



National Defence

Défense nationale

Deputy Minister

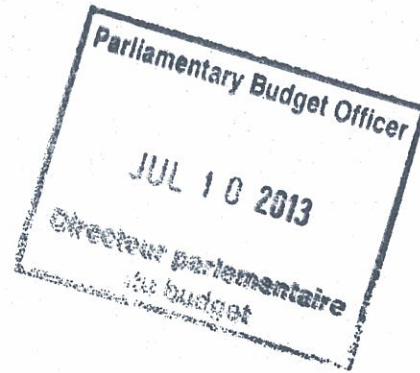
Sous-ministre

National Defence Headquarters
Ottawa, Ontario
K1A 0K2

Quartier général de la Défense nationale
Ottawa, (Ontario)
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JUN 25 2013

Ms. Sonia L'Heureux
Parliamentary Budget Officer (Interim)
Library of Parliament
Ottawa ON K1A 0A9



Dear Ms. L'Heureux,

I am writing to you in response to the May 23, 2013 Request for Information IR0119, regarding contract clarification of the Arctic Offshore Patrol Ship (AOPS) project.

The requested financial and economic data on progress relative to the task authorizations on the AOPS definition contract with Irving Shipbuilding Inc. are contained in a confidence of the Queen's Privy Council for Canada described in subsection 69(1) of the *Access to Information Act*. As such, in accordance with subsection 79.3 (2) of the *Parliament of Canada Act*, we are not in a position to provide this data.

I would like to take this opportunity to reaffirm the Department of National Defence's commitment to providing you with access to the data to which you are entitled to under the *Parliament of Canada Act*.

Sincerely,

Richard B. Fadden

c.c.: Michelle d'Auray, Deputy Minister, Public Works and Government Services Canada

Rick Stewart, Assistant Secretary to the Cabinet, Privy Council Office, Liaison Secretariat for Macroeconomic Policy



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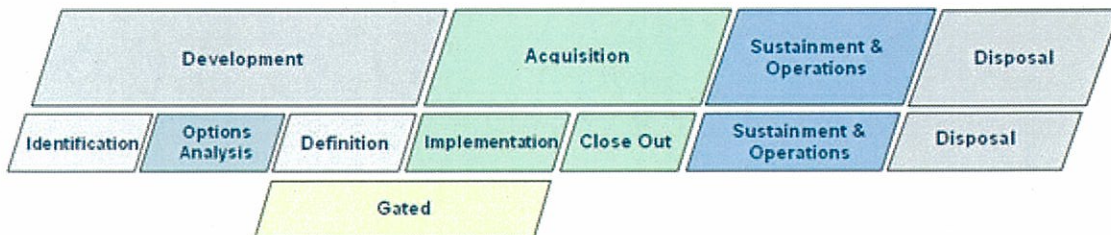
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Ms. Sonia L'Heureux
Parliamentary Budget Officer (Interim)
Library of Parliament
Ottawa ON K1A OA9

Dear Ms. L'Heureux,

Thank you for your information request of February 25, 2013, regarding the Canadian Surface Combatant Project (CSC).

When discussing major capital projects, it is crucial to understand the context of the project management cycle. The Department of National Defence project management cycle reflects standard practices derived from the *Project Management Body of Knowledge*¹. There are four project-approval phases: Project Identification, Options Analysis, Project Definition, and Project Implementation, which includes project closeout.



The diagram above depicts the relationship between program life-cycle phases and the project-management cycle. Life cycle costing is a method of determining the total cost of ownership by taking into account the costs of acquisition, operation, maintenance and disposal. As a minimum, departmental costing experts validate costs prior to definition and implementation approvals. The Project Leader is charged with maintaining cost, scope and schedule.

¹ Source: <http://www.forces.gc.ca/site/reports-rapports/ngfc-cng/index-eng.asp#3ii>

The CSC is currently in the **definition phase** of the project. This includes the investigation of project management and risk-management strategies, and the development of a project management team. During Project Definition, cost estimates become increasingly substantive. This status is updated annually in the Report on Plans and Priorities, which provides a Status Report on Transformation and Major Capital Projects. We therefore direct you to this document which is available on the Department of National Defence website: <http://www.vcds.forces.gc.ca/sites/internet-eng.aspx?page=15294>.

The requested financial and economic data on cost estimates of the project are contained in a confidence of the Queen's Privy Council for Canada described in subsection 69(1) of the *Access to Information Act*. In accordance with subsection 79.3 (2) of the *Parliament of Canada Act*, you are not entitled to access this data.

The Government of Canada allocation currently authorized is \$52.0M, excluding taxes for the first phase of the definition phase. Additional funding will be allocated for the second phase of the definition and upon approval of the implementation phase of the project.

With regard to the Statement of Requirements, it is our view that this would constitute information that falls outside the scope of the mandate of the Parliamentary Budget Officer as defined by the *Parliament of Canada Act* and is therefore not being provided to your office.

The Department of National Defence does not have the information requested pertaining to contracts that have been entered into by Canada, nor information relating to Industrial Regional Benefits. This information is held by Public Works and Government Services Canada and Industry Canada, respectively. I have copied them on this letter so that they may assist you with the request.

If there are any other questions regarding this project, my department would be pleased to continue to assist.

Sincerely,



Richard B. Fadden

c.c.

Mr. John Knuble
Deputy Minister, Industry Canada

Ms. Michelle d'Auray
Deputy Minister, Public Works and Government Services Canada

Mr. Rick Stewart
Assistant Secretary to the Cabinet, Privy Council Office, Liaison Secretariat for
Macroeconomic Policy