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Chair

Mr. Pat O'Brien

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•(1000)

[English]

The Chair (Mr. Pat O'Brien (London—Fanshawe, Lib.)): I would like to reconvene in open session the 28th meeting of the House of Commons Standing Committee on National Defence and Veterans Affairs. Our first hour was in camera for committee business, but we're now in open session.

I'm very pleased to welcome to the committee the Honourable Bill Graham, Minister of National Defence, and General Richard Hillier, the relatively newly appointed Chief of the Defence Staff.

Welcome to you, General. It's a pleasure to welcome you on behalf of all members of the committee. It's your first time before this committee in your new capacity, and we're quite pleased you are in that capacity. We wish you the very best and look forward to working very closely with you in the best interests of the men and women of the Canadian Forces. Welcome to you, sir.

General Richard Hillier (Chief of the Defence Staff, Department of National Defence): We have the same interests, in that case.

I'm glad to be here.

The Chair: Thank you very much.

Minister, over to you, please. Welcome.

Hon. Bill Graham (Minister of National Defence): Thanks very much, Mr. Chairman, colleagues on the committee. I'm really very happy to be here this morning to discuss the main estimates for the department with you.

Before I get started, though, I'd like to take this opportunity to thank you for the work you've done over the past six months in your study of Canada's submarine program. I know you've heard from an exhaustive list of witnesses, and I look forward to reading your final report and examining the recommendations.

I'm also particularly keen to examine your suggestions for procurement reform within the department and the Canadian Forces. We've made important progress in this area in recent months and years, but it's clear that there's a great deal more to do. A reference from the committee could be helpful in steering us in the right direction so that we can make sure we have the most efficient system of procurement, in a way that benefits the forces.

I believe this committee has a solid reputation for its professionalism, for a high level of cooperation among committee members, and for always working in the best interests of the men and women of the Canadian Forces. It is—and really has been since its outstanding work on the quality-of-life file several years ago—a

model for other parliamentary committees, and I'm absolutely committed to working with you as we set a new course for the Canadian Forces.

I'd like to take a moment, if I may, Mr. Chairman, to introduce the people at the table with me today. You made a reference to General Hillier. Also with me is Mr. Ward Elcock, who I believe everybody here knows and who is presently our Deputy Minister of National Defence; and Lieutenant-General Rick Findley, the deputy commander of the North American Aerospace Defence Command, or NORAD. On the assumption you may have some questions about NORAD that want some particular depth, General Findley was in town, so we thought it was appropriate for him to come to the committee.

Also, I want to draw to your attention that we do have with us Vice-Admiral Ron Buck, the Vice-Chief of the Defence Staff; Dr. Ken Calder, the assistant deputy minister for policy; Mr. Rod Monette, the assistant deputy minister for finance and corporate services; and Mr. Allan Williams, the assistant deputy minister, materiel.

This is not to suggest that I don't know what the heck I'm talking about but it's helpful to have some other folks here. And they're not only here to supplement me, they're here because I strongly believe we want to make sure the committee gets the best information that we can give you so that we can work together for the success of our forces.

Hon. Bill Blaikie (Elmwood—Transcona, NDP): That's a big safety net.

Hon. Bill Graham: Well, some of the members on the committee are very big, so we need a big safety net.

Some hon. members: Oh, oh!

Hon. Bill Graham: I'd like to keep my opening remarks as brief as possible so that we can get to your questions. I would like to provide you with some cursory thoughts on where the Canadian Forces stand today, and where we as a government are headed in the future.

I must say, ladies and gentlemen, that I personally feel very fortunate at this time to be Minister of National Defence, and I hope members of the committee will share my enthusiasm for the great prospects for the future of the Canadian Forces. With nearly \$13 billion in new money for the Canadian Forces, the recent federal budget provides our men and women in uniform with the most substantial funding increase in more than twenty years. It clearly demonstrates this government's commitment to reinvest in our military, and I believe it represents a real turning point for the Canadian Forces.

[*Translation*]

Indeed, this Budget provides us with the solid foundation that we need to make some of the most significant changes to our armed forces in more than a generation. With this new funding, we can begin putting in place a long-term plan to expand, sustain and transform the Canadian Forces.

The principal elements of the budget are clear: three billion dollars to deliver on the Government's commitment to expand our military by 5,000 Regular Force members and 3,000 reservist; more than three billion dollars to address sustainability issues now facing the Canadian Forces, with the new money being used to improve training, repair infrastructure, eliminate supply shortages and strengthen medical care for our uniformed members; more than two and a half billion dollars for the purchase of new equipment and new capabilities, including: medium-lift helicopters, new trucks for the Army, utility aircraft for us in the Arctic, and specialized facilities for our elite counter-terrorism unit—JTF2; and finally, nearly four billion dollars over the next five years to support the purchase of additional, new equipment—as well as the tasks—identified in the new defence policy that we will be launching in the coming weeks.

While I truly believe that we have started to turn the corner, the committee must realize that the influx of new people, new money and new equipment cannot be absorbed overnight. In going forward, we must—and we will—proceed in a prudent and responsible manner. Indeed, the first two years of our five-year funding commitment will serve to kick-start the overall process of revitalizing the Canadian Forces and will provide the foundation that we need to move forward with modernization and transformation.

● (1005)

[*English*]

The government will be releasing our new vision for the Canadian Forces in the coming weeks. I know the committee is anxious to review the defence policy statement, and I certainly understand that committee members are somewhat frustrated by the time it has taken for us to finalize the process. Your chair and my parliamentary secretary raise this issue regularly with me when we meet, and it's pretty hard to avoid your chair when I go into the House of Commons because he sits just behind me.

I just want to tell you that we've been working hard to complete our review of Canada's international policies. We're determined to get it right, but getting it right is a complex process in these particular circumstances. It has required a high level of coordination among the Department of National Defence, the Department of

Foreign Affairs, CIDA, and the Department of International Trade. Frankly, this type of integrated review encompassing defence, diplomacy, development, and trade has never been attempted in the past. I can assure you that we've learned some valuable lessons for the future, but it's an important exercise and we are committed to producing the best possible product for Canadians.

When we do complete the process in the coming weeks, I will be very pleased to again appear before you or before a joint committee, along with my colleagues, to discuss our defence policy statement. I understand, Mr. Chair, that you are looking at the possibility that perhaps we would have a joint committee process, wherein we could appear together and have a holistic approach to these issues.

For today, I'd like to address a couple salient issues and our new vision for the Canadian Forces. In the post-Cold War, post-September 11 world in which we now live, it is clear that a greater emphasis must be placed on the defence of Canada. This will be our military's first priority and will require the Canadian Forces to re-examine their approach to domestic operations.

Geographically, our position in North America dictates that our national defence depends upon maintaining a strong security and defence partnership with the United States of America. In addition to enhancing the domestic roles and capabilities of the Canadian Forces, the government will be exploring new and innovative ways to work with the U.S. in the defence of our shared continent.

Canada's decision against participation in the U.S. ballistic missile defence program is not and should not be interpreted as a sign that we are not committed to doing our part in the defence of North America. In fact, nothing could be further from the truth. The government understands and respects the U.S. decision to take measures that it considers necessary to protect its security, including deployment of a ballistic missile defence system, and I'm confident the United States respects our right and our obligation to make decisions that are in the best interests of Canada and of Canadians. In fact, when Secretary Rumsfeld was asked about our recent announcement on missile defence, he said that Canada has "made a decision that a sovereign nation can make and it doesn't damage our relationships whatsoever".

Colleagues, it's no surprise to members at this table that I personally was an outspoken advocate for Canada's participation in the ballistic missile defence program. However, I agree with the government's decision that our focus should be on enhancing our border and maritime security, increasing our presence in Canada's northern region, and significantly strengthening our armed forces.

My support for ballistic missile defence was very much grounded in a view of the importance of strengthening Canada-U.S. defence relations. I believe strongly that the recent decisions by the government clearly have achieved that end, and we can all be assured that the United States knows that our increased military capacity will be to their benefit and to the mutual benefit of our relationship.

As partners and neighbours, Canada and the United States are bound to have disagreements. We certainly have in the past, but our disagreements have never threatened the fabric of our friendship, nor have they prevented us from working together productively in others areas of the relationship. Indeed, a priority in the defence policy statement will be to develop a more sophisticated approach to our relationship with the United States, including strengthening our capacity to defend our shared continent.

●(1010)

Since its creation nearly fifty years ago, NORAD has proven to be a highly flexible arrangement, one that has kept pace with new technologies, changing tactics, and emerging threats. We believe that it is an appropriate time to consider the possibility of expanding our current defence cooperation to include maritime and land-based elements. It's unclear at this time whether these issues are best tackled within a renewed NORAD or some other forum, but Canada is committed to exploring new and innovative ways to work with the United States in the defence of our common continent.

I also want to make the point today that our increased focus on the protection of our country and our continent will not come at the expense of our role in the world. In fact, this new defence policy will see the Canadian Forces increase their capacity and capabilities for international operations. This will include playing a more significant leadership role in the world, one in which our voice will be heard, our values seen, and our efforts felt.

In order to do more to protect Canadians here at home, while at the same time increasing Canada's impact in the world, we will be fundamentally transforming the Canadian Forces to make them more effective, more relevant, and more responsive. We will be changing the culture of our military to ensure a much more united approach to operations, both at home and abroad. We will be transforming the current command structure, and we will be establishing fully integrated units. General Hillier has extensive operational experience and has already begun the process of transforming our military to meet the challenges of today.

Ladies and gentlemen, what I've just outlined represents real change for our department, and I can tell you that we're very excited to be getting on with the task at hand. Irrespective of the policy process that will be unfolding in the coming weeks and months, it's clear that we must fundamentally transform the Canadian Forces for the future.

As we go forward, I certainly look forward to hearing the committee's views on our defence policy statement and our new vision for the forces. I know that you, too, have an ambitious schedule laid out for the next few months, and I wish you the best of luck.

I'd like to conclude my remarks, Mr. Chairman, if I may, by repeating that I honestly believe, if I can share this with you as my colleagues in the House of Commons, that this is an historic time to be the Minister of National Defence in this country. I do believe this, and I hope you will share this enthusiasm with me as we go forward. I believe that everything is now in place for real and lasting change for our military. We've got vibrant new leadership in the Canadian Forces, with innovative ideas rooted in the operational experience of

the past ten years—and there's depth there, as General Hillier can testify, if you ask him.

We will soon be releasing a defence policy that lays out a bold new course for the Canadian Forces, and with this budget we have a solid financial foundation on which to build. I look forward to working with you as we do just that.

Thank you very much, Mr. Chairman.

●(1015)

The Chair: Thank you very much, Minister.

Before I go to questions, I have a couple of comments. First of all, you're obviously well prepared personally, as always, and well supported by the appropriate people. We're particularly happy, given the topics today, that Lieutenant General Findley, deputy commander of NORAD, is with us, because we're going to focus primarily on estimates, but also on the amendment to the NORAD agreement. And as you might anticipate as a minister and veteran parliamentarian, there may be other questions as well; the members aren't limited. But we're here primarily to look at estimates and the recent amendment to the NORAD agreement.

Minister, to say that the committee is anxious to get on with the defence paper review is probably the understatement of the year. I'm sure you're as frustrated as we are by the delay, so we look forward to it with great anticipation.

Hon. Bill Graham: That's tempered by knowing it's going to be wonderful.

The Chair: That's right. Well, as my wife says when she's making a nice meal, "It'll be worth waiting until eight o'clock to have the meal", so we're going to proceed on that assumption.

We will start indeed with a joint meeting with the foreign affairs committee, of which you are a former chair, of course. Mr. Patry and our clerks have discussed that, and we will start in that way and hope to do that in the near future.

So with those comments, on behalf of the committee, I want to join in welcoming all of our guests that the minister has introduced.

I'll just remind our colleagues that as our rules state, we're now into a ten-minute round of questions with a minister, rather than our normal seven minutes.

Let me now go to one of our heavyweights on this committee who has some expertise. I'll start with Mr. O'Connor, for ten minutes, please.

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

Minister, welcome to the committee. It's nice to see you here in a less confrontational mode than in Parliament.

My first question has to do with the budget. The budget indicates that the government intends to spend \$7 billion extra on defence over the next five years, yet you are claiming \$12.8 billion in new money. I would like you to explain to the committee where you find this extra \$5.8 billion, because the budget only accounts for \$7 billion.

Hon. Bill Graham: Could you draw to my attention where you're getting that from in the document?

Mr. Gordon O'Connor: The first reference to defence in the budget is on page 18. It rolls out five years of increases in the defence budget—\$500 million, \$600 million, etc. Those additions to the defence budget add up to \$7 billion—and it says \$7 billion at the end. Yet you are claiming \$12.8 billion of new money. I want to know where this extra \$5.8 billion comes from.

Hon. Bill Graham: The \$5.8 billion represents the cash we will be expending. With the new accrual accounting system under government services, \$12.8 billion in cash is only costing the fiscal framework \$7 billion, because we will be pushing out the cost of the capital equipment over 20 or 30 years, or whatever the appropriate amount of time is. However, to acquire that capital equipment we'll have to spend the \$12.8 billion; we can't get it unless we spend it. We spend it now, but we don't have to account for it in the books of Canada, except out over the future.

This is going to be confusing for all of us. It's been difficult for me to get my mind around the new consequences of accrual accounting. I think it's beneficial to the department, particularly a department like ours where we have large capital acquisitions that originally showed in the fiscal framework as this.... You know, you buy a destroyer fleet, and something that shows up as \$20 billion in one year or something is just totally unreasonable. So this is going to flatten out the cost of our large acquisitions. It's going to be confusing to understand, in terms of the books, I quite admit.

• (1020)

Mr. Gordon O'Connor: To follow up on that, by coincidence I looked at those amounts; I looked at the budgets over those years. The entire budgets implied a deflator, and basically you come out to about \$5.8 billion. What this \$5.8 billion represents is inflation—that is, dollars today and dollars in the future—but you have to assume that inflation affects everything; therefore you're not actually getting \$5 billion or \$6 billion extra money. Everything's going to cost a total of \$5 billion or \$6 billion more.

Hon. Bill Graham: I would be somewhat reticent.... We have somebody here who can answer specifically on the accounting. But remember that the department gets an inflation increase automatically, which is unusual. I think we're the only department that gets an automatic increase. I couldn't give you a comprehensive answer to your question unless I knew what inflation tables you were using. I don't think anywhere near the whole of the increase is going to be taken up by inflation. There's going to be an inflation factor in there; we're compensated to some extent for that anyway, so this should be largely flat. But perhaps we could get Mr. Monette to give a more specific answer.

The Chair: Mr. Monette.

Mr. Rodney Monette (Assistant Deputy Minister, Finance and Corporate Services, Department of National Defence): We get about 1.5% a year as an inflationary increase on our operations vote.

The difference you have found between our cash figure of \$12.8 billion and our accrual figure, as the minister says, is the difference in how you account for this in the accounts. We will be looking at it and accounting for it both ways. This is a way that the Auditor

General has endorsed. It's a private sector practice to capitalize your assets. That will explain the difference.

Mr. Gordon O'Connor: Your government claims it's going to make large investments in the military, yet next year's increase is \$100 million. This year you're adding \$500 million, and next year it's \$600 million. That's not an extra \$600 million; that is \$100 million. Why is the increase so small?

Hon. Bill Graham: There are two factors. If you look at the numbers in terms of the 2005 budget announcement, which were in the budget books, the figures I see are increases of a total of \$500 million for 2005-06 and \$600 million for 2006-07. The \$500 million is broken down into \$420 million for operational sustainability, which I believe is very important, and \$80 million for recruiting new troops, which I referred to in my speech—the famous five and three. There has been talk about whether this is going fast enough, but my view is we have to fix the foundations of the house before we can add some additional stories to it. That's what the department wants to do, and I think the forces likewise. The following year it's \$600 million, of which \$500 million is for sustainability and \$100 million is for new troops. Then it sort of ramps up faster as we go ahead.

I don't know where you're getting the fact that we're only adding \$100 million. We're certainly adding close to \$100 million for the new troops, but we're adding \$420 million for the sustainability factor.

Mr. Gordon O'Connor: Where I come from is that you've made a baseline increase in the first year of \$500 million. That baseline carries into the future: \$500 million, \$500 million. It keeps going into the future unless you're going to do some kind of bizarre budgeting. So the real increase in the second year is \$100 million baseline. That's according to your budget.

You have committed a total of \$7 billion extra. Forget the fancy accrual. You've committed \$7 billion extra funding to defence in five years—\$7 billion total volume. That means you're assuming that your original baseline of \$500 million carries through for five years. That's \$2.5 billion. The first year the baseline is \$500 million, the second year is \$100 million, the third year is \$600 million, the fourth year is \$1,025 million, and the fifth year is \$550 million. Those are the baseline increases.

Hon. Bill Graham: Well, I'm not quick enough on my math to do this all in my head as you're giving it to me. But *grosso modo*, I agree with you that what we're looking at is to increase the baseline of the department. We have to move up. The capital equipment doesn't go into the baseline. Some of it does, but most of it doesn't. If it did, you'd have a baseline that was always going up and down, depending on capital years.

My understanding is that over the five-year period our A-base, which is the important thing that I look at, will go from about \$13.5 billion a year to \$15.5 billion by the end of the period, adding a total of \$3 billion. So on the \$7.5 billion you refer to, you're right that \$3 billion gets added to the A-base. In that sense, it's not as big as the \$7.5 billion, but this is explained by capital acquisitions. So you're quite right, but I want to emphasize that we are taking our A-base up substantially, giving us a strong foundation on which to build.

• (1025)

Mr. Gordon O'Connor: I'm not arguing about the A-base, what you call the A-base going up.

Hon. Bill Graham: I thought that's what you meant by the baseline budget.

Mr. Gordon O'Connor: My next question is, where did the medium-lift helicopters come from? You have been telling us from time immemorial that you were waiting for a defence review before you could come out with these new projects. All of a sudden, out of nowhere, comes a medium-lift helicopter project. What justifies this helicopter project?

Hon. Bill Graham: I'm going to turn to General Hillier to speak to that.

First, I'd like to share with the committee a problem we had. I know Mr. Bachand is going to be chasing me on this one for sure, because there is a chicken-and-egg problem that we have in this business. Do we wait for the defence review to go through the committee and everything else before we make any plans about capital acquisitions, or not?

I felt it was more important for us to get the money in this year's budget and get it fixed in there. The Department of Finance would have preferred that we undertake the defence review and come back next year. But this way, we wouldn't have had the base on which to build for the review process. So there are capital things in the budget that we had to put in because they were necessary. Now, of course, they're going to be looked at in the context of the review, so there's some flexibility there.

I want General Hillier to speak to the medium-lift helicopters, to explain why we decided we should get those into the budget now, along with the trucks and some other things that had to be dealt with.

Gen Richard Hillier: The heavy-lift helicopters, Mr. O'Connor, sir... I'm used to calling him sir. He used to be my commanding officer a long time ago and I've got into the habit of it.

These helicopters have come from the belief, based on the experience we have gained over the past two to five years, that no matter what defence policy the Government of Canada articulates for us we are going to need tactical agility, in theatres of operations around the world and in Canada, to move large numbers of men and

women and equipment. This tactical agility is essential for the success of any mission.

As we walked through the variety of scenarios, and applied our experience against them, we felt this was a fundamental enabler for success, regardless of defence policy. So it comes from operational experience. It comes from the operational experience in the senior leaders who have been quick and clear to articulate the requirements for success. In addition, I have to tell you, Mr. O'Connor, it comes from me, short and simple. This is something we will need no matter what you as a government tell us that you want the Canadian Forces doing as part of Canada's place in the world and the Canadian Forces' place at home.

The Chair: Thank you very much, General Hillier.

It must have been interesting to serve with Mr. O'Connor. Thank you very much, but his time is up, so I have to now go to our next colleague, Monsieur Bachand.

[Translation]

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

There are two issues that I wish to clarify right off the top. I'm delighted to see General Findley in attendance, as he will be able to answer our questions about NORAD. However, I reserve the right to secure from the committee an undertaking to ask General Findley to appear before the committee for a full meeting on NORAD. Today, we're focussing our the estimates and on NORAD. Consequently, I may only have time to put one question to General Findley, when I might have additional ones for him. In any event, the committee can do whatever it pleases.

An hon. member: There are no figures on that.

Mr. Claude Bachand: Are you worried that I might ask you some questions?

Now then, I'd like to ask a question that I put previously to General Hillier at a meeting of the Conference of Defence Associations. I had asked whether we might not be better off waiting until the policy was made public before investing large sums in equipment and in the purchase of military hardware. Your response surprises me a great deal. I know that you're a very active individual. I believe I've said in the past that you are often too active. However, I have to admit that your response disturbs me somewhat. You maintain that irrespective of what the national defence policy may hold, a policy formulated by elected officials, we will still need helicopters. That surprises me, because I've always had the impression that the Army was under civilian command and that it was up to elected officials to decide if a particular mission should go forward or whether a specific type of equipment or policy was required. I'm perplexed by your answer, but we'll come back to this later.

I'd now like to ask the Minister a more specific question about submarines. General Findley is not responsible for submarines, but for our air defence, I believe. Last week, I sent you a letter about submarines. As you know, we're in the process of wrapping up our study on submarines. According to an article in *La Presse*, the letter is unaccounted for. I have a copy of it with me and I will turn it over to you, in case you still haven't found it.

According to the payment schedule, Canada was supposed to make another payment of \$45 million to Britain on April 1. It's possible that Britain bears part of the blame for the Chicoutimi accident and that could give us some leverage to negotiate with that country. A few days ago, Mr. Alan Williams informed the committee that Canada still owed Great Britain \$150 million for the purchase of the submarines. Why doesn't Canada withhold any further payments? Then, if the evidence shows that Great Britain is partly responsible for the Chicoutimi incident, then we can ask to have the final payment waived. When a buyer is dissatisfied with a vehicle that he has leased, one option available to him is to refuse to remit the final lease payment.

Do you wish to answer my question after I give you a copy of the letter, or are you prepared to respond immediately?

•(1030)

Hon. Bill Graham: I'll give you two answers.

Let me begin with the second answer. I'll withhold a complete response until I've read the contents of the letter.

Mr. Bachand, as a lawyer, I've discussed the matter with the department's legal experts and my initial reaction is that contracts come with contractual obligations, and this is true even when you purchase a vehicle. A person simply does not have the right to withhold payments at will, as tenants sometimes do in the case of rent payments, when they are involved in a dispute with the landlord. This is not the same situation. As I understand it, we are legally obligated to make these payments and moreover, Great Britain is our ally. We work extensively with the British in Afghanistan within the context of NATO. We work very closely with the British to secure our mutual defence.

I'm willing to review all of the legal and technical aspects of this purchase and I await the committee's report which will shed further light on this matter. However, Canada does have certain legal obligations that must be upheld, in my view, particularly as we're dealing with an ally like the British.

Regarding your comment about General Hillier, I want to make it absolutely clear that I supported his position. I wanted the committee to have a very clear understanding of how we operated. You may well disagree with us about certain things, and agree about others. I want to be honest with you. He gave his opinion, but obviously, I endorsed his position. I was the one who had to convince the Minister of Finance to include this in the budget. The Minister of Finance doesn't blindly go along with whatever the generals and other people tell him to do. As you indicated, this was a political decision, one for which I take responsibility. However, I can assure you that this decision was made with a view to guaranteeing a strong budget for the future, and that we will tailor our decisions to your findings and to any future developments.

•(1035)

Mr. Claude Bachand: I'd like to make one last comment about the submarines before I go to General Findley.

In the letter, which I'm anxious for you to read, I state the following: I suggest you contact your British counterpart and try to convince him to come to some kind of mutual agreement.

I realize that your hands are tied, from a contractual standpoint, but there's nothing stopping you from contacting your British counterpart to inform him that the investigations are ongoing and to ask him if he has no objections to our withholding payment. That's what I mean by a mutual agreement. I don't dispute your claim that according to the contract, payment is due on April 1.

I'd now like to turn my attention to General Findley.

General, the NORAD agreements were amended in August by way of an exchange of first-person notes between our Minister of National Defence and the US Ambassador. At least, that's my understanding of the situation.

Is it customary to amend agreements in the manner, that is through a simple exchange of first-person notes?

Hon. Bill Graham: I can answer that question. As a former professor of international law, I can assure you that this is quite customary. Treaties are regularly amended through the signing of letters of agreements by official representatives of two States. There are hundreds, if not thousands, of example of such letters being exchanged by Foreign Affairs, National Defence and other departments. Canada has concluded hundreds of agreements of all kinds with the United States and these are amended all the time through exchanges of first-person notes.

Mr. Claude Bachand: From an operational standpoint, General, can you explain to us how things work? Canadian radars pick up a signal, I believe in North Bay, and the signal is subsequently sent to Winnipeg and then redirected to the Cheyenne Mountain Operations Center.

Is that in fact how the process works?

Lieutenant-General Eric A. (Rick) Findley (Deputy Commander North American Aerospace Defence Command, Department of National Defence): I spent several years in the United States, and I'm more comfortable speaking English.

[English]

For a number of years, North American Aerospace Defence Command, which serves both Canada and the United States, has performed an integrated tactical warning and attack assessment. Part of that is missile warning. There are space-based sensors that would detect a heat source, and that is the information that is initially transmitted to NORAD through the space-based sensors so we can have an indication of a missile launch. Later on some radars that are in Clear, Alaska, one in Thule, in Greenwood, and another one in the United States would pick up an object in space. And if we marry these two procedures up, we probably have to make an assessment as to whether it's a threat to North America or not. We've been doing that since 1968.

The actual missile defence system also uses the same sensors and processes them through a different procedure, if you like, or process or actual black box that looks at all the same data but then produces something different for missile defence operations. So no radar in Canada is needed for that particular process.

[Translation]

Mr. Claude Bachand: I have one last question. Was the agreement amended with a view to clarifying that intelligence compiled by NORAD is passed along to the U.S. Northern Command? Was that in fact the purpose of the amendment?

Had Canada signed on to the missile defence program, not only would we have been in the NORAD room, we would have been in the Northern Command room as well. We find ourselves in this position because General McQuillan, a former colonel who replaced Fraser, is with the Northern Command. Therefore, how can we claim not to be a part of the missile defence program when in fact we have someone in the Northern Command room? How do you explain that?

Hon. Bill Graham: Mr. Bachand, the General in charge of NORAD is also responsible for the Northern Command. In his mind, it's all the same. That doesn't mean that we're part of the Northern Command, particularly in terms of missile defence system requirements.

• (1040)

Mr. Claude Bachand: You have a presence at the Northern Command.

Hon. Bill Graham: Yes, but a very limited presence nonetheless. The General can give you more details. I've spoken to the military personnel on duty there. They have their own sector. Northern Command personnel who don't know what to do... We have STRATCOM, SPACECOM, and so forth. Northern Command has a series of very complex organization charts. The mere fact of having one person working within an organization should not be construed as meaning that we have ties to all sorts of other organizations.

I honestly believe that we cannot make that statement. Far from it. If you want a direct answer from the General...

The Chair: Thank you, Mr. Bachand.

[English]

I go to Mr. Blaikie, please, for ten minutes.

Hon. Bill Blaikie: Thank you, Mr. Chairman.

I welcome the minister here, along with various of the other potential witnesses, if they get to answer questions.

I think it's interesting, Mr. Chairman, that the minister indicated that he was in favour of Canada participating in national missile defence. I welcome that frankness on his part. We often attributed that position to him in the House, but he was not quite as forthcoming as he has been today, and I think that's very interesting.

The minister will recall that at the time of the amendments to the motions having to do with the throne speech, there was a commitment accepted by the government in the form of language in the Tory motion to have a vote in the House of Commons on any decision taken by the government with respect to NMD. Clearly the

context in which that vote was sought was in anticipation of a decision to participate in NMD. But nevertheless a decision to not participate in NMD, which is something that I and my party support, is nevertheless a major decision on the part of the government. I think everyone would agree with that. And I wonder whether any thought was given or whether any intention remains, although I haven't detected any, to bring forward a motion in keeping with the spirit of the throne speech amendment—actually have a vote in the House on the decision that the government has taken—so that, in this case, those who are opposed to the government decision would have an opportunity to express themselves.

We originally asked for the vote because we thought we would be opposed to the government decision to participate in NMD and we wanted an opportunity to vote against it. There are people who are opposed to the government decision not to participate in NMD and they're not getting that opportunity. It seems to me that the same spirit applies, and I wonder whether any consideration has been given to that.

Hon. Bill Graham: On the preamble, I'm surprised you'd say that I'm being franker with you today than I was before. I think my speeches in the House were pretty clear, as I was laying out the reason why I believe strongly in that issue. But, as I said in my remarks today, they were motivated by a desire for closer Canada-U.S. relations in matters of defence, and I think we have accomplished that by other means, by the decision in the budget, and I believe you will see that the defence review, when it comes forward, will build on a solid relationship. So I'm comfortable with the nature of the Canada-U.S. defence relationship, and that's what NMD was a part of. It wasn't the only part of it; it was just a part of it.

I thought that the House leader responded to this question in the House, Mr. Blaikie. The government's position is clear. We undertook to have a vote on an agreement that we could bring back to the House, that the House could examine and determine. That's what my understanding from the members of the House was. They wanted to have a chance to review the agreement, have a look at it, see whether it was in Canada's interest or not, and pronounce on it. Well, there was no agreement. So what are we going to take to the House to vote on?

We've already had five debates in the House that I can remember participating in, when everybody aired everything around this. Why would we have an academic discussion about something we're not going to do? This thing is behind us now. I would have thought you'd be happy about that and you'd just move on.

Hon. Bill Blaikie: I am happy, temporarily anyway.

• (1045)

Hon. Bill Graham: Happiness is always temporary.

Hon. Bill Blaikie: It's always temporary, yes.

I must say, Mr. Chairman, a debate is not a vote. We've had lots of debates on NMD. But it's a fair point. I still think this is the kind of thing the House should be able to express itself on, but I don't want to concentrate on that entirely.

I remember discussing this with you in August, when the amendment to NORAD came forward. You called to give me a heads-up that this amendment was coming. At the time, you were very clear that this had nothing to do with NMD, that it was a completely and totally separate thing. Later on, in the fall, it then emerged that this did have some relationship to NMD, at least as far as the Americans were concerned, in the sense that this would provide information to them that they could use in their NMD framework even though we might not actually be participating in NMD ourselves. It certainly seemed to be the basis on which the new ambassador to the United States, Mr. McKenna, said, only days before the government announced we weren't participating in NMD, that we were already part of NMD. And he cited what had been done in the amendment to NORAD.

It just seems to me that there's been a lack of intellectual honesty, if you like, about this amendment. If this provides some practical information to the Americans with respect to what they need to carry out this initial stage of NMD, then why didn't the government just come clean about that in the first place?

Hon. Bill Graham: I really apologize to you if the conversation, which I can't recall the details of, that we had in the summer in any way misled you.

I was always clear that the amendment was absolutely essential if we were going to preserve NORAD. NORAD is in the business of collecting information about threats to North America. It was very clear to us that if the United States saw a BMD threat and that NORAD wasn't going to provide information for them, and it wasn't going to provide them with information about possible threats to NORAD, they were going to create a parallel system to NORAD, and in the end NORAD would just end up going away.

They could set up their own system. They don't need two NORADs. We wouldn't have a NORAD, which is the only single binational institution. We'd have no bilateral institution in which we would be able to have a role in the decision-making process in the United States of America. This is not a bilateral institution; this is binational.

We have a general here who was in command when 9/11 happened. We have people—if you've been in NORAD, you've seen it. Our own uniformed officers are in there as totally coequals with the Americans. There is no other institution in which the Americans are willing to permit and tolerate that sort of behaviour. And believe you me, if NORAD goes, they're not going to replace it with something else, because they don't necessarily want to have somebody else looking over their shoulder when they make decisions. This a very unusual arrangement.

I was very clear that if we showed we were unwilling to participate with the Americans in terms of giving them information, which was in their interest for their protection and our protection, we were risking the loss of NORAD. That was the purpose of the NORAD amendment. It included not only BMD but a lot of other things.

I would really urge colleagues around this table, all of you, that when we are looking at this issue or any other issue where we might disagree with the United States about where they might choose to deploy forces or take a measured action in respect of something, we should never part from saying that we'll give them all the information we have and support them with full information about the defence of North America. If we do part from that, in my view, it would be so detrimental to our relationship that it would be unacceptable.

Hon. Bill Blaikie: That's not what I'm suggesting. I understand your position on NORAD and the reasons you would want to have NORAD provide them with that information.

What I'm saying is that at the time I don't think the Canadian public was leveled with about the extent to which that was, from the American point of view, an integral part of NMD. That's the only point I'm making.

So there was this period when we were being told that this didn't have anything to do with NMD. Now, even if it does have something to do with NMD, it doesn't necessarily mean—from the point of view of the government, which has taken a decision not to participate in NMD—that this is a bad thing, because the whole argument about providing information is an argument I can understand.

The only claim I'm making is that the government was not up front about it. It wasn't actually until McKenna opened his mouth... and the Prime Minister made some indications about it as well. So that's my quarrel, if you like, with the way this unfolded.

Now, here's my third point, if I have time. It seems to me that the government, for all intents and purposes—I've listened to the Minister of Foreign Affairs in the House, and I've listened to you today—almost seems to have made up its mind about NORAD expansion to include maritime and land forces capabilities. I'm expecting that this might be part of the white paper, a suggestion for this kind of expansion.

Certainly I would be concerned about that, because this doesn't happen in isolation. It happens in the context of all kinds of suggestions being made in almost every sector about further integration with the United States. I wonder whether the government isn't looking at ways of strengthening our armed forces, strengthening our ability to defend Canada, strengthening our ability to do the things that the Americans feel we need to do in order to be seen as good neighbours in a security sense, without actually moving into an expansion of NORAD to include maritime and land force capabilities.

It seems to me that there has to be another option. That can't be the only way we can satisfy legitimate American expectations. Is the government considering other options, other than the expansion of NORAD, in that sense?

•(1050)

Hon. Bill Graham: I wonder, Mr. Chair, could you give me a bit of time to answer this question? I think the issue is important for all of us. I have to be very careful about what I say here because we're talking about future negotiations; you can appreciate that.

The Chair: I'll just interject here.

Mr. Blaikie has taken his question right to the end of his time, but I think it an extremely important one. With the indulgence of his colleagues, I would like to give you a chance to answer it.

Hon. Bill Graham: On this issue, I can't speculate where future negotiations will lead. Negotiations are negotiations. There's another partner there, the United States of America, with its own perspective. But there are some facts that we know.

This is not perhaps the time to have this debate, but we could have a debate. I personally would rather see the maritime aspect put into NORAD, because it would give us a control, if you like, over American activities. If it's purely bilateral, they can independently do what they want, we can independently do what we want, and we're only consulting one another. We have more control in NORAD than we do in a purely bilateral relationship.

I honestly do not think that is a likely outcome at this particular time. We will argue for it and we will work towards it. But I believe that in the present state of the United States, where they have NORAD, NORTHCOM, STRATCOM, and SPACECOM, they are working out their own relationships within those entities in a very complex situation within the Pentagon. They will want to settle their internal affairs before they would then make an extensive decision.

However, the government will be pressing for as extensive a relationship as we can in terms of our relationship with the United States to enable us to guarantee our maritime approaches and any other way in which we can guarantee the protection of North America with our American colleagues. There is even—

Hon. Bill Blaikie: Does that include the land forces?

Hon. Bill Graham: The land forces section, of course, is much less likely to take place. It is very unlikely that there would be binational control over land forces in any way. I don't see either government doing that.

You'd have to envisage it as a complicated situation where in response to a nuclear, biological, or chemical disaster or attack on either side very close to the border, where there might be forces or fire departments and other things, assets available on either side of the border could potentially go to the support of the other side of the border. It's the type of thing that the binational planning group is discussing in NORAD, but it is very much linked to civilian responses and where the military can support those civilian responses.

The military is acting in a very secondary role. There's no question of a transfer of sovereignty, because people going across the border to the other country clearly have to operate under the authority of the person whose country they're in. That would be clear for both of us.

Again, I'm getting ahead of myself. General Hillier's restructuring within the department of our command structures will enable our forces to more effectively reflect NORTHCOM in such a way that we can have discussions with the Americans that would more effectively guarantee our sovereignty by making sure that we are speaking to them with equal weight on the way in which we organize our affairs in this country. That is one of the important aspects of what General Hillier's present work is.

The Chair: Thank you, Minister.

We are a bit over the time limit. I sensed that it was quite important, and I think colleagues agreed. Remember, they were probably anticipating the defence paperwork of the committee that we're anxious to start on.

• (1055)

Hon. Bill Graham: I'm giving you food for thought.

The Chair: You're giving us food for thought. Mr. Blaikie always does that as well, but his time is now up.

I want to move on now.

Mr. Bagnell, please, for ten minutes.

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

Minister, I'm sure you can imagine what I'm going to ask, given my constituency, so perhaps you can go ahead. I'm sure you can guess I'm going to ask what I always do.

A voice: From the north.... Sovereignty

Hon. Bill Graham: Surprise me.

Hon. Larry Bagnell: First of all, as you know, I've been leading a crusade on northern sovereignty for the last few years, which I know the Prime Minister and many Canadian people are on side with. I certainly appreciate the great strides the military has taken in the last summer, in particular, a whole bunch of different initiatives, which is great. I just want to ensure that continues.

I was very happy to hear in your opening remarks about a greater northern presence. I don't want to talk about the rangers; they're great. I think the junior ranger increase is tremendous, and I totally support that. But I would still like to see, as I've said on numerous occasions, more of a presence. Of our 13 jurisdictions, the two parts of Canada that have land claimed by other sovereign nations—Denmark and the United States—are the Yukon and Nunavut. Of our 50,000 or 60,000 personnel, we have six of them in the Yukon and one in Nunavut. The United States has more armed forces in Alaska than we have in the entire country, or something like 100,000. Yet next door we just have seven, which seems totally incongruous.

Speaking on behalf of my constituents, I think we could do more. We have more Canadian Forces at Elmendorf Air Force Base, which I visited, in Alaska than we do on the Canadian side of the equivalent jurisdiction, which is the Yukon.

So I'm glad to hear you talking about increased northern presence and would be glad to hear you talk about anything you wanted to add on your plans on northern sovereignty. As I say, I think you've made great progress in the last year. I just want to reinforce that and thank you for it, and I hope there is more coming.

Hon. Bill Graham: I don't want to get too ahead of the defence review, but clearly, Mr. Bagnell, the defence review was written in the light of the recent announcements of the government in terms of its Arctic strategy. I believe you attended those meetings, as did I, chaired by Andy Scott.

Clearly, there is a need for a whole-of-government approach to increasing our presence in the north. In the Canadian Forces, we are very conscious of that fact. That's why the last exercise we did in the north, Exercise NARWHAL, was one that very much involved us. It involved many other government departments, looking at issues such as an industrial accident, a terrorist threat, or a whole host of issues that would bring four or five departments together and have them work together, where the forces would be supplementing the civil power in many ways. So there will be more activities by the forces.

At this point, I can't speak to where they'll be deployed or give places as to where they would be stationed or anything else. But there is no doubt about it that we are looking at ways in which we will increase our presence in the north, as a way of ensuring Canadian sovereignty and ensuring that we have proper information about what is taking place in the north. In that respect, I did refer in my talk this morning to UAVs and their possible use in the north, particularly for patrols. They obviously have a tremendous capacity to increase our footprint up there, covering that vast space, which is very attractive.

Hon. Larry Bagnell: I certainly appreciate that, and the extra satellite coverage too.

I won't stay on this much longer, at least not until the review is out, and then I can get back to it. But I'll just make one more point and go on record again as saying that I hope that somewhere in our future plans there is capacity for ships that can navigate in ice, either on top of the ice or under the water. I hope that's been thought about or considered, as the biggest expanse of our coastline is actually in the Arctic, a lot of which we can't access at the moment, except by snowmobile in good times or by certain aircraft.

• (1100)

The Chair: Minister, you'll know that the member is a shameless defender of the northern part of Canada and the need to exercise our sovereignty there, so none of us are surprised at his questions.

What can you offer in that regard now?

Hon. Bill Graham: There's no doubt that Mr. Bagnell and everyone in the committee knows, and certainly I know from my former role as foreign minister and from going to the Arctic Council meetings or northern council meetings, that the rapid change in the environment in the north, by virtue of climate change or for whatever other reason, is bringing changes there that are extraordinarily rapid. The recent report to the Arctic Council on the environmental changes is very instructive in terms of the types of changes we can expect.

We are definitely looking at how we as the Canadian Forces have to react to that. You are talking about large capital acquisitions. Particularly they're talking about icebreaker capacity and double-hulled ships and other capacities of that nature. Certainly the navy is looking at that, but this would be in the future; it's not viewed even in the present budget.

That's certainly not to say that we're not looking at exactly that. We're very much aware of those issues and we are looking at how we can get ready for a time that is now spoken of as early as 2040 for big changes that will be taking place up there.

Hon. Larry Bagnell: I have one last comment on that, and then I'll go to my next question, to a different area.

I'm delighted about the large investment Canada has put into the mapping of the continental shelf, which will actually increase our sovereignty in area, which will then increase the area that you have to cover.

I want to change to Darfur at the moment. As you know, that's a big area of concern in the world and in relation to the estimates. I know we're one of the leading countries in there first, but I just want to make sure that the estimates cover our future contingency, whether or not we're in a support role, with a lesser role of our military in supporting the African Union. Did our estimates leave us the flexibility to act as we need to, to help out in that situation?

Hon. Bill Graham: I think that's a very fair question. I think you put your finger on it. Without getting into the complexity of the situation in Darfur, as you know, it's clear that the international authority has been given to the African Union to operate there. Unless it were to be changed by a chapter 7 resolution of the Security Council, which would authorize troops to go in without Sudan's approval, which would change the situation enormously and probably require, I don't know, 50,000 troops, or something very substantial, our role in terms of troops—I'm not talking about our diplomatic role here, but our role in terms of troops—is very much envisaged in the way in which we could supplement the African Union by way of training, by way of working with them, and so on.

I can assure you that there is sufficient in the estimates to be able to play a role there. We can supplement what we can do so that Canada can play a role there. We'll take that under advisement in terms of that. The normal practice, as you know, for the Canadian Forces is that in the event of a significant deployment of the forces, the incremental costs usually are supported by the fiscal framework rather than out of the normal departmental budget.

Hon. Larry Bagnell: The last area I want to comment on is the decision on ballistic missile defence. I think I was technically coming from the same position as you were originally, but I want to applaud the government on a courageous decision.

My constituents were not of the same view as I was, and I think that was pretty prevalent in Canada. We had not convinced Canadians at all of the benefits of that, and under those circumstances, in spite of other good reasons to be involved, I think we made a very courageous decision.

I'd just like your confirmation that you also have some sense that those of us who saw some benefits to it had not convinced Canadians—I certainly hadn't convinced my constituents.

I think in that light it's the Canadian people we represent, and we made a decision that they would be happy with at this time. And we had other priorities, which I've spent the rest of my time talking about. I was very happy that we invested, as you mentioned, in the UAVs, the northern operations, and all those things we invested in in the north. I was delighted that we put the money in that area too.

• (1105)

Hon. Bill Graham: Well, life is a series of choices and priorities. In these circumstances, within the framework of Canada-U.S. relations, the fact that we put our priority on additional defence spending in a way that's responsible and increases the capacity of our forces to be useful here in North America and supplements the United States and other countries in what we do abroad clearly enhanced that relationship, and in that sense satisfied that priority.

The Chair: Thank you, Minister.

Before we go to second round, I will ask you to amplify on one point. On BMD, as you well know, I was chairing this committee and you were chairing the foreign affairs committee when the first round of that debate pre-9/11 all started, when an early iteration of this committee held the only real substantive hearings. I think there were some at the foreign affairs committee as well, but we held quite a series of hearings on missile defence, and certainly—

Hon. Bill Graham: If I remember, Mr. Chairman, I was the enlightened person and you were an unreconstructed dinosaur.

The Chair: That's right. Because I think the defence logic at that point certainly pointed to our participating. I think Mr. Bagnell has talked about the political reality, which obviously influenced the decision. There's no denying that.

I guess my regret is—I agree with Mr. Bagnell—I don't think the case was ever put out clearly and logically. As much as you and others tried, I don't think it ever really was taken up as much by the Canadian public. There was fairly much a knee-jerk reaction against the BMD and, rightly or wrongly, that prevailed. But I did move from being very much leaning to joining to starting to come back a little more to the undecided. Then the decision was made, and so be it.

I wonder if you would just amplify on something you just touched on. I know your remarks are being broadcast, and I think it would be useful also for the committee. When there's an unanticipated crisis, be it national or international, which requires significant action by the Canadian Forces, and obviously considerable expense concomitant with that action, how is that dealt with on a fiscal basis by the government? How is that funded, in other words? You wouldn't anticipate that the crisis actually is going to take place; there's a political decision to send Canadian Forces to that crisis situation, whether it's a flood in the Saguenay or it's some place in Darfur. What are the budgetary implications for the department, and how is it handled?

Hon. Bill Graham: Well, Mr. Speaker, I have not been minister long enough to have had that type of internal experience. I can repeat what I said to Mr. Bagnell, that the practice is that if we deploy troops abroad at the request of the government, the assumption is that the budget covers what we're doing, in terms of the training and preparation of the troops to make them ready to do what the Government of Canada calls upon them to do. Therefore, the first

point is that if we are to deploy troops abroad at the request of the government, there's an assumption that the incremental costs of that deployment will be covered on top of what the department... Otherwise, those costs would eat into the capacity of the department to perform its role, to prepare the troops, and make us ready to do our job. And everybody recognizes that.

In terms of a Winnipeg flood or fighting a forest fire, usually, of course, we respond immediately. You don't haggle about the costs; you go and do the job. Then, if this has had a serious impact on the department, we confirm the requirements. We can go to Treasury Board and request supplemental income in the budget, and that has happened in the past, where we've been given a supplemental account to do that. But there's no suggestion that the response is conditioned upon getting the money. You have to respond first, and then we talk about the paying of it later.

The Chair: Thank you very much. I think that additional clarification is helpful to the committee and to the public as well, because there's a concern about how you are going to fund all of these actions and anticipate them. You've answered that it's covered in another way. Thank you for that.

Now we go to a second round of questions, colleagues, for the minister and the other gentlemen, and it's five minutes.

We start with Mr. MacKenzie, please, for five minutes.

• (1110)

Mr. Dave MacKenzie (Oxford, CPC): Thank you, Mr. Chair.

Minister, I'd like to deal with the estimates. I think that's appropriate today.

My first question—

Hon. Bill Graham: Can you tell me what page you're on?

Mr. Dave MacKenzie: Page 85.

Maybe it's an easy explanation, but can you explain what the table on page 85 is detailing? It says, "The following projects will exceed their departmental delegated project approval level".

Hon. Bill Graham: Basically, if I understand it, it is pointing out that there are, in the capital equipment program, projects for which there may be a departmental approval—we have a thing called the SCIP, and there are all sorts of budgetary proposals, and we can get Mr. Monette here again, if he wants to come up—but it's very clear that we do find as time goes on that the prediction as to the actual cost is going to be exceeded. This I find particularly true, and it's something we will all have to get used to now, as we're getting much more high-tech in everything we do, sir. And we'll talk about this in procurement, if the committee can help us with the procurement, because I intend to make that a focus of what I think I should be working on with you in the future.

I mean, this is a huge problem. The high-tech costs of these items are enormous, and often very difficult to pin down with complete accuracy.

Mr. Dave MacKenzie: Okay.

You have 85 items that might run over budget. Is that not true, Mr. Monette?

Mr. Rodney Monette: Mr. Chairman, Mr. MacKenzie, this is a table of projects where we have to go to Treasury Board to seek approval. It's not that they're over budget; they're over the minister's ability to sign off on them and approve them within the House, so they have to go to Treasury Board for approval. It's probably not very well worded here, the statement at the top of this table.

Mr. Dave MacKenzie: For the average Canadian and for us, what does it mean in the budget?

Hon. Bill Graham: What it means to me is I have a delegated project approval level where I can sign off on x million dollars of funds.

Mr. Dave MacKenzie: But is the money in the budget?

Hon. Bill Graham: The money will be in the budget, but to get it I have to go to Treasury Board.

The Chair: Can I interject? Did I miss something? The minister can sign for an amount up to a certain figure, and then he has to go to Treasury Board for a higher amount. Is that what we're hearing, Mr. Monette?

Mr. Rodney Monette: That's correct, Mr. Chair. There are various approval levels. If the project is greater than that approval level, and it depends on the type of project—for example, it could be \$30 million for certain projects and for others it could be \$60 million—the minister is then required to go to Treasury Board to seek approval.

But the money to do those things is actually within our budget. It's within our appropriations as voted on.

Mr. Dave MacKenzie: On line two—

Hon. Bill Graham: But that's not to say we don't have circumstances where we find that, as I say, as time goes on, we do have to look for supplementary amounts.

Mr. Dave MacKenzie: Now on line two in that particular—

Hon. Bill Graham: Is that the Tribal class update?

Mr. Dave MacKenzie: Yes, the TRUMP project.

Hon. Bill Graham: Right.

Mr. Dave MacKenzie: Is that the same project that started in 1977?

Hon. Bill Graham: The answer is yes.

Sorry. I don't know all the details, but I'll certainly get them for you.

Mr. Dave MacKenzie: Okay. If it's still going on, one of the recently refurbished ships has been docked and is being used for parts. Does that make sense today? From 1977 until today, we're still in the TRUMP project, and on one of those ships we've spent \$350 million.

Hon. Bill Graham: I was just on the *Algonquin* out on the west coast.

Mr. Dave MacKenzie: Were you on the *Huron*?

Hon. Bill Graham: No, the *Huron* has been decommissioned.

Mr. Dave MacKenzie: Right, and we just spent \$350 million in the TRUMP project and then decommissioned it.

Hon. Bill Graham: Well, not on that particular ship, though.

I'll let Mr. Williams speak to that.

The Chair: Mr. Williams, we know who you are, but would you state your name and title just for the record?

Mr. Alan Williams (Assistant Deputy Minister, Materiel, Department of National Defence): My name is Alan Williams. I'm the assistant deputy minister for materiel.

This project is not unlike many others. Whenever you buy an asset—we're talking about an asset that can be used for 20, 30, or 40 years—as time goes on, obviously, the sensors you have in those assets need to be updated to keep pace with advances in the technology that have occurred since the time they were bought.

So in this program, as well as what we've recently done with our CF-18s, we are upgrading mid-life. We will look at the status of the current weapon systems and update those weapon systems to the extent that it's appropriate. This is one asset, again, that we're looking at. We have had them. It's time to reassess them and see whether or not our different sensor systems should be upgraded, and if so, to what extent. And we have a project to look at modernizing all of our weapons systems, usually in their mid-life.

• (1115)

The Chair: Do you have a last brief question, Mr. MacKenzie?

Mr. Dave MacKenzie: If I could just say, Mr. Chairman—

The Chair: Oh, sorry. Mr. Minister.

Hon. Bill Graham: Mr. Chairman, I don't think there's any problem with having committee members do what I did the other day and go on board the *Algonquin*. And suddenly you'll see basically a hull that, as they say, is a platform into which has been put all sorts of new anti-missile capacity, tracking capacity, capacity to work with interoperability with NORAD and with everybody in terms of tracking things.

All of this has been added, and presumably it's going to be added to and changed as we go along. But it actually would be, I think, quite instructive for the committee to visit some of these things. You could see these projects yourselves, and you'll see that in terms of the money we're now spending on a lot of these projects, the original hull is not irrelevant, but it's a small part of it. It's these upgrades.

I mean, the work on the CF-18s is another example. I was just down having a look the other day, and we're putting \$580 million into making them more effective. Well, the plane is still the plane, but it's the electronics and stuff that costs so much money these days.

Mr. Dave MacKenzie: I'm not worried about that. What I'm worried about is waste. We put \$350 million into the *Huron* in 1995, and then we took it out of service in 2000. That's waste. That's the question I have with regard to the TRUMP program. How relevant is the TRUMP program? When we took it out of service, we said it was because we didn't have the personnel to man it. Now we've started to cannibalize the ship.

Hon. Bill Graham: I'll have to get back to you on that. I don't believe that the \$300 million would have gone into the *Huron* by itself, because if you multiply that by the number of Tribal class we have, that's—

Mr. Dave MacKenzie: You have \$1.5 billion, I believe, for the Tribal class.

Hon. Bill Graham: Can I get back to you on how much went into the *Huron*?

The Chair: Maybe, Minister, after you've conferred with your officials, you could send a written response to the clerk, and we'll share it with the whole committee.

Hon. Bill Graham: Yes, I'll have to furnish to you the exact number.

The Chair: Thank you very much.

Minister, you've made a couple of references to procurement, and appropriately so, I think. You'll recall that an earlier iteration of this committee did quite an extensive study on procurement. Indeed, it was one of those rare unanimous reports we sometimes get in this place. It was an extensive piece of work. As part of the defence review, we will be revisiting that report, which I think offered some excellent suggestions. I just wanted to put that on the record, because that work is quite valuable, and we don't intend to see it lost.

Colleagues on the committee, I know that report has been circulated to you. I hope you'll get a chance to look at that procurement study before we get into the upcoming defence review.

Let me go now to Mr. Rota, for five minutes.

Hon. Bill Graham: Can I ask you a question about that first, Mr. Chairman? I saw a reference to that review. I understand there is a future committee report coming on that subject. Is that a correct assumption? You're going to revisit the previous work and update it, is that the idea?

The Chair: The intention is that we'd work that in as part of the defence review, not as a separate piece of work.

Hon. Bill Graham: I can assure you that will be very helpful.

The Chair: Mr. Rota.

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

My question revolves around NORAD. We're going to take you back there again and to ballistic missile defence. There's a lot of confusion between the two. There were different areas that we looked at. I'm going to go back to

[*Translation*]

what Mr. Bachand spoke of, namely, ensuring a presence and participation. These two words have fairly similar meanings.

• (1120)

[*English*]

Can you differentiate between presence and participation in BMD through NORAD?

Hon. Bill Graham: I would put it slightly differently. I've never thought of it in that light. I've always thought of it in terms of there being a ballistic missile defence system, which consists of deploying a missile and sending it up in response to an incoming missile. I call that the lancing or the deployment stage of the missile in the process. Earlier to that you have an information-gathering process that enables you to decide whether to deploy or not. In many ways, in this debate around terminology, for me, the ballistic missile defence system is very much the latter end of it. It's the system of the launching of the missile. The information gathering is a general process.

Everybody thinks this NORAD amendment is the end thing to this ballistic missile business. It's not just NORAD and radar sensors and military intelligence that enable us to make decisions about what we're going to do. I assume that embassies in these countries are saying we suspect that in this area there's a possibility of somebody launching a missile. I know that in our own decision-making, both in the Department of Foreign Affairs and in my department, we don't just depend on radar blips and other things. We depend on a vast array of human and other information, which enables us to do that.

So I see the fact that we made the NORAD amendment to provide information to the United States as being part of our information-providing process, just as we supply security information to them and work hand in glove with them on the defence of North America.

When it comes to the deploying of the missile, what you would call participation, we're not participating in that. We never have, and at the moment we've decided not to. I certainly make an important distinction between those two functions.

Mr. Anthony Rota: We had the agreement back in August to add to NORAD. Some talks are under way on NORAD, and we've got a new agreement, or a renewal of the agreement. What are Canada's priorities in the renewal of the NORAD agreement?

Hon. Bill Graham: Our priority is very much to enable NORAD to function as largely as possible in the relationship. As I said earlier, it is a binational rather than bilateral arrangement; therefore it gives Canada a much greater say in what is taking place. That is our negotiating game plan. However, that depends on where the Americans are coming from. As I indicated earlier, it would be unrealistic at this time, given the state of where they are, to speculate on how far we would go.

But I want to make it very clear that there are other ways of accomplishing the same thing. For example, in the maritime area, if it doesn't go into NORAD we can do a maritime agreement with the United States, which on a bilateral basis will function...it already is. We have very close collaboration with our American colleagues in terms of the bilateral relationship.

On my visit to the west coast recently, the commodore described a recent exercise they did that brought into play the American navy, the Canadian navy, the coast guard, and civilian responders to a potential crisis on the west coast. They worked seamlessly together. So it's already in place. I'm not suggesting we're starting to invent this; it's already there, but we can refine it and make it better.

Mr. Anthony Rota: I know we hear from a lot of naysayers that this is going to affect our relationship with the U.S. long term. Do you see that happening? Do you see the long-term effects being negative on the relationship between Canada and the United States in defence and especially NORAD?

• (1125)

Hon. Bill Graham: No. I honestly believe we are entering into a new period of close collaboration in the defence of North America, where both parties in North America recognize the realities of the other's approach, and that we sometimes have different approaches to some things. But the fundamentals of the relationship are that our security is joined: Canadian security is dependent on a secure United States, and the United States' security is dependent on a secure Canada and our collaborating together.

Even today there was an extension of that in a very minor way, with the suggestion that we should be looking perhaps at more effective collaboration with our Mexican partners in North America. This came up at the meeting the Prime Minister had recently in the United States. Speaking for myself—and I think the Chief of the Defence Staff will agree with this—we should be looking at how we Canadians can further that.

We have a good relationship with Mexico. I met with the Mexican defence minister, General Vega, when I was in Quito. He said to me maybe we could come together, and I think we could help our American colleagues by working together on that. Eventually, the more complete we are in our relationship with one another, the more we will make sure all the holes have been plugged in terms of the security of North America.

The Chair: Thank you, Mr. Rota.

[*Translation*]

I'll now turn the floor over to Mr. Perron.

You have five minutes, sir.

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Mr. Chairman, I have some very brief questions, in the hope of getting some equally brief answers.

Hon. Bill Graham: If the questions are simple, then the answers will be simple as well.

Mr. Gilles-A. Perron: Absolutely.

My first question is for General Richard Hillier.

No doubt you have perused the 2005 estimates. Do you really believe that you will be allocated a \$4 billion operating budget in 2008-2009? What assurances do you have in that regard? For example, one can recall the cancellation of the EH-101 helicopter contract and the ensuing \$500 million cost to the government.

Hon. Bill Graham: Mr. Chairman, that's a question of a totally political nature. The General cannot say for certain what his expectations are were. Allocating funding is the government's responsibility and it's not for the General to say whether or not he relies on the government to follow through on the commitment. I'm confident, in so far as his answer goes, but certain rules must nevertheless be followed.

Mr. Gilles-A. Perron: Minister, General Hillier is responsible for drawing up budgets and for acquisitions and forecasts. Even the policy statement depends on the budget and on his confidence in the budget. For example, the defence policy statement calls for expenditures in the order of \$3.8 million. Where will this money be coming from? We don't even know yet what the statement will contain. Plans also call for allocating \$3.2 billion to address the viability issue. How can plans be made to spend this money if these figures are not reliable? Can we in fact rely on these numbers?

Hon. Bill Graham: Mr. Perron, as your Minister of Defence and, under the Constitution, as the person with civilian oversight over the department, I can assure you that I'm the one directing the General to make plans on the basis of the existing budget. The same holds true for other departments. When I was the Minister of Foreign Affairs, the ambassadors didn't go around saying to me: "I cannot be certain that you will have the necessary funds to build my embassy within the next five years". They have a job to do and that is what they are there for.

Mr. Gilles-A. Perron: Mr. Minister, page 28 contains a reference to the Navy and to "continuing and fast-tracking the introduction of a modern submarine capability into the Canadian fleet".

We're all aware of the state of our submarine fleet. Nowhere is mention made in the estimates of the cost of getting the submarines fully operational again. We don't know if we're looking at tens of thousands, hundreds of thousands or millions of dollars.

Have you any idea of the amount of money involved?

Hon. Bill Graham: Yes, some projections have been made in so far as submarines are concerned. I can ask Mr. Williams to supply you with more detailed figures. Your skepticism is rather unfortunate, Mr. Perron.

Mr. Gilles-A. Perron: My dear friend, skepticism is just part of the Opposition's job. We have considerable experience dealing with broken promises.

Hon. Bill Graham: I can assure you that this is not the case this time around. I'm confident, and I believe this confidence is shared by our military and our department. Our impression is that we have turned a corner and are moving forward. General Hillier may want to say a few words about that, so I will turn the floor over to him. Later, Mr. Williams can give you some more specific figures on the cost of repairing the submarines.

• (1130)

Gen Richard Hillier: Allow me to answer your question, sir.

[English]

From our point of view, it's simple. We're spending the money that has been allocated to us for this year, which includes that \$500 million. We're making plans—obviously it's still very early—to spend the money next year and the year after, through the five years of commitment. We will commit to contracts. As soon as it is possible for the dispensing of that money, we're going to enlarge the Canadian Forces. We're starting that process, and we're quite literally in the middle of it right now.

We are going to fix the base of supply with the money we have here, and commit money to that. Of course, we're going to continue the modernization piece of it here. So I spend the money this year, and I'm making plans and commitments for the money for next year and the years following that. I have confidence it's going to come, and I rely upon the Government of Canada to provide the money it's told us it is going to give us.

[Translation]

Mr. Gilles-A. Perron: Before I hear from my friend, who is retiring in a few weeks, I would like you to clarify one thing for me. You stated earlier that the regular DND force will be expanded by 5,000 members, and the Reserve Force, by 3,000, at a cost of \$80 million. Have you planned for this increase in this year's budget?

[English]

Gen Richard Hillier: We're going to start putting in place the program to allow us to do that effectively. As you will see in that budget, most of the 8,000 increase—5,000 in the regular, and 3,000 in the reserves—will come in years three, four, and five. Between now and then we'll have to rebuild our recruiting system. We've got to put some significant amounts of money into the bases and the training infrastructure that we've let run down over the past years. In short, we've got to put ourselves in a position to be successful in doing the increase we need.

That's what we're going to spend most of that \$80 million on this year. Particularly for some of the high-tech trades that are very much in demand and take a much longer time to bring to a full level of training, we will start recruiting people this year. So we are starting this year with that \$80 million.

[Translation]

Mr. Gilles-A. Perron: I'd like to take 30 seconds to...

[English]

The Chair: Monsieur Perron, this has to be the last comment, because you're out of time.

[Translation]

Mr. Gilles-A. Perron: If my calculations are correct, that's one million per soldier. Eighty million for 8,000 soldiers comes down to one million per soldier.

Hon. Bill Graham: No, that's \$80 million per year. We're looking to hire far more than eight persons. For 8,000 soldiers, the cost is actually \$1,000 per person.

Mr. Gilles-A. Perron: No. One million times eight equals eight million.

Hon. Bill Graham: Your calculations are a little...

[English]

The Chair: At this point we're getting into quite a protracted discussion and a mathematical disagreement, and Mr. Perron is well past his time. Perhaps we'll have to ask for some private clarification of that.

Mr. Williams, can you comment briefly on an earlier point by Mr. Perron? Following that, I'll have to go to the next witness, in fairness to the other colleagues who are waiting.

[Translation]

Mr. Alan Williams: Certainly. Regarding the submarines, there are two different costs to consider. The price tag for the submarines was close to \$900 million, while annual operating costs are in the order of \$120 or \$130 million. That amount comes out of our budget.

[English]

The Chair: Thank you very much.

When there was a question of a political nature, I think we saw the expertise of the minister as a former distinguished chair of a foreign affairs committee. Members sometimes stray into questions that have more of a political overtone. Those are more appropriate for the elected official, in this case the minister—and I know the general, as the new CDS, will be walking that line sometimes as to what's appropriate and what's not—and the minister is the witness supported by the other people with him. So we'll try to recall that this distinction exists, but still we want to put some very important questions.

Our next witness is Mr. Martin, please, for five minutes.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Thank you, Minister, for being here, and gentlemen.

I have three quick questions. I'll just ask them straight off.

Hon. Bill Blaikie: On a point of order, Mr. Chairman, I just think this is highly unusual. This is the parliamentary secretary to the minister, and he's asking the minister questions. I presume he has access to the minister; he doesn't have to take up the time of the committee asking the minister questions. I just want to put on the record that I think it's inappropriate.

• (1135)

The Chair: I take your point. However, the parliamentary secretary is a member of the committee as constituted, and he has the floor appropriately as per the time allotment by our rules.

So, Mr. Martin, you have five minutes.

Hon. Keith Martin: Thank you, Mr. Chairman. I assume that little outburst will not be taken out of my time.

I have three quick questions, if I may, Minister.

I know you've been seized with the issue of procurement. It has been a big challenge for our Canadian Forces. Perhaps you could tell the committee how we're going to shorten the procurement process.

My second question is to General Hillier. Sir, you served with high distinction as commanding officer in Afghanistan, and we thank you for that. I wonder if part of your vision is that we have in the future a rapid mobile force with high lethal capabilities but also able to engage in the humanitarian work that was also done in Afghanistan, a force that could participate perhaps as part of SHIRBRIG and other activities with our allies.

As to my last question, Minister, one of the big challenges we have, as you know very well, as all of you know, is how we deal with the technological gap in defence procurement. It's a big problem. I know some of our opponents are trying to acquire the soft technological capabilities, which are extremely important, for their lethal capabilities. How are we going to manage the technological gap? When the U.S. is going to spend about \$1.3 trillion over the next 20 years on their defence forces, how are we going to manage that?

Thank you.

Hon. Bill Graham: Maybe I'll take the first and third and leave General Hillier a chance to talk more about how our forces function in what's often called the three-block war context.

I don't have the answer yet about how we can deal with our procurement issues. I do know that we have a good system. Mr. Williams is here to testify to that. We've had some remarkable successes. But I think Mr. Williams and all those engaged in the process would agree that it's taking too long, which is a real problem in a highly technological era in which the investment you may make today, if it takes you five years or seven years to get there, is going to be passed by future technological advances. So we have to be very conscious of that.

This is the beginning of the process, I think. We have to look at how we do it inside the department, but I also believe that we have to do it by looking at how we deal with our partners. There again, that's a political issue, and the committee might be helpful with that. There's a Department of Public Works dimension to how we order things and there's an Industry Canada dimension. Can we find a way in which three departments can be more efficient and operate more quickly? I'll be discussing that with both my Public Works colleague and my Industry Canada colleague. I think this is very important. I want to bring us together and see how we can do that. We want to streamline it in the department and we want to streamline it within the government.

There are some advantages, presently, arising out of the work of Mr. Alcock and Walt Lastewka in terms of the procurement process. Some government procurement, as you know, will now be done across the government. Generic items will be done government-wide. That will leave for our department, then, the obligation, but also the opportunity, to focus on specifically military items. We should be looking at the way in which we acquire military items, as opposed to what I would call generic items, like computers and other things, which, when the new system takes place, will be acquired government-wide. And that relates, then, to the technological gap.

It's becoming more and more clear to me, and it's clearer from every discussion I have had with every other defence minister, that this is a huge problem. The United States, as you said.... Now, they announced \$1.3 trillion over 20 years, but even the senators found

that a bit troubling, given the present expenses. The comments about that announcement are very interesting. A lot of people are saying that if you're going to spend that kind of money, what sorts of controls do you have, and how are you even planning to go forward with that? A lot of this has been going forward on faith.

I'm confident that we have a capacity to acquire and make changes to our equipment in a way that will make us interoperable with our allies, and that's what we will seek to do. We're doing that with the CF-18s at this time, very effectively, and I think I could point to other areas where we're doing that. And that's what we'll have to pursue—vigorously.

•(1140)

The Chair: Did you want to have General Hillier finish—

Hon. Bill Graham: Well, if General Hillier wants to speak about the three-block war, he can.

Gen Richard Hillier: I'd be delighted, Minister, and Chair.

Sir, as I come back from the operations that I've done, particularly the ISAP one most recently, I try to apply lessons learned there to things back here. I'm a slow learner, so it takes me a while to come to a crystallization of all these things, but I'm there.

I've always been frustrated about our inability to work together truly as the Canadian Forces. We work very well independently as an army, an air force, and a maritime force. But I believe there's a much greater bang for the buck for our country, for Canadians, and for people outside of Canada if we can actually pull together the Canadian Forces to form one operational entity that we can deploy either in Canada or around the world to help people when they truly need help. It would give us a greater footprint, a greater profile, greater credibility, and therefore a greater chance to influence things in consideration of our own interests and values as a country. That really has become a focus for me as I seek to have a Canadian Forces that can implement the defence policy when the government articulates that force.

As a part of being able to do things such as humanitarian assistance and combat operations, as we look forward to the next 10, 20, or 30 years, the lesson that is clearly learned is that the threat we deal with has significantly changed. It's no longer a massive, highly mechanized fighting force. It's a ball of snakes out there.

We have to be able to do three things simultaneously. We have to be able to fight and win. While we're doing that, we have help to build a country, a nation, in the place where we are fighting and winning. While we're doing those two things, we have to be able to help keep people alive by either delivering or facilitating the delivery of humanitarian assistance. The one thing that everyone has learned is that if you can't do all three simultaneously in a very small constrained area, you're going to fail, and that's not what we're about here.

A Canadian Forces operational entity is where I fervently believe we have to go. Secondly, we have to be experts on what is called in general terms the three-block war in order to have an effect across the world. We use those two things to drive the right appetite for technology. We truly have to take an appetite suppressant, because we could chase every technological gizmo down a rabbit's hole and bankrupt not only the Canadian Forces but Canada itself here.

As we go through these issues, first of all, we've made enormous progress. We have some of the most enabling and positive technology in the world in service right now with the Canadian Forces, air, land, or sea. We've made some enormous progress on this one.

The brigade that we put on the ground inside Afghanistan last year was seen as one of the best-equipped military ground forces that the western world could put in place. We and our soldiers, for that very specific timeframe, were the envy of comrades from the other 36 nations that were participating in the mission. Our challenge is to bring that back through to the rest of our system and make sure that we have it for training and normal day-to-day use so that it's not a new experience when we go on the operation—i.e., you can use it to its extreme here.

As part of this operational entity to focus on a three-block war so that we can be successful, we have to build networks of people. Make sure that's right, and then enable all those networks with technology. We have to find the right way to do that. I think the operational experience that we've had over the last year or so is going to help us do that in spades. We can become more effective, more efficient, give a better profile on credibility and influence to Canada worldwide, and still be able to play equally with the United States of America on whatever operation we decide is appropriate for us to go into.

There's an intelligent, common-sense, appetite-suppressed approach to the technology issue, and I think we're getting to that.

The Chair: Thank you, General Hillier. That was very interesting.

On your comments about the branches of the forces working together in a better way, I'm hoping the review of the paper will address that. We'll certainly keep your comments in mind as we start our work.

We have enough time to complete the second round.

Mr. Casson, please, for five minutes.

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

Thank you, gentlemen, for appearing before us.

Mr. Minister, in your opening address you included things like “fundamentally transforming the armed forces”, “a changing culture”, and “transforming the command structure”. General Hillier just talked about “a fully integrated unit”. You can understand that in order to do its upcoming work, especially on the study of the defence review, this committee needs that defence review to get to us. I think in some cases you're getting the cart before the horse. You're making all of these fundamental changes in culture, but the review is not before us. It's important for that to happen in a very expedient fashion.

I have a couple more specific points. You've gone to great lengths to try to explain the ballistic missile defence scenario and system, the NORAD amendment, and all of these things, but can you—one of you—be more specific as to what exactly the government said no to when it came to missile defence? It seems we're involved to a certain point. You used “presence”, “participation”, and words like that, but did we say no to a personnel commitment? Did we say no to a budget figure that was given to us? Did we say no to some capital equipment or expense that we knew of? When you said no to the defence system, what exactly did you say no to?

• (1145)

Hon. Bill Graham: I agree with your intervention about the need for the review, and for exactly the reasons you've put forward. We want to move forward on these issues. But I do want to suggest to the committee that my view about the transformation of the actual forces themselves, about how they're going to do their job, is very much for the military to do. I don't intend to micro-manage that, and I don't think the committee wants to micro-manage the day-to-day operations of the military and how they're organizing themselves. We want them to do that, because they're the experts in it. I'm certainly not. I look to General Hillier and his colleagues, with their operational experience, to which there is a great deal of depth.

We can go forward with some of these things as we're going with the review as well, because I appreciate that there are general lines out there that will in turn influence what type of organization they want to bring to bear. So there is a link, but it is not necessarily a direct one.

In answer to your question, the specific answer is that we basically said no to signing the memorandum of understanding that the United States had presented to us in respect of participating in ballistic missile defence.

Mr. Rick Casson: In that MOU, was there any indication as to what was going to be asked or what the involvement of Canada would be as far as personnel and—

Hon. Bill Graham: A great deal of that remained in terms of details. There would have been annexes and things that would have been negotiated in the future.

Mr. Rick Casson: So there was no idea of exactly what was being asked of us when we said no to it.

Hon. Bill Graham: No, I don't say that. On the contrary, we knew what we were saying no to. We were saying no to participating in the deployment phase of the ballistic missile defence system. We said we didn't wish to go there, we didn't wish to participate in that, so there was no need to have two years of discussions around something that we had decided was not in our interest to pursue.

Mr. Rick Casson: Were we being asked to deploy missiles in Canada? Is that what you're saying?

Hon. Bill Graham: No. I said we said no to participating in the deployment process of the missiles, which at the particular time were all planned to be in United States territory, as we always said. In my speeches in the House, I always made it clear that we were not being asked to put money in at the particular time and that we were not being asked to deploy missiles in Canada.

Mr. Rick Casson: As a political question, early in the last campaign there was a commitment to a logistics ship project. That doesn't appear in the budget. I'd like to know what happened to it.

Also, General Hillier was talking about medium-lift capacity. Where is the air and sea heavy-lift capacity that we so desperately need to update? We don't see numbers for that. What's in the plans for those areas?

The Chair: Just briefly, please, because there are two other colleagues.

Hon. Bill Graham: The joint support ship is in the budget. It's continued through from the original announcements. It's very much in the initial planning stage, but it's there. We're looking at how to fulfill that. But there's no question, from a military point of view, it's a very valuable asset that we believe we should acquire. That will be something you'll no doubt be discussing more when you do the review and you have a look at what we say in the review. You'll be discussing it around that.

In terms of airlift capacity, which is a very important issue, I want to make a couple of points.

First, we've never had a situation where we needed to get our troops and their materiel and equipment somewhere that we have not been able to do by the present means, which has been largely renting the necessary airlift capacity. There are those who are strong proponents, and they include members of the Senate committee and others, who believe that we should own our own airlift capacity. That is extraordinary expensive, in our view. We are certainly going to look at that, but I think we have to bear in mind that we don't live in a world of unlimited resources. If we can get the capacity and guarantee that we have it in a way that is more cost-effective, that's certainly the direction we would be looking in.

We're not ruling out any options at this time, but there is no provision for that sort of strategic lift in these budget numbers.

•(1150)

The Chair: Thanks, Mr. Casson.

We have two speakers who will finish this second round, as our committee rules are constituted. It's Mr. Bagnell, and then we'll finish with Mrs. Hinton.

Mr. Bagnell.

Hon. Larry Bagnell: Minister, I just want to go on record. I don't know if you want to comment again on the search and rescue. I know we're looking at that. Our present bases are near the U.S. border, which sort of precludes the second half of their potential range. I think with the price of planes and the price of contracting services available now in the north it would easily be possible to have at least one plane north of 60, technically and economically, without incurring any more expenses. I certainly hope you're looking at and considering that.

Hon. Bill Graham: It would be inappropriate for me to give an answer today that would indicate where we're going, because this is a bidding process. We haven't firmed up the documents yet. All I can say is I hope we will be able to get moving forward on this very quickly. It's an important procurement for us. We will be looking for the best aircraft to do the job that we need to have done here in Canada.

I take under advisement what you've said, and we will be looking at all options.

Hon. Larry Bagnell: Having visited Afghanistan, I want to add my compliments to the tremendous job we're doing there. I think we were under attack at the time I arrived, and the forces are doing great. I just wonder about the future there.

General Hillier, are we looking at any involvement in provincial reconstruction teams, or is our long-term involvement going to remain in Kabul?

I have another question, my last question, and it's related to tanks. It's not just in regard to Afghanistan; it's military-wide. I understand the original thinking on tanks, that we may be diminishing their use because we don't have the transport capacity and we want to have more rapid deployment in urban environments. It seems some of the experience—at least for the U.S. military in Iraq, and in some other locations—suggests that the heavy armour is needed. In particular, their Stryker vehicles have huge casualties that they weren't expecting. Do you have any comments in that area?

Hon. Bill Graham: Maybe I could first speak to the PRT.

When I attended the NATO summit on behalf of the Prime Minister during the election, Canada at that time undertook that we would provide a PRT in Afghanistan in August of this year, and we will be doing that. The general can speak to the details of the numbers and things like that, and how he sees the drawdown of troops in Kabul.

But we certainly are committed to a PRT in the Kandahar region, and we will be beginning it in the month of August.

Gen Richard Hillier: Sir, I would just say that there is room, as we move to establish the PRT—the provincial reconstruction team—in the southern part of Afghanistan, to reduce the footprint inside of Kabul itself.

Initially, as part of the ISAF mission, it was absolutely important in the centre of gravity, in the capital city where the government was forming, to have that huge security presence of which we were a part. That need is still there, but diminishing, as that region gets more and more stable and the government starts to extend its power throughout the rest of the country. So we're now needed, and will be in the coming months, more in the regions of Afghanistan, and clearly that's why we're going to the PRT. But I think we will maintain a visible—small but very visible—presence in Kabul, because it will be very appropriate to what we're doing in Kandahar.

Sir, on the tanks-versus-Strykers issue in Iraq, first of all, the Americans have used the Stryker brigade inside Iraq. They have significant experience with it, and 98% or 99% plus of their experience with it and their critiques of it have been effusively praising of the capability it brings. They have not had huge casualties with or because of the Stryker vehicles themselves. As in every new fleet of vehicles—it doesn't matter whether it's their tanks or their Humvees or the Strykers—they have issues that pop up that they only start to realize when they stress them through constant use, in a very extreme environment, in an operational period. So they'll carry on and resolve some of them, and if we can learn from that on our fleets, so much the better.

Sir, we are diminishing and then getting rid of our tank, not because we can't transport it anywhere around the world, because we can, but because that is not the vehicle that we need to enable our soldiers to conduct the operations they do on an hourly and daily basis on our behalf. We can enable them much better with something like the mobile-gun system, used in conjunction with other systems, which will allow them to succeed in everything they do on an hourly and daily basis in places like Kabul, where they are not always in the middle of intense combat, and still play a significant and successful and winning role if they do get into combat situations in that three-block war scenario I talked about. So everything we are doing is designed to enable them in their hourly and daily work and to be successful and win in the most intense part of an operation.

• (1155)

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

Now we'll finish the meeting with Mrs. Hinton's questions, please. You have five minutes.

Mrs. Betty Hinton (Kamloops—Thompson—Cariboo, CPC): Thank you, Mr. Chairman. I think it's always good to let a woman have the last word.

The Chair: My wife says that.

Mrs. Betty Hinton: Is it true in your house, Minister? That's good to know.

General Hillier, I would just like to begin by telling you that I recently had the privilege of taking part in Cougar Salvo 2005, which happened in my riding. About 900 members were out. About 100 of them were regular army and the balance were reservists. It was an extremely well-done exercise. It was a really large eye-opener for me. I would like to commend the men and women who were participating in that. It was fantastic.

I have another comment I'd like to make. I found some of the comments made here today very interesting—the comments regarding the lack of information about the missile defence system and the comments that maybe we should have been there, maybe we shouldn't have been there. The reason we didn't have any sort of response from the public is that there was such a lack of information that went out. I put that squarely on the shoulders of the government. That's just a comment on my part.

I did want to clarify one other thing mentioned today. The motion that the Conservative Party put on the floor was to have disclosed the information and the talks that had taken place over many months between the U.S. and Canada. We wanted to know the costs, the

benefits, and the responsibilities. We wanted an opportunity to fully debate that and have an opportunity to inform the public and then to vote on that issue. But that did not take place.

The one question I have is actually for Lieutenant General Findley. It's regarding this entire missile defence system, which I am so happy to hear today—someone has actually said out loud, once again—is going to be on the ground, not in space, although there was a connection to monitoring in space. How much time would NORAD normally have after detecting an incoming missile headed into North America? Are we talking about hours, minutes, seconds?

LGen Eric A. (Rick) Findley: Are you talking about detection time?

Mrs. Betty Hinton: If they detect a missile coming into North America, how much time do you have to react?

LGen Eric A. (Rick) Findley: We detect a missile within about 30 seconds of launch.

Mrs. Betty Hinton: All right. So 30 seconds after it launches we can detect it, which we are participating in, the detection portion. Correct?

LGen Eric A. (Rick) Findley: That's correct.

Mrs. Betty Hinton: All right. So 30 seconds after it's launched, we can detect it. How long do we have to react to it?

• (1200)

LGen Eric A. (Rick) Findley: If you're just talking about the missile warning, we don't do any reaction to it. It depends on where it's launched from, but the ballpark figure—I don't want to give away a classified number—is somewhere inside of half an hour for some targets.

Mrs. Betty Hinton: All right. I'm assuming—and we're not going to give away any classified information—there's an opportunity for multiple launches.

LGen Eric A. (Rick) Findley: That's correct.

Mrs. Betty Hinton: So you could, for example, have ten incoming missiles launched simultaneously all coming somewhere in North America and you would have half an hour, if we were actually at the table making a decision, to decide whether we wanted to deflect one, shoot it down, whatever we were going to do. If I'm correct, we will not have that opportunity. We will have no say as a country in whether or not those are shot down. Is that correct?

LGen Eric A. (Rick) Findley: As NORAD, we continue to do the missile warning. We would advise both governments, the United States and Canada, and other folks who need to know, that there are missiles coming in. It will be the United States' decision, with their missile defence systems, whether they will engage or not.

Mrs. Betty Hinton: All right. So if it was—

Hon. Bill Graham: To be fair, Mr. Chairman, I don't want to interrupt Ms. Hinton, because any help that Mr. Findley can give to elucidate this is good, but clearly these decisions are all American decisions and they will be made in NORAD. So the timing, the pushing of the button....

We've read, for example, Mrs. Hinton, that the Americans are planning to put some on board ship in a future evolution, which would allow them to get closer to a potential missile launcher. There are a lot of things the Americans are doing that we know of generally, but we can't really speak authoritatively on that. We can't ask General Findley to speak authoritatively on what the Americans would do in a given circumstance. That's the only constraint we have to operate under here, as long as we understand where the questions are going. Okay?

Mrs. Betty Hinton: Granted. We're not really in a position to do anything because we're not at the table, but I just wanted to clarify some of those things.

So you said about half an hour, and it could be simultaneously launched—there could be ten of them coming in at the same time.

I'm going to the minister now for just one second.

If I listened carefully enough, you said that the only thing that Canada said no to to the United States was the signing of the memorandum of understanding. But I also heard you say that we weren't asked to put money in and that the anti-missile equipment was to be located in the United States.

I don't mean to keep going over the same subject matter, but what exactly did we say no to? If we're not putting any money in and the locations are in the United States and you said that we only said no to signing the memorandum of understanding, what did we say no to?

Hon. Bill Graham: We said no to signing the memorandum of understanding and we said no to participating in the system. Frankly, there was no guarantee of anything. So we believe that this time it was more appropriate to say yes to our priorities, to get our own house in order, and to spend our money where we want to spend it, to focus on what we can do well, and to be a good partner with the United States.

May I just, Mr. Chairman—

The Chair: If you want to give a final comment, Minister, that would be great.

Hon. Bill Graham: I'd just like to make one final comment.

First, Mrs. Hinton, I'd like to thank you for the comment you made about the Cougar exercise. I was just out in Kelowna last week myself and I met some of the people who have been involved in it, some of the local people, who said it was a good exercise.

Mrs. Betty Hinton: Excuse me, Mr. Chairman, this is a point of contention. This did not take place in Kelowna, which is the archrival of the city of Kamloops. It took place in Kamloops, which is my riding.

Hon. Bill Graham: Well, okay, sorry. I didn't mean to suggest that, but I was in Kelowna when people said to me that they thought it was a great exercise. So whether or not it took place in Kamloops, I was in a helicopter, which flew over some of the territory where it took place. But this is the type of exercise.

It's very kind of you to make that comment, and I agree, the forces are training for readiness, which is very important.

Mr. Chair, I'd like to make a comment about this particular session. We made it two hours, rather than an hour and a half, and there was a reason why I agreed to that. I wanted to make sure the committee was fully informed. There was another reason. I brought with me General Hillier and our colleagues here so that we could give full answers.

I don't think in many committees there's quite this latitude, if you like, to have officials answer questions rather than the minister. I don't mind if you as a committee say you just want the minister to answer the questions. That's fine. I would like to have the practice with you where we can bring our officials, you can have access to them, as members of Parliament, and we can share as much information as is possible for us to share, within security constraints, so that we get the best decisions out of what we're trying to achieve here together.

● (1205)

The Chair: Thank you very much.

Let me conclude by thanking you and all of the witnesses who accompanied you today. I think that is exactly the spirit in which this committee hopes to work with you, with General Hillier as CDS, and with all of the top people in the military echelon. We hoped we would have that good access as we're about to embark on a very important piece of work. We're anxious to get into that work, a defence review.

We thank you for being with us. You can see that members are a bit protective of their own ridings sometimes as elected politicians, and you heard Mrs. Hinton's clarification. But we know—and I've certainly known you for a number of years—that you're here to bring clarity to a situation and you're not afraid of the tough questions. I certainly sense that from General Hillier and Lieutenant General Findley. We look forward to working with you very closely and seeing you frequently at the committee as we continue with this important work.

So again, on behalf of all colleagues, we thank you very much.

With that, we'll adjourn the committee.

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