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Chair

The Honourable Shawn Murphy

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• (0900)

[English]

The Chair (Hon. Shawn Murphy (Charlottetown, Lib.)): I would like at this point in time to call the meeting to order.

On behalf of everyone on the committee, I want to extend to all witnesses and visitors a very warm welcome.

[Translation]

Welcome everyone.

[English]

Colleagues, this meeting has been called today pursuant to the Standing Orders to deal with chapter 5, “Acquiring Military Vehicles for Use in Afghanistan” in the fall 2009 report of the Auditor General of Canada.

The committee is very pleased to have Auditor General Sheila Fraser with us today from the Office of the Auditor General. She is accompanied by Hugh McRoberts and Jerome Berthelette, both assistant auditors general.

From the Department of National Defence, we have the deputy minister and accounting officer, Mr. Robert Fonberg. He is accompanied by Lieutenant-General Andrew Leslie, the chief of the land staff at the Department of National Defence, and Dan Ross, the assistant deputy minister, materiel, at the Department of National Defence.

From the Department of Public Works and Government Services, we have the accounting officer and deputy minister, François Guimont. He is accompanied by Terry Williston, the executive director of military procurement.

Lastly, from the Treasury Board Secretariat, we have Mr. John Ossowski, the assistant secretary for international affairs, security and justice.

On behalf of the committee, I want to welcome everyone here today. We do have a large crowd.

We're going to now ask for the opening remarks.

We're going to start with you first, Ms. Fraser. Five minutes, please.

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

We thank you for this opportunity to present the results of chapter 5 of our 2009 fall report entitled “Acquiring Military Vehicles for Use in Afghanistan”.

As you mentioned, I am accompanied today by Hugh McRoberts, an assistant auditor general, and Jerome Berthelette, the assistant auditor general who was the principal for the audits of National Defence when we did this work.

This represents the first of several audits on military acquisitions that my office is undertaking. We are currently completing an audit on the acquisition of military helicopters to be reported to Parliament in the fall of this year.

The acquisition of military equipment involves several federal departments. National Defence has overall responsibility for setting military requirements and managing the acquisition projects, while Public Works and Government Services Canada, as the contracting authority, manages the contracting process.

[Translation]

Mr. Chair, we looked at four urgent projects, each costing over \$100 million, to acquire military vehicles to improve operational capability and protect soldiers in Afghanistan. The projects involved the acquisition of replacement tanks, armoured patrol vehicles, armoured heavy support vehicles, and light armoured vehicles with remote weapons stations.

We examined how National Defence managed the projects to ensure that the acquisitions met government policies related to project management and that the vehicles it was purchasing would meet the Canadian Forces' urgent operational needs. We also examined how National Defence and PWGSC worked together to ensure that the contracting for the projects complied with government policies.

In three of the four projects we examined, National Defence and PWGSC provided the Canadian Forces in Afghanistan with urgently needed vehicles that National Defence determined met the operational needs.

The fourth project, acquiring the LAV-RWS vehicles, slipped behind schedule and the vehicles were not delivered to Afghanistan until after our audit was completed.

[English]

For the two competitive contracting processes that we examined, we found that both processes were managed in compliance with applicable contracting policies. However, none of the four projects was managed in accordance with National Defence's project approval guide. The problem that National Defence faced is that its guide did not have a separate process to deal with urgent operational requirements and it gave no guidance on which of the many required elements could be abbreviated or in fact even abandoned in the face of urgent needs.

We recommended that National Defence take the opportunity to apply its experience from these projects to assessing the elements of the guide to determine which elements may be safely modified or deleted in the face of urgent need, as well as whether some are needed at all, regardless of urgency.

In January, Mr. Chair, during my visit to Afghanistan, we had the opportunity to see this equipment and to speak to the soldiers who use this equipment on a daily basis. What the soldiers told us about how the vehicles were meeting operational needs was consistent with what we reported in this audit.

• (0905)

[Translation]

Mr. Chair, we are pleased to report that both National Defence and PWGSC agreed with our recommendations. The two departments have shared their action plans with us and we believe these plans have the potential to address the issues raised in this chapter.

However, the work on this audit was completed in May 2009 and we have not audited actions taken by the departments since then. Your committee may wish to have the departments reports on progress and the results they are achieving.

Mr. Chair this concludes my opening remarks. We would be pleased to answer any questions. Thank you.

[English]

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

We're now going to hear from the Deputy Minister of National Defence, Mr. Robert Fonberg.

Mr. Robert Fonberg (Deputy Minister, Department of National Defence): Mr. Chairman, members of the committee, thank you very much. I appreciate the opportunity to join you today to talk about chapter 5 of the 2009 fall report of the Auditor General.

As you mentioned, Mr. Chairman, I have here with me today Lieutenant-General Andrew Leslie, chief of the land staff, and Dan Ross, assistant deputy minister, materiel.

[Translation]

The Department of National Defence welcomes and accepts all recommendations identified in chapter 5.

Before I discuss the specifics of the audit and the response of the Department of National Defence, I believe it is important to remind ourselves of the context within which this audit was undertaken and completed.

[English]

The audit considered four of a much larger number of projects that were under way during the time period to address complex soldier survivability challenges. These particular four have all now been successfully delivered. The four projects were approved between October 2005 and April 2007. Over that period we lost 48 men and women in Afghanistan. It was the first time since the Korean conflict that the Canadian Forces were fighting a full-scale war. It was a very intense and constantly evolving war.

In Kandahar province our troops were asked to secure complex, dangerous terrain equivalent in size to the province of Nova Scotia. They were facing a very determined enemy, an insurgency that was both adaptive and elusive. The enemy threat became more deadly, from bicycle- and car-borne suicide bombers to progressively larger, more powerful, and more complex improvised explosive devices buried in the roads and culverts that our military vehicles passed over. The tactics were changed, operations and intelligence evolved, and the military adapted, but we realized we needed to do more. We appreciate the fact that the Auditor General understood this context and took it into consideration when carrying out this audit.

Commanders in theatre and senior leaders at National Defence headquarters recognized the urgency of providing better equipment, specially armoured vehicles, to protect Canadian soldiers on the ground. The army evaluated the options and made recommendations about which capabilities were required to meet the different threats faced in Afghanistan. Once a potential solution was identified, our department worked effectively, efficiently, and quickly with our partners in other departments on the procurement of the vehicles.

The timeliness of these life-saving acquisitions would not have been possible without the understanding, collaboration, and commitment of public servants in the Department of Public Works and Government Services Canada and the Treasury Board Secretariat. We all worked together to expedite procurement processes, and we all understood that Canadian lives were at stake.

Collectively we moved forward as quickly as we could, recognizing that our approach entailed some judgments around certain kinds of risks. It involved a multitude of stakeholders, and there were clearly some communication challenges in quickly pulling together the right information for decision-making purposes. But we assumed the risks of working this way because the risks to our troops in delay or non-action were far greater. However, we never looked at the urgency as a licence to be sloppy in our processes. We never looked at the urgency as a reason to withhold information.

All four types of vehicles were urgently needed. They are all now fully in service. They have saved many lives and contributed to the success of our operations in the field. General Leslie, I'm sure, would be happy to answer questions on those issues. They provide capabilities our forces will use in future operations.

As the Auditor General stated in her chapter, each of the four acquisitions was managed in accordance with all Treasury Board policies, guidelines, and practices. The two contracting processes that were included in the audit were found to be in compliance with applicable contracting policies and completed in a timely manner. But that is not to say that improvements cannot be made.

• (0910)

[Translation]

As I stated earlier, the Department of National Defence accepts the Auditor General's recommendations. We are actively looking at our internal processes and policies to ensure we are better prepared to handle situations like this in the future.

We have provided you with a detailed action plan setting out how we are addressing each of the recommendations included in chapter 5 of the Auditor General's report. National Defence is seized with the challenge of implementing this plan. The action plan includes steps to strengthen the decision-making process for urgent requirements,

[English]

measures to enhance the already close collaboration between National Defence and Public Works as well as our other government departmental partners, and processes to ensure training requirements are firmly integrated into acquisition decisions.

[Translation]

We have already made good progress on a number of fronts. And, as the Auditor General has suggested, we are seeing how we can apply the lessons learned—not only to urgent acquisitions—but to regular acquisitions as well.

[English]

Mr. Chairman, just let me conclude by stating that the Auditor General's report is very much assisting us in improving how we manage the defence program, and particularly the procurement process. We take our responsibilities and accountabilities as stewards of public funds extremely seriously.

We also take seriously our responsibility to ensure that the Canadian Forces are ready when called upon to protect Canadians and their interests.

[Translation]

Thank you. I look forward to your questions.

[English]

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

We're going to now hear from Mr. François Guimont, the Deputy Minister of the Department of Public Works and Government Services.

Monsieur Guimont.

[Translation]

Mr. François Guimont (Deputy Minister, Department of Public Works and Government Services): Thank you, Mr. Chair. I am very pleased to appear before you today with my counterparts from TBS and DND as part of your study of the Auditor General's

Fall 2009 report, in particular, the chapter on Acquiring Military Vehicles for Use in Afghanistan.

As the Auditor General Office observed, PWGSC provided, together with DND, urgently needed vehicles to the Canadian Forces in three of the four projects examined, with the projects being completed in months rather than years.

Public Works successfully implemented strategies, again with DND, to fast-track the contracting processes, and we managed the two competitive contracting processes that were examined in compliance with applicable contracting policies.

[English]

The only issue observed for Public Works and Government Services was the clarity of information to senior officials. However, the Auditor General also noted that given the urgent operational requirements of National Defence, the few problems found in the competitive process were somewhat understandable.

Only one of the AG's five recommendations was directed to Public Works and Government Services, and it was shared jointly with DND. The department accepts the recommendation that Public Works and National Defence “should examine lessons learned in contracting for urgent operational requirements that could be applied to help speed up the regular procurement process.” We agree with the Auditor General that highlighting the successful aspects of this procurement could benefit future procurement processes.

The departmental action plan, which has been shared with the committee and the Auditor General, includes a detailed review of the steps, procurement activities, actions, and processes that led to the timely acquisition of the military vehicles examined in the audit. I am pleased to report that the lessons learned from this audit are being used by the acquisition branch of the Public Works and Government Services to improve their regular procurement processes.

I'll be happy to answer your questions. Thank you.

The Chair: Merci beaucoup, Monsieur Guimont.

Mr. Ossowski, do you have an opening statement? I understand you do not.

Mr. John Ossowski (Assistant Secretary, International Affairs, Security and Justice, Treasury Board Secretariat): No, I do not.

The Chair: Thank you very much. That was good.

We're going to go to the first round of seven minutes, to Monsieur Dion.

[Translation]

Hon. Stéphane Dion (Saint-Laurent—Cartierville, Lib.): Thank you, Mr. Chair.

[English]

Welcome to each of you. Thank you very much for being here this morning.

What we have to discuss together and to look at is a very important topic. It's about the success of the military mission, the lives of our brave men and women in uniform, and the necessity of choosing good weapons, good contracts, and to do it in a timely fashion.

I think what the deputy minister, Mr. Fonberg, said is very important, especially the following paragraph:

However, we never looked at the urgency as a licence to be sloppy in our processes. We never looked at the urgency as a reason to withhold information.

This is very key. We have four cases, and I must say...

●(0915)

[Translation]

In reading the report, we see nevertheless that troubling errors were made, in all four cases. I am certain that we will not have too much of the time allotted to us to go into this in detail. That is why this committee exists, to verify these details with a great deal of attention and rigour.

I would like to talk about the first case, the armoured vehicle replacement project. It seems that a design error was made. The Leopard 2 were unable to be equipped with mine plows and bulldozer blades, which made them rather unsuitable, if I understand correctly, for the mission.

On page 10 of the Auditor General's report, it states, "no research was done to find out if these implements could actually be fitted on the tanks." So, the immediate question that springs to mind is how such a mistake could have been made.

Next, I want to go to page 26 of the report. I will read the paragraph in question, because it is quite surprising. It is paragraph 5.80 on page 26 of the English version.

[English]

It's paragraph 5.80. I don't know the page number in the English version.

Half of the paragraph will read something like this:

[Translation]

"We found that National Defence was aware, but did not disclose, that there was a significant risk that it would not be able to replace the entire Leopard 1 tank fleet in Afghanistan because it would not be able to equip the new tanks with the landmine plows and bulldozer blades needed for operations there."

We wonder whether this was a mistake, or a failure to provide that information. First, I would like clarification from Ms. Fraser, please.

Ms. Sheila Fraser: Thank you, Mr. Chair.

We cannot know the reason for this omission; perhaps National Defence can answer that question. With regard to the issue of not knowing that the tanks would not be able to be equipped with bulldozer blades and other equipment, the problem stems from the fact that National Defence is not supposed to speak with suppliers before commencing the procurement process. We have raised this problem: Public Works should participate much earlier in the process

in order to obtain better information about the equipment and changes that might occur, particularly with regard to said equipment. The equipment specifications changed, but National Defence was unaware of this and presumed that it would be able to install that equipment on the armoured vehicles. So, it would be essential to change the process in the future, in order to be able to obtain better information about the equipment that they want to purchase.

Hon. Stéphane Dion: I want to understand the timeline. At one point, the department was unaware of this but it found this out later and did not mention it. This is what paragraph 5.80 states.

Ms. Sheila Fraser: Correct.

Hon. Stéphane Dion: When was it aware of this fact, and did not share it?

Mme Sheila Fraser: I would ask Mr. Berthelette to answer that question.

Mr. Jerome Berthelette (Assistant Auditor General, Office of the Auditor General of Canada): Mr. Chair, it's difficult to say because we have not had access to all the evidence needed to confirm when National Defence realized that it would be impossible to install that equipment on the tanks.

[English]

I'll speak a little bit in English, because some of the terminology is difficult for me in French.

As the Auditor General says, as National Defence started this process to acquire these tanks, they didn't do any research. Part of that was because there was some history with respect to the Leopard tank, and the Leopard 1 was able to utilize these implements.

So there was a process of continuing these discussions. A certain assumption was made that these pieces of equipment could be fit on to tanks. As they proceeded and got closer to a contracting process, it seems it became clearer that it was going to be more risky, more difficult to put these pieces of equipment on. And then as they got closer to actually preparing the submission for government to consider these tanks, it seemed clear to us, on the evidence, that at that point National Defence knew there was a very high risk they would not be able to put this equipment on. This happened in a very short period of time, we have to keep in mind. So what we see is a process of coming to understand what this equipment was actually capable of doing.

●(0920)

[Translation]

Hon. Stéphane Dion: Might I ask the deputy minister of National Defence to tell us what happened?

[English]

Mr. Robert Fonberg: I would like to turn, if I could, to the assistant deputy minister of materiel, who's very familiar with the actual timelines. I do believe that the origins of the challenge were that based on the Leopard 1 model, as opposed to not exactly having done the research, and given the urgency, we made certain assumptions about the ability for the Leopard 2 to be retrofitted with the plows and the blades, and through the acquisition process came to the conclusion that this wasn't actually possible. We subsequently actually figured out how to do that ourselves.

I'd ask Dan Ross to make a comment on that, Mr. Chairman.

Mr. Dan Ross (Assistant Deputy Minister (Materiel), Department of National Defence): Thanks, Rob, Mr. Chairman, Mr. Dion.

The process of initially loaning the German Leopard A6 tanks in the spring of 2007 unrolled very quickly. It wasn't clear what we could specifically do in terms of plows and rollers in that period of six weeks to two months.

I do recall having a meeting in Germany with Rheinmetall, which is the designer of the support vehicles. Their engineers said to me quite specifically that they were confident they could push plows and rollers. At that time we did not have full technical information about the Leopard tanks.

As the Office of the Auditor General staff have said, it became clear to our engineers, in discussion with KraussMaffei and Rheinmetall later, that there was uncertainty about the structural strength at the front of the tank to specifically take the force of putting the plow in the ground. I know this is very technical. There was a question of whether or not at what point we should have transmitted that information to Treasury Board Secretariat, having already drafted the Treasury Board submission.

We did not feel, when we understood there were going to be difficulties of that small number of tanks, that it was substantively changing the purpose of loaning the A6s and getting them to Afghanistan quickly. The primary purpose, as General Leslie can talk to, of getting the Leopard 2A6s there was force protection of what we call a gun tank—not a tank that's actually pushing a plow or roller but a gun tank that can move in close support of our LAV III Coyote and Bison vehicles, and if necessary take a hit from IEDs or RPGs or any armour weapons and survive those much better than the Leopard 1.

We had taken a significant number of casualties in Leopard 1s. In the fall, starting in August 2007, we put Leopard 2s in theatre. Virtually all of those casualties ceased to occur. We had two soldiers injured in Leopard 2s compared to a fairly significant number of Leopard 1s.

We continued to work on the plows and rollers issue with the engineers of KraussMaffei and Rheinmetall, and have subsequently designed adaptors ourselves for Leopard 2s to push rollers. Because we're not going to return those A6 tanks to Germany, we've been allowed to actually make the modifications permanently to some of those gun tanks. I admit we still have a problem with the force entailed to put the plows on the Leopard 2 tank, and we have a separate project that is much more rigorous, much more methodical, that will solve that problem for us over the next year or two.

I know that's a long and technical answer, but it was not a technically simple question at the time.

The Chair: Merci beaucoup, Monsieur Dion. Thank you, Mr. Ross.

Madame Faille, you have seven minutes.

• (0925)

[*Translation*]

Ms. Meili Faille (Vaudreuil-Soulanges, BQ): Thank you, Mr. Chair.

When the Auditor General appeared before us in November, I asked her questions and I was satisfied with our office's answers. Furthermore, my colleague had put a question to you regarding your experience with this kind of investigation or audit. Earlier, we heard Mr. Berthelette tell us here, in committee, that he had trouble having access to various documents.

I would like to hear your comments on the transparency of the information you obtained during this audit.

Ms. Sheila Fraser: I will ask Mr. Berthelette to respond.

Mr. Jerome Berthelette: French is not my mother tongue.

Ms. Meili Faille: You can answer in English, if it will be faster. There are fewer words in English.

[*English*]

Mr. Jerome Berthelette: To be more precise, I don't want to give the committee the impression that we did not have access to the documents within National Defence. We did have access to all the documents needed.

What I was trying to say is that as you go through the series of documents trying to put together the story of the acquisition, it's not always possible from the documents we looked at to be able to put together the exact timeframe as to when somebody knew something or somebody did not know something.

That's the only point that I would like to make—that particular point.

[*Translation*]

Ms. Meili Faille: Okay, but, usually, it should be clearer.

Ms. Sheila Fraser: It is important to understand that this situation was quite unusual. Perhaps it is more normal these days, but it was an emergency purchase. The procurement occurred within a very short period of time. In the report, we note that the documentation was not always put together perfectly, which is, in our opinion, understandable given those particular circumstances because, with regard to these purchases, we are talking about a question of months rather than years.

Ms. Meili Faille: It is one thing to have the paper documentation and another thing to have the cooperation and answers to questions. Are you satisfied with the answers that you obtained to make up for the lack of information?

Ms. Sheila Fraser: Yes. There was wonderful collaboration by the Department of National Defence and the Department of Public Works and Government Services. The only issue is that, sometimes, not all the specific dates in an audit are noted. It wasn't considered to be essential, in this case.

Ms. Meili Faille: So, now you are ready for the next mandates in this area?

Ms. Sheila Fraser: We are always ready to fulfil our mandates.

Ms. Meili Faille: Thank you.

With regard to the issue of emergency, earlier we identified the need to have a new mechanism, a new way of procuring military equipment. I would like a representative of National Defence or PWGSC or even someone from Treasury Board Secretariat to tell us what proportion of procurement contracts so-called emergency projects represent.

You have proposed an action plan to us. Could you confirm to us that so called emergency purchases will be processed using the new process that you have put in place? Has the Auditor General observed your new process in order to verify whether it properly responds to the needs she identified earlier?

Mr. François Guimont: I have a few comments. Everyone is looking at each other so I will speak.

First, Mr. Chair, I do not know the number of purchases considered to be urgent. I will verify, but we do not have a category allowing us to identify the proportion. Now, we can put this together if you wish.

What we were asked for and what we have done is based on the “lessons learned” approach. In other words, we have tried to understand and document the best practices based on what we have learned as a result of those two purchases, specifically the emergency procurement, so as to guide us in some of our other purchases.

This affects four areas. First, there are the authorities: then, there is the approach with regard to instruments, also known as the tool kit; then there is the integrated team; this is another chapter that we looked at with regard to best practices; and finally, there is the use of technology. We identified the best practices in those four areas in order to put this in place for other purchases. This refers not only to emergency procurement, but also major purchases in areas other than military procurement, but also including military procurement.

• (0930)

Ms. Meili Faille: Are you telling us that a new process will be followed? Projects that are now identified as being urgent will now follow the new process that you have put in place?

Mr. François Guimont: Mr. Chair, it is not necessarily exactly the same process. The process may vary. I am repeating myself to some extent, but we have the tool kit approach. For example, in English, we talk about a letter of interest, SOIQ, statement of interest and qualifications...

Ms. Meili Faille: If I look on your Web site today, will I find an explanation for the process involving a project that has been identified as urgent?

Mr. François Guimont: To my knowledge, this is not on our Web site. These are internal mechanisms. The lessons learned approach was shared by major project procurement officers. We also have made various changes to our procurement manual that provides guidelines on the process to follow for acquisitions.

Ms. Meili Faille: I understand that procurement process, I have worked on it a number of times. How do you define an emergency project? How do you determine whether a project is an emergency? What are the criteria? If this is set out in a document, could you provide it to us?

Mr. François Guimont: I will make a brief comment on this and then look to my colleague at National Defence. When we talk about

the work done by the Office of the Auditor General, the key element with regard to emergency was time. So, normally, this kind of acquisition would take between 12 and 19 months, or more or less a year or a year and a half. With regard to the RG-31, it was done within a month and a half. We did it in eight months for the heavy support vehicles. So time was of the essence.

Ms. Meili Faille: In fact, I want to know whether you have a document defining emergency projects. On what criteria do you base your decision? Do you have a document you could provide to the committee that would explain to us what an urgent project is?

Mr. François Guimont: I do not know whether there is such a document within the department. This is an observation made by the Auditor General with regard to Treasury Board, in other words, whether within its policies, there is a measure setting out when we can request an exemption for emergency projects. Within the department, we have not defined this in detail.

Ms. Meili Faille: In the plan of action that you provided to us, you do not set out a mechanism by which you can decide whether a project is urgent, and justify that emergency.

Mr. François Guimont: We focused our efforts on making those purchases and providing the equipment on an emergency basis, and adopting best practices, which has been successful.

Ms. Meili Faille: Do you have it, yes or no?

Mr. François Guimont: I do not have a specific policy with regard to emergency purchases by the department.

Ms. Meili Faille: Thank you.

[English]

The Chair: Merci, Madame Faille.

Mr. Christopherson, you have seven minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you very much, Chair.

Thank you all for attending today.

I'd like to open with a personal comment. It's my understanding—I overheard a conversation, forgive me for eavesdropping—that this may be Hugh McRoberts' last attendance before this committee.

I'm sure we'll all take a moment, but we know the kind of credibility the Auditor General has in the name of Sheila Fraser, but she'd be the first one to say that so much of that credit goes to her staff and her team.

Hugh, it's very difficult to follow in the shoes of Sheila Fraser, but every time you have been here you've reached that stature and hit that standard. We are a better country and a better democracy because of your commitment to public service. So thank you, sir, for your years of service to Canada.

Some hon. members: Hear, hear!

Mr. David Christopherson: With regard to the audit, I try to speak my mind at these meetings. When things annoy me I say so, and when I get really angry I let it go. At the risk of future audits proving this to be untrue, this is the second go-around. We've only had two that I can recall directly where we've taken a look at auditing inside the Department of Defence during a war. Given the experience we've had with the fog of war, what that means, and everything entailed in that, I have to tell you that overall I've been impressed.

There are mistakes here, and we're going to get into that and do everything we can to eliminate them. I don't like to give certain folks certain credits, but I have to tell you that where it's due I have been very impressed.

Madam Fraser, you mentioned that you went there and talked to the soldiers. One of the things that struck my mind when I was reading this—in our culture we relate so much to the movies of the day and our contemporary culture—was *Catch-22*, as far as that disconnect between what's happening on the ground and what's happening in a big ivory tower, meaning all of us. The worst example is *Apocalypse Now*, where it has just gone completely crazy. Yet I read in your remarks that when you were there on the ground your sense from the soldiers was that this was working for them too.

If we can make it work at this level of detail, analyzing, with the benefit of hindsight being 20/20, every decision, word, comma, and number put on a piece of paper and all that entails here at this end of things, and then all the way to Afghanistan, to have the soldiers on the ground say, “Yes, this is working for us”, I'm sure it's not perfect, but to hear that means a lot. As a Canadian and a parliamentarian not of the governing party, I'm very proud of the job I've seen, the work that's being done, and how well you've been able to, for the most part, in the midst of a long war, maintain the integrity of the procedures and steps, and all that paperwork that sometimes tends to get in the way.

That's kind of a long-winded comment. As much as I'll get into the details and there'll be a little criticism, I am very impressed. I want to say to all those involved here today, I think you're doing a hell of a job in some very difficult times. I hope this holds as we continue to audit in the years going forward, because you've earned it, you deserve it, and you're doing a really good job.

I have a couple of questions. I'm curious why after being at war for so long we still don't have an urgent operational requirement, a URO. I would think that Defence anyway, let alone in a time of war, would have had this come up so often it would be one of the most frequently used forums and procedures in your whole procurement process.

Enlighten me as to what I'm not seeing.

• (0935)

Mr. Robert Fonberg: Mr. Chairman, I would like to see the blues to make sure they properly capture the opening comments, if that's possible.

Voices: Oh, oh!

Mr. David Christopherson: Don't give them to the minister, okay? Let's keep them between you and me.

Voices: Oh, oh!

Mr. François Guimont: Mr. Chair, I would like to second that.

Voices: Oh, oh!

Mr. Robert Fonberg: I have just a couple of points. Number one, our world changed a little bit in the fall of 2006 after Operation Medusa, which I think you've actually heard about. I think it was probably the biggest firefight and the largest loss of life we've had in 50 years, or something like that. It was really kind of at that moment, as we moved into Kandahar, that the number of urgent operational requirements....

By the way, I would say that to be urgent, operational requirements have to first be identified by the commander of the Canadian Expeditionary Force Command in terms of what he needs on the ground. They are then confirmed by the Strategic Joint Staff. So there is an internal process in DND just to identify them, and then, obviously, to kind of convince our partners. Now we have guidance as to what an urgent operational requirement is and how we deal with it in terms of documentation.

To put it in context, out of the roughly \$1 billion of procurement identified here, the approval is done over about a two-year period. During that two-year period, we probably procured for the Department of National Defence—not just for Afghanistan, but all up—somewhere in the order of \$10 billion to \$12 billion. So it is sort of a 10% number.

We have obviously taken the lessons learned and the challenges, especially around document availability and document preparation, in a very serious way. But our turning point really was around the time of Medusa in 2006 in Kandahar.

Dan, I don't know if you'd like to answer that.

Mr. Dan Ross: Thanks, Rob.

I don't have very much. Should our project approval guide have had a chapter on it? Yes, it should have. During our 10 years in Bosnia, we actually were occasionally under fire. We did take casualties in Bosnia. We had 100 soldiers who, largely through vehicle accidents and so on, lost their lives through that decade. But we didn't respond by trying to replace major systems at all during that period of time. Nor did we have to do it in Somalia or Kosovo—all those other missions. So this really was the first time in almost 60 years that we had to fix some stuff.

Perhaps just to elaborate on the deputy minister's comments, we were managing about 30 urgent upgrades to core army equipment all at the same time. The Auditor General looked at four of those projects. To some degree, we kind of made it up as we went along, with the Vice Chief's staff and his chief of program staff asking what the minimum documentation needed this week to get this project going would be. Some of those projects were relatively small. Some of them were less than \$5 million, and they were at my approval level, which is delegated by the Minister of National Defence. Most of them—probably 12 to 15 of them—were at the Treasury Board level. Then, of course, you're dealing much more extensively with Public Works and the Treasury Board Secretariat and the Vice Chief.

No, we didn't have it in place. We do now. We figured this out. This process is very helpful in making sure that the next time we have to do it, we'll do it more smoothly and with fewer bumps and less stress.

● (0940)

Mr. David Christopherson: Thank you for your answers.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Christopherson.

We'll go to Mr. Saxton for seven minutes.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Mr. Chair.

I'd like to begin by echoing the words of my colleague, Mr. Christopherson, in his praise and thanks to the Assistant Auditor General, Hugh McRoberts, for the work you've done over the years. Thank you very much.

My first question is for the Auditor General. Auditor General, you recently came back from Afghanistan. Can you share with us some of the experiences you had there, specifically with regard to the equipment our troops have and how well equipped they are?

Ms. Sheila Fraser: Thank you, Chair.

I was there, accompanied by Jerome and Hugh, for almost a week. It was five days. We met some 40 people, who briefed us on the operations they were doing there. And of course one important aspect of that was seeing the equipment being used.

I would say that everyone we met there was very proud of what they are doing. They were extremely professional, very articulate, and they were very pleased with the new equipment they had, to the point of saying that certain other forces from other countries were quite jealous. And they were saying that they had actually saved lives. So it confirmed for us what we had been told at headquarters about the importance of this equipment and how it is being used in the operations there.

Mr. Andrew Saxton: Did you have any first-hand experience with the armoured vehicles in question, which we're discussing today?

Ms. Sheila Fraser: I didn't. My colleagues crawled up on them and went in them. I chose to pass, though I did go—

Mr. David Christopherson: You have to go into a tank. I mean, come on.

Voices: Oh, oh!

Ms. Sheila Fraser: No, I thought I would pass on that. But we did hear from them obviously about what happened. I did fly around in helicopters and go outside the base.

Mr. Andrew Saxton: Do you have any comments as to the larger context of how the management of Canada's mission in Afghanistan is taking place, based on your experience there?

Ms. Sheila Fraser: Obviously when we were there we were not conducting an audit, so I really can't conclude on it. My personal impression, from what we saw, was how professional people were and how very proud they were of what they were doing.

As well, I was quite impressed by the collaboration that seemed to exist, at least between the military and the various development projects going on. In Kandahar City, we visited the base project there, and we saw that people from the RCMP, customs, and various other departments and agencies were all working together on these development projects.

I thought that was actually quite impressive. We are looking at perhaps doing some work in that area as well, to see if there are lessons to be learned from how these different departments and agencies cooperated together on these projects.

● (0945)

Mr. Andrew Saxton: Thank you.

My next question is for Mr. Fonberg.

Can you explain to us exactly the situation we were faced with, when the urgent acquisition of these armoured vehicles took place?

Mr. Robert Fonberg: Are you referring to the situation in Kandahar province?

Mr. Andrew Saxton: Yes, with our troops in Afghanistan....

Mr. Robert Fonberg: I probably could, but if I can, Mr. Chair, I'll pass it to my colleague, the lieutenant-general. He would probably give you a much more accurate sense of the situation we were confronting on the ground.

Lieutenant-General A. Leslie (Chief of the Land Staff, Department of National Defence): Thank you, Mr. Chair.

In 2006, Kandahar had been largely untouched in terms of a strong, robust NATO-ISAF presence. The Canadian battle group, which later grew into a brigade minus, then arrived, and of course wherever we went, we found nests of the foe. Intense combat was routine, with asymmetric threat response specifically through mines and IEDs deliberately targeting those who are charged to protect the weak and innocent. In this case, it was Canadian soldiers who, speaking frankly, fought the good fight and literally risked their lives, and in some cases lost them in large numbers, doing that which their country expected them to do. It was lonely in Kandahar, because that was Canada's remit. For a long time, we weren't assisted by large numbers of other troops from other nations.

The urgency with which the operational requirements were identified almost always starts with a tragedy. Immediately afterwards, a bunch of military experts at my level gathered and determined what lessons we could learn from this tragedy. Is there an equipment acquisition that could actually help mitigate against it? Are there tactics or procedures that we can modify, keeping in mind, of course, that the enemy always has a certain degree of initiative in initiating these tragedies?

The response between 2006 and now, of course, in my opinion, as the user, if you would, has been brilliant. There are a lot of hardworking folk in this town and elsewhere giving the soldiers the kit they need.

I don't know if that's a concise enough summary, sir. Perhaps I'll just leave it at that and see if you have any subsequent questions.

Mr. Andrew Saxton: Thank you.

Can you specifically share with us how these vehicles have improved the situation for our troops on the ground?

LGen A. Leslie: We all learn; we are all learning organizations. The intensity of the violence in Kandahar was unexpected.

Speaking of the RG-31, we will eventually have 75 of these vehicles in total. It is designed to replace some of the much more thinly metallated, not armoured, vehicles that we've been using for patrols and moving around some of our great friends from the civil service. It has saved a large number of lives. It was rushed into service without adequate training done in Canada, because people such as me made the decision that it was better to get it into theatre where it could resist the IEDs and blasts, and we'd catch up with training at a later date.

As for the actual number of lives it's saved, I could research that question, but of course it becomes, at a certain point, an educated guess. Nonetheless, it's literally in the multiple dozens, and I have not included the numbers of wounded we might otherwise have suffered—keeping in mind we have still suffered hundreds of soldiers wounded in that timeframe.

The light armoured remote weapon station, the LAV RWS, took a bit longer. In any land system the huge issue is the balance between firepower, mobility, and protection. In this case, of course, protection came to the fore and the LAV exceeded its weight budget, so a variety of engineering studies had to be done before it could be implemented.

The Leopard 2 tank has saved innumerable lives, and its main role now, as mentioned by the deputy minister and the ADM of materiel, is to take the hit. It goes down the road first, receives the blast, and, at the moment of truth, can assist our soldiers by firing on their objective with its main gun.

Of course, the armoured heavy support truck is probably the second most heavily protected vehicle in theatre, and arguably the most protected truck in the world in comparison with more lightly skinned logistics vehicles, in which we've had tragedies. We have yet to have a fatality in the armoured heavy truck, even though it's taken innumerable hits from IEDs and direct fire.

Does that summarize the issues, sir?

● (0950)

Mr. Andrew Saxton: Thank you very much.

The Chair: Thank you, Mr. Saxton.

That, colleagues, concludes the first round. We're going to go to the second round of five minutes each.

Ms. Dhalla, I understand you're going to be sharing with Monsieur Dion.

Ms. Dhalla.

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): I just wanted to say, first of all, thank you so much for coming before the committee. It's my first time here because I'm replacing Mr. Lee.

On the weekend, I had a chance to attend a deployment ceremony for 23 soldiers going to Afghanistan from my constituency of Brampton. They were quite excited, and as the lieutenant said, I think are looking forward to serving our nation and ensuring that the values we cherish and hold dearly are going to be upheld in Afghanistan.

In paragraph 5.48 of her report, the Auditor General recommended that both Public Works and National Defence examine some of the lessons learned in contracting, both for urgent operational requirements—which I believe Mr. Guimont touched upon—and the regular procurement process, to which they could be applied.

In its response, DND said it would have a full model up and running by March 31, which is tomorrow. I want to get a sense from the officials from National Defence and Public Works where you're at with that commitment made in the response to the Auditor General. What progress has been made?

The second question I want to raise is regarding some of the concerns that many Canadians have expressed with respect to another urgent situation that our country has faced, and that is Haiti. Have some of the lessons that have been learned, as identified by the Auditor General, been implemented by the Department of Defence in moving forward on the procurement contracts for Haiti?

Thank you.

Mr. Robert Fonberg: Thank you for those questions.

Let me just quickly begin with Haiti, and the general may want to make a comment on this. It's a very different kind of operation. Arguably, we were stood in very good stead by virtue of the procurements that had been made earlier in the decade, particularly the strategic lift aircraft that we had available, but also the ability of the Canadian Forces to deploy literally in a matter of hours. Within about 16 hours—and you probably know the numbers directly—we had Hercules tactical airlift in the air, on the way to Haiti. We had two ships in the water within days. You know those statistics. It wasn't so much that there were lessons learned about the procurement process around Haiti, in my view, although there were lessons absolutely learned around whole of government and how we work together to deal with humanitarian disasters or disaster relief, for sure.

My other colleagues may want to say something about that.

On the first question of the model being fully implemented by March 31—the action plan that we sent to the chairman and to the committee members through the chairman yesterday, I believe—the original recommendation was to have the lessons learned fully examined around the OR issue. We had hoped to have had that done by March 31. Tomorrow is March 31. We are now looking at a completion date in the revised plan, which has been tabled with you—April 30—to have that kind of review totally done. But in order to complete the review cycle and renewal of our project approval guide, we are looking still at about two years out to have that completely done.

Dan, I don't know if you want to say anything about the interim side of that process.

Mr. Dan Ross: Thank you.

I have just a couple of other comments. We have process modelled internally in DND and largely completed the portion with Public Works, everything right from the concept of a requirement that even may require some research and development right through to disposal, and we are looking at where we have excessive processes and long approval stages and so on. In fact, I don't think the department had ever done, in the last 10 to 15 years, the compendium in terms of rules and policies and regulations from a Public Works side, a Treasury Board side, and an internal departmental side. That is actually a very interesting piece of work.

In terms of the OR thing specifically, the vice-chief of staff has issued interim guidance and intends to brief the program management board in December. That will inform a broader review of these administrative processes within National Defence to move capital programs from beginning to end. So we're looking toward a significant report back in December, and, as the deputy said, within two years redesign it all and really have a fresh look at it.

• (0955)

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

We're going to go to Mr. Young.

Mr. Terence Young (Oakville, CPC): Thank you, Chair.

In Madam Fraser's report, the word “urgent” or “urgency”, or words around that, appear three times, and then in your report, Mr. Fonberg, you talk about timeliness. Obviously, we are talking about getting the right equipment without paying too much, with urgent speed. That's the key.

I look at this chart on page 24 of the report and it says the armoured patrol vehicle took five months from government approval to first vehicle being available in the field, and then the Leopard C2 tank took seven months, the armoured heavy support vehicle system took 16 months, and the light armoured vehicle remote weapons station took 32 months.

My question is this. How much additional time is time that you are looking at manuals and meeting with people from the manufacturers and kicking tires and making an administrative decision to decide you have the right equipment? What percentage of these figures should be added on for actual decision-making time, once you have made a decision in the field that you have a need?

Mr. Fonberg.

Mr. Robert Fonberg: Let me turn to my two colleagues. General Leslie started with these requirements processes often beginning with a tragedy. Let me just ask him to connect directly with my ADM Materiel, who will explain...that works for you.

Mr. Terence Young: I'm talking about from the time you decide in the field you need new equipment to survive until you sign a purchase order, how much time does that take?

Mr. Robert Fonberg: Again, if the general sits down with his colleagues and decides there's a piece of equipment that will actually address or mitigate the risks we're facing in the field, and we ask him how quickly that gets into a discussion with ADM Materiel, how quickly the various options are identified, how quickly we work with our colleagues on a procurement process....

Do you want to just fill in that space?

Mr. Dan Ross: Perhaps I could start, Mr. Chairman, by taking an example of the armoured patrol vehicle, the RG-31. The vice-chief, and in fact the chief of program, had stated that as a key requirement, I believe, in December 2004, and we were at DND approval by August, contract award by October, and first delivery by March the following year. And that involved production, actually.

Mr. Terence Young: So the decision-making process took nine months.

Mr. Dan Ross: It was about five to six months, including what's in the market, price and availability, both informally and formally.

Mr. Terence Young: Okay, so you're working on a new fast-track procurement process, is that correct?

Mr. Dan Ross: That's right.

Mr. Terence Young: You're in the middle of that. Did I hear you say it was going to be ready in two years, or was that something else?

Mr. Dan Ross: Actually, I said, sir, that we would brief our program management board in December this year.

Mr. Terence Young: You don't have your process in place yet?

Mr. Dan Ross: We have an interim process in place.

Mr. Terence Young: Okay. Did you find any methods or processes for urgent procurement available from any of our allies, a better process that shortens the administrative time to get the equipment in field faster, or did you just create your own?

Mr. Dan Ross: We're quite familiar with the British and the American processes. The British actually are slower; the Americans occasionally are faster. Mr. Gates has done some things for what they call the MRAP program that have been incredibly fast. He took an executive decision and directed large amounts of money to be done without competition, because they actually went out and bought mine-resistant vehicles from everybody. They just went and did it. That is extraordinary. They didn't require a competition because there wasn't consideration of which one had a better price or better vehicle; they were buying them all. But that's quite unusual.

I think our process here and what we achieved here is as good or better than anyone's.

•(1000)

Mr. Terence Young: Moving forward, do you have a model that will allow you to shorten that time while still not paying too much and getting the right equipment? I'm just concerned with things sitting in people's in-boxes and out-boxes, and meetings, and all this stuff going on while troops are dying in the field. So for faster decisions that are the right decisions, do you have a model going forward, or are you working on one?

Mr. Robert Fonberg: If I can just say quickly, Mr. Chairman, we're absolutely working on it. I want to make sure that we don't leave a sense that the time and the process are necessarily because things are sitting in somebody's in-basket. Time actually is important often to get the challenge function right, to make sure we're getting value for money, and we're working together with our colleagues to ensure this, that whatever time actually is taken in the process it is time spent efficiently, time spent effectively. So waste of time or non-constructive time we're absolutely trying to take out of the process.

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

Back to Madame Faillie, *pour cinq minutes*.

[Translation]

Ms. Meili Faillie: Thank you, Mr. Chair.

I would like to talk about the way you make decisions. I would like clarifications about the way that you plan procurement.

With regard to planning military procurement, if we refer to the budget, we are talking about \$490 billion over the next 20 years. Is this plan based on a foreign affairs and defence policy?

[English]

Mr. Robert Fonberg: With \$490 billion over 20 years, just to clarify, roughly I believe half of that, a little bit less, probably, Mr. Chairman, is actually capital procurement. If you look at the Canada First defence strategy, the overall kind of objective of that, which includes the \$490 billion, is to ensure the Canadian Forces have the right equipment, the right training, the right infrastructure, and are manned properly to get out the door to deal with three core roles, and I believe enduring roles. One is excellence at home to deal with issues and challenges at home. The second one is partnership on the continent and demonstrating excellence in that partnership. The third one is projecting global leadership.

How precisely the government frames those issues in terms of a specific foreign policy I think is open to the government of the day. The challenge and the express intended objective of the Canada First defence strategy and the \$490 billion is really to ensure that whatever the foreign policy happens to be, for a wide range—

[Translation]

Ms. Meili Faillie: I understand what...

[English]

Mr. Robert Fonberg: Just to finish, for a wide range of explicit commitments, the Canadian Forces are ready to go. We cannot do everything, but clearly we will be ready to do many things.

[Translation]

Ms. Meili Faillie: I understand, but there really does not exist an official document where everything is set out.

[English]

Mr. Robert Fonberg: I'm not sure I understand the question, Mr. Chairman. We have the Canada First defence strategy, which lays out a 20-year plan and \$490 billion of proposed spending.

[Translation]

Ms. Meili Faillie: Since my colleague sits on the Standing Committee on National Defence, perhaps he would like to ask you this question. So I will set that issue aside. You have provided a response which will probably allow him to ask his question.

I will address the issue from a different angle.

I would like to know what steps led you to ultimately make the decision not to follow the guide on military equipment procurement with regard to the contracts identified by the Auditor General.

[English]

Mr. Robert Fonberg: Let me put an answer and clarify whether I've understood the question.

[Translation]

Ms. Meili Faillie: In fact, I would like to know how this happened.

[English]

Mr. Robert Fonberg: I think it comes back to the point the general made, which was that something happened in the field. There was a decision made by the senior commanders working with the ADM Materiel that equipment was actually needed. It was needed more quickly than the actual project approval guide would have allowed, in order to go through the four phases of procurement, so the decision was made to manage the risks associated with the procurement process and to get on with it faster than what the project approval guide actually would have set out.

I don't know if that answers your question, but that's kind of how it happened. There was an urgent requirement. There were risks in the field. Decisions were made to manage those risks, recognizing that we did not have the time to do the full documentation for those acquisitions.

•(1005)

[Translation]

Ms. Meili Faillie: Could you provide us with the briefing note that came out following the incident? It would explain the proposed decisions and what ultimately led to the military equipment procurement. It seems that this was the trigger.

[English]

Mr. Robert Fonberg: I think we can probably write it down.

[Translation]

Ms. Meili Faillie: I do not need clarifications. I would simply ask that the committee be provided with the briefing note prepared by the department. Whenever such an event occurs, the department prepares a briefing note.

Could you provide us with this note, so that we can understand the decision-making mechanism and also understand which department intervened and when? Thank you.

My colleague would like to ask a question.

[English]

The Chair: Is the request understood?

[Translation]

LGen A. Leslie: The member is asking for a copy of the briefing notes in order to determine, with regard to the four projects, what led to the outcome we are discussing today. The notes were sent to the minister through the chain of command.

Is that correct, Madam?

Ms. Meili Faille: Yes, thank you.

[English]

The Chair: Is two weeks' time fine?

Mr. Robert Fonberg: Yes, I think two weeks would be fine.

I would just like to clarify precisely what is being asked for. The member has asked for an understanding or an explanation of how the decision was actually made and what went into it. It's not clear to me that there's a briefing note that actually explains it and says, "We have decided that we need this equipment, Mr. Minister, and please decide".

My understanding of what the member was asking for was an explanation of how we go through this process, from the time an issue is identified to how it works its way through the department, to how it works through the ADM Materiel, and finally, to how the minister is kept informed. I would suggest there's not a single moment when the minister gets a briefing note that says, "Please approve this". There is a dialogue that goes on over a period of time, and the minister is informed throughout that whole period of time.

In two weeks we could probably put together a decent explanation of how a scenario would work.

The Chair: Is that fine?

[Translation]

Ms. Meili Faille: If two weeks is insufficient for the documents to be collected, we could grant additional time. However, I really do want to obtain the documents and not a text.

Mr. Robert Fonberg: It is more than possible.

[English]

The Chair: Thank you very much. We may have time after, Madame Faille, but we're moving now to Mr. Shipley.

Mr. Shipley, five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, and thank you, witnesses, for being a part of today's review of the Auditor General.

First of all, I want to say to the lieutenant-general, to your troops, and to the troops over there another thank you, not just from me but I think from all Canadians, for putting forward the Canada First defence strategy. I think someone mentioned earlier that over the years we've been involved in many countries. Most of those

countries have not been as it is in Afghanistan, where it is actually a full war, but they have been peacekeeping missions, even though they maybe were not, and maybe our people were not as fully trained and equipped and what have you as they should have been.

I want to recognize everyone for having their feet on the ground. The complexities...the incredible responsibility that individuals must have when they see things that need to be enhanced, processes that likely need to be improved, and yet the time to protect our men and women, in my mind, falls a little behind the process. It's really about getting the job done. I think you've done some of that. I believe now there may have been some processes that were not in place or followed. I can't speak to why they weren't in place, but the reality is, the important part is, that you took action. The action is about protecting our people who are over there protecting Canada.

It makes it interesting. When you see something happening... we've got equipment, and you're finding that changes need to be made to the equipment in terms of making it safer. How do you go about that? Is it because you know there's the equipment or the addition of the protective materials or whatever? It's out there, you don't have it, and you've got to find it because somebody else has it. Or is there a time when our minds say they're not sure we've got the research from the manufacturers to build it yet? How does that work? When you say we need this or we need to do better with it, how do you get it and get some of it in place so quickly?

• (1010)

Mr. Dan Ross: Thank you, sir, for that question.

That's not an easy question to answer. A large part of that comes from the commanders on the ground and the troops on the ground: the commander of the Expeditionary Command; the commander of the Special Operations Command; the Forces Command. General Leslie, who visits every one of the rotations of his troops into Afghanistan—and I've accompanied him several times—went from top to bottom and talked to soldiers, to understand what's working, what isn't working. So there's a huge feedback loop there.

The other area I would mention specifically is testing. We're working with our science and technology organization, Defence Research and Development Canada. We have destructively tested all our equipment. For example, we acquired the Nyala, the RG-31. We destructively destroyed a Nyala because we wanted to understand specifically what protection levels it would deliver against a roadside bomb, a mine, or a large IED. We did find vulnerabilities and we made changes to the Nyala to make it even better. Those Nyalas have performed precisely in a parallel way to our test parameters. We knew how much TNT with high velocity fragments it took to penetrate a Nyala. There's an enormous amount of work.

Ten years ago, National Defence wasn't doing actual technical destructive testing on armoured vehicles. We started that aggressively in January 2006, when Glyn Berry was killed in a G-wagon. At that point, we said we need to know what happens to our LAVs, our Coyotes, our Bisons, our G-wagons, all logistics vehicles. The only one that we didn't destructively test was the existing heavy logistics vehicle that's in service because we felt it would just be vaporized by a large IED, so there was no point in wasting a vehicle. We proceeded immediately with the AHSVS project that was part of the Auditor General's audit.

I don't know if that helps.

Mr. Bev Shipley: Thank you, sir.

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

Mr. Christopherson, five minutes.

Mr. David Christopherson: Thanks, Chair.

It's already been raised and commented on, but I'd like to hear a little more so I can understand.

With regard to the LAV RWS project and the doubling of the cost from initially \$55 million to over \$100 million, my understanding is that there was incomplete information given to the government in terms of the armour kits that had to be done.

I'm assuming there's nothing unique about this, that this sort of thing could happen in other circumstances, so please tell me how we went from a \$55 million bill to over \$100 million.

Mr. Dan Ross: Thanks for the question.

The LAV RWS project was based on immediately using 33 brand new vehicles that we had acquired under the LAV III program, which did not have a turret on them because the army had chosen not to put their big anti-armour weapon on the new vehicles. So they had 33 vehicles immediately available.

The United States army had fielded a version of that called a Stryker, with a small weapon station on top. We needed vehicles in Afghanistan that had better side and belly protection quickly, and that could carry the weight. We felt that without the turret, which is two and a half thousand kilograms, we could more rapidly put on more weight in terms of protection and exceed the protection levels that the Americans had achieved with their Stryker.

The challenge was that we had a big hole on the top of the vehicle where the turret normally went and we needed to change the structure of the vehicle—take out all the command and control, radios, etc.—because it was a fighting vehicle, not an administrative vehicle. We had to install a weapon station, and we knew we needed to fundamentally make major improvements to the protection.

The reason we went twice to Treasury Board was that we didn't know the cost of the second part. In our first Treasury Board submission we said we know we need to do the work in terms of remote weapon system design and engineering. We mentioned that we still had the protection part, but we did not have substantive costing information of sufficient rigour and detail to ask Treasury Board for expenditure and contracting authority with the first submission.

We knew the program would be about \$100 million. We had to do it in two phases because of the design and costing work on the protection—I could look up the timeframe for you in a second. But before the first one was contracted, we'd gone back to Treasury Board with substantive costing and design work on the armour protection piece. It went from \$55 million...and another \$55 million. It was slightly over \$100 million.

•(1015)

Mr. David Christopherson: I thought you just said you knew it would be about \$100 million. It's one thing to say that notionally

there may be an added cost, but when it's going to double the cost, wasn't there some obligation to give a greater heads-up?

I think there was an \$8 million or \$9 million added installation kit. You could see that coming. When you have some idea it's already going to be over \$100 million, potentially doubling the cost, wasn't there some obligation to let them know this was not just an add-on but almost double again? I believe part of the problem is that this wasn't signalled.

I'm sensing that you may have had enough information to at least give Treasury Board a heads-up that this was the real number we were looking at, or that it was at least in this ballpark.

Mr. Dan Ross: I'll perhaps let Mr. Ossowski comment as well.

There was a huge amount of communication back and forth with Public Works and the Treasury Board Secretariat as we were trying to manage what proved to be more complex and, from an engineering point of view, more difficult than we had expected, while at the same time working with the company that had designed the vehicle, General Dynamics Land Systems, and their partner, an armour design firm, on the design of the side and belly armour. We needed them to give us some better feel for actual cost before we could do the second submission.

I could perhaps ask Mr. Ossowski to comment on the passage of information issue.

Mr. John Ossowski: Thank you, Mr. Chair.

And thank you for the question.

I would just reiterate that we do have constant communication. And it's important to note that around that time, in the summer of 2006, we started a committee. It's attended by Industry Canada, Public Works, the Privy Council Office, the Departments of Finance and Defence, and us. It's called the major crown project integrated oversight committee. On a monthly basis we have constant dialogue in a very transparent fashion with respect to all of these projects. We don't often get into these detailed technical risks that can happen, and, quite frankly, there are probably dozens of technical risks. Really we're trying to ensure the department has the capacity to manage those risks appropriately. That's really where we're focusing now.

There was no real scope change to the project, but there were technical risks to be managed, and we were confident that the department would be able to manage those risks.

Mr. David Christopherson: Do we assume, then, that based on the changes you've made, that kind of discrepancy is not likely in the future? "Discrepancy" is my word.

Mr. Dan Ross: The answer to that is clearly yes. We would be more rigorous in making sure that if we had the first preliminary approval, we'd be clear, in the context of what we think the full substantive cost would be. That is actually normal. We're very careful about doing that in the preliminary project approval phase of every project.

Did we do it as well as we should have in this case? No, we didn't.

•(1020)

Mr. David Christopherson: Thank you very much.

Thanks, Mr. Chair.

The Chair: I just want to follow up on the one issue that's sort of dangling out there, and I'm going to go to Lieutenant-General Leslie on that very point.

When you read that description on page 27 of the auditor's report, it appears from the documentation and recommendation coming from National Defence—and this is for the LAV vehicle, which I assume is a replacement for the Bison—that this vehicle was the best option. But when the analysis was done by the forces, it wasn't at all.... In fact, it wasn't even one of the preferred options. So there seems to be a discrepancy between what the forces are saying and what the Department of National Defence is saying. Do you have any comment on why that discrepancy is there in the audit?

LGen A. Leslie: Sorry, just to make sure I understand the question, it has to do with page 27?

The Chair: It's on page 27.

LGen A. Leslie: It's the third paragraph from the bottom. Is that it?

The Chair: It's the third paragraph:

The Canadian Force's options analysis for the Bison replacement recommended several options, and the LAV RWS was not one of the preferred options.

But previously in that paragraph, the Department of National Defence said it was really the only option.

LGen A. Leslie: Right, sir.

So in the context of running an army that's fighting a war, in a perfect world, I'd like everything today. As for the process and finances, I'd much prefer that other people resolve those. This has to be tempered with common sense, due diligence, Treasury Board regulations, Government of Canada priorities, and all the normal constraints.

At the time, trying to enhance the protection of the light armoured vehicle fleet, which led to the developmental work on the RWS and its eventual very successful fielding, there were some technical issues, as Mr. Ross has already explained, that dragged that project out. That's perhaps not the best choice of words, but it took longer than what we were hoping for. It still ended up being very quick, but I think the total time was around 32 months.

In the interim, our casualty rates for the G-Wagons—and casualties are always unacceptable—were soaring astronomically, and the number of Bisons that had been hit was quite high. In the course of our current stage of the war, we've had hundreds of vehicles damaged, or worse, by enemy action, so our fleets are starting to get depleted. Replacements are online.

If I understand the nuance of the way in which this paragraph is articulated, we started out thinking the RWS would replace the G-Wagon. As time progressed, we had to come up with other alternatives. So although they're not actually mentioned in the Auditor General's work on these four projects, other projects were rushed into service. The mobile tracked vehicle system, which is an upgrade to an existing fleet, acted as an interim or as a bridge.

I don't know if this adequately answers your question. But there were changing circumstances and availability of vehicles.

The Chair: Do you have a comment, Mr. Ross?

Mr. Dan Ross: Thank you, Mr. Chairman.

Just to reinforce what Lieutenant-General Leslie said, at the time there was opinion and views and analysis by a large number of staff. Every Friday morning I chaired a meeting that managed sort of minute-to-minute execution of these 30-plus projects. That went to every two weeks for about a two-year period.

There was no time during those reviews of these projects that it wasn't clear to the senior officers and the senior managers I have—the brigadier-general and above—that we really had any other choice but to continue with the 33 vehicles we already owned. To start all over again with something else, a completely new family of armoured fighting vehicle, was really not a viable choice for us.

So we felt it was really—and it was clear to senior leadership—the only feasible, rapid option. And we already had those 33. Did it prove to be more technically difficult than we had expected? Yes, it did. The armour package design was particularly hard. We felt that the Armatec company did an outstanding job of giving us that design at a reasonable price, but it did take longer, and we did have to go back to Treasury Board the second time.

●(1025)

The Chair: I understand you have a comment too, Madam Auditor.

Ms. Sheila Fraser: Chair, I think the issue is actually quite simple.

We're not questioning whether that was the best option or not. The issue is that we saw indication that the department told the government that an analysis had been done that showed this vehicle was the best option. We asked to see that analysis, and the analysis that was given to us did not indicate that.

It's simply a question that in the documentation there was inconsistency between what was told to government and the analysis that we were provided with. That is the issue that we are raising in the report, with which the department has agreed the facts are correct.

The Chair: Thank you very much for that clarification, Madam Auditor.

Mr. Kramp, you have five minutes.

Mr. Terence Young: Mr. Chair, on that I have a point of clarification.

What I forgot to ask Lieutenant-General Leslie was, were those vehicles being destroyed because the IEDs were increasingly getting larger, or was the situation in the field getting worse?

LGen A. Leslie: Yes, sir, the situation was getting worse. The IEDs continued to become more effective. Some of the increased effect is because of the increased size; otherwise it's a variety of technical issues, which I don't think I'm going to talk about right now, if you'll forgive me here.

But yes, overall, they are getting more effective.

The Chair: You have five minutes.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Chair.

The reality is people were dying, and as a result, I can tell you that I appreciate the tone taken by all my colleagues here today, on all sides of the House, certainly by the Auditor General's department and the various ministries, in dealing with what obviously is just not a normal situation. The urgency is clearly identified.

Accept in reality that we had to invest in new military vehicles, that those vehicles could and quite frankly have saved lives. That reality demonstrates clearly, in each and every case, a need for speed. In this particular case, that was clearly defined.

As such, though, we have to be accountable. This is public accounts, and as such, I have a question for the Auditor General based on a clarification on a statement made by Mr. Fonberg. He states, "...we all understood that Canadian lives were at stake." Decisions were made regarding risk:

But we assumed the risks of working this way because the risks to our troops in delay or non-action were far greater. However, we never looked at the urgency as a licence to be sloppy in our processes. We never looked at the urgency as a reason to withhold information.

To the Auditor General, at any time did you feel that information was either held back or you were given measured responses or due diligence was not performed?

Ms. Sheila Fraser: Chair, we received excellent cooperation from all of the departments involved in this. If we had had any issue with receiving information, we certainly would have raised it as a significant issue in the report itself.

Mr. Daryl Kramp: Fine. Thank you very kindly.

Perhaps this question is for Mr. Ross or Lieutenant-General Leslie. Would it be a fair assumption to say that certainly in your careers you've never faced such a serious deadline or demand for a major equipment acquisition?

LGen A. Leslie: No, sir. I've been running the army for four years, and this is my 30th year of service. I have never seen the intensity and the urgency of the operational requirements; neither have I ever seen a better response.

Mr. Daryl Kramp: Just so that we get bang for our buck, perhaps DND could give us some indication here. This is a significant amount of equipment involving a large capital expenditure, and it is primarily used in Afghanistan. At some point we will be leaving Afghanistan—in 2011. Is there flexibility in this equipment to serve other demands and aid in other projects and areas, or is it specific to Afghanistan?

Mr. Robert Fonberg: That's a great question. Thank you for it.

Mr. Chairman, it's obviously a capability question. As to what the Canadian Forces need going forward into the kinds of theatres they expect the government might want to have them deploy to, I'll turn it back to my colleagues, to the general and the ADM Materiel.

I believe the plan will ultimately be to divest ourselves of the RG-31, but that all other fleets will become critical elements of the capabilities the Canadian Forces have.

General Leslie or Dan may want to make a comment on that.

LGen A. Leslie: Sir, I'll start, if I may, concerning the operational requirements.

You're absolutely correct that a lot of this equipment was introduced to Afghanistan, but in the context of a larger vision for the Canadian Forces, as outlined in the Canada First defence strategy. Training, people, and equipment capability give the Government of Canada choices on how they wish to employ us. We all recognize that domestic operations,

• (1030)

[Translation]

is our top responsibility, in ensuring that Canada-first defence strategy.

[English]

Expeditionary ventures imply a certain degree of protection. Loosely they're categorized as either light, medium, or heavy. The majority of the Canadian army's equipment—and we're currently running 8,000 or 9,000 vehicles, just to put it in context—is medium to light. We need some heavier assets to give our soldiers a higher chance of survival under extreme conditions and we need some lighter equipment to do missions such as we conducted in Haiti. The majority of our equipment fleets are in the medium range because you can go slightly higher into the heavy and slightly lower into the light.

This equipment lasts 25 to 30 years from the moment of acquisition, unless the enemy destroys it. If you look out over the sweep of potential mission areas—and I wouldn't presume to even guess where we'll be 15 years from now—an investment in this capability, which has been made and is being made, will afford choices over the next 25 to 30 years, i.e., the normal lifespan of ground-based equipment.

Mr. Daryl Kramp: I have one other question. Lessons learned are important for all of us, and time is money. In this particular case, the achievements and the entire process are nothing short of magnificent, for everybody involved. Our hats are off to everybody who pulled such a load.

But are there lessons to be learned as well here for regular appropriations? The reason I ask is that we see that some of our appropriations are five-year, seven-year, or ten-year processes. By the time we eventually end up with a product, there is almost a next-generation need, and that's time involved and money.

Can we take some of the lessons learned here, where we have recognized a need for speed, and potentially build some of it into our normal purchasing apparatus or process so that we can save both time and energy, and not only that, but be more efficient and effective on the ground, in the air, on the sea, or wherever?

Could I have your thoughts on that—anybody?

Mr. Robert Fonberg: That's a great question. Thank you, Mr. Chairman.

François, do you want to...?

Mr. François Guimont: Thank you, Rob.

Mr. Chairman, I touched on this at the beginning. Before I get into the specifics of the lessons learned out of this audit, because there are a number, let me say that the department is in continuous improvement on procurements. We don't start and end. Every time we do a procurement and we find a nugget that allows us to go more quickly and be more effective, with value for the taxpayer, being open, fair, and transparent, we will use it. We have governance in place; we have a unit that deals with procurement renewal. I want to say that at the outset; I think it's quite important.

The other point I would make is more specifically on what we have seen. I spoke of the authorities at the beginning. These projects benefited from a special approach, if you wish, vis-à-vis Treasury Board approval. That's the front end: after you have your specifications and you know what you want to do, you're going to have to get the authorities.

Instead of going about it sequentially, which is getting the project approved and then the contract authority approved afterwards, we did it jointly with DND and sought both approvals. The board was supportive of this, which is rather unique. Frankly, this is months of time saved.

So combined authority to start with is one thing.

The second thing is that we used a mix of instruments and we phased them. Instruments means procurement tools, and they fall into two baskets. The first basket is defining the need and seeing what is available out there; the second basket is about the competition per se.

Concerning the first basket, we talk of tools such as a letter of interest, whereby we get a feel for what's out there vis-à-vis the requirements of DND. DND at the time is not necessarily set in concrete; they want to have an interaction with companies to see whether what they are being told will meet their requirements, and vice versa. So we use a letter of interest.

We can then move to an actual solicitation of interest and qualification, an SOIQ, which is an actual screening whereby we shortlist a number of companies.

We have also in these procurements, at least in one case, carried out a so-called phased approach to the RFP, the request for proposals. Instead of posting the RFP only at one time, we started to introduce the RFP over a two-week period, with interactions with the companies and questions and answers.

There were some issues with that. There were some issues, obviously, because companies are often used to getting, after an SOIQ or a letter of interest, the RFP through our MERX system. In such cases, the package is static, although there can be interaction afterwards. We were fleshing out or detailing the RFP more precisely, from a first step to a last step. But that phased approach is a lesson learned as well.

I'll make two more points quickly.

I spoke of integrated teams. My folks who are dealing with DND are not in our building; they are co-located with DND. This is unique. We have the right number of people with the right skill set and the right mindset. An integrated team is something that is unique and works extremely well.

The last point I would make is about technology. On a couple of procurements we carried out so-called site visits—which are announced, if you will, through our procurement process—of the industry that has said it has the capability to meet the requirements. What we see is also very often fed back to the people completing the first phase of the RFP, if we have taken a phased approach.

Technology, then, in the context of BlackBerrys and things of that nature, allows for input. Instead of being sequentially done—which is to go on site, come back, debrief, write up, modify—it was done instantly. So the away team provided input to the home team, and modifications would be made in real time.

All these things packaged together created the shorter timelines that we've seen in the procurement of these goods.

● (1035)

The Chair: Thank you, Mr. Kramp.

Merci beaucoup, monsieur Guimont.

Monsieur Dion, vous aurez sept minutes.

[Translation]

Hon. Stéphane Dion: Thank you, Mr. Chair.

[English]

While reiterating my admiration for what men and women in uniform are doing in Afghanistan, I note that we have four cases done by the audit that we need to look at. The deputy minister said they have been successfully delivered, and I want to thank you for the clarification you have given in the case of VBL and SAT, about the fact that the cost doubled and that it was not necessarily the option that should have been considered.

I would like to speak about the delay.

[Translation]

Equipment needed to be operational and on the ground by February 2008, but the process was not completed in 2009. Could you remind me when the vehicles were operational and on the ground?

Mr. Dan Ross: There were 18 vehicles in October 2009.

Hon. Stéphane Dion: Eighteen vehicles in October.

Mr. Dan Ross: It was in October 2009.

Hon. Stéphane Dion: What about the rest?

Mr. Dan Ross: They were in Canada and were being used for troop training.

Hon. Stéphane Dion: Because you realized, as time went on, that more training than anticipated was required.

Mr. Dan Ross: Not really...

Hon. Stéphane Dion: That is what the report states. The importance of training had been underestimated. So vehicles had to remain in Canada. Therefore there were fewer vehicles in Afghanistan.

[English]

Mr. Dan Ross: That is normally the case, as Lieutenant-General Leslie commented. For the armoured heavy logistics vehicle and the Nyala, where we bought approximately 100 in the one case and 75 in the other, we needed virtually all of them in Afghanistan. The Auditor General is quite correct. In hindsight, we need to program our projects for larger quantities for the training.

For the LAV-RWS, they required those 18 in theatre. They have them there, and have had them there since October. The 15 are available for training in Canada.

Andrew, do you want to talk to training quantities?

[Translation]

LGen A. Leslie: I agree 100 p. 100 with regard to the fact that we underestimated the number of LAV-RWS needed for training. In fact, interaction between the soldiers and the turret was complicated because the soldiers were below the armoured level and the turret operated night and day. I am responsible for that underestimation.

Hon. Stéphane Dion: It was postponed even further.

LGen A. Leslie: That is correct.

Hon. Stéphane Dion: My question is probably for the deputy minister, but perhaps for you as well. When will you cease to consider an operation that has taken nearly two years to be a success, when this is an area where rapid action is essential? This is why the Auditor General referred to these four cases, which were urgent. In one of the four cases, there was nearly a two-year delay.

I understand that there are all kinds of difficulties and unexpected events, but when will you say that two years is too long for this to be considered a success?

• (1040)

[English]

Mr. Robert Fonberg: All I would say, Mr. Chairman, is that procuring this type of equipment for this type of a situation always has very significant inherent risks as to what is actually available at what time, the kinds of bets people need to make, and the kinds of judgment they need to bring to it.

We made a bet that these vehicles would be available before they obviously were ultimately available. Does it mean that because they were two years late it wasn't a success? We missed our timelines, and I think a lot of people would obviously have liked to have made the timelines. But the military made the adjustments it needed to make sure its soldiers were actually protected in the field. The vehicles are now there, so I would consider that to have been a successful overall procurement.

Did we miss by two years? We missed by two years. Were we happy about that? Absolutely not. Would I actually consider the overall project to have been a success? I would turn to the army for their view on whether the capabilities are actually working and how they managed that two-year space when the vehicles weren't there. But overall, that would be my view.

[Translation]

Hon. Stéphane Dion: I would like to come back to the Leopard 2s. I will first speak to the Auditor General, because I

would like to know if I have understood correctly. I find this situation troubling.

The department purchased the Leopard 2s even if at some point it realized that it would not be easy to equip them with a mining plow and a bulldozer blade. That is the first element, if I understand correctly.

You also told us that the Leopard 2s are more or less unusable, and that the Leopard 1s are being retained even if they are inadequate.

Finally, you are telling us that, in order to rectify this problem—which has yet to be corrected, if I understand correctly—more sophisticated Leopard 2s will be purchased, at a cost of \$376 million, but this is still in the project phase.

These are the three things I read in the report, but perhaps I have misunderstood.

Ms. Sheila Fraser: Mr. Chair, I will ask Mr. Berthelette to answer.

[English]

Mr. Jerome Berthelette: Mr. Chair, I will answer the member's question by putting forward the facts as I understand them and as I understand the way we tried to place them here in this audit.

The army had the Leopard 1 in theatre. It made a determination that because of the deficiencies—particularly with respect to mine resistance—it needed to replace the Leopard 1; that, plus the fact that it couldn't operate as effectively in the heat as they had hoped.

They made the decision to acquire a Leopard 2. When they started this process, in terms of the acquisition of the Leopard 2—the borrowing of the 20 tanks from Germany—they started out on the assumption that the Leopard 1 and the Leopard 2 were similar vehicles. Because they are called Leopards doesn't, as the department found out, make them the same vehicle. There has been an evolution in terms of the construction of the vehicle, and the old Leopard and the new Leopard are fundamentally different vehicles.

The new Leopard was brought into theatre, and as we point out, it had some initial problems that have been resolved. It is actually being used by the army for operations in theatre and is providing the direct fire support that the army requires.

I think I've answered the member's question, but I'd just ask if there was something else I may have forgotten in terms of a response.

Oh yes. The Leopard 1s are being maintained in theatre because of the dozer plows and blades that are required. When we were in theatre we saw the Leopard 2. It had the mine plow and the mine rollers—it's equipped now with the mine rollers—but the department, still need the mine plows and blades, as I understand it. So the Leopard 1s are being kept in order to provide that support to the troops in theatre. As I understand it—I stand to be corrected, of course—the two are working together in Afghanistan to provide the full range of protection that is required.

The Chair: Thank you, Mr. Berthelette.

Because we are running out of time, I have to move on to Mr. Dreesen for five minutes.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much. I really look forward to this opportunity to meet with all of you here today. This is my first time on the public accounts committee, and I'm certainly looking forward to learning about the whole process. Certainly to have the opportunity to be able to discuss some of the issues with the Department of National Defence is truly an honour for me.

This last summer I was in Wainwright. I had an opportunity to be with our troops and to meet General Leslie.

I know one of the things that seemed significant to me is the type of training we actually have. I would like to ask him if perhaps he could explain some of the differences between the training that is in theatre and what we would have here at home. What kinds of costs are associated with trying to make sure those training programs are effective?

• (1045)

LGen A. Leslie: Sir, great soldiers, great training, and great equipment give the Government of Canada great choices with which to employ its army, be it at home or abroad.

We've been talking about equipment. Of course, that equipment is just so much metal until such time as you get the proper instructional techniques, the tactics, the lessons learned from theatre, and the young soldiers themselves using that equipment so they can get out and do that which they have to do.

I'm responsible for the training of the Canadian army. There are hundreds, indeed thousands, of people who are part of this cycle. They get all of the credit—and indeed the acclaim—that is being directed towards the standard of training on which our allies have commented. So I would argue—I think relatively logically and not just because of an emotional link to the Canadian army—that we are the best trained army in the world.

Having said that, this training is expensive, but our training is not the most expensive in the world. To prepare a force of roughly 3,000 soldiers to do what we're now doing in Afghanistan is somewhere in the order of \$100 million. That is an all-up; it's not a precise number, and it sounds like and is a great deal of money. It covers a six or twelve-month period, depending on the skill sets. But think of the instructional requirements, the transportation of the soldiers and equipment to wherever they're going to conduct the training, the ammunition that has to be fired to prevent the tragedy of fratricide. Take the fuel consumed, the spare bits for the vehicles, the depreciation of the same equipment fleets, and then you subdivide it by the number of soldiers in a year—6,000 of whom we send into harm's way—and it's actually not a lot of money.

Does that answer your question?

Mr. Earl Dreeshen: Absolutely. Another thing we can all be heartened by—from speaking to some of those in Wainwright—is our engineering crews. When they look at a problem they can look at all aspects of it, whereas some of the Americans are specialized in only certain areas. This is really a credit to the overall training and types of individuals we have.

I have just one other question. I understand that defence procurement involves this interaction and collaboration of multiple government departments. Can you explain to the committee how

DND is working to improve communication and coordination with these other government departments?

Mr. Robert Fonberg: I will give a very quick opening statement on that, and then Treasury Board may want to speak to this, because a project was running under Treasury Board—and now with Public Works—on streamlining military procurement.

You have heard a number of comments about the integrated nature of the teams, efforts to streamline processes around urgent operational requirements, the dialogue that takes place around major capital projects on a monthly basis, and the embedding of Public Works officials in the DND process much earlier in the process than in the past. So we are always looking at ways to streamline the process and take inefficiencies and time out of it wherever possible, while making sure that we deliver on our accountabilities.

I don't know if my colleagues would like to make any other comments on that.

• (1050)

Mr. John Ossowski: Sure, I can add to that particular question.

One of the things that is happening in parallel with the discussion we're having this morning is that the department is developing its investment plan. It's a new policy that Treasury Board approved in June 2007. It's basically a high-level strategic document essentially replacing the long-term capital plan as a document that links with the department's strategic planning—in this case the Canada First defence strategy. It's aligned with the high-level outcomes the department is trying to achieve. And the documents in particular, the Auditor General noticed, were absent. In this instance the project profile risk assessments are built in up front.

In the case of National Defence, their investment plan was approved by Treasury Board ministers last year with around eight projects in it. Each project was evaluated on its inherent risk. We also evaluated the department's ability to manage risk—to emphasize the point I made earlier around risk. So we're moving away from the sort of time-consuming preliminary project approval and effective project approval stages. We're doing a lot of up-front work now to ensure that we have a good handle on how the risk is being managed, that the costs are going to be contained appropriately, and that the appropriate mitigation strategies are in place for scope, budget, and whatever else may actually happen.

That's our contribution to streamlining the approval process. That means as long as they're managing a project that's within their risk management capability, they don't have to come back to Treasury Board for approval. There are still some that do because ministers have expressed an interest in them, but by far the large part now will no longer come back. They will still have to go through the contracting approval process, and we'll continue to work in that vein. But the project planning part is being managed in a completely different fashion now.

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

Mr. Paillé, you have a point to make. I'm going to allow you one minute, because I have to shut this meeting down. There's another committee coming at 11 o'clock.

Mr. Paillé.

[*Translation*]

Mr. Pascal-Pierre Paillé (Louis-Hébert, BQ): Thank you, Mr. Chair. I too am going to a committee meeting in another building. I will therefore dive right in.

Thank you for coming and I apologize in advance for ending on a less positive note. In light of what I have observed, I am quite concerned. I see that we are still—and I am saying “we” because it is the responsibility of all of government—behind and always reacting to problems that occur.

With regard to various comments made by Lieutenant-General Leslie, starting in 2006, when Canada assumed command in southern Afghanistan and replaced the United States, we perhaps changed the mission. I want to state that, initially, the Bloc Québécois supported the mission in Afghanistan when it was a humanitarian and reconstruction mission.

It was when the mission changed and instead became an armed and military mission, that there were problems. I would like to ask you the following question.

Do you agree with me that, starting mainly in 2006, without saying that the Canadian armed forces were poorly equipped, they were not adequately equipped to undertake the Afghan mission that the government deliberately changed?

[*English*]

The Chair: The question, I find, is outside of the scope of the Auditor General. If the deputy minister wants to give a very brief, 10-second comment....

Mr. Robert Fonberg: No, thank you, Mr. Chair. I have no comment.

The Chair: Mr. Christopherson, you have 30 seconds.

Mr. David Christopherson: Thank you, Chair. I appreciate that.

The Auditor General mentioned that there was a discrepancy between the reason that was submitted to Treasury Board for the purchase and the analysis that was done by the army. They were different. No one has yet explained why that was. Would someone quickly do so, please?

Why did you say that the reason was one thing to Treasury Board, I think, and when the Auditor General checked the analysis of the army itself in terms of what was used to form that recommendation, it was different. Help me understand the two.

Mr. Dan Ross: All I can say is that there was a large number of views and analysis done, much of it by fairly junior ranking officers. There were thousands of briefing notes and e-mails, and so on. The committee that I chair weekly did not bring diverging views of analysis to me and to General Tremblay from the army staff and the senior officer of CEFCOM to say there should be some other solution halfway through or a different way to go on the LAV RWS. It was a volatile period. People had their views and sometimes expressed them strongly. Obviously that's all on the record. We had to look at all of those, and fairly, I think, the Office of the Auditor General did look at all of those views.

•(1055)

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

That concludes the first and second round.

I'm going to ask now whether any of the witnesses have any closing comments before we adjourn.

Madam Fraser, do you have anything to say?

Ms. Sheila Fraser: Chair, I would just like to thank the committee for its interest in this report. We are pleased that the departments have accepted the recommendations and that they have prepared action plans that we believe will address the issues we've raised.

The Chair: Mr. Fonberg, do you have any final comments?

Mr. Robert Fonberg: I'd actually like to take about 30 seconds, Mr. Chair, if I could.

I'd like to come back to comments articulated by a number of members, but probably most clearly by Mr. Christopherson in what were, in some ways, charitable comments about the process and the commitment of public servants. His comments actually speak to the integrity of the process, the integrity of the public servants. His comments about Hugh McRoberts, who has always been very open to our dialogue, works within a tone that clearly is established by the Auditor General herself, but I will interpret the member's comments as applying to those public servants who have given their family time and given up their weekends and nights to make sure that the Canadian Forces have been able to get the equipment they needed.

So I thank you very much for those comments, sir.

The Chair: Thank you, Mr. Fonberg.

Mr. Guimont, do you have any final comments?

Mr. François Guimont: No comment.

The Chair: Mr. Ossowski?

Just before I adjourn, I want to echo a lot of the comments that were made here today, and perhaps directly to you, Lieutenant-General Leslie. I want you to take the thanks and the gratitude of all members of this committee and please convey them to all the Canadian Forces members under you.

Thank you very much.

LGen A. Leslie: I'd be honoured, sir.

The Chair: Also I'd be remiss if I didn't take a moment to thank Mr. McRoberts for his dedication. Just for clarification, he is going to another assignment within the Auditor General's office, but he will be retiring within a year and this is his last of many appearances before this committee. Certainly his work has always been professional and he has been of tremendous assistance to this committee.

So, Mr. McRoberts, on behalf of everyone on the committee and everyone in Parliament, I want to thank you very much for all your assistance.

[*Applause*]

Mr. Hugh McRoberts (Assistant Auditor General, Office of the Auditor General of Canada): Thank you very much.

The Chair: With those comments, the meeting is adjourned.

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