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The Honourable Maxime Bernier

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● (1105)

[Translation]

The Chair (Hon. Maxime Bernier (Beauce, CPC)): Good day and welcome to the seventh meeting of the Standing Committee on National Defence.

Pursuant to Standing Order 108(2), we are undertaking a study of the capital budget and procurement for the Department of National Defence.

We are privileged to welcome to the committee the Assistant Deputy Minister, Mr. Dan Ross.

[English]

Thank you for being with us this morning. I will give you the floor, Mr. Ross, and after that, the members will be able to engage in a conversation with you.

You have 10 to 12 minutes. The floor is yours.

Mr. Dan Ross (Assistant Deputy Minister (Materiel), Department of National Defence): Thank you, Mr. Chair.

Committee members, ladies and gentlemen, thank you for the invitation to come and speak to you about procurement in the Department of National Defence today.

As the chair said, I'm the assistant deputy minister, matériel. The materiel group is a central service provider and functional authority for all materiel for the Canadian Forces and the Department of National Defence. Essentially, that means that the materiel group is accountable for acquiring and managing the equipment through its entire life cycle, from the identification of a requirement right through to disposal.

We are the overall design authority for Canadian Forces equipment and systems. We also oversee the defence materiel relationship with other Canadian government departments, agencies, the Canadian defence industry, foreign governments, and international organizations.

[Translation]

We employ approximately 4,400 civilian and military personnel. It takes experienced and professional staff to execute on the various procurement activities we face, and in this regard we are fortunate in that we have innovative, capable and dedicated professionals. We continue to make strenuous efforts to further professionalize our skills in complex project management.

[English]

I manage an annual budget of over \$3.5 billion for capital expenditures annually and another \$2.6 billion for maintenance and upgrades. We oversee approximately \$22 billion in existing inventory of major systems and assets and I co-manage an active inventory of \$5.2 billion with the Canadian Operational Support Command.

On average, annually we spend on materiel approximately \$6 billion. There is a very predictable funding framework provided by the Canada First defence strategy, and that is reinforced by the departmental strategic investment plan. And I would comment, as well, that accrual budgeting has also been a key improvement in accelerating defence procurement in the past three or four years.

What keeps me awake at night, as you're no doubt aware, is the operational tempo of the Canadian Forces around the world, particularly over the last decade. Currently, we have 18 international missions under way, involving 5,200 members of the Canadian Forces. Vital as that is to meeting our obligations, it does consume resources, it increases equipment maintenance and repair, and it hastens deadlines for replacement.

[Translation]

Our military's equipment is often unique, is generally highly complex or sophisticated and frequently requires a measure of adaptation for use by our forces

[English]

The number of suppliers of major platforms is small and it is becoming smaller with the merger of various defence corporations worldwide. And these same corporations supply various countries, not just Canada.

Finally, in addition to meeting the urgent short-term requirements of our troops engaged in conflict and the longer-term requirements to make the future defence vision a reality, we also need to be accountable to Canadian taxpayers, to get best value for money, while taking into consideration industrial regional benefits, environmental health and safety, legislation of regulatory requirements, and international treaties and trade agreements.

I would comment that we have had some successes for our troops in recent years. For example, in terms of process we have shortened considerably the process in the past five years. We were averaging, in the previous ten years, 107 months to get to contract award, and we're averaging less than 48 months. This has largely been achieved by going to performance-based procurement, by going from the very detailed requirements to much higher-level performance-based requirements by minimizing customization and focusing on proven off-the-shelf solutions.

[Translation]

By applying these concepts, we have seen many examples of procurement successes such as the CF-18 modernization, with the last fighter delivered last week, ahead of schedule and well under budget.

● (1110)

[English]

There is also the Halifax class modernization program to extend the operational life of our frigates. It's a more than \$2 billion program and is well under way, with our first frigate coming out of the water this fall in Halifax.

We've delivered the four C-17 strategic airlift aircraft early and well under budget again.

[Translation]

We are planning to accept the first of 17 new Hercules tactical airlifters shortly, six months ahead of schedule.

[English]

We signed a contract last August for 15 new Chinook 47F helicopters that will be based in Petawawa, a huge increase in the army's ability to conduct all sorts of operations, from combat to disaster relief.

We purchased 100 surplus Leopard 2 tanks, which have been enormously effective in Afghanistan and provided vital protection to our troops in dangerous missions.

The last project I'd comment on is with our armoured logistics trucks, which have been enormously effective in Afghanistan. Our crews have not suffered a single casualty to date in using those new heavy armoured trucks.

There are many other projects that have been brought under contract or delivered in the past four or five years.

As a result of the Canada First defence strategy, in the future the department will replace more of the force's core equipment platforms to preserve the maximum operational flexibility for the Canadian Forces. This will include replacing our existing destroyers and frigates and replacing the fixed-wing search and rescue aircraft, a capability currently provided by the Buffalo and Hercules.

We are also procuring the next generation of fighter aircraft to replace the existing fleet of CF-18s. We will replace the Aurora maritime aircraft, joint support ships, and Arctic offshore patrol ships.

Lastly, I would comment that we will progress to acquire a new family of land combat vehicles and systems to protect our land force

soldiers in high-risk missions abroad. This will include the close combat vehicle, a light armoured vehicle upgrade—to be done by GDLS in London, Ontario—a tactical armoured patrol vehicle, and new armoured engineer vehicles based on Leopard 2 tanks.

Of particular note is the replacement of our ships. As stated in the Speech from the Throne, the government will continue to support the shipbuilding industry's sustainable development through a long-term approach to federal procurement for ships. In order to capitalize on a number of shipbuilding projects that we and other departments like the Canadian Coast Guard will undertake, we are working towards a national shipbuilding procurement strategy. This will reinvigorate Canadian shipbuilding and will provide work for our shipyards for the foreseeable future. It will also ensure the best value for Canada, the defence dollar, and the economy.

There is no other public sector organization of a comparable size or function in Canada to DND's materiel group. I'm proud of the progress we've made in the last few years.

Mr. Chair, I'd be delighted to take any questions from the members.

[Translation]

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

[English]

I will give the floor to Mr. Wilfert.

Hon. Bryon Wilfert (Richmond Hill, Lib.): Mr. Chair, are we having two rounds?

The Chair: I think so.

Hon. Bryon Wilfert: I'll be sharing my time with my friend here, Mr. Martin.

The Chair: You can use your time.

Hon. Bryon Wilfert: Thank you, Mr. Ross, for being here.

When the government commissioned a report, the Canadian Association of Defence and Security Industries said that one minister, not three, should oversee the billions in future equipment. I couldn't agree with them more. I'm hoping that the government will respond as expeditiously as possible, because there seems to be a great deal of frustration out there with regard to many of these projects.

One of the issues that's been highlighted repeatedly, and I've asked this question before, is that the system is short on project managers in particular. That obviously has had a severe impact on the ability to have the system function effectively. Could you comment briefly on that? And then I have a couple of specific projects I'd like to ask about.

● (1115)

Mr. Dan Ross: Thank you, sir.

I think it's true that project managers who have extensive experience to take on extremely difficult, large, and complex projects are relatively rare. We haven't had very many large, complex programs in the past 15 years. In six years, my predecessor actually only achieved the contract of one major new project, which was the maritime helicopter project.

Having said that, we've made a lot of progress in the past several years. We are growing and developing a stable of some very capable project managers, and we're working extremely hard to professionalize the skill of those project managers.

I'll give you a couple of examples. We have adopted and documented an international standard of skill as to what a complex project manager needs to do. Secondly, we've agreed with the Treasury Board Secretariat on project complexity and risk analysis, which we do for every project. We try to match the skill of a given project manager to the assessed risk level of a given project. For example, projects are rated from one, most simple, to four, most complex. Most of our project managers are in the one to three range, and we're trying to develop those skills...training, seminars. I've sent two senior people on a masters program in complex project management in Australia, where they stay for a one-year assignment. In exchange, Australia is sending extremely experienced project managers to Canada.

We are almost ready to implement our formal qualifications structure for managers of complex projects. This takes a long time to get to the level of people doing level-four complex projects, but we are working really hard at it. We've made some progress. Are we there? We're not there completely.

Hon. Bryon Wilfert: I would be interested, Mr. Chairman, if Mr. Ross could provide anything in writing with regard to this exchange program. I'd find that quite interesting to look at.

On the joint support ships that were promised six or seven years ago—first delivery of 2012 is obviously not going to happen—where are we on that one at the moment?

Mr. Dan Ross: As you know, in the summer of 2008 the joint support ship project had unacceptable bids, and the government chose not to enter into an inappropriate contract. Working with the chief of the maritime staff, we have come back and very rigorously reviewed the requirement, and looked very hard at the cost drivers of that requirement.

At the time we went out with our request for proposal, the market was at an enormous peak boom period. Since then, actually, the market has crashed significantly in the maritime business of cargo ships and ship construction. Nevertheless, you have to understand those cost drivers. We understand those cost drivers much better than we did two years ago.

We are in the final preliminary design phase. We have an in-house engineering design firm producing an in-house design for joint support ships. We would like to go and look at two foreign, very successful designs—not have them build it, but to come in with proven designs and work with our project management team. We have not formally gone to any foreign country yet.

Hon. Bryon Wilfert: The needs of the navy are the most pressing, I think, of the three. Just to rhyme off a few, you mentioned the

Leopard tank and the Leopard 2. Forty are in storage. The acquisition dates for the joint strike fighters, the maritime patrol aircraft, and the FWSAR aircraft are nowhere to be seen yet. Orders for the close combat vehicles and tactical armoured patrol vehicles....

We hear all these announcements from the government, and then... nothing. This is probably also linked to making it more efficient in terms of being able to deal with acquisitions, but the fact is, we hear of them, and they're not being delivered. Obviously that is of concern, given the needs out there. But as I say, to me, the most pressing is the state of the navy.

● (1120)

Mr. Dan Ross: Perhaps I could make one general comment on the list of future projects.

All of those programs don't move together. There is a very carefully laid-out investment plan that has a sequence of spending. You cannot bring in every major platform replacement program for the Canadian Forces to be spent on at the same time. They are all scheduled over a long period of time for a reason, because that's when the department can actually spend the money and manage the accrual space.

For example, a closed combat vehicle is scheduled in a certain timeframe and will progress to a contract award in a certain timeframe when the investment plan has allocated the money.

Hon. Bryon Wilfert: But it raises expectations. People hear that this is going to happen, regardless of the timeframe, and then they don't see it. It's delayed and delayed. That's obviously an issue.

I've obviously taken up my time, but the next round goes to Mr. Martin.

Thank you.

[Translation]

The Chair: Thank you, Mr. Wilfert.

I will now turn the floor over to Mr. Bachand.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Chair, I would like to welcome Mr. Ross. He is a favourite of ours, since he manages a very substantial budget. Money is important, as are economic spinoffs and military contracts.

I examined the feedback from the consultations that CADSI initiated with industrial and military components. Mr. Wilfert talked about governance and stated that one minister could be asked to head up the entire operation. As I see it, we still need someone to take responsibility at the political level. CADSI also made a number of other recommendations that I would like to discuss with you.

Specifically, CADSI recommended that the government implement a defence industrial strategy. Having consulted the industry on a number of occasions, I can report that it is not exactly pleased with the way things work. After the Canada First Defence Strategy was unveiled, a decision was made—one that politics did not play a major part in—to purchase strategic and tactical aircraft and so forth. The industry was not consulted much on the decision.

Would you also support the development and implementation of a defence industrial policy that could help the industry design what the government wants and fully help bring these designs to fruition?

[English]

Mr. Dan Ross: Merci, Monsieur.

The fundamental question is Industry Canada's responsibility to articulate that from a point of government policy. I know the government will look very closely at the CADSI recommendation and respond at the appropriate time.

To go more specifically to your point, the predictability of where we will invest next with industry is a huge issue. I know that Tim Page and the CADSI organization made that recommendation, but we work very hard at communicating where the Canada First defence strategy priorities are. I meet regularly with those associations and brief them in detail.

For example, this month, army, navy, and air force industry days are occurring a full entire day with, for example, air force requirement staff and my project staff. We go through, with all interested Canadian parties, in great detail on what the air force program coming up will be, when, the requirements, and the deficiencies. We have a very open exchange.

I guess the last thing I would say is that on virtually every project we have multiple industry days and post our draft requirement documents, draft RFPs, etc. Most other countries don't do that at all. I think we've come a long way in being more communicative with our industry partners.

[Translation]

Mr. Claude Bachand: CADSI also recommended that procurement practices and processes be improved. Among other things, much has been said about risk management sharing. The industry seems to be of the opinion that when a contract is put out to tender online through MERX or through a letter of intent, the risk to industry is significant, whereas the government does not assume its fair share of that risk.

Would you agree with that assessment?

• (1125)

[English]

Mr. Dan Ross: I'm concerned by the same observation. The cost of that risk transfer to industry is given right back to us. When I insist on insurance liability coverage from a company on the construction of a ship or the delivery of a vehicle, they go out and get financing for that insurance and they put it in their bid price.

How often do we actually pay out on liability? Rarely. We rarely lose. The country is not very litigious in terms of defence contracting

relative to the United States, for example—not litigious at all. We rarely are unsuccessful if there is some case.

I think it's right. We need to think about how much cost is being passed to the industry. And they pass it back to us for what real risk? We are taking that very seriously. Our first really energetic look at it was with the shipbuilding piece. As the companies would tell you, we amended the RFPs during the process to reduce the liability risks that we had passed to them. They had come back and said that to us. We did a worldwide review of it and we went back and amended the RFP.

[Translation]

Mr. Claude Bachand: I realize that you know this issue like the back of your hand. I would like to use the time that I have left to go over with you the main armament projects. The Library did some research for us on this topic.

Off the top of your head, can you tell me what the cost of each of these project is? I know that you can give me that information. I'm interested not only in acquisition costs, but also in in-service support costs. For example, in the case of a Boeing C-17 and a \$3 billion price tag, are we talking about \$1.5 billion in acquisition costs and about \$1.5 billion in in-service support costs?

[English]

Mr. Dan Ross: I don't have that actual number with me. I believe the actual contract value with Boeing for the C-17s was slightly over \$1 billion—\$1.1 billion.

Mr. Claude Bachand: Acquisition.

Mr. Dan Ross: Acquisition. I don't have the in-service support price with me, but I can get that for you for the—

[Translation]

Mr. Claude Bachand: Could you get those figures for me, for the Boeings as well as for the Chinooks?

Mr. Dan Ross: Yes.

Mr. Claude Bachand: Could you also get the figures for the Victoria class submarines? These submarines have been purchased, but was provision made for in-service support for the Victoria class submarines?

[English]

Mr. Dan Ross: I will answer the Chinook question first. We are planning a total cost of a little over \$2 billion for the 15 Chinook F's. That includes not just the contract with Boeing, but transportation, spare parts—

Mr. Claude Bachand: Acquisition.

Mr. Dan Ross: The total cost—contingency, everything—is slightly over \$2 billion, and we're estimating slightly less than \$3 billion for 20 years of support for Chinooks.

The submarines were a cost of \$850 million for acquisition. The cost of a single new submarine is more than \$1.5 billion. We had a \$1 billion long-term contract in place for the major maintenance and refit of our submarines.

[Translation]

The Chair: Thank you, Mr. Bachand. You will have the opportunity to ask the remainder of your questions during a subsequent round of questioning.

I will now turn the floor over to Mr. Harris.

[English]

Mr. Jack Harris (St. John's East, NDP): Thank you, Chair.

Thank you, Mr. Ross, for joining us this morning. I too am interested in the joint support ships, or joint supply ships, as they have also been called. It seems to me that a lot of people were disappointed at the end of August 2009 when the government declared the bidders to be non-compliant and essentially cancelled that round of proposals.

My information was that the government long knew that the ships could not be built for the amount that had been designated back in 2002. Correct me if I'm wrong, I understand the figure was set by the government as to what the value of this project was back in 2002. These were shortlisted design projects going on in 2008.

My understanding was that the bidders had told the government that it could not possibly be done for that amount of money and that the government didn't take into account the cost drive—you call it your cost drive—and the fact that this cost had risen considerably since then. The whole thing ended up being...I call it cancelled, but obviously it's not cancelled. It has to be started again.

Is there a figure that has been set aside for this project now? If so, how can you be sure that this can be done within that figure? Are we cutting the garment to fit the cloth?

• (1130)

Mr. Dan Ross: I think there are several comments. First of all, the government has not reconsidered and taken a decision on the new re-procurement process, and I can't disclose a new estimated cost. That would be a cabinet confidence.

At the time, the market parameters were changing extremely rapidly, and it was difficult to predict where those bid prices were going to be. I know there is sort of public rumour, that people said this and said that, but having been there at the time, it wasn't clear to anyone.

I really can't comment further than that, because we have been served with a lawsuit by one of the firms in terms of the final payment. This particular issue is part of a judicial process, so it wouldn't be appropriate for me to go in to speculate when the Government of Canada has to talk to the company in court.

Mr. Jack Harris: Fair enough on that point. I appreciate that and understand that.

Is there any timeline for a decision on this? I note your list here is quite interesting, but I have to say it's rather vague, because it's here's what we're going to do over the next 20 years, and then you have a list without any priorities or timelines.

Is there any sense of urgency with respect to the joint support ship? If there is, will it be taking priority over any of the other ones? Is there any order in which these things are going to be given priority?

Mr. Dan Ross: There is an order. As my minister said recently here, it is a top priority for him and he would like to bring that forward to government for a renewal of the policy base. Obviously, I need revised definition authority from the Treasury Board as soon as possible. On "as soon as possible", I take that very seriously in terms of getting the documents ready.

Mr. Jack Harris: Thank you.

I didn't see in the list here, although obviously there's been some public discussion about it, the helicopter acquisition, not the Chinooks but the Cyclones. Where are we with that particular project?

I have a particular question arising out of the incident that occurred off Newfoundland's coast last March with a Sikorsky 92A, which I believe is the same model basis, obviously with significant modification. One of the things resulting from that was the fact that this particular helicopter had gotten exempted from the 30-minute dry-run requirement for its operations. I believe there's been a statement by the minister that this is a specification that Canada will have. They will have to meet this 30-minute dry-run condition as part of that project.

Can you tell us how that's being achieved, and what effect that will have on this program? Will there be delays as a result of that, and how this is being managed?

Mr. Dan Ross: Thank you, sir.

The dry-run capability of our H-92 Cyclone will be fully certified and tested before we accept the aircraft. The program is going extremely well, actually. The air vehicle has been flying with very few problems since October 2008. It is a fairly significantly modified and upgraded version of an H-92. It is fly-by-wire, which takes the complex hydraulics and so on of flight control out of the aircraft. It has automatic rotor- and tail-folding capability. It is very sophisticated.

That program has been flying very well. They will be doing at-sea trials off HMCS *Montreal* next week in Halifax. We have landed the aircraft on our modified ships successfully and they have taken off successfully, and now we're going to do actual at-sea live motion in the wind conditions off HMCS *Montreal*.

I just have a broader comment about big, complex air programs like that. The track record shows that it takes about ten years to do one like that. The Europeans, for example, have really struggled with the NH90 maritime helicopter. It's extremely light.

We're at the five-year, three-month point, not counting the previous history of the CHs and all the rest of that stuff. We're at five years, three months of what typically takes ten years. In November, we're scheduled to take our first of six maritime helicopters to begin our training and operational testing phase of what we think is going to be an outstanding helicopter. And the program remains well under budget.

If you ask me if I am happy with the maritime helicopter project, yes, I am. Have there been challenges? Yes. Has it been an extremely difficult program? We have asked for things on that helicopter that no one else in the world has done. It will be, clearly, the best in the world, by a big margin. But the performance specifications, including run-dry capability, are very high standards to meet.

That's a long answer. I'm sorry.

• (1135)

The Chair: Thank you very much.

Now we'll give the floor to Mr. Hawn.

Mr. Laurie Hawn (Edmonton Centre, CPC): Thank you, Chair.

Thank you, Mr. Ross, for joining us today.

I'll probably touch on a number of somewhat unrelated areas. The first is project managers. That has been a challenge, as we know. Do you have any comments on the use of retired expertise, people at senior levels who have some experience, obviously, who get out and then back in, in or out of uniform? Is it necessary for them to be in uniform? I'm thinking specifically of the next generation fighter project under Colonel Burt, as an example. Are we dipping into the recently retired ranks for help?

Mr. Dan Ross: Thanks, Mr. Hawn.

The retired aerospace engineer senior officers are a key talent pool for us. Some of those aerospace engineers, maritime engineers, and land engineers are the only ones who have the technical depth and experience needed. They are the only ones. You can't go out and find them or hire them from private industry. Many of the best in private industry actually have been in the military and have that understanding of the context.

It's not that a GD, for example, couldn't give me an excellent design engineer. It's understanding this town, the government process, the approvals, and how to deal with the ambiguity that comes with government in a democracy. Those senior, complex-project management skills are tough to develop. And if I didn't have serving colonels, navy captains, and some retired officers performing as complex project managers, we would be much worse off than we are.

Mr. Laurie Hawn: There is some angst in some quarters about people sort of double-dipping and coming back, but really, without those people, we'd be a lot worse off than we are in project management.

Mr. Dan Ross: Absolutely.

Mr. Laurie Hawn: Thank you.

I'll go back to budget 2010, first of all, and CFDS, Canada First defence strategy. We talked a little bit about expectations. CFDS was announced, and virtually everything in there said yes, this is all coming. It was made clear, I thought, that this was a 20-year program. So if somebody is looking at a project that was supposed to come out in the last five years, and they're wondering where it is after the second year, obviously there's a lack of understanding that this is a 20-year project or plan.

On the impact of budget 2010 on CFDS, do you see the reductions, starting now and in years three, four, and five, as a major hurdle?

Mr. Dan Ross: My understanding is that there is really no significant impact on the department until the year after we leave Afghanistan. We have augmented funding for the cost of operations, which won't end until after we leave.

I really don't have a sense in detail on how the department will manage going forward. My sense is that it will not. The government continues to have a very strong commitment to deliver within the four pillars of the CFDS. The department should be able to do that.

• (1140)

Mr. Laurie Hawn: We're again looking at a 20-year program.

Mr. Dan Ross: That's right.

Mr. Laurie Hawn: Over a period of two or three years, it's not going to have a major impact.

Mr. Dan Ross: The impact of one budget isn't normally unmanageable, unless there's some major change.

Mr. Laurie Hawn: There was some earlier discussion about consultation with industry, the military industrial team, and so on. I think there may be some feeling out there that we should consult industry on operational requirements. What are the strengths of a military industrial type of team approach? What are the limitations on how far we can go or beyond which we should not go?

Mr. Dan Ross: Sir, I think it is a somewhat fine line. It's really important to consult early, as CADSI recommended. It's important to have transparency and predictability on where we're going.

For example, at the end of the day, General Leslie, the commander of the army, is accountable for the type of equipment that his soldiers need when they're in harm's way. To some degree, that accountability can't be shared.

It doesn't mean you can't seek good advice and get good ideas to understand whether it's a platform or components of platforms in Canada or technology that we should think about. It is a dialogue. I think the dialogue is actually pretty good. Can it become better? Perhaps it can.

At the end of the day, I think the commanders who are accountable for the execution of combat operations particularly need to have a major say in the requirements.

Mr. Laurie Hawn: One of CADSI's recommendations was obviously a single procurement minister of some description. Without trying to put you on the spot, the DND, Public Works, and Industry Canada team approach to it is what we're working with now. Would you see a separate procurement minister, for want of a better word, reducing bureaucracy or adding to bureaucracy? It may be tough for you to answer.

Mr. Dan Ross: I think I'll not put any personal views out there.

A lot has been done through the current construct. A lot was done. Can we trilaterally improve some of our process, and so on? Yes, we can. Mr. Ring and I are specifically going to work hard on that.

Mr. Laurie Hawn: Again, I'm not asking you for a specific answer on this, but are discussions among those three departments regularly ongoing to find ways to streamline the current process?

Mr. Dan Ross: Yes, the interaction is very substantive. On the last Friday morning of every month, at the assistant deputy minister level, we meet with central agencies. We review every one of the major programs in depth and with some rigour.

I personally talk to Mr. Ring, the new ADM for acquisitions, virtually every morning. He calls me at about 6:15 every morning. We review our issues for the day and synchronize how to move forward. I'm in the office, and he's at home.

The Chair: Thank you, Mr. Hawn.

I'll give the floor to Mr. Martin.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): General Ross, it is nice to see you again. Thank you for being here. I can see that obviously worked with military precision.

I have a couple of comments and a question.

In looking at the materiel list, it doesn't seem to reflect the asymmetrical warfare that our men and women will be fighting in the future. At some time in the near future, a list will be needed to ensure our troops have the type of materiel they will need in order to fight in those types of environments.

I don't know whether an effort was made to solicit DND personnel to provide solutions, in an anonymous way, in terms of things they see from their perspective to improve efficiency and save money. It may be something to consider, if I may be so bold as to suggest it. Getting input from those who are on the ground and who could anonymously provide solutions would then elicit a response that could be helpful.

My question concerns the joint supply ship. Do you anticipate when there'll be an effective project approval date? Has a date been set at all?

• (1145)

Mr. Dan Ross: No, because we don't as yet have a revised preliminary project approval from Treasury Board. I can't accurately predict that date, although as Mr. MacKay said, it really is a top priority for him, and he would like to move that forward as soon as possible.

We will have those documents ready for him when he needs them.

Hon. Keith Martin: I compliment your decreasing of the time from 108 months to 48 months. That's fantastic. It's still four years, and I know you want to shorten that further.

First, in your experience, what countries have you seen with the best practices, all things being equal, in being able to have a shorter procurement time?

Second, from your perspective, if you can answer this, with DND, Public Works, and Industry Canada involved, where can we look to be able to shorten the procurement process?

Mr. Dan Ross: You mean our own process?

Hon. Keith Martin: That's correct.

Mr. Dan Ross: In terms of other countries, we often look at the Netherlands and Australia as being most comparable to Canada in terms of size and how we do things. We have a very close relationship with the national directors who run their organizations.

It's difficult to compare us to the United States, which has massive programs. They are prepared to develop new technology. My counterpart there spends over \$60 billion annually on developing new technology. They're prepared to go out and spend \$5 billion to develop a new armoured fighting vehicle. We will buy a very small number, and we'll buy them off the shelf.

The British have had some challenges, largely in their cost estimation. We are quite conservative, and we normally allocate significant contingencies to avoid those cost overruns. We rarely have cost overruns.

People quote the joint support ship to me, but we did not sign a contract with inappropriate costs for joint support ships.

That leaves me with the Australians, who have implemented some really significant reforms in the way they do defence procurement. Nevertheless, they aren't much faster, if at all. They've had some extremely difficult programs that have been very late and over budget.

Hon. Keith Martin: Before my time runs out, I have a quick point. With respect to your comment concerning the private sector, is there a further way to bring your defence contractors to the table and solicit from their perspective what can be done to streamline the process? I know they continue to be frustrated by a number of things.

It may be of value to bring them to the table, at least to get their input on how that process can be shortened.

Mr. Dan Ross: That's a good point. Every quarter I chair a meeting of the defence industry advisory committee, which includes the CEOs and presidents of about 15 major Canadian companies. Every 90 days, we spend an afternoon and have very frank conversations. They find that extremely helpful.

Tim Page, the chair of CADSI, is in that group. Mr. Lajeunesse, from the aerospace industry association, is in that group. That is our forum, in which we have really honest conversations.

Perhaps I'll go back to your second previous question, sir, about where we can improve our processes. My sense is that we need to integrate our efforts and have a Public Works and DND bilateral effort. We need to synchronize our teams so that we're doing one job once, and we need to change the culture so we can do that more efficiently. We could perhaps have joint sign-off sequences that we would do once in our buildings.

I don't think it's really an issue of Industry Canada or Treasury Board Secretariat or the other players. My process goes right from problem to definition to disposal. Public Works plays that key contracting piece in there, and that's where we need to target the most efficient activity with the most efficient use of, effectively, PG procurement specialists.

Mr. Ring and I are going to work very hard on that.

• (1150)

The Chair: Thank you very much.

We'll give the floor to Ms. Gallant.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you. I'll be sharing my time with Mr. Payne, if there's some left.

My question has to do with where we are in the procurement process for some of our major purchases. What comes immediately to mind is one that you itemized as being \$20 million or \$20 billion over 20 years for the Chinooks.

Mr. Dan Ross: It's \$2 billion.

Mrs. Cheryl Gallant: It's \$2 billion over—

Mr. Dan Ross: Plus \$3 billion for in-service support over 20 years.

Mrs. Cheryl Gallant: Okay. So the design phase has been done in conjunction with DND, and it's gone to tender.

Mr. Dan Ross: It's under contract.

Mrs. Cheryl Gallant: It's under contract. Do you know whether the contractor is now looking at subcontractors, and taking into consideration industrial regional benefits? It's my understanding that if we purchase an item from the United States, for every dollar we spend in the United States, that company—in one project or another—is required to spend a dollar in Canada. That's not just a dollar on photocopying or something; it has to be a dollar on highly valued technical purchases.

Mr. Dan Ross: The Chinook contract was signed last August for \$17 billion. That included the complete definition of the scope of the work we wanted on our Chinooks. It included extended-range fuel tanks, special self-defence systems, de-icing of the rotor blades for Canadian winters, self-protection systems. It is a very, very capable Chinook F helicopter.

Boeing proposed two extremely good industrial regional packages to Canada. At that time it proposed a package for acquisition, both direct work and indirect work. My understanding was that Industry Canada was very happy with that proposal. It is dollar for dollar in Canadian content terms, not just dollar for dollar contract terms.

So if they propose to buy technology from Canada to meet their IRB commitments, and there's only 25% content in that, only the 25% content counts towards their commitment. So it is actually a lot of money.

They are working right now with major Canadian in-service support suppliers on their second part, which is to meet their IRB requirements for in-service support. They will partner with Canadian companies to do the maximum of actual direct work on the helicopters. If they can't do it directly, they will provide strategic

opportunities for other companies, for example, to do work on other Boeing fleets worldwide. For example, they could propose to do work on 787s and manufacture components in Canada for the next 15 to 20 years to meet Chinook ISS IRB commitments.

The new policy by Minister Clement has been very effective in encouraging a much longer-term strategic approach to those IRBs by Canadian companies. I've been very, very happy with that new approach on the IRBs.

Mrs. Cheryl Gallant: So would these IRB contracts or subcontracts extend the length of the service contracts as well, or would they be up for renewal?

Mr. Dan Ross: They match the service contract periods. If we begin with a ten-year contract for maintenance with Boeing and its partners, they must deliver the value of that work in equivalent IRB commitments, so it's ten years. If we renew that for another five years, they're committed for another five years.

Mrs. Cheryl Gallant: With respect to the actual hangars required for the Chinooks, is that something you would be involved in, or does that come under the infrastructure aspect of defence construction?

• (1155)

Mr. Dan Ross: I contribute a portion of the infrastructure cost. If the air force feels it wants additional facilities or there are underground works needed, the chief of the air staff has to fund that incremental part with the assistant deputy minister of infrastructure. That has all been planned out; it's funded. The design work of the buildings and hangars is under way.

Mrs. Cheryl Gallant: We have a number of technicians right in the military. How do you decide whether we're going to have those people do the servicing or the private sector, or is there a combination of both? How is that arrived at?

Mr. Dan Ross: We look at every project from first principles when it is being defined. The specific example of civilian maintenance is largely driven by the combat deployability of the platform. If the platform is combat helicopters that will go in very dangerous places, it's almost always a military air force technician.

We could be augmented by technical expertise from a company called Boeing, for example. If it is a non-deployable fleet, that is to say, a training fleet in Moose Jaw, you could obviously consider—as we do with Bombardier—having Bombardier use civilian maintenance technicians to do that work. There's an advantage because they're never posted, they tend to come and work for long periods of time, and you have a smaller workforce and a more efficient workforce. But they're not deployable. You can never take them into a combat situation.

The Chair: Thank you very much.

And now we give the floor to Mr. Bachand.

[Translation]

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

I realize, Mr. Ross, that I have too many projects here in front of me and that we won't be able to go over all of them. However, I would like to focus on a few of them that are nearer and dearer to me.

Regarding the Sikorsky sea helicopter, as you no doubt know, the delivery of these helicopters was delayed and this should have resulted in a fine of approximately \$90 million.

Were you the one who decided not to impose a fine, or was it the federal government, that is the politicians?

[English]

Mr. Dan Ross: I'm not exactly sure which.... Are we talking about the current project or the previous project?

Mr. Claude Bachand: No, the current project, the Cyclone—it's late in delivery?

Mr. Dan Ross: It was initially predicted that it would be delivered in 48 months. Sikorsky came back to us and discussed a weight problem, that the helicopter in its design was too heavy to meet the specific endurance requirement, which is a very difficult one, by the air force. They wanted to defer the delivery by about a total of 22 months. They initially asked for more money. We did not pay more money. We agreed that we would make a small investment, I believe \$70 million, in an upgraded powertrain system so we would have growth potential in the transmission and engine of the final delivered helicopter. And we agreed to allow them more time to solve the weight and power issue.

We also had a technical issue with control data from the United States of the data exchange box, which is the crypto-secure box, which was outside the control of Sikorsky. They could not access that information through foreign governments, so we gave them a small amount of money to design a different solution. They had to design a different solution because they couldn't access the technology.

[Translation]

Mr. Claude Bachand: I for one have a bit of a problem when the government signs a contract with a military company like Sikorsky and when later, the company reneges on some of the promises it made. Yet, when it comes to signing a contract, companies always promise the moon. Everything is fine up until the contract is signed. In my opinion, the company failed to uphold the terms of the contract.

Based on what I've read, had Sikorsky been fined as per the terms of the contract, it would have been on the hook for \$90 million. My concern is that this will have a spillover effect on other contractors.

Is there not a danger that henceforth, defence contractors will make all kinds of promises when they sign a contract, even if they cannot meet the product delivery deadline, and that they will cite the case of Sikorsky as a reason for not being fined?

Is there not a danger that this will encourage defence contractors to be delinquent?

• (1200)

[English]

Mr. Dan Ross: In this case we have kept our liquidated damages whole. We have not forgiven them. We have moved those liquidated damages and those penalties to the next delivery.

If you refuse to take a delivery and apply all liquidated damages, you tend to stop your project, projects that take a decade to get to delivering a very difficult solution. So there has to be flexibility.

I agree you have to be firm. The Canadian government is more firm than virtually anyone else on tough contracts. This is a very tough contract. We have kept our liquidated damages and penalties whole, and we still have them to apply if they fail to deliver the helicopter with the performance that we need. And we test—rigorously test—every aspect of that statement of requirement.

[Translation]

Mr. Claude Bachand: If you have no objections, Mr. Ross, I would now like to talk about the Leopard 2 tank. KraussMaffei in Europe or Rheinmetall were awarded a contract to upgrade tanks that had already seen service in Afghanistan and that were slated to be put back in service in the same theatre of operations.

However, as you surely know, 40 other tanks in storage in Montreal are also scheduled to be retrofitted for tank training purposes. Is the retrofitting work moving forward quickly?

[English]

Mr. Dan Ross: The twenty that are being upgraded to exactly the German standard will be done and returned to the Germans and it will own the ones in Afghanistan. Obviously, sir, you know that.

We continue to work with Public Works to get a repair and overhaul contract in place. That request for proposal is due to close on April 15, in two weeks, at which time we will, with Public Works, evaluate those proposals and let a contract for the repair and overhaul.

That has been somewhat slower than we would have liked, but we have a small capacity, with two to a workshop, of trained technicians, and we have some operational tanks in Gagetown used for driver training.

My problem is not driving them; my problem is the gun and the turret. You need very well-trained specialists to be able to cycle that gun safely.

The Chair: Thank you very much.

I will give the floor to Mr. Braid.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you, Mr. Chair.

Thank you very much, Mr. Ross, for being here this morning.

If I have any remaining time, I will provide that to Mr. Hawn.

Mr. Ross, could you start by explaining to me the relationship that your procurement area has and how you work in partnership with DRDC?

Mr. Dan Ross: We work very closely with Dr. Walker and his team, and I'll give you an example. The example would be urgent survivability upgrades for Afghanistan, where we progressed over 30 projects: additional armour, belly protection, ballistic eyewear, etc. And with the support from the test facility in Valcartier, we ballistically or explosively proved all of those solutions prior to acquiring them.

They also modelled this. If you put a land mine under an armoured vehicle, mathematically, they modelled how that material would resist that under-tank mine, and incredibly, they modelled some of those to 1% or 2% of reality, which is incredible. And then when we destroyed examples of all our vehicles and then we actually put the kits on them, they came in extremely accurately and close. We worked weekly with DRDC throughout that period of about three and a half years, to implement those projects.

Now, we also have a much longer strategic relationship with DRDC in planning future technology needs.

Mr. Peter Braid: That's maybe a good segue to the second part of my question. Through the procurement process or in partnership with DRDC, then, how do you help to drive and promote Canadian-based innovation?

Mr. Dan Ross: Mr. Jacobson is with me here today. He co-chairs a technology development council with DRDC, and they specifically look at those technologies coming up that the forces have a need for and DRDC has some expertise on and wants to partner with Canadian industry on. Virtually everything they do is in partnership with Canadian industry. So we have a technology development list that we formulate. We also work with Industry Canada, because they provide some funding and some interaction with industry as well.

That is a relatively new process of less than a year.

• (1205)

Mr. Peter Braid: Very good.

Mr. Hawn

Mr. Laurie Hawn: Thank you.

I'd like to close the loop on Monsieur Bachand's discussion of the Cyclone and Sikorsky. I recall when the original contract was let or discussed, and I can't remember the year—2002, 2003, something like that....

Mr. Dan Ross: December 2004.

Mr. Laurie Hawn: I made the comment in public, long before I got to this place, that this was not going to work, taking an unproven airframe, an unproven mission package and marrying them. And I wasn't the only one. There were a lot of people saying this was not going to come in on time or on budget, and so on.

That being said, I think you discussed risk management before. I'd like you to discuss that. You touched on it, and maybe you can just finish it off. You talked about this as an exercise now in risk management, taking the penalties, doing some compromising, going back to the company and saying here's a way out of this so we don't stop the program; here's how we can perhaps make a silk purse out of a sow's ear and get a better airplane, and not punish the company unnecessarily.

Mr. Dan Ross: The first principle of complex project management is to get it done. You have to get it done. You have to maintain the schedule, if at all possible. Delay drives cost. It drives technical risk, operational risk. There are so many factors that come into play. To do that you have to demonstrate some flexibility.

We can't terminate contracts because they're hard, or the technology to be developed is hard. These are hard. The MHP platform is the most complex combat fighting platform this country will ever have in the foreseeable future. It is incredibly complex and capable, and it is hard.

Sikorsky is doing a good job. General Dynamics Canada, in Bells Corners, is doing a good job. We work closely with them. We maintain our contractual leverage. But at the end of the day you have to change this test date or that certification schedule because you have to get the job done.

Some European programs have been more politically directed in terms of several countries agreeing to collectively design and build platforms, and they have been very slow—much slower than our MHP experience.

The German government has just released a request for proposal for a similar type of helicopter because of their frustration with the NH-90 maritime program. They posted an RFP for 40 new maritime helicopters and they're very interested in our maritime helicopter program.

[Translation]

The Chair: Thank you very much.

You have the floor, Mr. Martin.

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

[English]

Mr. Ross, this has to do with replacing our fixed-wing search and rescue Buffalos. The NRC's report, as you know better than we do, said that the recommendations were unacceptable.

Can you tell the committee what the delay is in trying to replace the fixed-wing SAR aircraft?

I'm a member of Parliament from British Columbia, as you know. This is crucial, given the number of challenges we have in that part of our beautiful country.

Can you tell us what the delay is with respect to getting the RFP to replace the Buffalo?

Mr. Dan Ross: Thanks, sir.

In terms of the delay specifically, I think the requirement is to have a statement of requirement and a process that seems to be fair, competitive, etc. The government did go to the National Research Council to ask eight or ten aerospace professionals, and they submitted their report to us. I think Colonel Drover was here yesterday to speak about search and rescue.

The next step, which General Deschamps is taking very seriously, is to have a very thorough review of their recommendations. Looking at the SOR, which was written in early 2006, the National Research Council's views and advice are to revise that SOR, as appropriate, as soon as possible.

• (1210)

Hon. Keith Martin: I'm trying to wrap my head around this. Search and rescue capabilities are needed the world over. We have some peculiarities, given our Arctic environment, but how difficult can it be to buy an off-the-shelf search and rescue replacement for our Buffalo?

Mr. Dan Ross: I don't think it's hard at all.

Hon. Keith Martin: I don't understand the delay.

Mr. Dan Ross: The delay is perhaps a broader interdepartmental understanding of the options, and agreement on those options. Once the process gets started, it could probably be quite quick.

Hon. Keith Martin: I'm sorry, you said the process of that—

Mr. Dan Ross: Once there is broader agreement and the chief of the air staff makes his final recommendation on requirement, I think the process, once under way, could go quite quickly.

Hon. Keith Martin: So it's once the SOR has been established. That's what the lynchpin is.

Mr. Dan Ross: That's right.

You know, the SAR sector in Canada is what the SAR sector is.

Hon. Keith Martin: It hasn't changed.

Mr. Dan Ross: The range from those bases are what they are. The speed required to maintain the same service to Canadians is what it is.

It's a question of how you want to articulate that to the market. Do you want to articulate that as very specific hard numbers, or do you want to articulate it as providing a SAR service that provides good protection to Canadians?

Hon. Keith Martin: This is what I'm trying to wrap my head around. Notwithstanding global warming, the challenge is still pretty much the same.

Mr. Dan Ross: It's the same. The sector hasn't changed.

Hon. Keith Martin: On CF-18 replacements, you mentioned something in your comments, and I'm sorry, I may have missed it. When will an RFP be put out? Because the fuselages are getting tired. So many have been retired, as you know. Can you anticipate when an RFP is going to be put out to replace the CF-18s?

Mr. Dan Ross: It's interesting. It goes back to the previous question. Mr. Bachand asked why there isn't success on all of these.

The CF-18 replacement is not programmed until 2016-17. As I said in my opening remarks, we took the last delivery of our R-2 upgraded fighters last Thursday—an enormously successful program: off-the-shelf upgrades designed with U.S. Navy-proven systems. The air force are absolutely delighted with their upgraded F-18s, which will last us, clearly, from 2016-17 to past 2020. Because we have structurally managed the air life of the platform, we do not require a new fighter until 2016-17.

As you know, we are participating with the United States in a joint strike fighter program, which is an MOU. It is a memorandum of understanding between the governments. So either you could have an open competition, which would include other fourth-generation fighters, or you could acquire joint strike fighters through the MOU.

Hon. Keith Martin: I have one brief question. Getting a more streamlined approach towards procurement over the long run so we don't have these peaks and valleys—if that can be done so that our navy in particular integrated with the needs of B.C. Ferries and our coast guard—will enable us to have a long-term, more streamlined and smoother procurement process across all of those, and frankly provide a lot of jobs in Canada, as we both know.

The Chair: A short answer.

Mr. Dan Ross: It's absolutely the right point, particularly for shipbuilding. In shipbuilding, you need a long-term view of 20 to 40 years and a long-term, continuous build without the uncertainty in the shipyards of not knowing what's coming next. Shipyards shut down, they sell equipment, and they let people go very quickly. Uncertainty there is almost disastrous to them. A long-term, continuous build and long-term partnerships with several yards are very key.

[Translation]

The Chair: Thank you very much.

[English]

Now we'll give the floor to Mr. Boughen.

Mr. Ray Boughen (Palliser, CPC): Thank you, Chair.

Thank you for spending some of your day with us, Mr. Ross. We appreciate that.

I have a couple of questions. First, how do you view the changes that will affect your department at the end of 2011? Is the department doing any research in the ability to identify these landmines that pop up all over the place? Is there ongoing research to develop the identification of those landmines and where they are? Because that seems to be the big killer of our troops in Afghanistan.

• (1215)

Mr. Dan Ross: Thank you, sir.

Most of the landmines have actually been used up by the Taliban. Most of the ex-Soviet artillery projectiles have been used up. We see more improvised fertilizers and that type of explosive, sometimes older anti-personnel mines, as triggering devices. I can't go further than that because of the classification.

I don't think we have a mine clearance issue as we did in Bosnia. Bosnia had millions of mines left over after the conflict there. Afghanistan is not the same situation. Virtually all of our casualties to IEDs have been on roads. They've been deliberately placed IEDs and targeted to hit NATO vehicles on roads. So no, I don't think we have a mine clearance issue. I'm not an expert at the degree of minefields that are there.

Mr. Ray Boughen: How do you see the change in your department when 2011 arrives?

Mr. Dan Ross: I could comment from my perspective. We will repatriate large amounts of equipment, large numbers of vehicles, and a mountain of other materiel. Ammunition alone is a mountain. We're planning that in great detail right now with operational support command. We will have to refurbish a huge amount of materiel. Our vehicles are in good shape, actually. We are doing that continuously now.

As we announced, the tactical armoured patrol vehicle will replace our Nyalas and Coyotes, which we'll take out of service and not refurbish. It will provide new fleets. The LAVs are upgraded continuously and are coming out of the rebuild line in Edmonton brand new. Periodically, we recycle a whole package into Afghanistan and bring the other ones back, which we have done every 18 months. Our Leopards will go through a repair and overhaul program.

So our vehicles are in relatively good shape, but it's the thousands and thousands of night-vision goggles, weapons, and pieces of tentage that all have to be cleaned, repaired, and replaced, etc., as required. It's going to be about four or five years of work.

Mr. Ray Boughen: Thank you.

Thanks, Mr. Chair.

The Chair: Mr. Payne.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you for coming today, Mr. Ross.

I have a few questions, and I'm not sure if we'll get to all of them. Mr. Wilfert talked about announcements being made to Canadians for projects that were so far out, they were not necessarily being done for immediate purchase. I was thinking about that, and I saw it as actually quite a positive opportunity, first of all, to let Canadians know what's on the minds of the politicians in terms of trying to provide equipment for our Canadian Forces, which is really important.

Secondly, I saw that as an opportunity to give a heads-up to industry and let them know what's going on so that they in fact can be in touch with the procurement individuals such as yourself. I'm wondering if you have a comment on that or whether you want to comment on that.

Mr. Dan Ross: I will just comment briefly, Mr. Chair.

The public announcement is formally announcing that we're beginning to define solutions. The first public announcement is never the contract award or the beginning of spending money. It is we will formally be able to go and talk to companies, send out price and availability requests, letters of interest requests, and have a formal exchange.

For a multi-billion-dollar program it normally is at least a couple of years prior to effective project approval and a contract award. The actual contract award is tied to the cash phasing in the investment plan, which is all phased. For example, the F-18 is phased 2016-17. It's not phased sooner because I don't need a new fighter aircraft before 2016-17.

The Chair: Thank you.

I will give the floor to Mr. Hawn for five minutes.

• (1220)

Mr. Laurie Hawn: Thank you, Mr. Chair.

I have a couple of cleanup things here. First, I want to point out or clarify that we are not just replacing the Buffalo; we're replacing the Buffalo and the Herc in the fixed-wing SAR program.

We talked about equipment in Afghanistan, about all the stuff that's coming home. Are we leaving some stuff there, or selling some stuff to allies?

Mr. Dan Ross: Yes, sir. We will do a triage on all of that materiel there. If it's beyond economical repair, we will either destroy or dispose of it, donate it to our allies, sell it to other allies perhaps. With stuff that we don't have requirements for, or that costs more to bring back than to actually donate or sell locally, we do the latter. We do that through the whole inventory of materiel in a mission.

Mr. Laurie Hawn: And the figure I heard a while ago—and I can't remember whether it came up here or not—is that for all of the IEDs and all of the destruction and so on with the LAVs, we had only actually lost three LAVs that were not repairable. Is that a—

Mr. Dan Ross: No, it's significantly higher than that.

Mr. Laurie Hawn: One other note and I'll give it back to Mr. Payne.

You talked about the in-house design team for joint support ships. Are they doing a keel-up design, and then we're going to industry to say okay here's our design, how do you think you can match that or build that?

Mr. Dan Ross: We have contracted a world-class maritime design firm who are working with our maritime engineers, and it's keel up, 100%.

Mr. Laurie Hawn: Okay.

I'll give the rest of my time to Mr. Payne.

Mr. LaVar Payne: Thank you.

Mr. Hawn was just starting to talk about the 17 Hercules, and I have a couple of questions for you. You did indicate that the first one would be received in May. So the question is when will the last one be received, and what is the total cost of that program?

Mr. Dan Ross: If I could refer to my notes, we will receive two this spring, May and June. We'll receive three in November and December this year, and we'll receive the remaining 12 in 2011. I think the last one is the beginning of 2012. And the total acquisition cost is \$3 billion, but that's not just with Lockheed Martin. That's spare parts, transportation, contingency, set up of in-service support, everything.

Mr. LaVar Payne: Okay.

I do have a little time left, and I do have another question. I just wanted to commend your department and Public Works in terms of the reduction in time from 107 months to 48 months. You did also talk about buying off the shelf, sort of the cookie-cutter. Is there any way you can reduce that time further from 48 months down to another shorter period of time for buying these types of things that would be off the shelf, so to speak?

Mr. Dan Ross: We're actually down to less than 48 months now. I'm being conservative in what I publicly say. I'm not sure we can do much more when we've gone to performance-based procurement.

In the past it took five or six years to write a technical specification for something that actually turned out to be kind of a Frankenstein solution that no one had ever built. You take all the technical, operational, and cost risks associated with that.

So we are doing performance-based procurement. We are taking off-the-shelf solutions. We're minimizing technical specifications. We're going to work hard to synchronize our work with Public Works, but I'm not sure you're going to get much better than where we are.

These are tough programs that involve a lot of money. Parliamentarians, cabinet ministers, industry, and lobbyists all want a say. It takes more time in a democracy to make sure all stakeholders have a comfort level about where you're going than it takes for me to finalize the statement of requirement and the RFP with my colleagues. You get billion-dollar programs and you get them south of sort of 36 months. I'm not sure you're going to get a lot better.

The Chair: Thank you, Mr. Ross.

[Translation]

Thank you for making yourself available to the committee. Committee members greatly appreciated your comments. They will help us to carry out our work and to clearly understand your role in this process. So again, thank you very much.

We will recess for five minutes and then reconvene in camera to discuss the future business of the committee.

Thank you.

[Proceedings continue in camera]

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