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June 12, 1989

MEMORANDUM FOR THE HONOURABLE LOWELL MURRAY

Operations Committee Meeting
Tuesday, June 13, 1989 - 8:00 a.m.

The following agenda has been established for the next meeting of the Operations Committee:

- 1. Budget Follow-Up
 - a) Base Closures
 - b) Via Rail Service
 - c) ACOA Regional Development Funding
 - d) Other Atlantic Issues (Fishery, UI Reform, Micro-Landing System Procurement)
- 2. Sexual Orientation
- 3. War Crimes Investigation
- 4. DND Procurement Items
 - a) Long Range Surveillance Aircraft
 - b) Maritime Coastal Defence Vessels

Briefing notes on Items 1. a) to d) will be forwarded to you by PCO. With respect to Item 1. you should be aware that at the recent Montebello Conference of Premiers from Eastern Canada and Governors of New-England States, the Premiers of the four Atlantic provinces agreed to ask the Prime Minister for relief from the federal budget as soon as possible (press clipping attached). Briefing notes on Items 2. to 4. are attached.

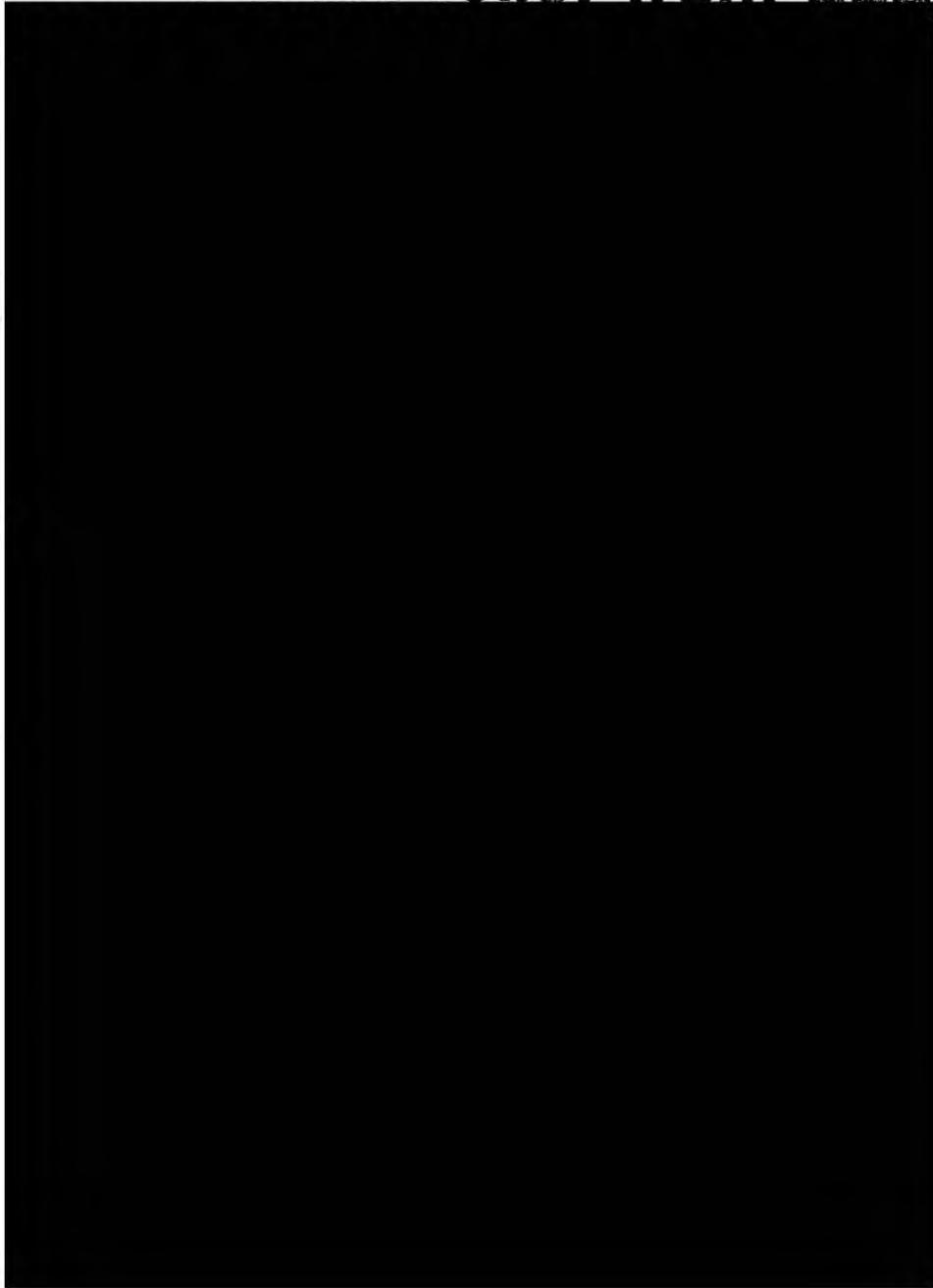
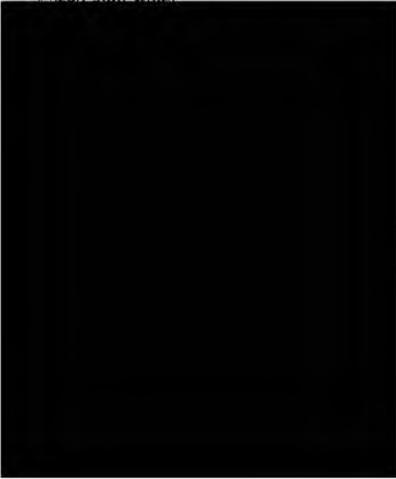


Norman Spector



Atlantic premiers want relief from budget

By Anne McIlroy
Citizen staff writer



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ITEM 2: Sexual Orientation

Issue

- To confirm the government's position on sexual orientation before Mr. Lewis appears before the Parliamentary Standing Committee on Human Rights Tuesday, June 13, 1989.

Background

- In 1986, the government made a commitment to introduce a package of amendments to the Canadian Human Rights Act. It included the addition of sexual orientation as a prohibited ground for discrimination. No action has yet been taken.
- We understand that, in a letter to Mr. Mazankowski, Mr. Lewis outlined three options:
 - 1) that he reconfirm the government's intention to proceed with such an amendment as part of a broader package with no commitment on timing;
 - 2) that he indicate that the government is currently examining the issue; or
 - 3) that he indicate that the government has decided not to take action.

We understand that Mr. Lewis prefers option 1.

Federal-Provincial Considerations

- The Canadian Human Rights Act applies only to areas under federal jurisdiction. Some provinces (e.g., Québec) have already taken action to make sexual orientation a prohibited ground for discrimination.
- There are no direct financial implications. Some officials have expressed concern that such an amendment may result in increased pressure to extend spousal benefits to homosexual couples. In our view, that pressure may exist with or without the amendment.

Recommended Intervention

- You may wish to support Mr. Lewis.

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ITEM 3: War Crimes Investigation

Issue

- To determine whether the joint Justice, Solicitor General and External Affairs request for new resources over the next five years (approx. \$8M per year and 63 person-years) should be referred to Treasury Board or to a Policy Committee.

Background

- In June 1987, as part of the government's response to the Report of the Commission of Inquiry on War Criminals, Cabinet provided the Minister of Justice with resources for 1987-88 and 1988-89 to conduct criminal investigations. At that time, Cabinet also asked that he report back by the end of 1988-89 with respect to longer term resource requirements.
- The government has come under some criticism that very little concrete action has been taken since Judge Deschênes tabled his Report in December 1986 (charges have been laid in only two cases). It would consequently be very difficult for the government not to continue with the program.

Federal-Provincial Considerations

- There are no direct federal-provincial implications.

Recommended Intervention

- You may wish to support the proposal that this be considered as a program renewal item and that it be directed to Treasury Board.
- Given the political sensitivity of this issue, you should be satisfied with the communications plan.

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Item 4a): Long Range Surveillance Aircraft

Issue

- Whether to order three Long Range Surveillance (Aurora) Aircraft for the Canadian Forces by July 15, 1989. [The committee is asked, in effect, to authorize an MC being brought forward].

Background

- DND proposes to spend \$257 million from its reference levels to acquire three additional Aurora aircraft, to be used in sovereignty, anti-submarine and other surveillance patrols. Costs will rise significantly after July 15.
- It is proposed that a directed contract be awarded to Lockheed Aeronautical Systems and that the industrial benefits package provide, to the extent possible for:
 - o continued involvement of Canadian sub-contractors currently working on the aircraft; and
 - o Canadian sub-contracts in support of future aircraft production by Lockheed.
- Following acquisition of these aircraft (the last three being built) DND will continue to require the equivalent of three more Auroras to meet its patrol aircraft needs.

Federal-Provincial Considerations

- The industrial benefits package guarantees certain limited amounts of work to IMP Aerospace, (\$12M), Amherst Aerospace and Bristol Aerospace, among other firms.

Recommended Intervention

- You may wish to ask whether these aircraft will ultimately contribute flying hours to fisheries offshore surveillance and if DFO proposes to adjust its charter requirements accordingly.

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Item 4b): Maritime Coastal Defence Vessels

Issue

- Whether to authorize entering into project definition studies contracts for acquisition of twelve maritime coastal defence vessels.

Background

- The proposed vessels would replace aging surplus vessels not suitable for coastal patrol or conducting mine countermeasures operations.
- Mr. McKnight has said on two occasions since the budget that this project will form part of the 1989 post-budget alternative naval program.
- The project will provide significant industrial and regional benefits and also the potential for export sales.
- A Request for Proposal was issued to 19 Canadian firms in August 1988. It outlined a ceiling price of \$4.5 million for any project definition contract. In response, proposals were received from five bidders. These firms have committed considerable effort in anticipation of the project definition contract award expected this summer.
- Treasury Board approved \$27.4 million for project definition costs, to be sourced from DND reference levels. The amount (\$4.9 million) representing the difference between \$27.4 million and the (5 x \$4.5 = \$22.5 million) project definition contract costs is for internal overhead. Total project costs are estimated at \$756 million.

Federal-Provincial Considerations

- None at this stage. However, this phase will narrow the five competing firms to two. The firm ultimately receiving the contract will be the one best able to demonstrate, inter alia, its ability to sub-contract to regional firms.

Recommended Intervention

- You may wish to support the proposal.