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**Chair**

**Mr. James Bezan**



## Standing Committee on National Defence

Tuesday, March 13, 2012

• (1105)

[English]

**The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)):** Good morning, everyone.

We're going to start our committee meeting. This is meeting number 32 and pursuant to standing order 81(5) we're going to consider the supplementary estimates (C) for 2011-2012, votes 1c and 10c under National Defence. Also under standing order 81(4) we're going to consider the main estimates, 2012-13, votes 1, 5, 10, 15, 20, 25, and 30 under National Defence. These were both referred to the committee on February 28.

Joining us today we have the Honourable Peter MacKay, Minister of National Defence. We have the Honourable Julian Fantino, who is the associate minister of National Defence. They are joined from the Department of National Defence by, Vice-Admiral Bruce Donaldson, vice-chief of the defence staff; Matthew King, associate deputy minister of National Defence; Kevin Lindsey, assistant deputy minister and chief financial officer, finance and corporate services; and Dan Ross, assistant deputy minister of materiel.

We welcome all of you to committee.

Minister MacKay, I'll give you ten minutes for your opening comments.

**Hon. Peter MacKay (Minister of National Defence):** Thank you very much, Mr. Chair and colleagues.

[Translation]

Good morning to all of you. It is always an honour for me to be here with you.

[English]

Particularly it's an honour to be here this morning with Associate Minister Fantino to discuss the supplementary estimates (C) for the year 2011-12, as well as the main estimates for 2012-13. I note for the record, Mr. Chair, this is my 24th appearance before committee since I was appointed to cabinet in 2006.

As you have already pointed out, we have a formidable team of representatives from the Department of National Defence: Mr. Matthew King, Vice-Admiral Bruce Donaldson, Mr. Kevin Lindsey, and last but not least Mr. Dan Ross. They are all here in support of this committee and the consideration of the estimates.

As was the case when I last appeared before this committee to discuss the supplementary estimates in December, we are here to answer your questions, and I thank you for the work that you do.

Mr. Chair, this has been a very busy year for the Department of National Defence and for the Canadian Forces. In the last 12 months we have successfully wrapped up the combat mission in Kandahar, transferring responsibility to our American and Afghan partners in the south.

We have established our training mission in Kabul, Herat, and Mazar-e-Sharif.

We've also participated actively in NATO's UN-sanctioned mission in Libya where Canadian airlift and frigates played a leadership role in operations. The exemplary work of Lieutenant-General Charlie Bouchard, as the campaign's overall commander, highlighted the value of Canada as we provided significant impact to these international events and efforts.

[Translation]

We have also been busy here at home. Over the course of just a few months we responded to requests for assistance in three separate floods and a number of forest fire evacuations. We responded to the crash of the Boeing 737 First Air Flight 6560 near Resolute. And of course, we also continued conducting our regular domestic operations—missions that keep Canadians safe—like search and rescue, sovereignty patrols in the Arctic, and surveillance as part of NORAD.

[English]

Mr. Chair, this is the kind of excellence Canadians expect from their armed forces, but such capabilities obviously come at a cost. Beginning in 2006, the Government of Canada has made the rebuilding of Canada's defence capability a cornerstone of our government's agenda. Since that time, the defence budget has grown an average of \$1 billion per year. Acquisitions such as strategic airlift, land combat vehicles, and the comprehensive rebuilding of the Canadian naval fleets will contribute to a modern, effective Canadian Forces that are a source of immense pride for Canadians. I expect that you will have some questions on some ongoing procurements. I know that my colleague Minister Fantino will be pleased to take your questions.

The importance of such a force today in a turbulent world cannot be overstated, nor can the fact that the global economic situation has changed and remains fragile. But we also recognize our responsibility to carefully manage public funds, to contribute to the overall fiscal health of the entire government, and to be responsible to taxpayers.

As you know, Mr. Chair and colleagues, the global fiscal outlook has changed dramatically since 2008, when the federal government committed to returning to a balanced budget in the medium term. Like other Canadians who are tightening their belts in regard to spending in the face of the economic downturn, so too is the Department of National Defence.

Concurrently, the DND-Canadian Forces operating environment has also changed. As I mentioned, at National Defence we are returning to a lower operational tempo with the end of our combat operations in Afghanistan and the completion of the NATO mission in Libya. We are taking the opportunity to examine our structure and our processes, to integrate what we have learned in Afghanistan, and to streamline operations and make the Canadian Forces more efficient and more effective so that we get the greatest overall effort from Canada and the greatest benefits for Canadian taxpayers. This is the goal.

Mr. Chair, DND's commitment to responsible spending and sound fiscal management is manifested in those supplementary estimates (C). These identify approximately \$215 million in new spending that was necessary to move forward on key initiatives. Let me refer briefly to those.

Referring to page 81 of the supplementary estimates, you will find details of the spending, which includes \$151.9 million in support of the new training mission in Afghanistan, \$27.3 million for the implementation of the LAV III upgrade, \$14.5 million for the Arctic/offshore patrol ship project, and \$4.7 million to enhance support for severely injured members of the Canadian Forces.

However, this new spending does not require any net increase in our overall funding this fiscal year. In fact, you will find, Mr. Chair, that the bottom line of page 81 identifies a net decrease of approximately \$723,000 in our appropriations and spending authorities for the year 2011-12. We've been able to do this by sourcing the new spending requirement listed in supplementary estimates (C) from spending authorities already available within the defence appropriation. We have moved money with your authority.

Mr. Chair, turning now to the main estimates for the year 2012-13, our overall estimated budget requirement is \$19.8 billion—just under \$20 billion—which still exceeds the 2009-10 main estimates of \$19.2 billion. These funds will be invested across the four pillars of the Canada First defence strategy—personnel, equipment, readiness, and infrastructure—in a measured way to ensure that DND and the Canadian Forces can carry out their important work both today and tomorrow.

The main estimates for the next year include the \$333.6 million annual escalator. That is the 2% escalator on defence spending announced in the Canada First defence strategy and in our budget of 2008. It is for providing long-term and predictable funding, and I would suggest that it is one of the most important features of the Canada First defence strategy. This annual escalator clause is unprecedented in Canada's National Defence budget history.

Mr. Chair, page 245 of the main estimates also makes reference to \$694.3 million in funding transfers to other departments and agencies in support of key government initiatives. I'll briefly outline them.

An amount of \$305.7 million will constitute the Department of National Defence's contribution to the establishment of Shared Services Canada, an organization about which you can learn a great deal on page 312. This is essentially an effort across government departments to consolidate some of the services being provided internally, such as communications and computer services.

• (1110)

Mr. Chair, another \$388.6 million supports the establishment of the Communications Security Establishment and Communication Security Establishment Internal Services Unit as a stand-alone agency. Again, more information can be found at page 250 concerning CSE and this new stand-alone entity.

These responsibilities continue to be carried out, albeit outside the direct National Defence budget.

[*Translation*]

You will also note the reallocation of \$525 million from the Defence budget to support government efficiency exercises, as well as a number of changes that reflect the current planning context. For instance, a reduction of \$121 million in requirements to support Canada's international security operations in Afghanistan. This is a direct result of the end of our combat mission in Kandahar.

We will also require \$232 million less in 2012-2013 than we did in the last fiscal year for major capital equipment and infrastructure initiatives. This change will align our financial resources with the acquisition timelines for these projects.

[*English*]

Mr. Chair, in conclusion, when I appeared last year before this committee and before the Standing Committee on Government Operations and Estimates to discuss the 2011-12 main estimates, I spoke of the importance of balancing the needs of the Canadian Forces with the imperative of protecting Canada's fiscal health.

This imperative has not changed.

Careful budgetary management remains crucial at our department, especially following the coming to a close of the Canadian combat mission in Kandahar, including all of the readiness efforts and the sacrifice to sustain that effort.

Mr. Chair, we have lost 158 brave Canadian Forces members, and many others have paid an enormous price for the service to their country and to the international community. They are always in our thoughts and always in our planning with respect to the future well-being of those who have returned and the families who stand behind them.

Mr. Chair, our efforts have allowed us to successfully tackle our core missions for the benefit of all Canadians and within the fiscal envelope. But it is the human cost that we can never lose sight of. None of our efforts would have been possible without the exceptional dedication and skill of members of the defence team, both in and out of uniform, and I want in particular to pay tribute to their efforts today.

I thank you for your attention during these opening remarks.

[Translation]

Thank you to everyone.

[English]

I look forward to your questions.

• (1115)

**The Chair:** Thank you, Minister. We appreciate those opening comments.

When we are dealing with the estimates and we have a minister at committee, the rule of our committee is that the first round is 10 minutes for each party.

Kicking us off is Mr. Christopherson.

You have the floor.

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

Ministers, thank you very much for being here, and also those who are in attendance with you.

It's always important, whenever we're doing this, given that we have personnel overseas putting their lives at risk, to acknowledge the debt we all have and the respect that every one of us has for all our fellow citizens who don those uniforms, those in this room and those who are in theatre.

Our job, of course, as elected representatives of the people is to have the kind of debate and discussion that those who are putting their lives on the line would expect. But I think we all accept that none of the division that might exist between us in any way waters down the great respect and support that every member of Parliament has for all our armed forces personnel and their families and the civilians who support them. So I begin my remarks with that point of respect and acknowledgement.

Having said that, Minister, I can't help but begin the remarks today, given that the main estimates show that there are some cutbacks projected.... We know there are more coming, yet on the front page of the *Ottawa Citizen* we see a prime example of what looks like defence spending out of control.

**Let me underscore, from the email of the department, my endorsement of this statement:** The recognition ceremony held on Parliament Hill, on November 24, was a valuable opportunity to showcase nationally the Canadian Forces and their equipment....

No one denies or wants to deny our armed forces their victory lap, and their acknowledgement and their respect. This isn't about that. That was originally budgeted to be under \$400,000. That price then jumped to \$474,000, and now we're at \$812,000, with an \$850,000 potential cost.

The question has to be asked, Minister: at a time when it looks as though our armed forces are going to have to be dealing with cutbacks that may hurt the benefits of those who are in uniform, what possible justification can there be for such runaway spending?

The question needs to be put to you, Minister. Is this your responsibility? Is it your office that didn't keep tabs? Was it higher-ups who didn't keep tabs? Was it your bureaucracy? Obviously, somebody was not on top of this file and should have been. There needs to be some accountability, and that begins right now, Minister.

**Hon. Peter MacKay:** Thank you, Mr. Christopherson, for your opening comments and for your pledge to continue to support the men and women in uniform.

I also note that you cited the fact that we still have people deployed. That is, of course, the case. In particular, it's a volatile time in Afghanistan, with recent events and the almost 1,000 people we have there who are continuing in the training mission.

With respect to your question, on November 24 there was in fact a ceremony held here on Parliament Hill. The Prime Minister, Governor General, and other prominent members of the Canadian Forces including the Chief of the Defence Staff and Lieutenant-General Charlie Bouchard, who commanded the NATO-led operations, were here to bear witness to that ceremony, which as you noted was an important and an appropriate way to recognize the Canadian Forces' role in the international mission to protect the citizens of Libya.

With respect to the costs, the cost estimate that was prepared originally for the ceremony was \$369,000, including incremental costs.

The flypast consisted of planned hours that were already budgeted. That is to say, these would be qualified as training hours, in which pilots who took part—that is, both the fighter aircraft and the transport aircraft that were flying that day—would be flying hours that would count as training hours for the pilots and crew members.

The flypast itself consisted of those planned hours that were already budgeted by the Royal Canadian Air Force. That money is accounted for in this budget year, and in fact these costs are not considered to be an incremental cost for the Department of National Defence. The estimated cost of the flypast itself was \$443,000.

The Canadian Forces mission, as you referenced, is not over. So these hours are valuable, in addition to the fact that I would suggest to you that the coverage of the event was also a very useful exercise for recruitment and for putting emphasis on the important work that is done by those in the Royal Canadian Air Force. Thousands of Canadians—I don't have the number in front of me—would have borne witness to that flypast, that event. It was covered nationally, and of course it carried on later in the day, with Lieutenant-General Bouchard being given recognition in the Senate chamber here on Parliament Hill.

• (1120)

**Mr. David Christopherson:** Thank you.

I'm not sure I got as clear an answer as I was looking for. I will come back to that, but I have a little bit of a preamble prior to that, Minister. I have two questions. I'll ask this one, and then I'll have a follow-up.

Are you concerned at all that, given what's still going on in Libya and how the final chapter there is far from being written, possibly holding that flypast when we did was perhaps a bit like George Bush with his mission accomplished banner, in that we took our bow maybe a little too soon? It doesn't in any way detract from the performance of our armed forces, but the timing of it suggested that victory is at hand, and we could just celebrate. Yet, the circumstances would seem that we're quite a ways from that. Recognizing that we were acknowledging our role, I'm just pointing out the timing of it. Was that really the best timing in light of what we saw George Bush do with his mission accomplished banner, and how that has hung over his legacy to this day?

I want to come back. There's that, Minister, but also, I want to be a little clearer, because I'm still not sure. Your answer sounded like everything is fine, everything is normal, and nothing got out of control, but what I heard were approvals in the \$300,000 to \$400,000 range, and yet, a dollar figure at the end of the day that's over \$800,000. It looks like it was out of control.

So, I come back to the main question. Who was responsible for the expenditures, and who is going to take responsibility for so much more money being spent than was originally estimated, given the fact that dollars in defence are very precious, particularly if you and your colleagues are looking at taking anything away from current uniformed members?

**The Chair:** Minister, don't feel that you are obligated to comment on his preamble, since it wasn't necessarily relevant to the main estimates or the supplementary (C) estimates. As to the dollar amounts and that—

**Hon. Peter MacKay:** I disagree with your earlier characterization. The timing marked the end of Canada's participation with respect to the military mission over Libya and off the shore of Libya. We do, I would note, still have a ship in the region, and Canada's role was something worth celebrating, so we may part company on that fact.

With respect to the cost and budget, that is my responsibility. That's why I'm here. I'm here to answer questions with respect to that. Those costs were disclosed. That was the cost of the flypast, and we've been upfront and forthright about those costs.

**Mr. David Christopherson:** I'm still not clear how we went from \$474,000 to over \$800,000. How did we go from that number? You said that the flying was already planned, so that number would be there. It was on the shelf, it's a number that you can grab. I'm assuming that this would have been folded into your \$474,000 original estimate.

The question still remains, Minister, how did we go from \$474,000 to over \$800,000? Yet, you say that spending wasn't out of control. It looks like it was.

**Hon. Peter MacKay:** It may look like that to you, but it was not out of control. The costs are there. The costs included all of the

aircraft, all of the crew, and all of the fuel. All of that cost at the end of the day was the final amount.

**Mr. David Christopherson:** Minister, with great respect, \$474,000 was the original estimate. Correct? You knew ahead of time how much the pilots, the aircraft, etc., were all going to cost. I'm assuming that would be built into the \$474,000. The question remains, how did we go from \$474,000 estimated to over \$800,000 spent?

**Hon. Peter MacKay:** The estimated cost was clearly not correct.

If you'll allow me, sir, to answer your question—you've asked a question—I'll ask the vice-chief of defence staff to give you a thorough explanation. What we can do is give you an item-by-item cost if you would like, Mr. Christopherson. I'm certainly prepared to do that.

**Mr. David Christopherson:** No, I think you know that's not what I'm looking for, Minister. If the estimates are all that bad, then maybe it's not the final number that's the problem, but your estimate process. Somewhere, something is not lining up.

Yes, an answer, please.

**Hon. Peter MacKay:** Okay.

Thank you.

**Vice-Admiral Bruce Donaldson (Vice-Chief of the Defence Staff, Department of National Defence):** Thank you, Mr. Chair,

Sir, the estimate that was requested—and I believe you're referring to the article in the *Ottawa Citizen* today—was based on the incremental cost of doing this, understanding at the time that the overflight would be from within the yearly flying rate that had already been budgeted within the department, and within the temporary duty costs for those air crew involved that were going to be spent anyway in the types of training missions they were undertaking.

The estimate itself was a good estimate, but it did not include the cost of those aircraft, and it was understood not to include the cost of those aircraft. Subsequently, I believe, it was \$812 million—

**Hon. Peter MacKay:** Eight.

**VAdm Bruce Donaldson:**—that the minister used because, when we were talking about the costs publicly, we wanted to make sure that it was inclusive of all of those costs. Does that clarify it for you?

• (1125)

**The Chair:** Thank you. Time has expired.

Mr. Opitz, you have the floor.

**Mr. Ted Opitz (Etobicoke Centre, CPC):** Thank you, Mr. Chair.

Through you, thank you to everybody for coming today.

Ministers, I appreciate you being here. I know the hard work that both of you are doing on this file.

It's a delight to see Mr. Ross again. In my former role at the Canadian Forces College, I know he spent a significant amount of time teaching his craft to many of the officers at the college to give them a better understanding of ADM materiel.

I thank you for that, Mr. Ross, because I often listened to your lectures and learned a lot, and hopefully I retained a lot.

To the veteran in the room, at the back, welcome, sir, to this session of the committee. Thank you for being here.

Minister MacKay, I see that there's approximately \$4.7 million in funding requested for enhancing support to severely injured members of the Canadian Forces in what's called the "legacy of care" program.

Sir, can you describe to the committee what exactly this program is and the services that are provided to the injured members of the CF?

**Hon. Peter MacKay:** I thank you, firstly, for your service. I know that you spent a good deal of your life in uniform and in service of Canada.

We have made significant investments, as you know, in recent years with respect to the legacy of care program. I would dare say that the Department of National Defence and that of Veterans Affairs Canada have never been more lashed up when it comes to both the delivery of the service and the important transition that occurs in a person's life when they make the decision to leave the Canadian Forces for any number of reasons. One of those reasons, sadly, can be as a result of injury suffered either in operations or in training, or simply the wear and tear that very much comes from the physical contributions that members of the Canadian Forces make.

We made the decision some years ago to improve both the amount and the delivery of services to the Canadian Forces members. We've made significant investments in treatment.

With respect to the delivery of those services, I would point to the joint personnel support units that are now found right across the country, most often located on Canadian Forces bases. Those are designed, as you know, to bring together all of the various services in one locale to present, I guess, what's tantamount to one-stop shopping—that is, where a veteran or a family member or a serving member can go to find the right program or the right service for them.

We've also intended to and we have increased mental health counselling and the number of mental health providers within the Canadian Forces. This is a very important change and addition, given those who are suffering post-traumatic stress and those who need that counselling.

That's in addition to the important work that our chaplains do. Our military chaplains have, in recent years in particular, taken on a significant role when it comes to assisting members of the Canadian Forces and their families.

We have also enhanced the programs that are designed to support those who have been severely or grievously injured as a result of their service.

These are some of the programs we have implemented during our time in office. I think it's fair to say, and I believe most Canadians would agree, that you can never do enough. You can never, in some cases, replace what has been lost as a result of military service. Yet

we do our very best to deliver that each and every time to our veterans.

I commend those in particular who are at the delivery end, who are working daily in hospitals, in counselling sessions, in those joint personnel support units, and working with Veterans Canada to see that those services are there and are available when they're needed.

•(1130)

**Mr. Ted Opitz:** Thank you for that. I know, and I'm sure everybody agrees, that we can't do enough for our soldiers. I'm delighted that is constantly under review as well, because situations do change.

I would like to put on the record your comment about chaplains. Chaplains are really unsung heroes, who have done yeoman's work across the Canadian Forces in so many different fields outside of their own lane. I would like to put on the record that the military chaplains have certainly distinguished themselves in the service of Canada.

Sir, there's a request for a transfer to the RCMP and Natural Resources Canada for the chemical, biological, radiological, and nuclear research and technology initiative. Can you please explain the purpose of this initiative, sir? What threats to Canadian security and safety does this partnership particularly address?

**Hon. Peter MacKay:** We've made the decision, as we have on a number of occasions, to work closely with the RCMP, and with Public Safety generally. This is really aimed at sharing resources and sharing services in a way that is both effective and is responsible with taxpayers' dollars.

So many of the decisions that we take today—where the stakes are so high, where security is the central issue, where the protection of Canadians, their health and well-being, and their very lives—are what members of the Canadian Forces are tasked with daily. It's what they do in concert with other agencies, as we saw, for example—and you would be familiar with this operation—at the Winter Olympics in Vancouver.

It was a prime example of what the Chief of the Defence Staff calls here the "home game", that is, what we're doing to protect Canadians, working closely with members of the RCMP, or in the case of Vancouver, the Vancouver Police Department. We also saw similar efforts in Toronto and in Muskoka around the G-8 and G-20 efforts, where Canadians very likely didn't see the effort because so often the work that was being done was in a support role. They were not front and centre, but I can assure you that there was a tremendous amount of cooperation, coordination, and security provided by the Canadian Forces during that very high-tempo period in Canadian history.

Just to reference your question, when it comes to the type of radiological equipment and response, if needed—and thankfully it has not been needed—this is where the CF and the RCMP share those resources, when needed, to respond to emergency situations or occasions where radiological leaks might occur. The same can be said of other emergency responses.

We've seen the Canadian Forces, for example, responding to things like floods, forest fires, and severe winter storms. People like Mr. Norlock, who served in police uniform, know that there is really a common cause and a common purpose when it comes to those who serve. It would include paramedics and medical personnel as well in responding to those emergencies when needed.

**Mr. Ted Opitz:** Agreed. That's a lot of inter-agency joint training.

I hope CBRN is never needed, but that kind of vigilance is hugely important.

As you know, we've been studying readiness. I'm going to direct this to either minister. As you both know, this committee is currently studying the overall readiness of the CF. I see here in the estimates that there are provisions for land and joint maritime and aerospace readiness.

Can either of you perhaps delve into what some of these provisions entail, first of all. Why is funding for readiness so important to your department? My last question is how has the Government of Canada improved the overall readiness of the CF over the past five years?

**Hon. Peter MacKay:** I'm going to give the associate minister an opportunity to speak to some of the specific investments that we've made in equipment for readiness.

Readiness, as you know, sir, as a former serving member, includes the training and the preparation. That includes investments in infrastructure, in bases where this training takes place. But the readiness I would describe as the critical piece. This allows Canadian Forces to deploy when needed, to respond, to be physically, emotionally, and mentally prepared to face the challenge, whether it be in a combat mission as we saw in Afghanistan, whether it be in a training posture where we currently find ourselves, whether it be in a different type of mission and a technically advanced mission as we saw over Libya and off the coast of Libya, or responding to humanitarian crises, as was the case in Haiti.

All of this involves many moving parts in terms of equipment, logistics, command and control, and in many cases, using highly technical equipment as was the case with UAVs and now, in some cases, satellite technology and human intelligence.

All of this requires investment, training, preparation, and results in the readiness that Canada needs in order to be able to rely on those men and women to perform incredible feats on behalf of our country. Perhaps to speak to some of the specific readiness, I would defer to Associate Minister Fantino.

• (1135)

**Hon. Julian Fantino (Associate Minister of National Defence):** Thank you, Mr. Chair and members of the committee, for the opportunity to be here with you.

In my own experience over many years in law enforcement it's always a question of preparing for the worst and hoping for the best. That's what emergency services are geared toward. They equip and train to that level, and it's no less important for the Canadian military.

In that respect the quality of equipment is critical, not only to ensure optimum opportunity for our men and women to succeed in the very dangerous missions to which they are assigned, but also to

do that in a safe environment so they can come home safe and sound at the end of their missions and duties. To that end, right now we have some 20 projects ongoing where various aspects of equipment are in the process of going through the system. They are all geared to ensure we do what we have said we will do in terms of the Canada First defence strategy. The wear and tear on equipment is obviously quite considerable.

That to me is a very important and critical aspect of our preparedness and readiness. It also ensures we do what we are supposed to do in providing our men and women the tools they need to do the job as safely as possible.

**The Chair:** Thank you. The time has expired.

With our last 10-minute question we have Mr. McKay.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you, Chair, and my thanks to the minister and our witnesses for being here.

I have three series of questions relating to three fiscal years. I don't anticipate that you'll be able to answer all of them, so please feel free to respond in writing.

The first series of questions has to do with the final fiscal year 2010-11. The Public Accounts of Canada show that the Department of Defence walked away from \$2.4 billion in lapsed money. You can imagine something like that happening occasionally, but cumulatively, over the last four or five years, it's amounted to a significant sum of money, somewhere in the order of \$5 billion or \$6 billion that the department has secured through budgetary processes and then had to give back at the end of the fiscal year. I'd be interested in your comments. I don't know whether this is an inability to manage contracts. I don't know whether this is a problem with forecasting. It leads one to be concerned about announcements running way ahead of delivery. Out of that \$2.4 billion, can you, in some detail, tell the committee what was left on the table when the department walked away?



The second series of questions has to do with the supplementary estimates (C). I suppose in a perfect world we wouldn't have to be looking at March madness, but it is March madness and what is curious is that you're taking \$214 million out of capital, and you're profiling \$151 million into operations in Afghanistan. This begs the question: why didn't you know at this time last year that the operation in Afghanistan was going to require \$151 million, given that you had a decent track record of expenditures in Afghanistan over the last 10 years? There is a lot of moving around within the capital envelope, so some are up and some are down. The overall question here is if, in fact, we didn't have this \$214 million in supplementary estimates (C), what would we be getting? What is it that we are actually walking away from in capital expenditures? The secondary question has to do with the \$733 million in the reduced area. Is that going to be, in effect, lapsed money, or is that, in effect, just the first installment on lapsed money? That is my second series of questions.

My third series of questions has to do with the main estimates. If we've learned anything on this readiness study, it's that the whole business of cyber-security is extraordinarily important given that the Russians and the Chinese seem to have a fondness for Canadian intelligence. Some of the witnesses have said they're not sure that this security operation should be housed within National Defence. What does this transfer to the Communications Security Establishment mean? What does it mean in money, in operations, in the contribution Defence will make to this intelligence information, and in the improved access that Defence would have to that intelligence information? My sense of it is that there is something buried in there. I just don't know what it is. Maybe ministers can enlighten us on what it will mean. The second question on the main estimates has to do with the transfer of \$305 million to Shared Services Canada, which is essentially a transfer of money from one department to another and to Public Works.

• (1140)

I wonder what that means for the purposes of procurement. Is this an acknowledgement that the procurement process out of Defence has not been handled as well as it could have been? Given the history of moneys lapsed, maybe the government is addressing that issue. I'd be interested in your thoughts on that.

Then the final question has to do with the \$232 million of major capital equipment in infrastructure projects, which are being walked away from. What does that mean? What are we walking away from when we knock \$232 million off the budget?

The other thing that jumps out at me is on page 248, and that is the reprofiling of money with respect to NATO. On one line you're down \$5.3 million; on another line you're up \$12 million. On the third line it's straight-lined, so to speak. So what does that mean in terms of our obligations and ongoing commitments to NATO? I appreciate that those are a whole series of questions. It's entirely intentional on my part, because I get one shot at this—that's it—and I'd be more interested in factual responses than political, if I may.

Thank you.

**Hon. Peter MacKay:** Thank you very much, Mr. McKay.

I do appreciate the time parameters we're working with here, so I will undertake to give you more fulsome and specific information.

Working back to front with some of your questions, first, I would say we are not lessening our commitment to NATO, the monetary commitment does go up as a result of Canada's overall contributions. That is reflected there. Certain programs and certain missions, of course, do involve a financial commitment from Canada—that is, there's pool funding and then there is specific funding. As you know, with the changed role in Afghanistan, we are spending less vis-à-vis that particular mission. The “pop-up” mission, for lack of a better term, in Libya, which was also a NATO mission, was a specific contribution. So those are reflected in our overall contributions.

With respect to Shared Services Canada, I want to assure you that this has nothing to do with procurement. This has to do with the servers, the email process, and the databank that DND uses, as do other departments. We are now sharing or pooling resources with respect to that overall computer system for internal government use. It's not to do specifically with procurement.

• (1145)

**Hon. John McKay:** Excuse me, please.

One of the things we've heard about readiness is, if you will, an “air wall” of intelligence security. In other words, the hacking has become so sophisticated that the concern is hacking into DND. How will that play through with your transfer of some of these services to Public Works?

**Hon. Peter MacKay:** That's a very good question.

The high-level, top-secret information will be protected. There will be more than an “air wall”, I assure you for that confidential information, particularly that which we would receive from, for example, the Five Eyes community, or information that would be of interest to some of those countries that you mentioned and others as well.

CSEC—and our new commissioner of CSEC is with us—can also give you some information on how DND and other high-level government information is protected. With respect to your question on CSEC, this new stand-alone agency is still under the auspices of the Department of National Defence—and I don't want to put too fine a point on it, but it's a bit like, you will recall, when CSIS was taken out of the RCMP and given stand-alone status. That's what is occurring here.

It essentially is still very much part of the DND establishment, but it now has a separate entity, separate budget, and that accounts for the money you're seeing here coming out of the DND budget.

**Hon. John McKay:** Is anyone else contributing to that pool to set up this new security?

**Hon. Peter MacKay:** No, no. This is still coming from, in this instance, this budget.

**Hon. John McKay:** So the RCMP is not contributing, the public safety minister...no one is contributing to this stand-alone agency?

**Hon. Peter MacKay:** To CSE, or to the shared services...?

**Hon. John McKay:** To the new stand-alone agency...

**Hon. Peter MacKay:** No, that's completely DND money at this point.

Next year it will come directly to CSE as a stand-alone entity, not through the kidneys of the Department of National Defence.

**The Chair:** Your time has expired.

**Hon. Peter MacKay:** I'll have to answer some of these other questions that are on the record, sir. I would be glad to speak to the issue of the lapse. Perhaps I could ask Mr. Lindsey to speak to that very briefly because there's a bit of a misnomer about lapsed funding. Part of it is accounted for on money that could not be spent because of contractual breaches, if you will, by a certain supplier for Maritime helicopters. That is money that was allotted for this fiscal year, which could not be spent because helicopters were not delivered. Part of that money has also accounted for the fact that when you have a large capital-intensive budget and these timelines are not met—I would argue through no fault of the Department of National Defence—the money doesn't disappear, it doesn't evaporate. It goes back to the fiscal framework.

Unlike any other department in government, we have a very small percentage of carry-over. So as one accountant within the department described it to me, it's like landing a 747 on an aircraft carrier. You have a large budget that you're trying to land within a particular year, and if certain contracts are not met, that money is not spent, but it goes back to the Department of Finance. We do have some carry-over and that envelope has actually been increased.

But Mr. Lindsey can explain the lapse process.

**The Chair:** Mr. Lindsey, perhaps you make it as brief as possible because our time has expired.

**Mr. Kevin Lindsey (Assistant Deputy Minister, Chief Financial Officer, Finance and Corporate Services, Department of National Defence):** I'm not sure I could in fact add anything to the minister's comments.

I would say 2010-11 was an extraordinary year. Of that \$2.4 billion in appropriations that went unspent, about \$1.5 billion was reprofiled to future years for DND's use. Most of that was attributable to the fact that capital projects that we had planned on were not delivered as anticipated.

The fact is we left \$950 million on the table. I would point out, however, that since 2004-05, the amount of money, the amount of the appropriations that DND has left unspent, without using in future years, in relative terms and percentage terms, is far less than the government average in most other departments.

On the capital side, I don't have the data with me. I had it at our last meeting. It's something in the land of 2%. It's really quite extraordinary.

• (1150)

**The Chair:** Thank you.

We're going to kick off our five-minute round with Ms. Gallant.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Thank you, Mr. Chairman, and through you to the ministers.

The mission in Libya saw Canada emerge to the forefront as a leader within NATO and having Lieutenant General Bouchard leading the air mission. Additionally, NATO nations will be meeting in Chicago later this month for further discussions of the NATO-led mission in Afghanistan. With all that being said, how important is it, from a strategic perspective, that Canada continue to have a seat at the table, remain a significant contributor to NATO, and work closely with our NATO allies to ensure operational successes?

**Hon. Peter MacKay:** Thank you, Ms. Gallant.

I know you are both an extremely active supporter of our Canadian Forces and a close follower of all things NATO.

I personally feel very strongly about Canada's membership and participation in NATO. We are a country that contributes mightily, both financially and more importantly in action, and that has been our history since we have been members of this organization, this alliance, when it first stood up some 60 years ago. That being said, NATO, like all organizations, military and otherwise, has to modernize. It has to adapt to the very rapid and sometimes volatile circumstances that are there. That involves investing in new equipment. That involves modernizing the structure itself and its finances, and making informed decisions.

You're right to point out that the meeting in Chicago this summer is going to be a critical one for NATO. It will be critical because decisions will have to be made and discussions will have to be had about the future of the NATO mission post-2014 in Afghanistan. Canada's role there has changed significantly, from one of combat to one of training. We will be active participants in that discussion and in those decisions.

We also know, to say the least, that there are a number of other countries and other conflicts brewing in parts of the world, including Kosovo and other places where Canada has been an active participant in the past. The importance of NATO is its flexibility, its ability to respond. There have been important discussions, which you would be aware of, on issues such as burden sharing, that is, ensuring that participant nations are carrying their fair share of the load. Canada has been at the forefront in encouraging nations in conflicts like Afghanistan to be forthright about what they're able to bring to the fight.

NATO itself in my view, even with its failings, and even with its fallbacks, remains the pre-eminent defence organization on the planet. I'm very proud of what Canada has been able to accomplish through this organization, and of the leadership role we have played. I'm proud of the participation both of personnel who have sat in various positions at NATO, and more importantly, of the men and women who wear the uniform and wear the flag of the Canadian Forces on one shoulder, but who also represent NATO as an organization that fights for peace and global security—one that has played a very active role in places like Afghanistan throughout its history.

**Mrs. Cheryl Gallant:** Thank you.

Minister Fantino, in vote 5 there is a significant amount of money allocated towards the funding of the implementation phase of the LAV III upgrades. What benefits and capabilities will this enhanced platform bring to the Canadian Army and Canadian Forces as a whole?

**Hon. Julian Fantino:** To begin with, our experience in Afghanistan with the LAV equipment, which has been very valuable and certainly important in terms of our mission there, did indicate that there are some enhancements and some improvements that can and should be made. The current LAV is basically old technology. A great deal of studies were done after each one of those fatal and tragic incidents. A very comprehensive review has been done of all of those incidents, and as a result of that, we are now able to improve the safety and the effectiveness of the LAVs. Therefore this particular upgrade of our current LAV system will include those safety enhancements in terms of armour and the type of armour that is configured to the new restructured LAVs, along with a whole lot more enhanced technology.

That's really what this is all about. It will mean more effective equipment but also greatly enhanced safety for men and women using those vehicles.

• (1155)

**Mrs. Cheryl Gallant:** Thank you.

**The Chair:** Thank you time has expired.

[*Translation*]

Ms. Moore, the floor is yours.

**Ms. Christine Moore (Abitibi—Témiscamingue, NDP):** Thank you, Mr. Chair.

My questions go more specifically to the Associate Minister, Mr. Fantino.

I would like you to tell me clearly if you or someone from your department expressed to Lockheed Martin your concerns around the increase in the costs of the F-35 aircraft.

[*English*]

**Hon. Julian Fantino:** If I can address it in a broader way, we—all of us, the partners in the project that for Canada goes back to 1997—have been very active, engaged, and involved in every aspect of the joint strike fighter program going forward.

Our recent meeting in Washington brought all of the partner nations together, as well as the industry, Lockheed Martin. We all

share the same issues with respect to the stability of the program, but more importantly, what came out of that meeting is the absolute renewed commitment by all the partners to continue with the program. It served a very useful purpose in that we were able to touch base with respect to mutual issues and concerns. No one's pulling out, and even though there is some reprofiling of the production, if you will, for obvious reasons, we don't expect that the reprofiling will significantly impact the costs of those aircraft, were Canada to actually order them. We have not ordered them.

[*Translation*]

**Ms. Christine Moore:** What, in your opinion will be the exact purchase cost? How much does Canada currently plan to pay per aircraft?

[*English*]

**Hon. Julian Fantino:** We will be expending the allotted amount of \$9 billion for the acquisition, if we are going to go there. We are not in a position to be specifically able to give you that definitive figure at this time. That decision will be made if and when those factors are known to us, and the decision will be made as to whether or not Canada will actually enter into a contract to purchase the F-35.

[*Translation*]

**Ms. Christine Moore:** Yes, but it does make us wonder. We know that the costs may change later, but we would like to know how the situation has developed.

I think that Canadians want to know how much Canada is going to pay per aircraft, at this time.

[*English*]

**Hon. Julian Fantino:** I think the only factual answer that can be given at this point in time is that the Canadian government has allocated \$9 billion to ensure that our men and women in the air force and in the military are afforded the best equipment possible to do their jobs. We are part of the joint strike fighter program. We are all monitoring the situation. Decisions will yet have to be made. Those definitive numbers are not known at this time, but we will work within the envelope to ensure that the men and women get the best equipment at the very best consideration for taxpayers.

[*Translation*]

**Ms. Christine Moore:** When, approximately, will we know the figures?

• (1200)

[*English*]

**Hon. Julian Fantino:** Well, we will hopefully know within the next little while. We can't give you that definitive number now, but we can tell you that we are confident that Canada's role in the joint strike fighter program, along with our partners, is working very diligently to ensure that—

[*Translation*]

**Ms. Christine Moore:** I apologize for interrupting—

[*English*]

**Hon. Julian Fantino:** Excuse me, I'm not finished yet.

May I finish, Mr. Chair?

**The Chair:** Time is getting compressed quickly.

Would you please show respect to our witnesses?

**Ms. Christine Moore:** Okay.

**The Chair:** Go ahead, Minister.

**Hon. Julian Fantino:** Thank you, Mr. Chair.

The exercise is for us to be intimately plugged in with the industry, and with our partners in the project. If and when the decision is made, we'll be able to reflect those numbers back to you.

[*Translation*]

**Ms. Christine Moore:** I would like to know something else. Improvements will eventually have to be made to infrastructure if we decide to purchase the F-35s. You appear to be saying that Canada has made a serious commitment. So landing strips will have to be extended, and hangars will have to be renovated. These are improvements in our infrastructure that are required if we are to properly maintain the F-35s.

When will that be included in the budget? What do you estimate the cost of these improvements to be?

**Hon. Peter MacKay:** Thank you very much.

You are right: it is absolutely essential to improve the infrastructure, especially that located in Bagotville and in Cold Lake, Alberta.

[*English*]

I can tell you that some of those investments have already been made, as you can imagine. We're flying the F-18s, and we've been maintaining those hangars for years.

In terms of the size of the fleet, there isn't a need for increase in terms of actual hangar space, because it is a different plane—it comes with different technology, different kit, and different simulators. That will be accounted for in future investments. Because we will not be taking delivery of the plane for some years out, there is planning in place, and that planning will reflect those investments in future budgets. It's not reflected here.

**The Chair:** Mr. Chisu, it's your turn.

**Mr. Corneliu Chisu (Pickering—Scarborough East, CPC):** Thank you very much, Mr. Chair. Thank you very much to the witnesses appearing in front of us, especially the two ministers.

I have three questions. Hopefully I'll have time. One is generic, one is related to supplementary estimates (C), and one is related to the main estimates. I'll start with the generic question.

Minister MacKay, as a first-generation immigrant to Canada, a former serving member in the Canadian Forces engineer reserve and regular force, and a veteran from Bosnia and Herzegovina, and Afghanistan, I have a pretty basic question, but I think the message is very important to understand.

How has the Canadian Forces been able to achieve the significant success we have witnessed in Afghanistan, Libya, Haiti, and the Olympics? Further, has this resulted in the Canadian Forces being among the most respected militaries in the world? I am proud of the Canadian Forces. I am thankful for your wise leadership in this department.

The second question is related to the supplementary estimates (C). This committee heard from numerous witnesses, through our study on readiness, that maintaining a presence in the Arctic is becoming increasingly important to the security and sovereignty of Canada. Is there anything in these estimates that addresses this reality, and is it enough?

The third question is related to the main estimates. In the wake of the Canadian Forces' recent successes in both Afghanistan and Libya, how successful has the Canadian Forces been in recruiting and retaining personnel? Are we close to meeting projected goals of personnel? Additionally, are there any gaps in the Canadian Forces that are currently being addressed? I see a potential reduction in training and personnel recruiting.

Thank you very much, Mr. Chair.

**Hon. Peter MacKay:** Thank you very much, sir, and let me begin by thanking you for your stellar career in uniform. You've referenced the fact that these were some of the proudest days of your life.

I think it's fair to say that the esprit de corps and the overall morale of our men and women in uniform has increased substantially in recent years. That is in large part a result of the recognition that is being expressed across the country in very public organized events, such as red rallies and yellow ribbon campaigns, sports and community appreciations, or even, tragically, the Highway of Heroes.

In terms of the high tempo of operations in Afghanistan, which you've referenced, while we are no longer involved in combat in Afghanistan we continue to play a significant role in training. This is at the very essence of what soldiers do. They want to be active. They want to go places. They want to make a difference in the world, as I'm sure you did during your career.

I also want to highlight something you alluded to and it is that the face of the Canadian Forces has changed significantly. It is reflective of the multicultural nature of our country. I've attended many events where soldiers, sailors, and airmen and airwomen are on parade, and I've attended many cadet functions, which is a similar reflection of the fact that we have a very diverse Canadian Forces. We have people who have come from, in many cases, war-torn countries to Canada and some of their proudest and greatest contributions have come through the Canadian Forces. They have made the decision to serve in uniform, as you did.

With respect to your question about recruiting, we have in many cases far exceeded our numbers, partly as a reflection of the higher profile that the Canadian Forces have played in recent years. I am confident in saying they are among the most respected institutions in our country today, if not the most respected. The active recruiting effort that was put forward by the Department of National Defence, which included ads you would have seen on national television and movie theatres, was a very active recruiting effort that brought a lot of attention and brought a lot of people into the various trades.

Having said that, we're ahead of time and pace as far as recruitment is concerned. There are certain pressures in certain trades, stress trades they call them, where we do still very much need people coming into uniform and coming into the forces. But we're at a posture of about 68,000 in the regular force and just under 27,000 reservists. So we're ahead of pace in terms of the Canada First defence strategy, and the numbers and projections we had put forward.

As you would know, we have to keep that in balance with our infrastructure, our training facilities, our equipment, and the readiness posture. So all of those are factors we have to continually weigh.

Your question about the Arctic is a very good one, because you're right to highlight the fact that we've made a decision as a government to concentrate on the Arctic. The Canadian Forces play a major part with the whole-of-government partners in increasing the footprint in the Arctic. A big part of that are the Canadian Rangers and the Junior Canadian Rangers program. They are a significant part of the Canadian Forces in terms of our presence and operations there. We carry out annual operations. There is Operation Nunavut, which is happening in just a few weeks, and Operation Nanook is another exercise that goes on annually. We've actually invited, in some cases, countries like Norway and the United States to participate.

There is, in fact, in the supplementary estimates (C), \$14.5 million for one of these operations, which involves the presence of Arctic ships and personnel, and a sovereignty exercise that takes place.

I believe you had a question, as well, with respect to simply the leadership and the success of our Canadian Forces in places like Afghanistan and Haiti. That I would put down very much to the professionalism and the training that prepares our Canadian Forces for whatever may come. Haiti was a good example of something that nobody had expected. It was, of course, in response to an earthquake and the aftermath and dealing with human suffering.

With our Canadian Forces we were among the first countries to arrive with boots on the ground, setting up a Role 3 hospital, providing water and food and medical treatment, and helping to clear the rubble and rescue people, who were still very much in jeopardy.

• (1205)

It shows the diversity and the ability to react to circumstances. That, I think, has been one of the hallmarks of the Canadian Forces—their adaptability, their professionalism, and their desire to make a positive difference in the world.

**The Chair:** Thank you, Minister. Time has expired.

Mr. Kellway, you have the floor.

**Mr. Matthew Kellway (Beaches—East York, NDP):** Thank you very much, Mr. Chair, and through you, thank you to all of the witnesses who have come to see us today to answer questions.

I will ask all of my questions, with all due respect, to the witnesses. But I do hope that the witnesses appreciate that this committee has a role in our system of government and that members of this committee would like some very specific answers to some very specific questions. I seek the chair's support for that.

Mr. Fantino, first off, I know that you like to answer questions in a broad way. But I have some very specific questions for you today on the F-35. The first, sir, is whether the cost of the F-35 was discussed at your meeting in Washington 10 days ago.

• (1210)

**Hon. Julian Fantino:** The actual discussion was based on the timeframe of when the actual purchases will happen. If Canada were to purchase the aircraft, there would be some 400 aircraft already off the production line. There are other countries, as you know, that have come on board. Japan has, I know, and there are others in the wings. Some of that will be contingent on the actual number of aircraft that ultimately will be produced.

**Mr. Matthew Kellway:** I appreciate, Mr. Fantino, that cost is intimately tied to the production schedule. Were the implications of the production schedule discussed with respect to cost?

It's a very simple question, sir. Was cost discussed at the committee in Washington?

**Hon. Julian Fantino:** It was. There is some modification to the cost. If I can, I'll ask for clarification on the actual determinate factor. It's very minor.

Dan, can you help out?

**Mr. Dan Ross (Assistant Deputy Minister, Materiel, Department of National Defence):** There were no specific numbers, obviously, at the discussions in Washington. It will depend on the joint strike fighter program office continuing their analysis of the effect of their profiling 179 fighters from the first five years to a later production—

**Mr. Matthew Kellway:** Thank you, Mr. Ross. I appreciate that.

Mr. Fantino, I have a briefing note you were copied on. It was actually a briefing note to the minister, and in that briefing note it says that the purpose of this trip, the minister's trip to Lockheed Martin, which I understand you went on, was to demonstrate the government's commitment to the JSF program—I'm not sure I understand that part—while impressing on key interlocutors Canadian concerns about cost, production schedules, and the need for transparent communication with JSF partners.

I note that you had that discussion at Lockheed Martin, I think, back in November. You sought an emergency meeting with JSF partners in March. There's another one coming up in Australia.

You leave this meeting in March, Mr. Fantino, clearly with no progress on the issue of the transparency of this program. I know that the Americans—Vice-Admiral Venlet—came out of that meeting advising that the cost is going up. I take it that you did not discuss those costs with the partners at the meeting in Washington. Is that what you're testifying today?

**Hon. Julian Fantino:** To begin with, you're totally and absolutely wrong in your characterization of the meeting. It was not an emergency meeting. I know that you've referred to that a number of times. That's absolutely—

**Mr. Matthew Kellway:** Mr. Fantino, eliminate the emergency meeting.

Are you testifying today, sir, that at your meeting in Washington you were not provided with costs or even estimates? I know that you're suggesting, sir, that there is no definitive cost. But you were not provided with estimates of cost based on the production schedule when you were in Washington.

**Hon. Julian Fantino:** Let me go back and correct you.

The meeting was a meeting we hosted at the Canadian embassy. It was not an emergency meeting. It was a meeting, an opportunity, for us to receive an update—

**Mr. Matthew Kellway:** Mr. Chair, I'm seeking your assistance on this. I have just a minute left.

**The Chair:** I would ask that you give the minister a chance to respond. I know that it's your time. I have no power to censor, but at the same time, we are to follow the rules of order and decorum.

The minister is trying to provide you with a reply to your question. I ask the minister to be as concise as possible in his reply.

**Mr. Matthew Kellway:** The response comes in the form of a yes or no. I would seek that response from the minister.

**Hon. Julian Fantino:** The purpose of the meeting, Mr. Chair, was to receive an update on the progress of the joint strike fighter program. Costs were not specified, although costs were part of the discussion, as was the progress of the joint strike fighter program.

**Mr. Matthew Kellway:** And were you updated, Mr. Fantino? Answer yes or no, with a cost figure for production schedules.

**Mr. Chris Alexander (Ajax—Pickering, CPC):** I have a point of order.

• (1215)

**The Chair:** Yes?

**Mr. Chris Alexander:** We've seen this line of questioning from two members of the opposition. I fail to see the relationship between this meeting and the supplementary estimates (C) for 2011-2012 or the main estimates for 2012-2013.

**The Chair:** You are free to ask whatever questions you want. On the main estimates, usually the discussion is fairly wide-ranging, since they also include the mains and allude to future priorities of the government. Since Mr. Kellway's time has expired, I'll give him one last question and a chance for the minister to respond.

**Mr. Matthew Kellway:** Can I get an answer to that question? I was interrupted.

**The Chair:** Your time had almost expired before the point of order. So you have one last question and then a response from the minister.

**Mr. Matthew Kellway:** Mr. Fantino, yes or no, were you given an updated costs estimate in Washington for the F-35 based on the reprofiling of the production schedule? What was the cost schedule you were given?

**Hon. Julian Fantino:** We discussed costs but no definite cost allocation was identified.

**The Chair:** Thank you. Time has expired.

Mr. Norlock.

**Mr. Rick Norlock (Northumberland—Quinte West, CPC):** Thank you, Mr. Chair, and my thanks to the witnesses for appearing today. As a member of Parliament who hosts Canada's 8 Wing at CFB Trenton, I have a great understanding of some of the issues surrounding our Canadian Forces personnel and their requirements. Any equipment the Canadian Forces purchases is the best equipment. It tends to be expensive, but I think you have support for that expense from the people of Canada.

The main estimates indicate that one of the factors contributing to the net decrease of the DND budget had to do with the \$255.7 million for the Canada First defence strategy. What programs within the CFDS no longer require funding? Sometimes there are issues surrounding the manner in which this is reported.

I have two supplementary questions. The main estimates indicate that approximately \$2.2 billion will be spent on joint and common readiness, a topic this committee has been studying. What programs and activities will these funds be supporting?

**Hon. Peter MacKay:** Thank you, Mr. Norlock, and thank you for your ongoing and vibrant support for 8 Wing and the Canadian Forces.

You are right to suggest that the Canada First defence strategy remains our guiding vision. It will have to be updated, and will be updated in the near future.

With respect to the figures you've referenced, the main estimates include a decrease of \$255.7 million. This is a reflection of something I've referred to here a number of times—the termination of the combat mission in Afghanistan. With the operational tempo giving way to the training mission, we've gone from 3,000 to under 1,000 people in-country. We've seen the costs associated with the expansion of the Canadian Forces when we were engaged in combat increase as a reflection of equipment needs for the mission—the UAVs, tanks, aircraft, and other in-theatre equipment to support the men and women in uniform. This has changed as a result of ending combat and transitioning to training.

With respect to the second part of your question, the overall profiling of the larger number reflects the whole spectrum of the Canada First defence strategy. We always seek a balance between equipment, personnel, infrastructure, and readiness. The readiness is always a bit more difficult to define in dollar amounts because it refers to the training, and in some cases, to the reaction to missions like Libya and Haiti that appear quite suddenly. But that is the budgetary allotment for the Canada First defence strategy.

We want to keep it fresh and keep those men and women in uniform, as well as the administration that supports them, ready to do this important work on behalf of our country.

• (1220)

**Mr. Rick Norlock:** Thank you.

Another supplementary question... The main estimates indicate that approximately \$349 million will be spent on Canadian identity. What programs and activities will these funds support? Now, I know Mr. Chisu referred to, of course, our activities in the north. These may also be part of that, but I did notice those in the estimates.

**Hon. Peter MacKay:** What's the figure, again, I'm sorry, sir?

**Mr. Rick Norlock:** It indicated that approximately \$349 million will be spent on Canadian identity. I pull these out. I just wondered about the programs and activities that they'll support.

**Hon. Peter MacKay:** Well, I wouldn't define it as narrowly as "identity". It is very much, as you referenced, partly accounted for by the operations that occur in the Arctic now. It includes Arctic sovereignty patrol, Arctic sovereignty operations, and the equipment that support those, including specific investments.

Mr. Chisu referred to these earlier with regard to Arctic patrol vessels that will be specifically tasked to take on the very onerous, but important, role of patrolling those opening waters in and around the Arctic—the massive territory that there is to cover there, both land and sea. We have, in essence now, three oceans that we're responsible for. It's 18-million square kilometres of territory, when it comes to the search and rescue responsibility of those SAR technicians. So "identity" is perhaps very much a narrow definition of the services provided to Canada—the home game, if you will. NORAD and our responsibilities to patrol the skies over North America now including maritime approaches....

This is the important job one. This is the first in the Canada First defence strategy. It's ensuring our responsibilities to our population, our sovereignty, our people, and our first interests here at home. That's the allotment that's referenced here in the main estimates.

**The Chair:** Thank you. The time has expired.

[Translation]

Mr. Brahmī, you have the floor for five minutes.

[English]

**Mr. Tarik Brahmī (Saint-Jean, NDP):** Thank you, Mr. Chair.

I would like to follow up on the answers given by the associate minister. I think I heard twice in his testimony that he used the word "if"—if we go on with that airplane, if this airplane is the choice.

First, I would like him to confirm that he used "if", and if yes, is there any other option than the F-35?

**Hon. Julian Fantino:** Thank you.

One of the things that I know for certain is that Canada remains involved in the joint strike fighter program, but the "if" pertains to the decision. The determinate decision has not as yet been made as to whether or not we are going to actually purchase, buy, acquire the F-35.

**Mr. Tarik Brahmī:** Okay, thanks for the answer.

[Translation]

I would like to ask you another question. Should that happen, that is, if we do not opt for the F-35, what would the procedure be? Would there be a call for tenders to ascertain what the other options are?

[English]

**The Chair:** I would just say that's questionable—relevance. That isn't part of the government's plans at this point in time, but I'll leave it up to the witnesses.

Mr. Fantino, if you want to address that or not, it's up to you.

**Hon. Julian Fantino:** As I indicated, we remain committed to the joint strike fighter program. There are many reasons that we feel that particular program will, in the end, afford not only us but the partner nations the greatest advantage in terms of air supremacy and those kinds of issues—the mission's success.

But we have not as yet discounted the possibility, of course, of backing out of any of the program. None of the partners have. We are not, and we'll just have to think it through further as time goes on. We are confident that we will not leave Canada or our men and women in uniform in a lurch, but it's hypothetical to go any further right now.

[Translation]

**Mr. Tarik Brahmī:** Thank you, Associate Minister Fantino.

I would now like to address the Minister of National Defence regarding an article published yesterday in the *Ottawa Citizen* concerning a program that would result in the loss of 700 civilian jobs.

As concerns the 2012-2013 estimates, could the Minister of National Defence comment on the information in this article?

• (1225)

[English]

**Hon. Peter MacKay:** What I'll say about that article is that it's speculation. It's pre-budget talk that is going on in a lot of departments. As I said to questions from your colleague in the House, these are decisions that have not been finalized.

There will be obvious disclosures made. Information will be made available post-budget. But until such time as we have all of the information before us and all of the decisions are made, this is not something we can put forward now.

[Translation]

**Mr. Tarik Brahmī:** This article refers to the famous program that was apparently agreed upon by Major-General Howard.

Can the minister confirm that Major-General Howard did indeed sign off on this program, which refers to cuts that could be made in 2012-2013?

[English]

**Hon. Peter MacKay:** I can confirm that he signed something that was in the possession of a journalist. But I certainly wouldn't attest to any of the figures or any of the information that was contained in that document.

[Translation]

**Mr. Tarik Brahmī:** This article also refers to potential closures of support units that include civilian personnel. Can the minister give us information concerning the potential closure of bases or units within certain military bases?

[English]

**Hon. Peter MacKay:** What I can tell you is that, as a result of several exercises, including a strategic operating review and a deficit reduction action plan, we are taking a look across the board at Defence expenditures. This is happening in every department.

Suffice it to say that with the close out of the Afghanistan mission and the operational tempo changing, we're able to make and we should make—appropriately—adjustments as to where our spending priorities are within the Department of National Defence. We then have to take a look outward as to where and what Canadian defence priorities will be in the coming years. Much of that includes infrastructure, of course, as well as equipment, personnel, and the readiness posture.

This strategic review and deficit reduction exercise is all about doing what most businesses do, and what Canadians themselves and their families do, in assessing priorities, responding to budgetary pressures, and making the right decisions as we go forward. Savings as a result of these efforts will be reflected in the budget and they will be communicated post-budget.

[Translation]

**The Chair:** Thank you.

[English]

Mr. Strahl, your turn.

**Mr. Mark Strahl (Chilliwack—Fraser Canyon, CPC):** Thank you very much, Mr. Chair.

Ministers and officials, thank you for being here.

My question will be about the ongoing training mission in Afghanistan.

I was glad to hear you, Minister, and Mr. Christopherson as well, highlight the fact that our mission in Afghanistan is not over. There is sometimes a danger for our friends in the media, and certainly Canadians at large, to think that because of ceasing combat operations we no longer have folks who are there in harm's way. Certainly I have constituents there on the training mission, one of whom you promoted when you were visiting Kabul. It was certainly an honour for him.

I know you have had some very strong things to say recently about certain tragic events: 16 civilians being killed, and also an issue with the desecration of a Koran, etc. I want to give you an opportunity to echo those sentiments before this committee.

Also, in the supplementary estimates there are requests for additional funding for the training mission. Could you touch on where we are with that mission? What are some of our notable accomplishments? And finally, are we seeing that the Afghan National Army is going to be ready for the task in front of them by the time 2014 rolls around?

• (1230)

**Hon. Peter MacKay:** Thank you, Mr. Strahl.

Through the chair to the committee, I'm glad you've drawn attention to the fact that we do have a significant contingent of Canadian Forces on the ground in Afghanistan in a new location, of

course, in the north. In and around the capital, Kabul, as well as around Herat and Mazar-e-Sharif are the static bases where we're taking part in military training of various sorts to help professionalize and improve the capacity of the Afghan national security forces. Those include army and police.

We are imparting the skills and the type of discipline and professionalism that our soldiers themselves exhibit. I say with great pride and confidence that our soldiers are very good at it, because of the way they have advanced through the forces themselves, the type of personal hands-on approach they take, and the respect they show. I don't say this in the context of what other countries do, nor is this meant in any way as a reflection on recent events. It's simply to say that the Canadian soldiers have a very real way to bond with the trainees they're working with, so they do it well with police, and they do it well with military personnel.

I should note the fact that we have both municipal police and RCMP taking part in the training mission as well, and we're very grateful. Supported by the whole of government, our diplomats there in the capital in particular have been extremely helpful in this training mission.

To come directly to the issue of recent events, I'm concerned. I think we have to be concerned given the volatility and these very horrific recent events that have added to the tensions. As a result, we have taken certain precautions, additional security measures. There were efforts made some time ago to improve the filter, that is, the intake, of Afghan security recruits who are coming onto these bases, not just into the Canadian training mission, but across the larger NATO training mission in Afghanistan. All of this is done to improve the security atmosphere around the trainers. It's not to say for a moment that we can ever eliminate the risk, but we want to create the atmosphere that is most conducive to training while at the same time protecting our personnel there and enabling them to do this important work.

Is it having an effect, Mr. Strahl? Absolutely. The numbers have swelled to now over 300,000 since the focus has been placed on training. Canadians brought much of their combat experience from the south, from Kandahar, to that mission. Many of the trainers would have served in the combat mission, which was extremely useful, because they had achieved in some cases language skills, greater cultural sensitivity, and understanding of the overall dynamics, if you will, and tribal aspects of the country. So the numbers have increased, but so has the capability to independently plan, operate, and execute missions around the country, protecting their borders, their sovereignty, their people, and their villages.

So this will be, in my view, one of, if not *the* landmark accomplishment of Canada's contribution in Afghanistan—the security abilities of the Afghan national security forces that we would have contribution to in an enormous way.

**The Chair:** Thank you.

Time has expired.

To finish the second round, Mr. Alexander, you have the floor.

**Mr. Chris Alexander:** Thank you very much, Mr. Chair.



Thanks to our ministers for being here today and for answering these questions so fulsomely.

I think many of us, at least on the government side and the majority in the House of Commons, will be pleased to see that through the supplementary estimates and the main estimates, the government is already starting to meet its commitment to reduce and ultimately eliminate the deficit, while remaining true to the principles of the Canada First defence strategy and while delivering the best equipment for our men and women in uniform. Your testimony certainly reinforces that narrative.

Minister, MacKay, I'm wondering if you could make a few remarks, with regard to the main estimates, on the importance of environmental stewardship. We do sometimes have controversies, justified or otherwise. There is a legacy that has had to be addressed over many years in the Far North and elsewhere. Is the commitment of the Department of National Defence in this regard as strong as it should be and adequately resourced?

• (1235)

**Hon. Peter MacKay:** Thank you very much, Mr. Alexander.

Thank you for your service to Canada. As the former ambassador to Afghanistan, I know you have intimate knowledge of that country and a great deal of know-how concerning how Canada can best contribute.

With respect to your question on environmental stewardship, I would proudly say that the Canadian Forces are very much at the forefront of efforts to take responsibility for contaminated sites and places where unexploded ordnance still exists, and there are allotments in the main estimates aimed at continuing that stewardship and environmental awareness and contribution.

Many of the properties that require attention and investment are in remote parts of the country, as you might expect. Many of them are the bases themselves, but we've assigned a very high priority to environmental programs. A good example is Goose Bay in Labrador. The base there, which was formerly occupied by American troops, has received something in excess of \$300 million in investment for cleanup of those environmental waste sites.

This is also extremely important in addressing past problems. It is an opportunity really to give back in many senses to the communities that have played host to the Canadian Forces in previous years. We are committed to ensuring that these contaminated sites and the hazardous waste that may be found on some of these sites are managed in a prudent and responsible way, and ultimately that we leave the environment more pristine than we found it.

If I can refer briefly to Afghanistan, Mr. Chair, that is, in fact, the case. The space we occupied at the Kandahar Airfield in Afghanistan, the ground we walked on, is literally in better condition now than when we found it. It is a remarkable accomplishment that we have left not a trace of our presence on that ground, and that we have taken not only all of the physical evidence that we were there—the chattels, the buildings, the equipment—but have also remediated the actual soil that we occupied. That is really a testament to the commitment of the Canadian Forces to the environment, both in our country, but in the case of Afghanistan, in theirs.

**Mr. Chris Alexander:** Thank you, Minister.

I have one final question for Minister Fantino.

There is, in the House and elsewhere, a lot of discussion of new aircraft and new ships. What is sometimes lost from sight is the renewal of the family of land vehicles for the Canadian Forces. There are very extensive commitments in these main estimates for continuing that process.

Minister, could you update the committee on the extent to which the resources proposed in the supplementary estimates and in main estimates before us today for the family of land vehicles are in fact equipping the Canadian Army in accordance with the principles and the capabilities defined by the Canada First defence strategy? Are we meeting those targets? Are we carrying forward the legacy of lessons learned from Afghanistan, from the Balkans, and elsewhere?

**Hon. Julian Fantino:** We are moving forward on a number of projects.

We talked earlier about the light armoured vehicles. There are some very significant enhancements there, as we mentioned earlier, but there are other projects, of course, with respect to capabilities of the Canadian Forces to ensure that they remain at the highest level of readiness.

A number of contracts are being awarded with respect to close combat vehicles and tactical armoured patrol vehicles. There are also some other aspects dealing with upgrades of our tanks and so forth. We're looking at a whole series of enhancements for the army: light armoured vehicles, the LAV-III; tactical armoured patrol vehicles; close combat vehicles; a tank replacement project; the force mobility enhancement family of land combat vehicles; and there are other logistical vehicles and so forth. There is a whole stream of land assets in the process of being either upgraded or renewed.

• (1240)

**The Chair:** Thank you. The time has expired.

That ends our second round. We have time for our third round, in which each party gets five minutes of supplemental questions.

Mr. Christopherson.

**Mr. David Christopherson:** Thank you very much, Chair.

Ministers, you'll be very much aware that the issue of search and rescue continues to boil at a pace. We've had a number of incidents recently, and now we understand that the purchase of the fixed-wing search and rescue planes will be pushed back yet again.

**We know from a 2010 internal report the dire consequences of not replacing these planes. The report noted that the Buffalo fleet: ...is facing significant problems obtaining replacement parts and the current system of machining these parts is both expensive and [time-consuming].**

I suspect that if it continues, and if there's enough of a backup, those parts are not going to be produced and are not going to be ready.

Given the concerns that already exist, Ministers, about whether or not search and rescue is up to par with where Canadians want it to be right now without this particular problem, now on top of this, we're seeing a delay and the tendering now is apparently going to be pushed back to 2013.

The planes are only good until 2015-2017. In light of the other comments I've made, why should Canadians have any comfort that you two are on top of this file and that, indeed, search and rescue is going to hit the standard that Canadians demand?

**Hon. Peter MacKay:** Thank you, Mr. Christopherson.

I'll allow Mr. Fantino to respond directly to the issue of fixed-wing, but let me say that the issue of confidence that Canadians can have in the men and women, the SAR techs, is what counts here. The equipment they need—I agree with you—is extremely important. The Buffalo, like the Sea King helicopter, is an old aircraft. It has served remarkably well, and the people who maintain them deserve tremendous credit for the work they do each and every day.

You would know, as I mentioned earlier, that we have a huge country. Arguably, the largest search and rescue territory in the world is found here in Canada—larger than continental Europe. We have some estimates of 20,000 people a year who benefit from the efforts of these SAR techs and their aircraft—1,200 lives saved; 8,000 incidents.

It is noteworthy that there have been a number of tragedies. Many of these are affected by the time in which the search and rescue crews are notified. In the incident in Newfoundland and Labrador that you're aware of involving Burton Winters, a young man, it was some 20 hours before the Canadian Forces were contacted to take part in the actual search. I say this only because there are a number of factors other than equipment that impact on the effectiveness of search and rescue.

But the aircraft you're referring to, the Buffalo—the fixed-wing search and rescue aircraft—is slated for replacement. It is in the National Defence budget, it is found in the Canada First defence strategy, and we have every intention of replacing that through a competitive, fulsome process.

But I'll let Mr. Fantino speak to this.

**Hon. Julian Fantino:** Thank you, Mr. Chair.

Mr. Christopherson, you're quite right; it has been a long time coming. There have been a number of very significant efforts made, but more recently, if you will, it is going forward. It has taken its time, of course, to go through the process to ensure that it's transparent, fair, and competitive. There's a lot of engagement with the industry in this particular project, before and now.

The matter is scheduled to go before Treasury Board in the not-too-distant future. We're very anxious to move it forward, and we're very conscientious about the need to have this project finally off and running.

**Mr. David Christopherson:** Thank you, Ministers, for that.

I have to tell you, what I heard was a lot of “it's in budgets”, “it's in a plan”. It's everywhere except in the air helping Canadians. I didn't hear much at all, with respect, Ministers, about the timeline. The tendering won't even go out until 2013. If any of my facts are wrong, please correct me, but my understanding is that the tendering won't go out till 2013. The Buffalo starts to be in jeopardy at 2015, and we already know from a report back in 2010 that there were concerns about being able to provide parts.

So what I haven't heard, Ministers, is any assurance that in search and rescue the standard will be met as Canadians demand it. I didn't hear that. I heard a lot of talk, but I didn't hear those answers.

• (1245)

**Hon. Julian Fantino:** I don't know where the 2013 date came from. I too am very surprised that this, in fact, was said by anybody. We're expediting the process as quickly as we can, and at the very same time being mindful of due diligence, being mindful of the engagement of industry and that the process needs to be transparent.

You may recall that this thing has been started and stopped on a number of occasions before. We intend to succeed this time, and we're working diligently to make sure that all of the highlights are addressed and all of the concerns are addressed. I don't know where the 2013 came from. We certainly hope that we can expedite that a lot sooner, Mr. Christopherson.

**Mr. David Christopherson:** At best, it's less than a year difference. That didn't answer the question, Minister.

**Hon. Peter MacKay:** Let me add to what was just stated.

First of all, as you're well aware, the Buffalo, the fixed-wing, is but one of an entire fleet of aircraft that take part in search and rescue, as we work with the coast guard, another federal agency, and provincial and municipal ground search and rescue. It's part of a total package and we've taken steps recently, as you're aware, to improve the protocol and the coordination of communication between all of those bodies.

Equipment is critically important. This is a procurement that is well behind schedule—we're conscious of that fact, and this is not said as an excuse but simply to put it in a context. There are three government departments involved in procurements such as this. It is moving through a process that has been stalled on a number of occasions.

As Mr. Fantino said, we're very aware of the need, particularly, and most importantly, for the SAR techs, to have that aircraft. These are people who perform daily heroics. They are some of the most unsung heroes in our country in uniform, in any part of our country. And I appreciate your passion for this issue, because we recognize that it is something that has to move quickly at this point. There are timeframes that have to be met.

**The Chair:** Time's expired.

Mr. McKay.

**Hon. John McKay:** Thank you, Chair, and again, thank you, Ministers.

I want to go back to the F-35 issue, which has been batted around here a bit today. I welcome the change in tone, frankly, from “we're going ahead with this”, to kind of an “if and when”. Frankly, I see that as a welcome change in tone.

There's a financing reality that has happened right around the world that changes pretty well everything, and maybe the technological challenges were undersold at the beginning.

You said the likelihood was that no decision—no firm decision, I suppose—will be made until 2013. I'm looking at the mains, and this is a projected budget for 2012-13. My first question is this: is there any financial provision in any of these capital expenditures for that decision, or will that decision actually be then brought forward in a supplementary (C) or (B) or whatever over the course of next year?

The second question is that if in fact a decision is made that this will not meet our operational needs in a timely fashion, what are the alternatives and is there active planning going on with respect to either an alternative, or more binder twine and duct tape for the F-18s? Where are you at with planning? What is the state of planning? I'd be actually rather surprised if you said that no, we haven't actually been looking at an alternative program.

So those are my two questions. Is the financial provision here in the mains or will we see it in a supplementary estimate, and second of all, where is your state of planning with respect to the alternatives?

Thank you.

**Hon. Peter MacKay:** I'm going to let Mr. Fantino answer the bulk of your questions, Mr. McKay, but you will not find moneys specifically allocated to the F-35 here in the mains. This has to do with just the timeframe that we're looking at in terms of purchase acquisition. This is a definition phase, so there is no money to be found specifically in the mains. I think we might involve Mr. Ross in the response to your question about planning.

Mr. Fantino.

• (1250)

**Hon. Julian Fantino:** In actual fact, your question is a good one, obviously, and I appreciate it. Certainly, we're looking at all contingencies on all kinds of issues that may or may not play out. We are committed to pursuing the joint strike fighter program as a partner nation and the decision, as you've pointed out, will be made as I indicated.

I will ask Mr. Ross to elaborate further on where we go from here.

**Hon. John McKay:** Just before we move to Mr. Ross, we'll probably speak to the financial issue.

At what stage is your planning on alternatives?

**Hon. Julian Fantino:** It's at the "what if" stage. We're basically doing the research. We're doing the kind of fact-finding that is necessary to help to make the decision. The F-18s are another issue that we hope will continue service. There are things in place that can be done. All these things are part of our discussion—

**Hon. John McKay:** I appreciate that the F-18s might be your cheap and cheerful alternative, but it might not be your best alternative. Certainly in terms of stealth beats non-stealth every time, presumably, there is also some thinking about whether there is another platform that would suit the needs or bridge the gap.

**Hon. Julian Fantino:** I'm waiting to hear back from the experts as to what options will ultimately be available to us. All I can give is an

assurance that these things are under consideration, and we'll have to wait and see how things play out in the not-too-distant future. Mr. Ross can elaborate a little bit further.

**Hon. Peter MacKay:** Just before he does, Mr. McKay, you've made a really important point there: stealth beats non-stealth every time. There's only one stealth aircraft available to Canada, and that's the F-35.

**Hon. John McKay:** The issue isn't the technological argument. The issue is when, how much—

**Hon. Peter MacKay:** And capability, gaps.... I understand.

Maybe Mr. Ross can speak about the future planning with respect to the arrival date and what our contingency plans include.

**Mr. Dan Ross:** Thank you, sir.

We have a small project planning team in place, with staff from my organization and from the chief of the Royal Canadian Air Force, General Deschamps, which is funded by the air force's ongoing operation budget. It is not vote 5, as a normal project, which requires Treasury Board approval to begin definition. We're still in options analysis. We are looking at the implications of a new fighter, from an infrastructure point of view, from a simulator point of view, from a training point of view, etc. We continue to monitor the options available to us around the world. That option analysis commenced in 2005. We really don't see any change in what's available out there.

**The Chair:** Your time has expired.

I understand that our last five-minute round is being split between Mr. Opitz and Mr. Chisu.

**Mr. Ted Opitz:** Thank you, Mr. Chair.

Yes, stealth beats non-stealth every time, and I certainly will support the survivability of our pilots in the air supremacy over our own land.

Minister, there is a request to transfer to the National Research Council to build an information platform for the Canada online government advanced research and development environment.

Sir, can you please explain this platform and its intended purposes? When do you think you could expect this project to be completed?

**Hon. Peter MacKay:** I am not a technical expert in such things, but what I can tell you is that this is money that has been set aside specifically for improving the way in which the business of the department is done, as you say. The allotment here will allow the department to take advantage of new advances in technology, new equipment. The type of investment in people and training also goes into the advancement of National Defence's interests in that regard. This was money that was essentially put aside, relating specifically to that project. It's identified here and pulled out as a separate item in the main estimates.

**Mr. Corneliu Chisu:** Thank you very much.

I have a small question related to my background as an engineer. In the supplementary estimates (C) there is \$7,500,000 requested for “Reinvestment of revenues from the sale or transfer of real property”. Are there any plans for these funds? If so, how will they be reinvested in the Department of National Defence? Further to this question, a supplementary one is this. How were the properties selected to be sold and what was the purpose of selling them? Probably the VCDS would be able to answer these questions.

• (1255)

**Hon. Peter MacKay:** I'm sorry. Does the first part of your question refer to the transfer?

**Mr. Corneliu Chisu:** It refers to the \$7,500,000 requested for the “Reinvestment of revenues from the sale or transfer of real property”.

**Hon. Peter MacKay:** This refers specifically to a property here in Ottawa, as well as a site in Surrey Park. It's a former living accommodation of the Canadian Forces. It wouldn't surprise you. I expect in your military career you've moved around the country and seen that we have military—what they used to call PMQs. These sites are often deemed to be surplus. They will be sold after proper remediation steps are taken to ensure there's no environmental harm.

We have a specific process under the Government of Canada's expenditure management system. We very often involve what is known as Canada Lands in the sale of these properties to see they are given proper market value. In this particular case, we have a site at Rockcliffe and one at Surrey Park. That valuation is noted here in the supplementary estimates (C).

I will allow Vice-Admiral Donaldson to respond to the second part of your question.

**VAdm Bruce Donaldson:** Thank you, sir.

I think you're talking about the selection of infrastructure for divestment in the department. Is that right?

Level one, which is associate deputy minister or the heads of the army, navy, air force, etc., have a look at the infrastructure related to their portfolios and review it on an ongoing basis to determine if there are aspects that are surplus to their requirements. If there are, then they're put up for sale normally through the Canada Lands Company. There is a provision for bringing the proceeds of the sale back into general revenue. It tends to be placed in areas where maintenance repairs are funded for the remaining infrastructure in the department.

Does that answer your question?

**Mr. Corneliu Chisu:** So it comes back to the National Defence.

**VAdm Bruce Donaldson:** There are provisions for bringing it back.

**Mr. Corneliu Chisu:** That is the important information that I am asking for.

Thank you.

**The Chair:** Thank you.

I want to thank our witnesses for appearing on the estimates today.

Minister MacKay, Mr. Fantino, Vice-Admiral Donaldson, Mr. King, Mr. Lindsey, and Mr. Ross.

I'm going to let you guys dismiss yourselves from the table.

I will deal with the votes here quickly. We have time.

NATIONAL DEFENCE

Department

Vote 1c—Operating expenditures.....\$1

Vote 10c—The grants listed in the Estimates and contributions.....\$1

(Votes 1c and 10c agreed to)

**The Chair:** Shall I report the supplementary estimates (C) 2011-2012 back to the House?

**Some hon. members:** Agreed.

**The Chair:** Now we're on the main estimates.

NATIONAL DEFENCE

National Defence

Vote 1—Operating expenditures.....\$14,060,633,000

Vote 5—Capital expenditures.....\$4,103,611,000

Vote 10—Grants and contributions.....\$265,293,000

Canadian Forces Grievance Board

Vote 15—Program expenditures.....\$6,062,000

Communications Security Establishment

Vote 20—Program expenditures.....\$356,290,000

Military Police Complaints Commission

Vote 25—Program expenditures.....\$4,271,000

Office of the Communications Security Establishment Commissioner

Vote 30—Program expenditures.....1,971,000

(Votes 1, 5, 10, 15, 20, 25, and 30 agreed to)

**The Chair:** Shall I report the main estimates 2012-2013 back to the House?

**Some hon. members:** Agreed.

**The Chair:** I'll do that.

Thank you.

The meeting is adjourned.







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