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Chair

The Honourable Maxime Bernier

Standing Committee on National Defence

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• (1530)

[English]

The Chair (Hon. Maxime Bernier (Beauce, CPC)): Welcome to our Standing Committee on National Defence, meeting number 36.

[Translation]

Pursuant to Standing Order 108(2), for today's agenda, we are continuing the study on the next generation of fighter aircraft.

[English]

We're continuing our study on the next generation of fighter aircraft.

We have with us as witnesses from the

[Translation]

International Association of Machinists and Aerospace Workers, District 11, Mr. David Chartrand, President, Directing Business Representative Organizer.

Welcome. We are pleased to have you with us.

We also have Mr. Pierre Grenier, President of the Factory Committee, Local Section 712.

Welcome, Mr. Grenier.

[English]

We also have with us, from the Canadian Auto Workers Union, Jerome Dias, assistant to the national president; Dawn Cartwright, national representative; and Roland Kiehne, president of Local 112. Welcome.

Each association will have 10 minutes for a presentation, and after that the members will ask you questions.

Maybe I can start with the International Association of Machinists and Aerospace Workers.

Mr. Chartrand, you have the floor for 10 minutes, and after that it will be Mr. Dias.

Thank you very much.

Mr. David Chartrand (President, Directing Business Representative, Organizer, International Association of Machinists and Aerospace Workers - District 11): Thank you, Mr. Chairman and committee, for hearing us. On behalf of the International Association of Machinists and Aerospace Workers, I would like to

take this moment to say it's a pleasure for us to be able to appear before this committee.

We represent working members all over Canada in many trades. There are many different employers, which I mentioned in the brief that I submitted to the committee. I am not going to go down the whole list, because we only have 10 minutes, but just to be short, I will say that we represent Bombardier Aerospace, which is known pretty much by everybody; L-3 MAS, which does military contracts; Héroux-Devtek, which has a chance of obtaining some of the contracts on the F-35; and many other aerospace companies. We are the largest union in the aerospace industry. We also represent members in air transportation and in maintenance for air transportation.

Many of the above-mentioned companies may obtain some work on the F-35 purchase by the Canadian government. I must emphasize the word "may", because there are absolutely no guarantees of this whatsoever. Although some of the companies have stated they will be getting some of this work, and despite an announcement made by the government to this effect, nothing is sure. I say this because it's merely speculation at the moment when we talk about Canadian content inside of the contract.

I've spoken to two of the companies we represent. I didn't go through every one of the companies, but the two I spoke to, L-3 Communications and CPS Industries, which are among the companies mentioned in the 80-plus companies that may obtain or bid on contracts, both said they have never been approached, either by Lockheed Martin or the government or anybody else, to bid on these contracts and have never had discussions on bidding on any of these contracts.

This brings me to the question: I wonder how many of the 80-plus companies are in the same situation as these two companies. Is it a positive spin or political strategy on the part of the government to say that 80-plus companies can bid? I don't know. I submit that question to the committee.

The other question I ask is the following. Out of the companies that are called Canadian companies for the purpose of this exercise—the ones that will be able to bid on this work and that also have other manufacturing sites outside of Canada—what content of their work will be awarded in or actually be done in Canada? Also, what assurances can the Canadian government get from these companies in this regard?

Take, for example, Héroux-Devtek, which has plants in the U.S., or Rolls-Royce, which has plants all over the world, or Bombardier, which also has plants worldwide, or L-3 MAS or L-3 Communications, which has plants all over the U.S., and so on and so forth. What guarantees does our Canadian government have to the effect that those employers will keep the work that they obtain in Canada? Once they have this work, what will stop them from transferring some of this work over to their plants in other countries, in the United States or in Europe, or wherever? After all, Mexico was in Montreal earlier this year, actively seeking to lure Canadian companies to move their plants south.

How does the government intend to ensure that these corporate commitments are fulfilled? Are there any penalty clauses included in these contracts?

In clause 3.2.1.1.1 of the F-35 memorandum of understanding, I understand, from reading the minutes of the previous meetings, but not from seeing or reading the contract, that it states the following:

Actual procurement of GSF Air Vehicles by the Participants will be subject to the Participants' national laws and regulations and the outcome of the Participants' national procurement decision-making processes.

The responsibility to have a clear policy is bestowed upon us. We must have a clear Canadian procurement policy stating that any taxpayer money spent on equipment bought for the purpose of the government, the military, or even municipal and provincial governments should have at least an equal amount of return in jobs or offset contracts. By offsets, as an example, there could be contracts on the F-16, when we're talking about companies like Lockheed Martin. If they can't give you work on the F-35, they can give you some on the F-16, or on the T-50, the C-130J, and so on and so forth, on any one of those contracts.

I'll move to my next point, which concerns the expertise that we as a country have developed over the last 30 years in maintaining, repairing, testing, and inspecting military aircraft. As you heard from Mr. Dan Ross, in his opening statement on October 19, "I would ask whether you would want your son or daughter or future granddaughter in yesterday's technology...." Those were his words. They struck me as very pertinent. I asked myself the same questions with regard to the maintenance of the F-35 aircraft, which represents \$250 million to \$300 million a year for our economy.

• (1535)

Would I want another country to do the maintenance on the F-35s my kids would fly? Would I entrust anybody but the best manpower available to maintain this fleet of 65 F-35 fighter planes? Would I take the chance of having a longer turnaround time on our fighter jets in a time of need, because the Canadian F-35s are not the priority for another country servicing us and themselves? Am I putting in jeopardy my children's lives and my country's sovereignty by outsourcing this work?

Imagine for a minute the U.S. government getting their rockets in the space program maintained or repaired and overhauled by another country. All the technology and knowledge they acquired through this program has affected not only their aerospace industry, but also everybody's daily lives. Cellular technology, microwaves, LCD—a lot of technology was developed through these programs, which is why it's important that we keep programs like that here.

Through three employers—Canadair, Bombardier, L-3 MAS—our members at L-3 MAS over the course of the last 30 years have developed an expertise unequalled in Canada and other countries, an expertise in maintaining military aircraft, repairing and overhauling them, and extending the life of these aircraft. They have capabilities in mission modifications—they've done it for Canada, the United States Air Force, and the Royal Australian Air Force—structural renewal of the Hornet for the Royal Australian Air Force and for our aircraft; replacement of centre barrels; changes in systems, like avionics and night vision; wiring harness testing; and stress and fatigue testing, and at L-3 MAS we created programs for the stress and fatigue testing. They have in-house engineering capabilities, in-house machining capabilities, and one-off capabilities.

One-off capabilities means they can do.... Once 15 years has gone by, and the plane is not being sold by a manufacturer anymore, it's difficult to build replacement parts for those planes. They have the capabilities to do one-offs, which means not production parts, but a one-off part that they need on an aircraft that has been broken, damaged, or needs to be replaced. It's not everybody who can do that.

This expertise has permitted the Canadian government to save a considerable amount of money and delay the purchase of new jet fighters for many years. The life expectancy of the F-18s was doubled through modernization, replacement of components, and major repair and overhaul. The ongoing maintenance of the new F-35 fighter planes represents 30 years of work. If we compare it to the F-18s, the cost of the aircraft was in the vicinity of \$27 million, but the upkeep over the years represents approximately \$39.5 million per F-18. We're talking about an incredible economic impact if the same is done for the F-35. And with the 1,000 jobs in Mirabel, at an average of \$50,000 a year in wages, we are talking about \$18 million in taxes over 30 years, a ballpark figure of about \$540 million in taxes, and great jobs created and maintained in Canada.

I don't know about you, but I'd feel comfortable with my kids flying in an F-35 maintained by members at L-3 Com, with the experience they've developed over the years. Any repair or maintenance done by our members will be safer and less costly. It would also permit us to put our planes in the sky when we need to, without being dependent on anyone else. This ensures our sovereignty as a nation.

But don't take my opinion. Look at the facts.

Thank you.

The Chair: *Merci beaucoup.*

Mr. Dias.

Mr. Jerome Dias (Assistant to the National President, Canadian Auto Workers Union): My name is Jerry Dias. I am the assistant to the national president of the Canadian Auto Workers Union. Thank you for inviting the CAW here today.

I am flanked by our director of the aerospace department, Dawn Cartwright, and Roland Kiehne, who is the president of Local 112 in Downsview, which represents the workers at de Havilland Aircraft, SPAR Aerospace, MacDonald Dettwiler, and Northstar Aerospace.

We represent over 10,000 aerospace workers in every region of Canada at top companies, which include Boeing of Canada, Bombardier, Bristol Aerospace, Cascade Aerospace, I.M.P. Group, MacDonald Dettwiler, Northstar Aerospace, and Pratt & Whitney Canada.

You have heard from many of the CEOs of these companies on the proposed F-35 procurement. I am pleased to provide our perspective, which is not always the same as theirs.

I am aware of the concerns about the F-35 aircraft, its costs, its capabilities, and suitability for Canada's needs. The CAW always encourages a vigorous public policy debate.

Today I will focus on what is before me and our union's members: the F-35 stealth fighter.

Members of the committee no doubt realize that Canada's aerospace industry is slipping. In January, CAW national president, Ken Lewenza, wrote to Prime Minister Stephen Harper expressing his concern that Canada has fallen from fourth to fifth place in the world, behind the United States, Britain, Germany, and France.

We need to regain our position, and this can only be done by using federal dollars to leverage investment and jobs in Canada. In his letter, President Lewenza said that a good start would be to select the Canadian-built Q400 as the choice to meet our fixed-wing search and rescue requirement. This would create good jobs in Canada and would make Canadians safer.

President Lewenza further urged Prime Minister Harper to develop and mandate defined levels of domestic content or industrial regional benefits, IRBs, in all Canadian procurement programs.

This priority was reiterated strongly by the entire Canadian defence industry through consultations last year. The report said in recommendation number 1 that the government must:

Use Canada's IRB program to leverage Canada's defence and security industries into global OEM supply chains for OEM programs....

But the government has failed to listen.

Instead, it plans to spend an estimated \$16 billion of our public dollars on the F-35 stealth fighter program without requiring any investment at all in Canada. There are no IRBs with this procurement. It's a giveaway to the U.S. manufacturer, Lockheed Martin.

Those dollars should require guaranteed investment and jobs in Canada of equivalent value, dollar for dollar. Canadian workers should not be asked just to sit back and hope that Lockheed Martin will send contracts to Canada out of the goodness of its heart. Wishful thinking is not how you build a world-class aerospace industry.

We are not saying that Canadian firms cannot compete. Our members produce the finest aerospace products in the world, but this is a rigged game. The so-called best value acquisition strategy leaves it up to Lockheed Martin to choose the winners and losers with our tax dollars. According to the U.S. Department of Defense, once Lockheed Martin and its top-tier partners have chosen a supplier, they will pursue sole-source contracts with these companies based on schedule, performance, and cost benchmarks. That leaves

Canadian firms at the mercy of the U.S. giant, which has a far stronger allegiance to Washington and other big military buyers than it does to Ottawa.

We have already seen the signs of political interference from Lockheed Martin and the U.S. government. For instance, more attention needs to be paid to a practice called strategic sourcing, by which Lockheed Martin gives some countries direct work shares to keep them happy. Canada's military officials and others have already raised concerns about this.

Here is another example. Israel was given a 150% buyback guarantee by the U.S. government for its F-35 deal, and it could go as high as 180%. *Defense News* called it extraordinary and unprecedented, because according to U.S. commerce department data, offsets in recent years have averaged at about 100% for European, Australian, South Korean, and advanced western countries, including Canada.

I am aware of the debate over the 2006 MOU governing our participation in the project and the controversial section 7. Dan Ross, national defence assistant deputy minister, told you we would need to withdraw from the MOU if we went into a procurement process requiring IRBs, but Alan Williams, Dan Ross' predecessor, disagreed. He told committee members there is nothing preventing Canada from remaining in the MOU and requiring IRBs as part of an actual procurement.

• (1540)

If Israel can negotiate IRBs in the range of 150% without investing a nickel, and Canada cannot, after committing \$551 million under the MOU to meet the F-35's development, then something is seriously wrong. If the MOU is flawed, then the government has a responsibility to fix it.

The industry minister's assertion that his department has identified \$12 billion worth of contracts that we can bid on as part of a global supply chain just doesn't add up. As I pointed out, what percentage of that amount will we win with Lockheed Martin and its first-tier partners making the determination?

A negotiated IRB program for whatever aircraft Canada purchases would give Canadian industry guaranteed contracts up to the value of the acquisition and the in-service support, or ISS, estimated to be \$9 billion and at least \$7 billion respectively, for a potential total of \$16 billion.

Which would you rather have, the chance to bid on \$12 billion in contracts or guarantees of \$16 billion in contracts?

With an IRB program, the government could also ensure that the work is distributed across Canada fairly, with the regions receiving a proportional amount of work relative to their current share of the Canadian aerospace workforce and Quebec comprising roughly 46% to 50%.

The CAW is concerned that Pratt & Whitney Canada has already sent some F-35-related work to Turkey instead of employing Canadians. Complete transparency and accountability for job creation in Canada needs to be included.

Of course, Canada does not build fighter planes, but we are one of the major commercial aerospace producers in the world, especially in regional aircraft. Civilian aerospace products comprise 83.4% of the \$24 billion in annual Canadian aerospace and defence revenues.

With governments across the globe looking to reduce military spending, the civilian market likely holds the greatest promise for Canadian industry. Using both direct and indirect offsets as part of a military-related IRB program would allow Canada to encourage investment in an appropriate mix of commercial, space, and defence aerospace industries.

Finally, CAW national president, Ken Lewenza, has called for the creation of a Canadian aerospace development council involving all levels of government, the CAW, and other stakeholders to design and implement a new aerospace strategy for Canada.

We look forward to working with you to regain Canada's standing as a global aerospace champion.

Thank you, and I welcome your questions.

• (1545)

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

I will give the floor to Messrs. Wilfert and LeBlanc.

You have seven minutes.

Hon. Bryon Wilfert (Richmond Hill, Lib.): Thank you, Mr. Chairman.

Thank you, ladies and gentlemen, for coming.

We've heard two very interesting presentations today, Mr. Chairman.

With regard to the CAW, first of all, I welcome your comments, particularly regarding the Canadian aerospace development council. At some point, I would like to hear more components or elements that you see going into having the different orders of government, the CAW, and other stakeholders involved in that. I think that is a very interesting idea.

If the government were to proceed with a sole-source F-35 contract without guaranteed IRBs, would such a contract be a significant help for such small and medium enterprises that you represent at the present time? What I'm hearing from you, if I understood you correctly, is that no one will benefit.

Mr. Jerome Dias: There are clearly going to be benefits. The F-35 is a huge contract. We don't buy the argument that there can't be IRBs as a part of the initial framework.

We just don't buy the argument that somehow it has to be one or the other. We're being told that we can bid on \$12 billion worth of work for what we are calling a \$16 billion contract. We know the Government of Canada can do better.

We just take a look at the C-130J, the Hercules contract that was negotiated—same company, same government. What did we bargain? One hundred percent offsets. But that included the in-service support. If we can negotiate 100% offsets with the same company and the same government, there's no reason why we can't negotiate 100% offsets that include the in-service support.

We ask in our document, are we better off with the opportunity to bid on \$12 billion or the opportunity to have \$16 billion?

Hon. Bryon Wilfert: Well, there's no question that our party's view has been and continues to be that we support a new aircraft to replace the CF-18, obviously. We support the fact that there should be an open, transparent, and accountable process. Clearly you do as well.

You also have indicated that pursuing a sole-source contract, in your view, would lead to sole-source contracts with companies as well. You talk about Lockheed Martin and the first tier. Basically—I don't want to use the word “rigged”—you would be at an unfair advantage...for your workers. Would that be a fair statement?

• (1550)

Mr. Jerome Dias: Yes, that would be a fair statement.

Hon. Bryon Wilfert: In terms of strategic sourcing, can you elaborate on what you see as the issue regarding strategic sourcing by Lockheed Martin, particularly in terms of what sounded a little bit like giving crumbs to us? Basically, it obviously does not address the key issue of a guarantee of economic benefits across the country.

Mr. Jerome Dias: Let's be candid. Lockheed Martin is going to control the high technology in the manufacturing of the aircraft. The key fuselage, the Q-bay, and the key technologies are going to be maintained by Lockheed Martin. So what's left over? Machining, composite work, assembly.

For example, we'll take a look at Pratt & Whitney, in Longueuil, Quebec, which is one of the things we mention in our brief. It's not good enough for the government to say that we're going to give you work, Pratt & Whitney. It's more important that we say to Pratt & Whitney that we're going to give you this work and you're going to do this work in Canada.

I'm not so hung up, sir, by the way, for the purposes of this discussion, on sole-sourcing. I'm interested in sole-sourcing when it's a net benefit to Canada. Canada doesn't build fighter jets. If we built fighter jets, I would suggest that they be sole-sourced to Canadian companies. If we're talking about the military buying trucks, we would say that they should be sole-sourced to Navistar, in Chatham. It should be forcing Navistar to build trucks in Chatham. If it's buses.... So I'm fine if it has a net benefit for Canada.

It's a different argument today when we're talking about an American multinational. Clearly, the issue today is jobs.

Hon. Bryon Wilfert: If there are no job benefits, it's obviously not going to be a good deal.

Can I ask you to respond to this? Canada must beat competitor countries at their own game by offering subsidies to the aerospace industry, just as the others do, if we want to make it a level playing field.

Mr. Jerome Dias: The aerospace industry is heavily subsidized, including Canadian aerospace giants. So it's a question of how much you want to participate.

If you take a look at Canada's auto industry, it has declined over the years. Why? Because other countries around the world have been more aggressive in seeking that type of work and that type of technology.

Canada maintaining and growing its aerospace sector comes with sound government procurement policies and sound government contributions to the aerospace sector in our country.

Hon. Bryon Wilfert: It seems odd to me, Mr. Dias, that the aerospace industry, in general, seems to be very silent about this whole issue of economic benefits. They're basically saying that they're going to trust the government in terms of this \$12 billion.

I'm not asking you to hypothesize. Given the fact that so many job, technology, and innovation issues are at stake, how would you account for the fact that they would simply be quiet? We haven't had them come before us saying that they have those concerns. They're basically saying that they trust the government in terms of this competition.

Mr. Jerome Dias: Many of the companies we deal with in the aerospace sector have a foothold in Canada but are not Canadian companies. They want the work. I would suggest to you that they're not as determined as we are, and as we around this table should be, to create Canadian jobs. That's why we used, as an example, the work sourced to Pratt & Whitney, which they outsourced to Turkey. Here we have the government saying they are giving work to Pratt & Whitney. And the assumption of the taxpayers is that they're creating jobs in Canada, when in fact they're being offloaded to Turkey.

Hon. Bryon Wilfert: In other words, the IRB policy could ensure that subcontracts and work could be spread out fairly across the country. And without that, what you indicate will continue to happen.

Mr. Jerome Dias: That is correct.

Hon. Bryon Wilfert: Thank you.

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

I will give the floor to Monsieur Bachand, *pour cinq minutes*.

[*Translation*]

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

I would like to welcome my union friends. I myself am a former trade unionist who was active for 20 years. I think you share my admiration for unions as well, don't you, Mr. Bernier?

The Chair: Sure, when the workers are free to join, or not, as they please. I believe in freedom.

Mr. Claude Bachand: If you mean the Rand formula, we won't get into it; it might take a while.

The Chair: No, we don't agree on the Rand formula.

Mr. Claude Bachand: Put the timer back to zero, please.

The Chair: We aren't going to talk about unions because it would take too long.

Mr. Claude Bachand: I simply want to say that I quite enjoyed the presentations and that you really reached me with your dynamic and articulate presentations. I also admire you.

I would like to start with you, Mr. Chartrand. I gather that you are asking that there be minimal economic spinoff in the region. I will tell you that this is the position of the Bloc Québécois, and I'll explain why.

The minister is really taking a chance when he says that, according to the policy of the memorandum of understanding—which I have here and which is quite lengthy—we are not entitled to economic spinoff in the region; however, we will have 5,000 opportunities to get contracts.

If I understand you correctly, your position is similar to ours. You think that it is the same as throwing dice in the air and hoping for the best. Is that it?

• (1555)

Mr. David Chartrand: In my opinion, it is the same as using the taxpayers' money and heading for the casino.

Mr. Claude Bachand: Exactly.

Mr. David Chartrand: That's how I see things. It's as if I said let's take \$16 billion of the taxpayers' money and go to the casino. If we win, great; if not...

I am not saying we wouldn't have work. But, like you said, it's a matter of luck. It's all speculation, "maybes". "Maybes" don't put food on the table.

Mr. Claude Bachand: You're right.

If I am not mistaken, we also need to make some kind of arrangement with Lockheed Martin or with the Canadian companies to ensure that the content is 100% Canadian. Because it's a concern.

These companies have actually started diversifying into the United States. It might sometimes be very tempting to say that these Canadian interests—Héroux-Devtek or Pratt & Whitney—will get the contract, but it is probably American affiliates that will profit from the spinoff of the contract.

That's something else you're afraid of, don't you think?

Mr. David Chartrand: It's a very big fear. I still don't have all the details; I'm waiting for them. As I understand it, in terms of the Héroux-Devtek proposals, some of the work will not be done here, but in their factories in the United States.

Mr. Claude Bachand: Okay.

Mr. David Chartrand: So, there is no guarantee that 100% of the work related to contracts with Héroux-Devtek will be done in Canada, in the Montreal area or elsewhere.

Mr. Claude Bachand: Exactly.

Mr. Dias, we are a little like you: we are wary of the numbers. In other words, no one is explaining how the government came to say that there will be \$12 billion in economic benefits.

By the way, I have here a document from the Pentagon that I would be happy to share with you. It assesses the economic benefits. Listen to what it says in English:

[English]

JSF Canada estimates a potential for \$4.4 billion to \$6.3 billion of revenues for Canadian industry over the life of the JSF program; our estimate is \$3.9 billion.

[Translation]

So, there is a really big difference. The Pentagon estimates the economic spinoffs to be up to one-third of what the Canadian government expects. Are you concerned about that? Have you seen this study?

[English]

Mr. Jerome Dias: No, I haven't seen the study, but we're coming up with the same numbers. When you have the opportunity to bid on \$12 billion, even at a conservative estimate you get 30% to 40%. You're looking at \$4 billion worth of offsets, or in that area. Once again, and I don't want to be repetitive, do you want \$16 billion, or do you want \$4 billion in the best-case scenario? It's very straight to our organization.

[Translation]

Mr. Claude Bachand: Are you worried now... I don't think I saw in your respective presentations the importance of spinoffs, specifically technological spinoffs.

As for the main contracts for tactical and strategic aircraft, I have already gone and seen Boeing with company representatives; I have also already gone and seen Lockheed Martin with company representatives. What these companies had to offer were small tractors for pulling the aircraft; others wanted to sell tires; others still, windshields. These aren't high-tech spinoffs.

Do you want Lockheed Martin to open up a bit and share some technological secrets so we can have true spinoffs in the aerospace industry, true technologies, and not tires and windshields?

Mr. David Chartrand: If Héroux-Devtek gets a contract to make parts for these aircraft, what guarantee is there that the company will be able to make parts for the entire Canadian fleet? Apparently, this company will make parts not just for the Canadian fleet, but for the American fleet too.

• (1600)

Mr. Claude Bachand: It would be the entire assembly line.

Mr. David Chartrand: Machining may not be high tech, but if these companies get a contract to make a specific part, what is there to guarantee that they will make all the parts for all the Lockheed Martin aircraft? They could get the contract just to make the 65 parts for the 65 Canadian aircraft.

Will it be limited to that? Will the guarantees ensure that the contract is for the entire fleet of aircraft?

Mr. Claude Bachand: Mr. Dias, do you have something to add?

[English]

Mr. Jerome Dias: Yes. To go back to your question, there's no question about control of the aerospace industry. You play a major role in the aerospace industry if you dabble in technology. You don't develop the aerospace sector by having strong warehousing capabilities. The reality is, if you want to maintain technology, if you want to maintain control, if you want to have the ability to develop the next generation of aircraft, you deal with the in-service side of the business. The in-service support is straight technology. It's developing the technology to service your aircraft. If you're playing with avionics, that's high tech: wings, nacelles, ailerons, landing gear. There are key components that you force companies to invest in and this helps develop the sector. So there's no question that the type of work is more important than the volume of work. It's about labour-intensive jobs. It's about high-tech jobs.

[Translation]

Mr. Claude Bachand: I'm also afraid that the people at Lockheed Martin are saying to the people at companies like Magellan, Héroux-Devtek and Pratt & Whitney that they have this contract, but that it's only for a limited period of time. Given this American protectionism that we know so well, there is some risk that, once the contract ends, these people will simply transfer it to the United States.

Do you think there is a real danger of that happening?

The Chair: Be brief.

Mr. David Chartrand: Can I answer the question?

The Chair: Yes, but be quick.

Mr. David Chartrand: The short duration of the contract and transferring it are not the only dangers. I haven't read the contract in full. Without specifying a detailed number of parts, these people can grant the contract then, as mentioned earlier, the employer can have the parts manufactured outside Canada, even if the company is Canadian. It can decide at any time to transfer the work elsewhere, even if it got the contract for Canada. I don't think that the memorandum of understanding contains a provision that prohibits it from doing so.

I would like to say, before closing, that I would like to be invited to take part in your debate on the Rand formula, if it ever happens.

Some hon. members: Oh! oh!

The Chair: It's a provincial debate. You would have to get involved with provincial politics and invite yourself.

[English]

Some hon. members: Oh, oh!

The Chair: Mr. Harris, you have the floor for seven minutes.

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

Thank you for joining us and for your presentations. They were very forceful and complete.

Mr. Dias, some of the statements you made are rather dramatic, about looking at Israel negotiating IRBs worth in the range of 150% without even being participants, and in Canada's case we're basically given the right to participate in the contracts.

What level of confidence do you have in the Canadian industry to achieve the kinds of numbers they claim—this \$12 billion, as an estimate of what Canadian industry...? And they've been very bold about their projections, but it's always phrased, I think, to be fair to the government, as “access to” \$12 billion worth of contracts.

What should we do about that? The government says that under the MOU you can't buy the F-35 without participating in this program, which is essentially open access.

• (1605)

Mr. Jerome Dias: First, our Canadian industry clearly has the capabilities to do \$16 billion worth of work, let alone \$12 billion worth of work or \$4 billion worth of work. We have the expertise and the technical ability.

I'm concerned about guarantees. I have zero confidence, frankly, that Lockheed Martin is going to guarantee us \$16 billion worth of work. I am absolutely concerned that we will not get the in-service work to maintain our sovereignty, to a large extent.

The argument is interesting. The argument is that we need to buy stealth bombers, in essence—stealth aircraft, stealth fighters—to maintain our own sovereignty, to be in control of our own destiny. But then we're going to let the United States service our planes, so we'll get them when we get them.

You can't have it both ways. If we say we legitimately need these aircraft for this purpose, then we ought to at least be in control of when we can fly them. It's an interesting argument.

I'm very much in favour of saying that if we have a history that shows we can negotiate a minimum of 100% offsets, I don't see what makes this any different. I understand the argument that we have access to the bigger pie, but the pie is going to be disbursed by Lockheed Martin. It's not broken up based on participation. If it were broken up based on participation, then I would suggest that the United States' buying of over 2,000 aircraft will certainly put them in the driver's seat, as compared with our 65.

Mr. Jack Harris: Obviously, as a representative of the workers, you're concerned about jobs and job protection. Of course, defence contracting is really not about industrial development per se; it's about acquiring what the military needs.

But we had a witness before us on October 5, 2010, Mr. Matthews from Magellan Aerospace, who was asked by one of the representatives of the government side about the number of jobs

that would be generated by economic activity. He talked about a goal of \$3 billion to be achieved in the after-market in servicing.

He said that \$1 billion over 20 years would be the equivalent of about 450 jobs, because \$1 billion would be the labour part or worker part of it, and if we got the full \$12 billion, it would be three times that, so we'd be talking about 1,650 jobs. That doesn't seem to me to be a lot of jobs for \$12 billion worth of contract work. Do you know anything about those kinds of numbers and where they might come from?

Mr. Jerome Dias: I can't talk about the numbers, but if it is straight jobs related to the parts, spares, and in-service, that's one thing. Repair and overhaul requires that you buy components to install. I would expect that the components you're buying would generate many times more than that in the way of jobs. Let me give you an example.

I don't know where the numbers come from, but, for example, in the auto sector, for every job in direct assembly there are 11 outside. In the aerospace sector, I think the numbers are more conservative—three or four to one. So if we're saying that there are 1,500 direct jobs tied in to that aspect of the work, you can multiply that by three or four.

Mr. David Chartrand: Let me say something on that.

As an example, I sat with L-3 MAS, and they clearly stated to me that in contracts they give in the area around... They have 1,000 employees inside L-3 MAS for the maintenance, the repair, and overhaul of the F-18s. But they say they give \$50 million in contracts around the province of Quebec on work that's generated from that.

Additionally, you have all the businesses around. It's not just one job fixing that airplane or building it; it's everything else around.

So I don't know where they get those numbers. As he said, I don't know that it's the person working on the plane only; it's everything else that it generates around also.

Mr. Jack Harris: I have another question for you, Mr. Dias.

You mentioned the work that was done on the F-18 upgrade. It was referred to in the House of Commons by the defence minister as a “mid-life upgrade”. It was only completed in March of this year, 2010. You talked about your people doing that work, and I think you call it “doubling the life” of this aircraft. We had someone, a columnist, the other day—Peter Worthington—who talked about the F-18s potentially being useful into the future, beyond the designated date.

What can you tell us about that? “Mid-life” to me meant you were doubling the life. We've had them for nearly 30 years now.

Do you want to answer that question?

• (1610)

Mr. David Chartrand: That was me. We represent the members who did that.

Those planes were supposed to be useful for missions and things like that, and they were to have a lifespan of 15 to 20 years. We're up to 30 years, over 30 years, so they've just about doubled the lifespan of that plane. Yes, there were costs related to that, but they've missionized them; they've changed them. They've changed the whole centre barrel of the airplane because of stress and fatigue. They've changed components in the wings and so on, to extend the lifespan of those planes. They've changed the avionics inside, the electronics, and all those things.

When they're talking about the F-18s being useful for longer, I'm not sure if they're talking about the ones they have in service now—eventually you do have to change the aircraft because it isn't the latest technology—or the new ones, because there's also a new version that they're building now, a brand new one out of the plant. I don't know if they're talking about the new version of the F-18s or if they're talking about the ones we currently have for the Canadian government.

Mr. Jack Harris: That finished in 2010. How much longer can they be used?

Mr. David Chartrand: They're going to be in service until 2018.

The Chair: *Merci beaucoup, monsieur Chartrand. Le temps est terminé.*

Merci, monsieur Harris. Thank you very much.

I will have to give the floor to Mr. Hawn.

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

I'm sorry I'm a bit late. I was speaking in the House about Afghanistan.

Obviously, I've missed a lot of the comments, but picking up on the F-18, I'm not sure I heard you correctly, but we got the first F-18s in 1982, and the concept of operations was for phase-in plus 15 years, at which time we would be in the process of acquiring a new airplane. That put that timeframe at 2003. The airplanes will be 38 years old once we have finished with them. So I am guessing that you think it's a good idea that we replace the F-18 with something that will stand us in equally good stead for the 20 to 40 years after that.

Mr. David Chartrand: Maybe to relate to that, I had a Mazda GLC in 1982. I could have changed all the wiring inside and dragged it on for 25 to 30 years, but eventually I had to change it. We now have navigation systems in cars; now every car comes with air conditioning. I would have had to put it in. That's the example I have to give you.

We're talking here about a military aircraft; we're not talking about a car. You can only go so far, and I think it has pretty much been stretched. I honestly believe that. For that aircraft, for more than 30 years, it's been stretched.

Hon. Laurie Hawn: Well, I'm pretty familiar with the F-18. I was the first Canadian to check out the airplane when we bought it. One of the reasons we bought the airplane was because it had tremendous growth capacity within the software of the airplane. But you're right, there is a point at which the airplane becomes non-usable. The biggest point with the F-18, though, is actually its fatigue life.

They're designed for 6,000 hours of fatigue life; at 6,001 hours we stop flying it, regardless of anything else.

So you fully support the replacement of the F-18 as soon as practical, do you?

Mr. David Chartrand: I support the replacement of the aircraft, yes, I do.

Hon. Laurie Hawn: Okay.

Mr. David Chartrand: I only want to emphasize that we're the ones who should do the maintenance on the new aircraft and that we should have as many contracts on it in Canada as possible.

Hon. Laurie Hawn: Oh, absolutely. I think Canadian industry has made it pretty clear that it is ready and capable of competing for those contracts, contracts for a global supply chain of somewhere between 3,000 and 5,000 airplanes—nobody knows for sure—rather than only doing the work on our 65.

Would you agree there are economies of scale that are pretty evident when you're dealing with thousands of airplanes versus 65?

Mr. David Chartrand: Clearly. It's not only a question of how many airplanes or anything like that, but if we don't do the maintenance on those, we lose the expertise. For future aircraft that we buy, we won't have the expertise to do it, and we won't even be able to compete for the work.

Hon. Laurie Hawn: Are you aware that we have the right of access and the use of all the intellectual property on the F-35 as long as we are within the memorandum of understanding, as long as we're members of the MOU?

Mr. David Chartrand: No, I'm not. I'm not aware. As I've stated earlier, I have not read the memorandum agreement. I've not had a copy of it. I've only read what was within the minutes of the last meetings that were held here.

Hon. Laurie Hawn: I think you would probably agree that the F-35 represents a new level of technology.

●(1615)

Mr. David Chartrand: It does.

Hon. Laurie Hawn: Would you agree that if we do have access to all the intellectual property under the MOU, which we do, that would bode well for development of our industry and technology for this stage, and probably whatever comes after that?

Mr. David Chartrand: Correct.

If you look at my opening statement...I have a hard time seeing the American government giving away their space program, or giving away that technology, or something like that; they wouldn't have developed a bunch of things around it. Well, I believe that with that new technology it'll put us on another level where we're able to develop, where we're able to see what that technology is. When we're investing that much money in the development of that aircraft, I cannot even fathom why they wouldn't give us access to that. We're paying for the development of it.

Hon. Laurie Hawn: I totally agree, and that's why, under the memorandum of understanding, they are giving us access to that.

Mr. David Chartrand: So they're giving us access—

Hon. Laurie Hawn: We do have the right to access and use all of the intellectual property in the airplane but only if we are within the MOU.

Mr. David Chartrand: That's only if we are paying contracts?

Hon. Laurie Hawn: That's only if we are members of the memorandum of understanding.

Mr. David Chartrand: Okay.

Hon. Laurie Hawn: That's only if we are participating members. You can accept what I just said or not. That is within the MOU. If that is the case, would you see a danger in not being within the MOU and the fact that we wouldn't have access to that intellectual property to develop our industries for the next level of technology and whatever comes next?

Mr. David Chartrand: Sir, I'm not here to say whether it was a good idea or not to be part of it, and to invest money there, whether it gave us access or not. What I'm here to state—and I know you'd like a clear-cut answer, yes or no—is that pretty much what should be included in the memorandum of agreement is that we're going to get back dollar for dollar here in jobs.

Hon. Laurie Hawn: What if, through the industrial participation plans, which are part of the MOU, we have the opportunity to get much more than dollar for dollar?

Mr. David Chartrand: If we have the opportunity to get much more and it's guaranteed, that's good.

Hon. Laurie Hawn: Is anything in life guaranteed?

Mr. David Chartrand: There are actually two things that are guaranteed: you're eventually going to die and you're always going to pay taxes.

Hon. Laurie Hawn: That's absolutely right.

Whether the opportunity to participate in a 3,000- to 5,000-plane global supply chain with its accompanying opportunities is better than having guarantees for a fleet of 65 airplanes, I guess you can make your own value judgment. But Canadian industry, the Aerospace Industries Association of Canada and CADSI and the thousand or so companies they represent, I would suggest to you, have made that value judgment, because they have unanimously supported the acquisition of the F-35 under the memorandum of understanding that we're part of at this point.

Mr. David Chartrand: Canadian companies probably have a difficult time coming up here and stating certain things against McDonnell Douglas, against the Boeing corporation, or against these companies, because by doing that, they're reducing their chances of obtaining any work. I don't have those concerns coming here and saying that we should have had a memorandum of agreement or we shouldn't have; we should have dealt with Lockheed Martin or we shouldn't have; we should have been in this project or not; and we should have invested that money. It doesn't bother me to say those things.

Hon. Laurie Hawn: Sure, that's fine. I think you'd find it doesn't bother them either.

Do you think if countries like Canada and Italy and Turkey and the Netherlands and Norway and Denmark and Australia and England and Israel have had experts, military and civilian, looking at a particular problem or options and they've all come up with the

same conclusion, that's a coincidence, or do you think maybe there's some truth behind what they've come up with?

Mr. David Chartrand: I couldn't tell you, sir. I don't know.

[*Translation*]

The Chair: Mr. LeBlanc, you have five minutes.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Thank you, Mr. Chair.

[*English*]

Maybe I'll give Mr. Dias, if he wants to come back—

Mr. Jerome Dias: I would love to respond.

Hon. Dominic LeBlanc: I'll tell you what. I have a question for Mr. Chartrand, and then I'll save enough time at the end, because I'd be curious to hear your response to Mr. Hawn's question.

Monsieur Chartrand, in your opening comments, I thought there was something interesting. I think we've understood clearly your views with respect to guaranteed industrial and regional benefits, which equate to jobs and investment in Canada as opposed to a chance to compete with a number of other partner countries our proportionate share of the procurement, the overall procurement being what it is. I share your view. I think a guarantee represents a better opportunity for workers and for the Canadian industry.

But I wanted you to expand, if you could, with enough time for Mr. Dias to answer Mr. Hawn's question, on the idea that the maintenance and the repair and the inflight support need to be done by Canadian companies. You referred to L-3, which I think is a great example of a world-class leader in that kind of work. You raised some safety issues or some concerns that you'd have if we were subcontracting or allowing other countries or other companies that perhaps don't have the same capacities as our own or the same verification that our own might to do that work. I wanted to better understand that point.

• (1620)

Mr. David Chartrand: The example I'm going to use is Bombardier. It used to use companies like Mitsubishi Heavy Industries to build parts of their planes—subcontract. They actually still use other companies, but that's one clear example. When Boeing ramped up its production levels, Mitsubishi Heavy Industries didn't have the manpower. It didn't have the capabilities of doing both and delivering on schedule, so they told Bombardier, which was a smaller contractor, "Hold on. You'll get your stuff later." They made Bombardier wait for long periods of time. Bombardier had to send teams down there to finish their products, to get their products on time.

Well, picture that with our military planes. We're talking about sovereignty. We're talking about protecting our families. We're talking about patrolling the north, the Arctic. We're talking about all these things. Now we're getting our planes serviced by another country, which is also servicing their planes. There's a war. There's something going on. Don't you think they'd have an interest to put their planes in the sky before ours? I believe so. I think that's quite simple to understand. It doesn't take a great scientist for that.

If I were the Americans, I'd be looking around, or if I were somebody else in Europe or wherever, maintaining the planes, I'd say, "Hey, mine are going to go first and yours are going to go second. You hold on and wait. We'll patrol our skies before you can patrol yours." I have a problem with that.

On the expertise we're talking about, we have a great expertise in doing it. We've done it for over 30 years. We fought to be able to get those contracts. We've bought planes from Lockheed Martin, and they told us we can't maintain our own planes in the Canadian government because there's technology we're not going to be aware of and things like that. Well, as he said, our working on them helps us to develop technologies to stretch out the life of certain aircraft. It helps us develop new technologies. We have an engineering department that works on it and all that.

But by not being able to maintain our planes, we're going to lose that expertise. Right now, the only place we can do that—the F-18s—is in Quebec. We're doing it in Bagotville and we're doing it also in Mirabel. If we do not do it, we're going to lose that expertise.

If we don't do it for so many years, the schools and the programs that teach people how to do it will close down. The people leave—they go somewhere else—and you end up not being able to put it back on track and being able to train those people.

We're talking about the aerospace industry in general. We need to continue being productive and being at the forefront of the industry with all the new technologies. It's our leverage right now. It's our edge.

We'll be honest. Countries like Mexico, and other countries, can produce cheaper. So our edge right now is technology. It's always being the first ones with a new product. It's being able to develop new technologies that are difficult to work on and that we can do by having great programs in schools. If we don't do it, we risk killing programs in our schools and making sure we don't have anybody able to do that in the future.

[Translation]

Hon. Dominic LeBlanc: Thank you.

Mr. Dias,

[English]

If there's any time left, did you want to pick up on Mr. Hawn's question?

Mr. Jerome Dias: Yes, I would love to.

Mr. Hawn, let me load the questions the way you did. I love your question—

The Chair: Sorry, Mr. Dias, we don't have enough time.

Mr. Braid, you have the floor for five minutes, and maybe he'll be able to answer the question.

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

And thank you to all of our representatives for being here today.

I think one of the main messages we heard from you was about job protection and job creation. I can tell you that I certainly share

that interest and that concern. That's one of the reasons this government is participating in this program.

Amongst the unions you're involved with, and your union membership, I'm curious to know whether there are any members who are involved in high-tech companies, or high-tech work in the aerospace industry—software, for example? That's what I mean by high-tech.

Mr. Jerome Dias: From a straight high-tech point of view, we have MacDonald Dettwiler, which obviously is predominant in space. We have our members at Bombardier Aerospace. We have our AMEs; we have people who sign off aircraft. But off the top of my head, none of our members I can think of are dealing with intellectual software.

• (1625)

Mr. Peter Braid: Are you familiar with the testimony relating to many of the benefits of this initiative in terms of the high-tech industry and high-tech companies in Canada?

Mr. Jerome Dias: Yes. I'm aware that many of the companies we deal with, and many companies we're not dealing with, have been approached by, or met with, government about industrial offsets.

Mr. Peter Braid: Do you feel that Canada's aerospace industry—and this is a question for both of you gentlemen—would be better off with or without the F-35?

Mr. Jerome Dias: There is no question there has to be a replacement for the F-18. I'm not here really to debate whether or not the F-35 is the right aircraft or the wrong aircraft. There is no question there has to be a replacement, so it's going to be replaced.

Mr. Peter Braid: Should it be a next-generation fighter?

Mr. Jerome Dias: Absolutely, if we're going down that road.

Just to finish off, whether or not we need aircraft that carries bombs and missiles and has stealth capabilities, that's a discussion for another day, but if we need to replace the F-18, we'd best do it with what's best available.

Mr. Peter Braid: And start now.

Mr. David Chartrand: It is the next generation we need, whether it be the JSF, the F-35, the F-22—whichever one of those aircraft is not necessarily.... I'll talk like my brother over here. It's not necessarily up to us; we're not the experts. The Canadian government and the Canadian military know what they need.

Mr. Peter Braid: There seems to be a disconnect. We've had industry association representatives here, we've had company representatives here, and they've said to us, "We can compete with any company in the world. Bring it on. In fact, let us operate within the MOU and not within this constrained system of one-to-one IRBs, because that's the floor." They see limitless opportunities. They're completely confident in their ability to compete, but I haven't heard that from you today. Why do we have a disconnect?

Mr. David Chartrand: They're confident because in the MOU it doesn't state that those companies, if they obtain contracts here, can't move them after.... That's what I believe. If I'm an employer and I'm manufacturing a part in a machine shop, and I can manufacture it here for \$25 or I can manufacture it in Mexico or somewhere else for, let's say, \$5 an hour, nothing stops me in that memorandum of agreement, from what I understand, from moving that—

Mr. Peter Braid: Mexico is not one of the nine countries that's getting—

Mr. David Chartrand: No. I'm giving you an example. Mexico is one, or Brazil. There are other countries that are low-cost countries that can build those parts.

Mr. Peter Braid: Yes, and if we're developing advanced technology here, as Mr. Hawn explained as well, we own that intellectual property. We will not only continue to manufacture that here, but we'll be involved in the support of that technology as well, moving forward.

Mr. David Chartrand: Sir, my question to you is, is that a guarantee?

Mr. Peter Braid: Well, again we heard.... First of all, sir, when you join the opposition, you're free to ask me questions.

Mr. David Chartrand: I'm sorry.

Mr. Peter Braid: In the meantime, as you appear here, it's my job to ask you questions.

As I mentioned, we've heard, and heard very clearly, from industry that they see the opportunities without the guarantees. They see more opportunities, and that's been a compelling message that we've heard from each representative.

[*Translation*]

The Chair: Mr. Nadeau, you have five minutes.

Mr. Richard Nadeau (Gatineau, BQ): Thank you, Mr. Chair.

Good afternoon, everyone.

I don't usually sit on this committee, but based on what I am hearing and the parallels, it's almost like a repeat of the Avro Arrow story. Canada has expertise, but that expertise is going to slip through our fingers. That's sort of the image I have of it.

The knowledge is here; the capital is elsewhere. This is really how I see it. I heard earlier that we would be sent 65 aircraft, the new F-35 model. Does the United States really have 2,000?

Mr. David Chartrand: We are talking about roughly 2,000, if I am not mistaken.

Mr. Richard Nadeau: That's a very powerful image.

Do you think you would be able to fight, to seriously compete—please, don't be offended by my words—with other factories for those contracts, if they are left on the free market? We are currently being told that there could be spinoffs—but perhaps there won't be any—that would not be able to match what we are putting forward, meaning the \$12 billion. Are you able to compete with companies that can do the same thing as you elsewhere? We know that “elsewhere” means “in the United States”.

• (1630)

Mr. David Chartrand: I am not an economist, but one thing that bothers me is the value of the dollar. We have received a lot of work from American companies that came here because it cost them 60¢ rather than \$1. Now, it is more difficult for us to get contracts from the United States. We used to have a ton of contracts from the United States. But, more and more, the companies are going back there.

One of the reasons was that Quebec was considered to be a source of cheap labour for the United States. That's why we are going to have trouble competing with an American company when the dollar is at par. It is because of the current economic situation.

I believe we have the know-how, as you say, the skills and qualifications to do all that work. However, sometimes, it is not only about having the qualifications or skills, but it is also about political decisions.

The “military” is very important in the United States. Military contracts are given—I'm sorry, no pun intended—to taxpayers so that their politicians can be re-elected and say that they managed to provide a company with work, and so on.

Sometimes, it is not only a matter of decisions, of wondering whether we have the know-how or whether it makes sense economically. They are just “hogging the covers”. The softwood lumber industry is a great example of that.

We were able to do a lot of things here, but at some stage, the Americans decided to flex their muscles and impose a tariff. As a result, they cut a lot of Canadian companies out of the softwood lumber industry.

So these are often not logical or financial decisions. That is why we prefer to have official, signed guarantees.

We have some bargaining leverage at the moment: the planes have not been bought. It is important to look for guarantees in the memorandum of understanding.

Mr. Richard Nadeau: Mr. Dias, any comments?

[*English*]

Mr. Jerome Dias: There's no question that our employers have the ability and technology to do the work. I guess it's the question you ask them. No aerospace OEM or major aerospace player is going to sit before this committee and say they don't have the technology or they can't compete. Of course they're going to say they can compete, because they can.

The question is whether it's a level playing field. If I ask whether you would like the opportunity to have access to up to 3,000 aircraft or be stuck with 65 aircraft, everybody in their right mind is going to say they want access to 3,000 aircraft. But if you ask, “Do you want a guaranteed \$16 billion or potential access to \$12 billion”, people are going to say they want \$16 billion.

Hon. Laurie Hawn: It's not \$16 billion.

Mr. Jerome Dias: What is it? It's nine and seven.

Hon. Laurie Hawn: It's \$5.5 billion.

Mr. Jerome Dias: Hold on. It's not \$5.5 billion—that's the issue. The actual program is \$9 billion plus \$7 billion, and if we do the same offsets with this program that we did with the Hercules, we ought to have the opportunity for all of it.

Mr. David Chartrand: It seems that there's a little bit of time left.

A good example of when I'm talking about politics is the CL-415. That's the water bomber. I used to work on that plane. Can it put out forest fires quicker than a helicopter with a bucket? Why aren't the Americans buying it? Because it's politics. That plane makes much more sense for putting out forest fires in the United States, in California and all those states where they're having forest fire problems, but they're not buying it. Why aren't they buying it? It's because it's built here. It's not built there. There they figure more buckets, more jobs. Politically it's more intelligent for them not to buy this plane, even though it puts out forest fires much more quickly and is a much more effective aircraft. I'm confident we have the best technology to put out forest fires, but they're not buying it.

[Translation]

Mr. Richard Nadeau: Thank you, Mr. Chair.

[English]

The Chair: Thank you very much.

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

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

Let me add my voice of welcome to my colleagues. Thank you for appearing before us.

I have a couple of questions for the gentlemen. Without a work order in place, we don't have any access. So we need an MOU that really leads the way, to get us in the door and make sure we have an opportunity to challenge for these contracts.

If I look at space, I'm not one of the guys who looks to the sky and sees aircraft. My claim to fame is I flew one time with the Snowbirds, but that was just a fun event. But when we look at airplanes and when we look back, Canada had the Arrow, which was the leading aircraft on the planet. I have no doubt in my mind, when I look at space and see a space arm, that we have the technology and the intellectual capacity to challenge any other country in the world, and we have the physical attributes to carry that off.

When I look at things like hockey and “Sid the Kid”, and all the rest of those things—there are hundreds of examples of expertise in this country, and aerospace is one of them, without any question.

Why would we hesitate in challenging for those contracts? We would be at the top of the ladder in getting those contracts because we have the people who can do the job. Is that a fair assessment?

• (1635)

Mr. Jerome Dias: That's absolutely a fair assessment. We can challenge for the jobs. The Avro Arrow is a great example, because that comes out of our plant. The problem is, who controlled the fate of the Avro Arrow? One can argue that the U.S. government demolished Canada's aerospace industry at the time. But the question isn't about the MOUs. I understand that we have to start somewhere, but I'm saying that if Israel was not a part of an MOU and they could get 150% to 180% offsets, how can we argue that we've done such

an incredible job? If I listen to the previous comments, we might be able to get more than we invested. That's wonderful. But I would take the guaranteed investment and see if we can get anything over and above. That's all we're talking about. We're just talking about the best deal for the citizens of Canada in the way of jobs.

Mr. Ray Boughen: How did Turkey get the contract? You said Turkey had a contract.

Mr. Jerome Dias: Pratt & Whitney awarded it to them.

Mr. Ray Boughen: We have to decide how that happened, and then we have to take that as a way of doing business, slap it on the table, and say, “Our turn.”

Mr. Jerome Dias: That's the key. There's one thing about awarding work to Canadian companies. There's something else saying, “I'm awarding you this work and you're creating jobs in Canada.” There's a difference.

Mr. David Chartrand: These companies subcontract it, and there's no guarantee for them. There's nothing stating that they have to keep the work here.

Mr. Ray Boughen: Then how, in your estimation, can we increase that guarantee, the probability of our getting the contracts? I agree with other speakers that this is paramount to this project. We're talking about billions of dollars of work here.

Mr. David Chartrand: I believe the only way would be negotiations with Lockheed Martin. We can't guarantee that here. The Canadian companies that are going to bid on the work can't guarantee it. I believe the only one that can guarantee it is Lockheed Martin.

Mr. Ray Boughen: Thank you.

I'll pass the rest of my time on to Mr. Hawn.

Hon. Laurie Hawn: We talked about intellectual property and the request to do in-service support in Canada. I agree that we've done a great job with the F-18 and every other program we've had.

I'll go back to a comment I made before, that we need intellectual property to do that. I think that would be a fair statement. If we don't have the intellectual property, we can't do in-service support for our planes. We wouldn't have the information. If we're not in the MOU with the other eight partners, we have no access to the intellectual property. So if we're not in the MOU, we will not have the capacity to do in-service support. That's simply a fact.

Mr. Jerome Dias: We're not debating whether we should be in or out of the MOU. We understand that you have to get your foot in the door. The question becomes, is it a great deal? Did you do a good enough job? Are there enough guarantees for Canadian workers? If we are going to have \$16 billion worth of government procurement, are we getting the correct number of jobs for our \$16 billion investment? That's what the issue is.

Hon. Laurie Hawn: You don't understand the value of the program, but that's okay.

Mr. Jerome Dias: Oh, I do. I've been in the aerospace sector for 30 years.

The Chair: Merci, Mr. Dias.

Mr. Wilfert.

•(1640)

Hon. Bryon Wilfert: Mr. Chairman, following up on Mr. Braid's comment, if Mr. Chartrand wants to join the opposition, he's more than welcome any time.

Voices: Oh, oh!

Hon. Bryon Wilfert: Where Mr. Dias is concerned, you wanted to respond to some comments that were made. I know Mr. Hawn likes to dissect the witnesses' responses, so I thought I'd give you the opportunity to respond to some of the issues. Clearly, our concern is about jobs; it's about economic benefits. If you have some information that has not been presented, that you'd like to put on the record, please proceed.

Mr. David Chartrand: I'd like to speak about the MOU. I believe that somebody is trying to make us justify getting into that MOU, right? We're not arguing whether it's the right thing or the wrong thing. What if the Canadian government had decided to buy an aircraft from Boeing? Would it have been the right decision to get in that MOU and to have invested all that money? That's pretty much what I have to say about that. I'm glad to be part of that technology. I'm glad that we may get a right to get some of those contracts. But what if the Canadian government had decided to go ahead and buy the Boeing aircraft?

Hon. Bryon Wilfert: That's an interesting point.

Mr. Dias.

Mr. Jerome Dias: The whole issue of IRBs is interesting, because here I have Canada's defence industry. The number one recommendation talks about the government leveraging IRBs. I listen to Minister Clement talking about the history of IRBs and the importance of IRBs. One can argue that a lot of our aerospace sector was developed on IRBs, so just because it's not structured into this program, that is not necessarily a bad thing. I don't buy the argument that it serves us well historically but now it's just not serving our purpose.

I've managed to work most of the questions I wanted to raise in some of the other questions that went around. There's no question. Depending on how you ask the questions to Industry Canada, you're going to get an appropriate response, based on your question.

I would suggest that if the taxpayer was offered \$16 billion, clean, worth of government procurement or the opportunity to bid on \$12

billion—the opportunity to bid—I think the Canadian taxpayer would take the \$16 billion.

Hon. Bryon Wilfert: Are you concerned about a precedent here, because Treasury Board guidelines are very clear? I think section 7.4 or 7.5 is very clear about a clear, transparent, and competitive process. I think your point is well taken with regard to the benefits received, certainly from the guarantees of the past, and your comments about Industry Canada. Are you concerned that there may be a precedent here for future contracts?

Mr. Jerome Dias: I am not one who will sit here before you today, sir, and say that everything should be shopped to the lowest bidder. The reality is that as it affects Canadian jobs, I think Canadians have to come first. If it's a government procurement policy that we can build in Canada, then I don't care if the government sole-sources, to be perfectly honest with you, because the issue is about putting Canadians to work. I'm not hung up on that.

Hon. Bryon Wilfert: So you're not hung up on jobs that are guaranteed. The expectation that we may or may not get 16 versus... where did you get your figure again? You said—

Mr. Jerome Dias: I said nine plus seven: \$9 billion worth of sales and \$7 billion worth of in-service.

Hon. Bryon Wilfert: The same question to Mr. Chartrand. Do you have any concerns?

Mr. David Chartrand: My comments are pretty much the same as Jerry's.

We have policies within the union to buy union-made, to buy Canadian, to make sure we generate some return in the economy, and to make sure we keep people working here. When I buy printed documents, they've got to be from somebody who's unionized. When I buy clothing, in general I try to get something from a union shop.

Why do we do this? It's to keep people working. Yes, those jobs cost a little bit more sometimes, but it's not somebody who's working at \$11 per hour who's generating a lot of movement in this economy. It's the middle class. It's jobs like these. It's \$50,000 and \$40,000 per year. That allows families to have a roof over their heads. It allows them to go on vacation. It allows them to spend some money in the economy and go to a restaurant. It allows them to do certain things that others can't do. That's how you generate movement in the economy. You don't generate movement in the economy by taking the taxpayers' money and giving somebody else work in another country.

•(1645)

Hon. Bryon Wilfert: I knew you'd agree with that, Mr. Chartrand.

Listen carefully—

The Chair: I'm listening carefully and I will give the floor to Mr. Payne.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Mr. Chairman. My questions are through you to the gentlemen.

I have something I would like to refer to you gentlemen, in terms of the MOU. I know Mr. Dias said that Alan Williams was in disagreement with Dan Ross. I know Mr. Williams was not part of this process here. And Dan Ross and his other official, Mike Slack, as well as Colonel Burt, who have been working on this particular MOU for the last number of years, have agreed with everyone else in the MOU that they are not to include IRBs. That is the complete understanding of all the partners in the MOU.

Of course, the process is for global opportunities. And we've heard over and over again that the companies in the aerospace industry know they can compete. They're already competing very successfully around the world, and certainly there are a huge number of jobs in the aerospace industry. I could go on to quote a number of the companies that were here and what they've said.

I believe that you folks who work for them and the unions that work for them are obviously prepared to do the work they are awarded under the contracts. There will be no contracts in this process, particularly the technology piece of it, if we're not part of the MOU. We're not going to have the ability to have that technical information and use that for property rights and be able to expand, using that information, to other opportunities your organizations may have.

I'd just like to get your flavour on that piece of information, because I'm not sure your organizations fully understand that.

Mr. David Chartrand: We understand that.

What I'm wondering is, how come we don't have an MOU or a memorandum of agreement on development of the Boeing aircraft? How come we don't have one with the Europeans, who are also developing an aircraft?

Is Lockheed Martin the only company that can develop that technology? Is that the only—

Mr. LaVar Payne: Yes, it is actually.

Mr. David Chartrand: That's what I don't know. I'm not aware of that.

Mr. LaVar Payne: Lockheed Martin is the only fifth-generation aircraft that is available. We've had Boeing in here. And you know what? To be honest, Boeing could not answer one question. Even members of the opposition have come away from this saying that was a useless exercise. We've had other organizations as well in terms of this, and they have not been able to say they could compete.

We had Dassault Aviation. They had people who analyze this, and the JSF-35 won it. They had those organizations flying other aircraft. They didn't fly the JSF-35, but it still won on merit. Anyway—

Mr. David Chartrand: Sir, as I said, I'm not necessarily aware of the technology they're developing, but I've read reports—university reports, studies—and as I said, I'm not an aircraft expert, but some say it's not necessarily—

Mr. LaVar Payne: We've had the experts.

Mr. David Chartrand: Yes, that's it, you guys are the experts. But you know—

Mr. LaVar Payne: No, I'm saying we had the experts.

Mr. David Chartrand: Okay, you've had the experts. You've listened to the experts.

Mr. LaVar Payne: We had our military people. We also had the ADM of Materiel. These guys know the contracts. They've been through the whole process, so we have to take their word that this is the aircraft.

Mr. David Chartrand: We have to take their word for it.

Mr. LaVar Payne: You're suggesting that the people who have been working on this file for the last five, or a number of years, do not know?

Mr. Jerome Dias: Here's what we're saying, sir. Under the F-18, to use the same argument, we did the repair and overhaul, which means we had to have access to the intellectual property to do the in-service. We understand that—

• (1650)

Mr. LaVar Payne: And we have to have that under the MOU.

Mr. Jerome Dias: We understand that, but here's the difference, sir. When we did the MOU with the F-18, we got a heck of a lot more jobs guaranteed than we are, based on proportion, with this size of a contract. I'm saying if you can get access to the intellectual property with the F-18—

Mr. LaVar Payne: I think we have other opportunities. Thank you.

Mr. Jerome Dias: Thank you.

The Chair: I'm going to give the floor to the last member for five minutes. Go ahead, Mrs. Gallant.

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

Through you to our witnesses, first of all, I'd like to say that I truly admire the passion with which you represent your members. That's something we can all feel and appreciate, because we do that ourselves.

I want to give you a little background, because it's evident that you haven't had the same information that we have been receiving ad nauseam for weeks.

There was a tendering process that went on about a decade ago. In fact, a previous government started the process, and all the nations that are currently participants put money towards deciding what the best technology would be. They put that out for bids at that time. That was the tendering process.

My colleague, Mr. Hawn, went through the aspect of the memorandum of understanding. In order to have access to the intellectual property so that our workers in Canada can do that work, they have to be a part of that memorandum of understanding. But part of that memorandum of understanding forbids the IRBs. The IRBs are being done through a different process altogether. It's the same end result that we're trying to achieve by ensuring that the participating nations are all going to have jobs equivalent or proportional to their purchases, but it's just not the same system that we're used to in Canada.

I have to agree with Mr. Chartrand about the risk in losing a capability. Thanks to your testimony today, that will certainly go into our deliberations and any further negotiations that go into the next phase of the purchasing.

During the decade of darkness, we lost capabilities, and it's taken us a decade to get these back. I'll tell you about a scenario. It was August in the summer of 2001. Some members of this committee back then were visiting Bosnia, and the parliamentary secretary of the day was talking about how they had removed all the mortar launchers from the troop carriers because they were at the point now in the world that things were going more peacefully in Bosnia. The idea was that we had the peace dividend and didn't need these anymore. One month later, 9/11 happened, and we had let things go for so long that we weren't ready for what the world is faced with now. We had mothballed our tanks. We had gotten rid of the airborne regiment. It was expedient to do so because there had been some trouble in their ranks. They were trying to cut money and just got rid of the regiment altogether.

When I got here in 2000, the first campaign, really, in this committee was to bring back the airborne. We never got the airborne, but we did get the capability back. Having a group of special operations forces was six years in the making. They call them CSOR now, the Canadian Special Operations Regiment. They can respond rapidly, they can jump from planes to deploy to where they have to be, and they're self-sustaining.

We do understand, and we thank you for what you're telling us about the risk of losing a capability. I just want to express my appreciation for what you brought to this meeting today. I don't really have any questions, because you've given us such full testimony.

Mr. Jerome Dias: Thank you.

[Translation]

The Chair: Thank you very much.

[English]

I also want to thank our witnesses, because they believe in what they believe. They believe in people and they think they must be in a union to succeed, and that's great—

Mr. Jerome Dias: We just think it helps.

The Chair: Yes. You think it's.... It's all right, then. It's why all the members appreciated this discussion that we had today. It was very alive.

Thank you for being with us. Next time we can have a debate on another subject.

Mr. David Chartrand: It'll be our pleasure.

• (1655)

[Translation]

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

I would also like to thank Mr. Dias. Thank you for being here and for participating in the debate with the members of the committee. I believe they really appreciated it. We are very grateful. Thank you very much. We hope you have a great day and we wish you continued success.

The meeting will be suspended for two minutes.

- _____ (Pause) _____
-

[English]

The Chair: Order.

[Translation]

We're going to continue with the work of the committee.

Mr. Bachand, the floor is yours.

Mr. Claude Bachand: Mr. Chair, will this discussion be in camera?

The Chair: Is it the members' wish to have this discussion in camera?

[English]

Hon. Laurie Hawn: *À huis clos* is fine. We can have it in camera, if....

A voice: We can't say much.

Hon. Dominic LeBlanc: Either way, whatever you want.

[Translation]

The Chair: Can we go in camera, Mr. Clerk?

The Clerk (Mr. Jean-François Lafleur): If that is the committee's wish.

The Chair: Is it the committee's wish to go in camera?

[English]

I'm asking the committee.

Hon. Laurie Hawn: We're only going to say an ending to Bryon's quote, which you heard in question period. We will not say anything else.

Even if we go in camera, we will say very little more. But if you want a little more, then go in camera.

[Translation]

Mr. Claude Bachand: I would like our discussion to remain public. I never have anything to hide from the public.

The Chair: Okay, Mr. Bachand, the floor is yours.

Mr. Claude Bachand: I am going to read my motion, Mr. Chair:

That, following the appearance of the four companies...

I am going to change it so that it just says "the companies", since I believe we have received five and I wouldn't want to get stuck because of a silly technicality. Let me start again:

That, following the appearance of the companies regarding search and rescue aircraft, the Committee ask the Ministers of Defence, Industry and Public Works and Government Services to appear to provide an update to the Committee.

I will leave it as is for now, but I know that my friends from the Liberal Party would like to propose a "friendly" amendment. Given that I am all for friendship, I agree with their amendment.

Go ahead, my dear friends.

•(1700)

The Chair: Mr. Wilfert, or Mr. LeBlanc.

Mr. LeBlanc.

Hon. Dominic LeBlanc: You really see the coalition being formed here, Mr. Bernier.

The Chair: Yes, yes.

Hon. Dominic LeBlanc: Mr. Chair, I've already talked to Mr. Bachand and I believe he will agree to a friendly amendment. We agree to his motion. I would simply add this at the end: "...and that the ministers be invited to appear individually for one hour." I just don't want us to end up having one hour for a panel of three ministers. In our view, it is not desirable. I would like us to be able to invite the ministers individually and give them each one hour. That's the reason behind my amendment.

Mr. Chair, I will also leave this in your hands since I would have also liked to invite the National Research Council of Canada. I believe they could shed some light on some situations. As I understand it, Mr. Bachand is not opposed to that. I am not sure whether we need another friendly amendment or another motion for another meeting. I don't think there would be any controversy.

Thank you.

[English]

The Chair: Monsieur Harris, are you a member of the coalition?

Mr. Jack Harris: There may be some coalescing going on, because I think there's a big interest in this search and rescue aircraft project, but it's obvious from looking at the NRC report that a lot of the assumptions built into this whole project have to do with maintaining the status quo in terms of search and rescue response times.

We're undertaking a study of search and rescue response times now, and I think maybe it is a good opportunity to talk to the ministers involved to see what the response of the department is (a) to the report, but also (b) to the fact of the need for a fuller look at search and rescue response times before we actually nail down the SOR. I think that's an issue that's pretty obvious.

I agree with the suggestion of Monsieur LeBlanc—who did not consult with me, for those who are interested. But independently I wanted to add the same point. We should have someone from NRC to talk about that particular report. If that's part of the amendment you're proposing, then I would agree with it.

Looking at the fixed wing, we should hear from the ministers, but we should also hear from one or two authors of that report, because they have some very important observations and critiques with respect to the statement of requirements.

[Translation]

The Chair: The friendly amendment asks that the ministers and the National Research Council of Canada be invited to appear individually for one hour. That's fine.

I turn the floor over to Mr. Hawn.

[English]

Hon. Laurie Hawn: Thank you. As a non-member of the coalition—

Hon. Bryon Wilfert: Well, you were on Monday. You were in coalition with the Bloc.

Hon. Laurie Hawn: It's called pragmatism.

We have a couple of problems with this. First, all these programs are three-department programs. I know you don't mean it as divide and conquer, but basically the ministers need to appear together, because they all have a particular role to play within that contract. So we wouldn't support having them separately.

The other thing is that I think we're mixing a couple of things here. Claude, I think you're talking about the acquisition program primarily. Is that a fair statement?

Mr. Claude Bachand: Yes, to kick off the program.

Hon. Laurie Hawn: And Jack is talking more about response times, the issue off the east coast and so on. I think we're mixing two things here, because the ministers aren't really equipped to talk about response times and things like that. That's more people from the SAR Secretariat or perhaps the NRC folks, to whatever extent they looked at that. I mean, their focus is primarily on the capabilities, the requirement as stated for the airplane, not so much on response times per se. They touched on that, but it was primarily about the aircraft itself. So I think we're mixing a lot of things here.

With regard to the ministers, we wouldn't support them appearing.... Frankly, we don't think it's the right time for them to come. I don't know exactly when it's going to cabinet, but I do believe it's soon, because we're pushing on it, and I'm certainly pushing on it, because it's overdue and we know that.

When the tender goes out, in whatever form it takes, I suggest that's the time to get the ministers in and talk to it, because we're not going to redesign the statement of requirements. That's not our job. It's the military's job to define the statement of requirements, and once that goes out to tender, I would suggest that is the time to get the ministers in and talk about how we are to do this once the responses come back.

I think that's where we could have some input and influence to say how we think we can make sure it's open and transparent and all that kind of stuff—when it's received back. Frankly, to get in at this stage I think is premature.

•(1705)

The Chair: Mr. Harris.

Mr. Jack Harris: To respond to what Laurie has said, the fact of the matter is that the National Research Council challenged the statement of requirements and challenged the assumptions that were included in it.

I think we got a copy of that in late August or early September. It was produced in March, and we haven't seen any reaction from the Ministry of National Defence to that NRC report. It went to NRC because of industry. They said they wanted to have a good look at this and they wanted it sent over so they could have a study. What has been the response to that? We should hear from them.

I don't think this committee should wait around until decisions have been made and then call on the ministers to tell us what they're doing. This goes back to Mr. Bachand's concern about the work of this committee. We're not just reactionary. We don't just react to what the government does and offer our opinion.

Here's a report that was made available to this committee—at the request of the committee, by the way. It took a long time for us to get it. Now that we have it, I think we have the obligation and certainly the right to question the department, particularly the Department of National Defence, on what's the response to that, and to put our questions and have our say as to what we think.

To wait until after the decision is made and has gone to tender I think would be stupid for this committee to do. We might as well roll up our tents and go home. I think we must hear at least from the Minister of National Defence, and we have to hear that soon. I don't see any reason why we can't hear from all of them.

The Chair: *Merci.*

Mr. Hawn.

Hon. Laurie Hawn: Well, the simple fact is that at this stage the response will be wrapped into the statement of requirements, because that's what the department does. The CF's job is to develop the statement of requirements. We're not going to influence the statement of requirements. It's not our job to write that. We don't have the expertise to write that.

Once the statement of requirements is done, and I don't know what timeframe that will be, between then and going out—however the tendering process is, because there are various ways that could go out, we're not going to rewrite the statement of requirements.

When it goes out, we want to make sure that the process is open and transparent and all the rest of that kind of stuff. I don't think there's any point in belabouring this. There are two things. I think it's premature. The ministers, in our view, need to appear together.

The rest of the committee can vote whichever way they want, but we don't support it as amended.

[*Translation*]

The Chair: Thank you.

Mr. Bachand.

Mr. Claude Bachand: Mr. Chair, I am not a parliamentary secretary, so I don't really know where we are at in the procurement process. My goal is to get the process going, but I want to know where the hold-up is. We have been hearing for six years that we need search and rescue aircraft and that this is crucial. And blah, blah, blah. But not much has been happening.

I met with representatives from the industry and they too think the process is darn slow. I don't want to wait. Perhaps Mr. Hawn knows something I don't. While waiting and after hearing from the industry, I think that, in order to move the matter forward, it is now up to the politicians to come and tell us where the process is at and what is holding things up. Then, it is our responsibility as members of the committee to push this project forward, if everyone agrees.

That is why I would like the ministers to come and meet with us. They could come two at a time and have one hour each. We could

perhaps start with the Minister of National Defence and the National Research Council, and finish with the two other ministers. But, in my view, we need to act quickly. I don't want to wait. If the motion is adopted, I expect that the ministers be called, that we can go ahead with the discussion and get an update on the process.

• (1710)

The Chair: Thank you.

[*English*]

Hon. Laurie Hawn: Obviously anything that happens will be subject to the ministers' availability, as per normal. We know where this is going, so let's not belabour it.

[*Translation*]

The Chair: Are there other members who would like to speak to the motion introduced by Mr. Bachand and the subamendments?

No?

I will then ask the members to vote on Mr. Harris' subamendment.

[*English*]

Is it a friendly amendment? It is not a friendly amendment, so first I must ask all the members about

[*Translation*]

and the National Research Council.

[*English*]

We just add “*le Centre national de recherches*”.

(Amendment agreed to)

The Chair: It has been approved.

[*Translation*]

There is the other amendment proposed by Mr. LeBlanc, which asks that the ministers be invited to appear individually for one hour each.

As amended, the amendment reads as follows:

That the motion be amended by adding the following after the word “Committee”: “, and that the ministers and the National Research Council of Canada be invited to appear before the Committee individually for one hour.”

[*English*]

(Amendment agreed to)

The Chair: It has been approved.

[*Translation*]

We are now going to vote on the full motion introduced by Mr. Bachand, as amended:

That, following the appearance of the companies regarding search and rescue aircraft, the Committee ask the Ministers of Defence, Industry and Public Works and Government Services to appear to provide an update to the Committee, and that the ministers and the National Research Council of Canada be invited to appear before the Committee individually for one hour.

[*English*]

(Motion as amended agreed to)

The Chair: The motion has been approved by the committee.

[Translation]

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

[English]

Hon. Bryon Wilfert: Maybe I can clarify something for Mr. Hawn. Before we decide whether to go in camera, I want to be very clear that I want to know about the process for the acquisition of these helicopters and the amount. I'm not interested in any other issue. That's the issue I'm interested in. Any other issues may be on procurement in general, but this motion is purely to deal with the amount and the process for the acquisition, not usage or anything else.

The Chair: Mr. Wilfert, do you want our committee to go in camera?

Hon. Bryon Wilfert: I leave that to Mr. Hawn to respond. That's the intent.

Hon. Laurie Hawn: As long as that is the topic of the discussion, it's fine.

Hon. Bryon Wilfert: Thank you, Mr. Hawn.

The Chair: Okay, we'll remain in public.

Can you read your motion again?

Hon. Bryon Wilfert: The motion, Mr. Chairman, is:

That, in light of recent revelations that the Department of National Defence has secretly leased and operated a fleet of Mi-17 helicopters in Kandahar province, the Minister of National Defence be asked to appear before this committee immediately following the conclusion of its study into the purchase of next-generation fighter jets to answer questions pertaining to the aforementioned contract and other unannounced contracts entered into by the Department of National Defence in support of the Canadian Forces mission in Afghanistan.

The intent of the motion is to deal with the amount and the process. That's my position.

The Chair: Thank you, Mr. Wilfert.

Go ahead, Mr. Hawn.

Hon. Laurie Hawn: We did talk about the program in question period, but perhaps not in the detail Mr. Wilfert wanted. As was clearly said, the program is temporary, and it expires at the end of the combat mission. It's a very temporary thing. It has less than seven months to go.

Our concern with the discussion is that it might easily drift into areas the government cannot talk about.

• (1715)

The Chair: Thank you.

We'll have Ms. Gallant and after that Mr. Wilfert.

Mrs. Cheryl Gallant: I'm wondering about the term that was used: "secret". Do you mean that it was officially stamped "secret", Bryon, and that it was a secret lease?

Hon. Bryon Wilfert: Through you, Mr. Chairman, it was not on any of the documents we received regarding the National Defence

budget. In other words, no costed-out acquisitions appeared with regard to these helicopters.

While I have the floor, Mr. Chairman, I would also indicate, in response to Mr. Hawn, that I would be quite happy to have the discussion in camera. Again, knowing the excellent work of the chairman, we would stick to the two areas I'm interested in, which are process and amount. We won't be wandering off into other areas.

The Chair: Thank you.

Go ahead, Mr. Hawn.

Hon. Laurie Hawn: The fact is that there are a lot of other contracts that DND enters into and that other government departments enter into. It's not because there's a big secret or anything else. There are a lot of contracts, and it goes on in all departments, that aren't news release items, and so on. This is not unusual in that respect.

Hon. Bryon Wilfert: Mr. Chairman, I appreciate that, except for the fact that helicopters are not your everyday item. That's why I would like to have that looked at.

Hon. Laurie Hawn: Again, there's no point in belabouring it, because I know which way this is going to go. But we will be voting against it.

Hon. Bryon Wilfert: I'm trying to be accommodating.

Hon. Laurie Hawn: I understand. But we know how this is going to turn out. That's fine.

Hon. Bryon Wilfert: Okay.

Hon. Laurie Hawn: There's no point in....

The Chair: Do we have other members who want to discuss the motion presented by Mr. Wilfert?

Everybody has the motion in front of them. All in favour?

(Motion agreed to)

The Chair: Before leaving, I just want to inform the members officially that our trip to Texas has been cancelled. So next Tuesday you're going to be free. We won't have a committee meeting, because we don't have any time to change anything. We'll be back Thursday next week with Lockheed Martin.

Also, I want to inform the members that our trip to the Atlantic will be January 31 to February 3, Mr. Harris.

Mr. Jack Harris: Are those dates official now, Chair?

The Chair: Yes. We had a motion adopted last week on that, so I would just inform the members that the clerk is working with these dates.

Thank you very much. *Merci beaucoup.*

The meeting is adjourned.

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