a minimum—

Mr. Terry Williston: For the other fleets of aircraft, we're certainly looking for that in-service support to be provided by Canadian suppliers for these long-term in-service support contracts. And I think that gives the supply community a long-term, sustained future without the boom and bust that can happen when having short-term contracts and without the costs associated with renewing contracts on three- or five-year cycles.

The Chair: Thank you, Mr. McGuire.

We'll go over to Mr. Hiebert and then back to Mr. Coderre.

Mr. Russ Hiebert: Thank you, Mr. Chair.

I'm not sure which meeting Mr. McGuire was at when he heard from industry, but I certainly did not hear anybody talk about there being a dysfunction in the procurement process. Perhaps he was referring to that period of time when his government was responsible for procurement, but I think it is a mischaracterization.

We did hear comments from industry at that point suggesting that there is room for improvement. And we talked about a capabilities-based approach in seeking key investment in key technologies, which our government is doing, which I thought was quite encouraging.

I would like to give a little bit more time to Colonel Burt. I know he has been rushed in some of his previous answers, in terms of what transpired over that series of challenges that was going on within the department. I thought I'd give you a few minutes to elaborate on what happened during the period of time in question.

Col D. C. Burt: Thank you for that opportunity, and I do apologize for it being a long response, but there is an amount of it.

What I was getting to there is that there is a period, in defining the requirements, when the requirements are in draft mode. And until the point when I actually bring the document to the Chief of the Air Staff for his signature and advance it through the department and to the minister, we have a period of refinement.

There are a number of things that we learn through that process. In this particular case, what was interesting for me, personally, through the period of May-June of last year, was that my section head, who was developing this requirement, fortunately got a posting to a flying job and he had to go relearn how to fly.

So I was dealing with a couple of majors in his section. I became much more intimately familiar with the statement of operational requirements, and I was asking some very pointed questions and was seeking some detailed answers.

In the case of the e-mails that have been referred to in the media, there are a couple of issues that are very important, and one has to do

with accuracy. Regarding the one quote, which has been in the media, it took me some time to find that e-mail, because I was looking through my text e-mails. Then I realized that this was probably not from me; it was probably from somebody who wrote to me. And indeed, that's where I found the e-mail. It was from one of my staff who was giving me some of the details. And as I was describing earlier, the discussion was about track and wheel vehicles and whether we should be including the ADATS, which is the air defence anti-tank system, in our weight consideration.

The banter that has been referred to by other members around the table had to do with whether we would include the heavier track vehicles, what that could do to change the requirements, and whether that was an appropriate thing to do in terms of what we were dealing with at that time. We came to the conclusion that because the ADATS is actually of less weight than the LAV III, we would not change the wording of the high-level mandatory capabilities to include track vehicles. They would just be wheeled.

At some point later in the process, because of my personal responsibility, now, to be reviewing the SOR, I asked some specific questions about the guiding principles, specifically the guiding principle that had to do with being better than the current Airbus A-310, our Polaris aircraft. I asked how much weight that can carry over a distance of 3,500 nautical miles, and the answer was 2,800 metric tonnes. I said, well, we now have an inconsistency between that guiding principle and the high-level mandatory capability that states 19.5 metric tonnes.

We studied for a period of time what options we had to deal with that inconsistency, and we came to the conclusion that in order to get the best value for Canadians—the efficiencies I referred to earlier—and in order to provide the best long-term capability, the best representative load would be two LAV IIIs, which would leave our guiding principle as it stood. We would get something better than the current Polaris capability and provide better efficiencies and better value for Canadians and the Canadian Forces.

• (1020)

Mr. Russ Hiebert: So are you saying that the quote, which was attributed to you in the paper, was actually not your words at all?

Col D. C. Burt: In the May 1 e-mail, that is correct.

In the May 14 e-mail, which is referred to in the newspaper, this was after the last iteration that I just described, where I had found this inconsistency. My staff and I had discussed what the options would be. We were preparing a document in Microsoft Word to illustrate the details of this, so that I could go and talk to my boss, the director general of air force development. I was asking my staff for the latest iteration of that Word document, so I could refer to it in the discussion with my boss.

The Chair: Thank you very much.

Moving over to Mr. Coderre, who will finish this round, and then we'll start up....

[Translation]

Hon. Denis Coderre: You're so clear, colonel, that I think we'll continue together.

[English]

I have an e-mail here from Colonel Burt—that's you—which was sent Monday, May 1, 2006, at 9:50 a.m., 10 minutes before the meeting with General O'Connor, to General Martin. Isn't he your immediate boss in the chain of command?

Col D. C. Burt: At that time.

Hon. Denis Coderre: At that time, right.

Because you're the man—and everybody said so—you're saying clearly here: "I recommend we not incl the complexity of the ADATS in the Strat HLMC". You go on to say, "As discussed", so you were expecting something that had happened. You also say, "certification and delivery time are expected to be the key discriminators", meaning that at the end of the day, there won't be any competition; it's going to be between Boeing and itself, so Boeing will have the deal.

I have a few questions, but to finish that one, I want to know what happened with Minister O'Connor. When your department met with him on May 1, something happened. For all those years we stuck to 43,000 pounds. In a few days we changed it.

General Lucas, are you ready to deposit all the e-mails between May 1 and June 14, so we can have—because as I said, perception is reality—a clear way of knowing what happened at that time?

Regarding the other question, you said that the C-17 has to carry two combat-ready LAV III vehicles. Why does the requirement for the C-130Js not include the capability to carry one combat-ready LAV III? General Ross said that the 130J was a 90% solution. So I guess the LAV III is the 10% that's missing.

Anyway, let's talk first about the e-mails. What happened with the minister? What did the minister tell you?

Also if we have time, I'd like to hear from Public Works, because you're supposed to know how much money you have to spend. I fear the issue of the \$188 million per plane for the C-130Js. If the Brits and the Australians have a better deal, why can't we have the same price?

So go for it.

• (1025)

LGen J. S. Lucas: With respect to the e-mails, mine are open to access, so I certainly can make those—

Hon. Denis Coderre: Including Colonel Burt and the chain of command, you're ready to make them public?

LGen J. S. Lucas: Absolutely.

Hon. Denis Coderre: Okay.

What happened with the minister?

LGen J. S. Lucas: Number one, my recollection of a specific date is not... We met with the minister a number of times, and I don't actually recall a question by the minister on the number of vehicles that either of these aircraft would carry.

The minister's questions were largely, is the program going to be affordable? What is the right mix between strategic and tactical?

We certainly talked about that with the minister. But the minister was not interested in which vehicle would win the competition.

Hon. Denis Coderre: General, you are a big fan of the C-17. Everybody knows that, and it's okay.

[Translation]

During their election campaign, the Conservatives said that they wanted to have a strategic air transport capacity. General Hillier wanted to replace his Hercules aircraft but did not necessarily want strategic air transport capacity at that time.

[English]

You wanted strategic airlift; that's not the issue. I want to know, did the minister say, I want it now; I want that payload, so it means I want to go for the C-17?

The Chair: Go ahead. I think you've answered that question.

LGen J. S. Lucas: Right.

The minister was not specific about which aircraft it was going to be. The minister said, yes, strategic lift, without doubt; it was in the platform.

But that was a good thing, from my perspective, because at the end of the day, I believe strategic and tactical are both required to do the job.

I won't admit to being unhappy when—

Hon. Denis Coderre: No, you were happy, I know.

Let's talk about the 90% solution. Their capability is a 90% solution, but that doesn't include the LAV III. Is that the remaining 10%?

LGen J. S. Lucas: We have tried to put a combat-ready LAV III in a C-130. It's a very tight squeeze, and I don't think we can really do that. But I'm not quite sure what your question is with respect of that versus...?

The concept right now with strategic lift is to be able to lift two of these into a theatre of operations, which I think is a capability the army very much wants. Once again, on the tactical side we're looking for flexibility and the ability to lift as much as we can. The fact that it can't quite lift a combat-ready LAV III is problematic, but it would not be a reason to exclude that aircraft from the competition.

The Chair: That brings an end to the second round. Now we're going to have time to get into the third round. It starts with the official opposition.

Hon. Denis Coderre: On a point of order, I don't have the answer on the \$188 million. You can send me a written answer on that, because this is clearly an issue.

Can I have a written answer on that, please?

The Chair: Just a minute.

I think the officials who are here and the people from DND have been very open with us. I'm sure if there's any material that could be provided to help clarify the issue, they will provide it. However, if a contract hasn't been issued, I don't know where that would come from. We'll leave that up to them. If they have something they can contribute, if it does exist, I'm sure they will.

Mr. Williston, do you have a comment?

• (1030)

Mr. Terry Williston: Perhaps there's clarification required. There's a difference between program costs, project costs, and contract costs. They're not all the same. For example, the C-17 program is \$3.4 billion. The acquisition phase is \$1.8 billion. Our contract is for \$870 million. So you can't necessarily divide four aircraft into the program cost to determine the cost per aircraft.

The Chair: I think that really helps.

Mr. Martin, are you ready? You have five minutes.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): General Lucas, Colonel Burt, Mr. Williston, thank you very much for being here. General Lucas and Colonel Burt, thank you for the service to our country that you do. We really appreciate it.

I have three questions, gentlemen.

The first concerns the Auroras. In my province of British Columbia, the Auroras are going to be mothballed and replaced with drones. The range of the two is very different. Could you explain to us how the drones are going to meet the capabilities of the Auroras, particularly since we've put a very large amount of money into upgrading the Auroras?

The second question relates to the C-17s. When we were in government, our proposal was to buy the tactical airlift, lease the strategic airlift, have the C-17s in Canada—have six of them, which we determined was the minimum amount to meet the requirements of the air force—and in doing that, we would save the taxpayer over \$400 million. The Americans were in favour of this. We were in favour of this. It seemed like a wonderful partnership, good for the taxpayer, good for our Canadian Forces. I don't understand why the significant departure in moving in the direction we have.

My last question relates to the fixed-wing replacement for the Buffalo. It's my understanding that the minimum flight speed has been elevated to 140 knots. For our SAR techs to do contour surveillance in the mountains of British Columbia, the minimum flight speed is between 70 knots and 120 knots. So if the stall speed of the SOR is going to be above the flight speed required to do a visual search in the mountains, it seems to me we're opening the situation up to one that would put the lives of our SAR techs in danger. If it's true that the SOR for the minimum flight speed was raised, why was it raised?

Thank you.

LGen J. S. Lucas: I'll very briefly answer number one and number three, and then I need a little bit more explanation on number two.

Regarding the Aurora, it is our intent here to have an ISR—an intelligence, surveillance, and reconnaissance capability in the future. The UAVs or drones, as you refer to them, are complementary to a manned system. They are not to replace the manned system. They will do certain things for us, and they do them very well, but they do not complete the range.

Among the options for Aurora that we're examining right now is a replacement aircraft with people on board, which will perform many

of the functions the Aurora is performing right now. So just to relieve your thought that we're going to simply leave the job entirely to UAVs, that's not the case. UAV will be a complementary capability rather than a replacement capability.

With respect to fixed-wing search and rescue, first of all, we don't have an SOR out on the street yet. So that's one issue. The second thing is I don't believe that even in the draft or the version of the SOR that exists right now there is a minimum speed specified. I believe the document talks about the existing capability, and I believe there was a statement in there that did say up to 130 knots. After we examined that, we recognized that in fact it was referring to existing technology. The existing technology, the C-130, under certain weights actually can't fly at 130 knots. It has to fly a little faster, at 140 knots.

So in fact it wasn't a future specification; it was an explanation about what we have now, and it's strictly factual. One hundred and forty knots is in fact what the current aircraft is required to fly at under very heavy weights, but it's not a specification or a limitation. And, by the way, that SOR is not in, say, the C-17 or the Chinook or the C-130J, because we have yet to take it to a finalized state at this point in time.

Hon. Keith Martin: To clarify my question on the C-17s, the plan we had, which seemed to be the fairest one for our forces and the taxpayer, was to buy the tactical airlift, for many reasons—you know better than I do—and to lease the C-17s. The C-17s would be on Canadian soil; they'd be in Trenton. By doing so, we would save the taxpayer \$400 million and avoid the problem of trying to find strategic airlift in times of emergency. The number of planes we would have would be six, not four. Four is actually below the minimum required to meet the needs of the air force.

• (1035)

LGen J. S. Lucas: Okay. First of all, I must admit that during my time as Chief of the Air Staff, I was not aware of a plan that exactly looked like that. Certainly the concept of leasing versus ownership.... The Brits in fact leased their aircraft, the C-17s, and have subsequently discovered that that probably wasn't the best thing for them. I think they actually believe that ultimately ownership, probably right from the beginning, would have served them better.

There are always advantages to leasing versus ownership. I think we've examined it and looked at ownership as probably being the preferred option at this point in time.

The Chair: Thank you very much.

We'll go to Mr. Blaney, and then back to Mr. Bachand.

[Translation]

Mr. Steven Blaney: Thank you. You've talked about tactical and strategic aircraft. We're talking about four strategic C-17s and possibly tactical aircraft, the C-130Js.

I would like to know what you think are the most pressing needs in terms of aircraft. We've talked about search and rescue aircraft and reconnaissance aircraft. Could you give us an idea of the needs of the Canadian Forces?

[English]

LGen J. S. Lucas: Talking just about mobility, which would include strategic, tactical, and fixed-wing search and rescue, the most pressing need right now is in fact to replace the aging C-130s.

Now, that said, it is going to take us a number of years. Regardless of what occurs, the Lockheed factory, once under contract.... If in fact PWGSC goes through the process and is able to come to a reasonable conclusion that it's to the benefit of Canadian taxpayers, there will still be probably a two-year period, if not three-year, before these aircraft begin to arrive. So even though our need is great, there is going to be a period of time before those first aircraft can arrive.

With respect to strategic lift, through the good graces of the United States Air Force, who essentially allowed us to jump the queue and in fact gain access to aircraft that were initially identified to go south of the border, we've been able to accelerate that. And this makes sense to us. Even though the requirement for the C-130 is greater, this actually will be an enabler for us. This will allow us to make the transition from the old C-130s to the new C-130s in a much better way than we would have otherwise. This will allow us to pick up that requirement. We'll be able to do some of the missions into Afghanistan, for instance, with that aircraft. It's really going to be very helpful to us in meeting the need that exists right now as the older C-130s fall off-line.

So even though it looks a little funny, the fact that the C-17 is able to become available to us earlier in fact helps us with the problem we have of the older C-130.

Fixed-wing search and rescue is a priority for us, but there are mitigation measures there. There are still a number of hours left in the newer C-130s we have. And the Buffalo aircraft is still a very capable platform, but it does require some investment in it if we choose to go down that path.

We have a couple of options available to us. Once again, that comes down to a prioritization issue, but without doubt, the older C-130s are getting older faster. Two years ago we learned that instead of five years, we in fact only had about two and a half years to address the problem. Some information came late to us at that point in time, and that caused us to focus our attention on that particular problem.

Mr. Steven Blaney: And that's three. Thank you.

Mr. Williston, can you talk a little bit about the role of Public Works regarding industrial regional benefits?

Mr. Terry Williston: I can't really speak to that. Our colleagues at Industry Canada are the ones who are responsible for determining the requirements for IRBs and then the detailed negotiations with the contractor. They're part of the team we send down to negotiate with contractors, but they are responsible to their own minister for that requirement.

• (1040)

Mr. Steven Blaney: But would you say that the main role of Public Works is really to do the tendering process, based on the capability requirements?

Mr. Terry Williston: Correct. We prepare those solicitation documents and put them out to the public. We receive the bids. We

oversee the evaluation process and any negotiations that are required. We finally obtain the approvals necessary to award the contract, continue the management activity, oversee the contract while it is under way, and eventually do contract close-out and finalization.

Mr. Steven Blaney: Could you give me an update on where you are with regard to the C-17 and the CC-130J?

Mr. Terry Williston: With respect to the C-17, it was reported that we signed the contract with Boeing as of February 1. We expect the first delivery of aircraft—as the general indicated, due to the good graces of the U.S. Air Force—sometime in August, with the last delivery sometime in the spring or summer of 2008.

With respect to the CC-130J, the tactical airlift project, we're about to issue the final request for proposal to the single qualified bidder, Lockheed Martin. We'll expect a proposal from them sometime in the late spring, early summer. We anticipate to be in contract in the September-October timeframe. The first delivery is to happen 36 months after contract award.

The Chair: Thank you.

We now have Mr. Bachand, back to Mr. Hiebert, and then to Mr. Coderre.

[Translation]

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

I have several brief questions that I would like brief answers to. I'd like to understand the role of the minister in these issues.

Would you agree in saying that the Minister of National Defence has a very, very important role in the entire defence equipment procurement process?

[English]

LGen J. S. Lucas: The minister definitely has a role in the defence procurement process.

[Translation]

Mr. Claude Bachand: Fine.

Throughout this process, from determining the requirements to signing the contract, is the Minister of Defence briefed regularly on the progress of procurement taking place?

[English]

LGen J. S. Lucas: It depends on the nature of the program. Some programs the minister has more interest in than others. Some programs he won't get hardly any briefings on at all until the very end; others he will take more regular briefings on.

[Translation]

Mr. Claude Bachand: I imagine that it also depends on the minister's interests. At any point in time the Minister of Defence can say that he wants to know how things are progressing. Is that correct?

[English]

LGen J. S. Lucas: That has been my experience with most ministers, yes.

[Translation]

Mr. Claude Bachand: Given that the minister is responsible politically for defence and given that he is responsible for defending the interests of taxpayers, can he, at any point in time in the process, declare that he does not agree with certain requirements because he feels that that might result in unnecessarily high cost to taxpayers, and that he would like to be presented with something else because he does not agree with what is being put forward? Can the minister do that within the process?

[English]

LGen J. S. Lucas: The minister can be involved in the challenge function. The challenge function simply asks if something makes sense. Certainly, when it comes to the issue of identifying the priority for resources, ministers are very much involved in the priority-setting for how our resources are expended.

Hypothetically, that can occur—and probably has occurred—where we've identified that something was seen to be not affordable, and in terms of the priority setting across the department, that's probably an appropriate role for the minister to play.

[Translation]

Mr. Claude Bachand: Mr. Burt, you talked about the refinement process for requirements. Requirements can change along the way. Given what General Lucas just stated, could the minister ask you to proceed in a particular way in that refinement process? Can the minister do that in order to help you?

[English]

Col D. C. Burt: I'm not going to speak hypothetically on whether he could or not. What I am going to say to you is that in the case of the strategic airlift project, there was no direction received from the government with respect to the requirements themselves. When I finished my refinement process that I spoke about and the SOR was prepared for the Chief of the Air Staff to review, the requirements never changed after that point.

•(1045)

[Translation]

Mr. Claude Bachand: Would you agree with me in saying that the members of the House of Commons are in charge of the public purse?

[English]

LGen J. S. Lucas: I believe that's a function of members of Parliament.

[Translation]

Mr. Claude Bachand: Would you agree that at some point in time the Standing Committee on National Defence be involved in the procurement process?

[English]

LGen J. S. Lucas: You are now moving from the general to the specific.

Mr. Claude Bachand: Yes.

LGen J. S. Lucas: It's probably beyond my peg rate to determine what role Parliament should be playing and where they should be playing that role in this process.

[Translation]

Mr. Claude Bachand: Would you be opposed to a recommendation to increase the Standing Committee on National Defence's involvement in the process?

[English]

LGen J. S. Lucas: As I said, I really haven't formed an opinion one way or another on that.

[Translation]

Mr. Claude Bachand: You talked to us about the Defence Capability Plan and fixed wing aircraft. We have all been looking forward to this. I spoke to the minister about it when he appeared before us.

We've been told that \$20 billion worth of military equipment will be purchased but we still haven't seen the famous Defence Capability Plan. Why? What are you waiting for?

[English]

LGen J. S. Lucas: My understanding is that this document is now engaged in cabinet-level discussions. We await with interest the results of those discussions as well.

The Chair: Thank you.

Mr. Hiebert, and then Mr. Coderre.

Mr. Russ Hiebert: Thank you, Chair.

My questions now have to do with the in-service support of the C-17.

The question was put earlier to Mr. Williston about why it is that we have a 20-year contract for service. I think there's a lot of misinformation out there, and I was hoping that everybody here today could provide some explanation as to the nature of that in-service support; perhaps an explanation as to why we decided not to incorporate all the in-service support domestically; and elaboration on the benefits to Canadian companies to participate in Boeing contracts or in the Boeing market worldwide as a result of the agreement we have with Boeing on the C-17s.

LGen J. S. Lucas: I can probably only speak to the part that I'm most familiar with. In respect of what contracts go to Boeing, it's mostly other people who are involved in that.

From my perspective, on the C-17 side, we're dealing with only four aircraft. There is going to be a fair bit of specialized work done on this. If you only own four of them, essentially you could end up with a situation wherein technicians are highly trained to work on something they only work on part time, because you don't have enough aircraft in the system to be able to make that work. The concept that some of this heavy maintenance would go elsewhere seems to make sense simply because we have so few aircraft.

In the C-130J and the Chinook, with a larger number of aircraft there, it will make a lot more sense for us to have that capability in Canada. From my perspective, that's why it makes some sense with a very small number of aircraft. A portion of that work—that portion that involves things you only do very irregularly—you can probably do an awful lot cheaper by doing it somewhere else when you take those four inside that system of 200, as opposed to a stand-alone capability in Canada created for something that would only happen occasionally.

Mr. Russ Hiebert: Is it not the case that a vast majority of the maintenance on the C-17 will be done in Trenton by technologists on the ground, and that only periodically will we have to send it out for inspection?

LGen J. S. Lucas: That's my understanding.

Mr. Terry Williston: That's my understanding as well. The metric that I have is that every 120 days there will be an aircraft maintenance routine conducted on the C-17s in Trenton. It's only every five years that the planes will have to go to one of Boeing's facilities in either San Antonio or Georgia for this major overhaul. The Globemaster III sustainment partnership allows us to be part of a group of countries—there are certainly two other countries that are involved, Britain and Australia—that have determined that this is actually the lowest-cost option for providing the routine maintenance and major overhaul requirements for the Boeing C-17. So at the end of the day, it offers the best-value option for Canada.

•(1050)

Mr. Russ Hiebert: So it's a bit of a misstatement to suggest that 20 years' worth of maintenance will be done outside the country when it's only being sent once every five years for an overhaul. That's pretty obvious. Is that not the case?

Mr. Terry Williston: That's correct.

Mr. Russ Hiebert: As well as the benefits to Canadian corporations, I understand that by participating in this Globemaster contract, not just the government, but Canadian corporations are now eligible to provide maintenance on other Boeing aircraft, like the 777 and other commercial aircraft. Therefore, there are additional spinoffs to Canadian corporations as a result of that. Is that not the case?

Mr. Terry Williston: That's correct, and while I can't speak specifically to the IRBs—as I indicated, that's for another department to do—because the IRBs for this particular purchase are mainly indirect, it does offer that opportunity to Canadian industry to participate on those potentially larger fleets of commercial aircraft that Boeing may be involved in.

Mr. Russ Hiebert: All right.

We were talking a moment ago about the state of the Hercules fleet and how basically less than half of them are currently flying. When do you anticipate retiring the last E model Hercules?

LGen J. S. Lucas: Actually, only four of them are not flying at this point in time. Four of them are grounded at this point in time, and by 2010 an additional 10 will be, for a total of 14 that will be grounded. Within probably a year or two after that, the last of the E models will be grounded. There are 19 E models, and 13 in a rather odd collection of H models that came along after them.

The Chair: Thank you very much.

Mr. Coderre, and then back to the government.

[*Translation*]

Hon. Denis Coderre: I'm very pleased to have you here, Mr. Williston. I hope we'll be seeing you on February 20th because Minister Fortier will be here. We'll be talking about the ISS

[*English*]

and we'll talk about ITAR, because there's a difference between the first-, second-, or third-line maintenance under ITAR. Of course, at Trenton we can maybe do the first-line maintenance, change the oil, put some gas in the tanks, and some windshield washer, but that's another issue, and ITAR is a major issue.

We will have a debate on that, but I want to come back to Colonel Burt

[*Translation*]

and to General Lucas.

It is true because I myself have been a minister. One is accountable before Cabinet and one wants to know how things work. One therefore asks questions and becomes more interested. I was not minister of Defence but if I had been, I would certainly have wanted to know how the process works. I would set directions and I would make sure that the experts were doing their work in terms of the criteria that apply to the equipment that we need. Of course we have to help and support the Canadian Forces. I might also have an electoral platform and I would want to make sure that we have these aircraft.

You stated that ministers are particularly involved in their party's and their government's priorities, and that is true. General O'Connor is most certainly interested in strategic airlifter.

[*English*]

Colonel Burt, you've mentioned there was a refinement process. It was done and concluded on June 14. You sent e-mails to the chain of command, but there was a meeting on May 1 with the Minister of Defence. And when you look at no matter what refinement we're talking about, for the last six years, every time we talked about specific requirements regarding the weight lift at the platform, it was 43,000 pounds. So somebody said something to somebody.

I want to know if it would have been better, for the sake of perception, to have had a meeting with the minister after the refinement process had been done, because if he had been there on May 1 and he had asked the expert, because of what you mentioned, and you're the one, and that your recommendation was to keep the 43,000 pounds, what happened? Why did it change in due course?

And finally, Mr. Williston, please let's talk about the C-130Js. We spoke about the C-17s, but let's talk about the C-130Js and the \$888 million per plane.

General.

•(1055)

LGen J. S. Lucas: We met with the minister a number of times during that period of time. For reasons, as you've noted, he met with us on a series of things, but certainly the strategic and tactical lift were included among those.

Certainly at the meetings, to the best of my recollection, the minister's focus was on the number of aircraft, on the affordability, and he did not get engaged in issues of how many vehicles could or could not be carried in the back of this aircraft. That's certainly my recollection of the meetings I was at with him. His focus was predominantly on whether this was an affordable program—

Hon. Denis Coderre: Who was there that day? Was Colonel Burt there too? Was it General Hillier and you?

LGen J. S. Lucas: It would have been probably a group of people, the CDS, the vice-chief, me, perhaps the chief of the army—that sort of a group with the minister.

Hon. Denis Coderre: Who were giving a status of the refinement at that time, right?

LGen J. S. Lucas: We were talking about how we could in fact have a viable program and what that viable program would look like in terms of numbers. He was interested from the perspective of whether this was going to be a viable fleet. The question was mentioned earlier whether four was a viable number. I believe four C-17s and 17 C-130Js give us a very capable airlift fleet, and it is very viable.

Hon. Denis Coderre: That I know.

Colonel Burt, who told you to change the requirement from 43,000 pounds, because that was your recommendation? Somebody told you to change it. Who did it?

Col D. C. Burt: As I've already stated twice this morning, nobody told me to change that. I found a discrepancy between two components of the SOR and I looked at options on what we would do to rationalize that discrepancy to ensure when I advanced this SOR that it would be complete and would provide the best value for Canadians. The recommended option was the one I advanced to the Chief of the Air Staff, and since that point it has not changed, sir.

LGen J. S. Lucas: From my perspective, when it did arrive at my desk, we essentially had a very solid requirement. Really, to be able to—

Hon. Denis Coderre: First, I totally agree with you. I totally agree with you because the SOR is pretty clear.

The Chair: General, I'm sorry but the time is up.

We're going to end. Mr. Blaney is going to get the last word in here.

[*Translation*]

Mr. Steven Blaney: Thank you very much, Mr. Chairman.

I would like to thank you all for coming here this morning, both the people from National Defence as well as those from Public Works and Government Services Canada. We appreciate your transparency and your ability to clearly explain issues that are fairly complex and new to me.

You have dispelled some doubts that could have been raised. You clearly stated that the media had provided incorrect information in certain areas.

Hon. Denis Coderre: That's the media's fault.

Mr. Steven Blaney: One article clearly indicated that the quote did not come from Colonel Burt.

Colonel Burt, do you have any other comments? Whether or not certain vehicles were included is a tempest in a teapot as far as I'm concerned. Colonel Burt or General Lucas, if you would like to wrap up on the procurement process for C-17s, you have the floor.

[*English*]

LGen J. S. Lucas: Thank you for that.

I would like to conclude by thanking the committee for their considerable interest in this topic. I think it's important. I think it's important that in fact we do provide Canadians with the best value for money, and I think this committee has a very important role to play in that.

I am confident that what we have in the contract we've already signed is in fact outstanding value for Canadians. It is going to provide the men and women of the Canadian Forces with what they need. It's going to provide the people of Canada with a great capability.

This is a very good news story, and I think we have the potential for other good news stories coming down the track as well.

•(1100)

The Chair: Colonel, are you going to leave it at that?

Col D. C. Burt: I find it a privilege—and I've commented on this in the early part of my comments—for me to be involved in providing these kinds of capabilities for the future of the Canadian Forces, and indeed for Canadians.

As General Lucas has just said, I certainly welcome the opportunity to come and speak to you about them this morning.

Thank you.

The Chair: Anybody else, because we just have a second to wrap up here?

Mr. Williston.

Mr. Terry Williston: I would just echo the comments and say that I think this is evidence of the fact that we have a fair, open, and transparent procurement process that is efficient as well. The fact that we can come here and have this open discussion with you and basically display everything we've been doing and will be doing is evidence of that.

The Chair: A point of order.

[*Translation*]

Hon. Denis Coderre: Mr. Chairman, given that we are involved in a transparent process, I would appreciate—and I'm repeating my request to General Lucas—that his department provide us with all the e-mails that were sent, in order that we may be able to appreciate the good work, candour and integrity of these people.

[*English*]

The Chair: I'm not sure that's a point of order. I think that request has already been put in and General Lucas is completely aware.

Sir.

LGen J. S. Lucas: I took that to mean any e-mails that have come to my office on that subject, and I am delighted to provide that.

The Chair: Thank you very much.

Just before we adjourn, I'd like to ask the committee if it would be all right if I sent a letter to one of our recently reassigned colleagues, a letter of well wishes to Mr. Dosanjh from the committee. Would that be all right?

Some hon. members: Agreed.

The Chair: General, I want to thank you very much for being here, and I want to thank all of you.

Sir, I'd like to just let you know that when we flew in and out of KAF, we had a very capable crew. The pilot was the same pilot both ways—Mike Graham, I believe—and if you could just pass on our thanks for that.... And we were encouraged by the loadmaster to fly Herc Air as often as we could.

Thank you. The meeting is adjourned.

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