

***The Intersection of Drug Runners, Arctic
Sovereignty, Jobs in Scarborough and the Royal
Canadian Navy***

A Speech by
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***Note: Remarks reflect the speaker's personal view and are
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of National Defence***

Check Against Delivery

Good afternoon, Ladies and Gentlemen. As you might have surmised, despite the four rings on my sleeves, I've never had the honour of commanding one of our nation's ships at sea.

When I was appointed last summer as an Honorary Captain of the Royal Canadian Navy by the Minister of National Defence, my mission was straightforward, and didn't require me to take on 25 foot waves in the North Atlantic.

As President & CEO of Wellington Financial, my day job is to provide capital to companies in the Innovation Economy. Over the past two funds, our firm has helped preserve and create more than 8,700 jobs across Canada and the United States. In the spirit of public service, I've also spent the last five plus years as Chairman of the Toronto Port Authority, operator of the very popular Billy Bishop Toronto City Airport – the home of Porter Airlines.

These diverse roles give me a bird's eye view into how entrepreneurs create jobs, how our economy works, and how public agencies can have a tangible, positive impact on the lives of the citizens and stakeholders they serve.

My mandate as an Honorary Captain is to help bring the RCN into rooms such as this, providing the Navy with a forum to engage with Canadians who are particularly active in the community. The Scarborough Rotarians exemplify such a group of Canadians. I thank you for your kind offer to join you at lunch today, and for giving me a chance to share with you my perspectives on the tangible importance of the Navy in our day-to-day lives.

If we lived in Victoria or Halifax, this wouldn't be a very long conversation.

You and I would see the ships of our Royal Canadian Navy transiting to and from their worldwide deployments every time we drove by the local harbour. It would be highly likely that our neighbours, perhaps even a parent, brother, sister or child would be proudly serving our nation in this very uniform.

The local Tyke hockey coach might well serve in the Navy, too, while members of your weekly golf foursome or curling team would invariably be part of the military's highly-skilled, full-time civilian employee contingent that help support our men and women in uniform.

For those of us in the Greater Toronto Area, we're not living that life, with sea air in our lungs.

Most areas of urban Canada just don't have that type of regular, personal exposure to the RCN. My hope today is to help connect the dots for you between your family, the Greater Toronto Area, the Royal Canadian Navy's mission, and its important impact on both the Ontario economy and our local schools.

The RCN has proven for more than 100 years that Canada has an important role to play on the oceans of our planet.

That role has evolved since the Battle of the Atlantic during the Second World War, when Canada had 373 fighting ships and more than 90,000 men serving in the RCN.

It is a different role now, requiring different tools and a team with more diverse skills than ever before.

70 years ago, the RCN had to face down U-boats in the North Atlantic as Canadians sent food and materials via convoys to support the war effort in England.

In some ways, nothing has changed for your typical Master Seaman. In the fall of 2008, for example, HMCS VILLE DE QUEBEC was operating in the Mediterranean with NATO, when a letter arrived on the Prime Minister's desk from the United Nations' World Food Program.

Ship's owners and masters were refusing to make deliveries because the approaches to Somalia had become too dangerous for their lucrative cargoes, and yet the World Food Program was counting on supply by sea to meet a rapidly increasing demand.

Canada's navy, already forward deployed, provided options to our Prime Minister. VILLE DE QUEBEC was reassigned from the NATO operation and proceeded at speed to the Indian Ocean. No change of personnel occurred; no additional stores or equipment were embarked. There was no delay to prepare for a fundamentally new mission. Within days, she was on station.

According to the latest intelligence, there was a threat of shore-launched missiles, but the frigate Canada sent into action was designed to defend itself against such a threat. VILLE DE QUEBEC was ready for operations in a tough neighbourhood.

Over a two month period, more than 150,000 tons of food supplies were successfully delivered into Somalia: enough to feed over a million people. Most of the ship's company considered it to be the most satisfying mission of their careers—using skills and tools that had been honed for combat placed in the service of humanity.

The Navy's been back to that numerous times since VILLE DE QUEBEC deployed there in 2008, most recently with WINNIPEG and FREDERICTON on counter-piracy operations around the Horn of Africa, followed by CHARLOTTETOWN and VANCOUVER on combat operations off the coast of Libya. As I speak to you today, HMCS TORONTO is on her way to the Indian Ocean, to relieve REGINA on a counter-terrorism mission.

Canadian naval ships have been in that part of the world since 1991, having deployed task groups or individual frigates nearly three dozen times since the First Gulf War.

Let's look at something with a little more local impact. On November 28th, HMCS Ottawa was involved in a major drug bust off Central and South America. She netted over 1,000 kilos of cocaine. The week earlier, the Canadian Forces were involved in detecting a suspect vessel that led to a seizure of approximately 4,300 kilos of cocaine.

In the space of something like 10 days late last year, my military colleagues stopped almost 5,500 kilos of cocaine from reaching the shores of North America.

And whether we like it or not, there are people out there in the world who would very much like to get that cocaine into places like Ryerson, or Cedarbrae, Woburn, R.H King, Victoria Park Collegiate, Blessed Mother Teresa High School here in Scarborough, and my alma mater, Humber College in the Bloor West Village.

My six and eight year-old children don't yet have to face this issue, and with some good parenting and discipline on their part, perhaps they never will. But for everyone with a child or grandchild in a local high school or University, there is a direct link between the Royal Canadian Navy's actions in the Caribbean and this beautiful corner of Ontario.

During 2012, six different Canadian ships contributed to counter-narcotic operations in the Caribbean region. And there will be many more in 2013. All thanks to our sailors and airmen and women, and the government of 25 years ago that committed the funds to build the ships that are now available for these necessary missions.

But our Nation's interest isn't served solely by these distant deployments.

The prospects of a commercially viable sea passage across the top of the Arctic basin—connecting the rich economies of northern Europe and Asia—is not as far off as many predicted not so long ago.

The economic stakes are enormous.

A gradually lengthening navigable season, coupled with recent and anticipated improvements in industrial extraction technologies will eventually make Arctic seabed resources commercially exploitable, with prospects of greatly increased 'destination' shipping going in and out of the Arctic rather than through it.

The prospects of greatly increased economic activity will bring with them increased risks of marine incident and environmental accident from shipping, while affording to others the opportunity to mask their criminal activity at sea or ashore.

There are ample reasons for the Canadian Forces to hasten the delivery of sea, land and air capabilities that will permit us to operate in the Arctic persistently, effectively and safely.

Many Canadians conceive of the world's oceans as vast empty spaces, but over 80 percent of humanity lives within just 200 kilometres of an ocean coastline. Over 90 percent of all global commerce travels by sea, including about half of the world's oil. This is what the Prime Minister

referred to last year when he declared that
“Canada’s economy floats on salt water.”

In short, our prosperity and security is thoroughly enmeshed in a global system that transcends all national boundaries. Defending our place in the global system is not a matter of choice for Canada. Defending that system is essential to your industries and the wealth you create. Defending that system is essential to our Canadian way of life.

And that all takes some planning.

Large war ships that can sail for days at a time off the shores of South America or in our Arctic are hard to come by. It’s not like going to the City Buick GM dealership when you’ve won a big contract in your business and you need to buy a new pickup truck or panel van to fulfill it.

As the sailors and parents of today harvest the benefits of having highly functioning blue water frigates patrolling the Caribbean Sea on a constant basis, it took the commitment and foresight of the Mulroney government to start laying the keels of these frigates back in the 1980s.

Although you might associate it with the City of Halifax, the original \$9 billion Canadian Patrol Frigate procurement saw 19% of its Canadian content wind up in the hands of Ontario-based companies, more than any other region of the country.

More recently, Ontario-based Lockheed Martin Canada undertook \$1.4 billion of work for the modernization of these same frigates, which represented more than half of the entire project—a multi-faceted and highly complex procurement, by the way, that's on time and budget.

But then there was a long pause.

That's why, in June 2010, Prime Minister Stephen Harper announced that Canada would have something called a National Shipbuilding Procurement Strategy. Although Canada has a long history of building our own vessels, the industry has suffered from a series of boom-bust cycles over the decades. Ship yards get busy and then the workers get laid off or the company goes bankrupt once the multi-year construction project is completed.

The Federal Government, supported by local MPs such as Corneliu Chisu and Roxanne James, decided that a long term commitment was in order so that we could grow and retain the skills and know-how required to live up to the requirements of being a Nation with three very long coastlines.

The government announced several new classes of ships for the RCN:

- First, a replacement surface combatant for our general purpose ‘workhorse’ frigates, as well our Iroquois-class destroyers, which act as the ‘quarterbacks” of our task groups at sea,
- Second, new Arctic Offshore Patrol Ships, which will provide the RCN with that capability to operate in our High North,
- Third, a replacement for our aging underway replenishment ships,

Which, along with investments in the Coast Guard, will give Canada the tools she will need to protect our sovereign interests, both at home and abroad.

The ships we launched 30 years ago aren't going to last forever, and I think the Government of Canada did the right thing when it announced a prudent and affordable replacement strategy.

But there's an economic impact to all of this as well. The National Shipbuilding Strategy isn't just about catching drug runners, protecting the seas off Somalia, delivering aid to Haiti after an earthquake or supporting the NATO campaign in Libya last year.

The construction cost of these new combat, Coast Guard and ice breaking vessels is estimated to run \$35 billion. We already know that the two key shipbuilding players are based in North Vancouver and Atlantic Canada. But these ships will be filled with electronics, and engines, and steel, and weapons systems, and communications gear, much of which firms in Ontario are in line to produce.

A quick look through a listing of local area companies provides some insight into just how many of our neighbours could stand to benefit from the immediate start of this multi-decade, multi-billion dollar shipbuilding program:

- Aversan Inc., a small yet global engineering company based in the GTA.
- Berg Chilling Systems, a 35-year old maker of industrial thermal control systems based right here in Scarborough.
- CAE, a provider of simulation technologies based in Mississauga, with annual revenue of \$1.6 billion.
- Celestica, a contract manufacturer headquartered in Don Mills, with 35,000 employees worldwide.
- Microart Services, a \$10 million revenue electronic manufacturing and design services company with 160 Markham-based employees.
- Thales Canada, with 1,300 Canadian employees, including those working just west of here near the corner of Don Mills and York Mills Road.

According to the Conference Board of Canada, the Government's new combat vessel program will create 1,600 Ontario jobs at its peak, more than either B.C. or Quebec, two traditional beneficiaries of shipbuilding contracts.

There is no doubt, particularly as a result of the knowledge that Canadians have gained of the men and women we have sent to Afghanistan, or more recently to support NATO operations in Libya or the drug interdiction work in the Caribbean, that Canadians overwhelmingly admire their military and understand much about what it can do.

The Government's new shipbuilding roadmap is crucial to the Navy, because the next class of warships we build in Canada are likely to still be in service in 2050.

But no plan, no matter how good, can be implemented without the necessary machinery of national policy, industrial infrastructure and 'know-how' in the public and private sectors.

For this reason, I can't stress enough the importance of the Government's National Shipbuilding Procurement Strategy.

Shipbuilding is not just about the cutting of steel. It is one of the largest and most complex public-private enterprises in Canada, which will deliver to the Navy among the most complex machines on the planet.

But getting from the effective but aging fleet we operate today to that highly capable fleet of tomorrow requires our collective commitment. Simply put, while individual ships or submarines must periodically enter refit to conduct necessary maintenance, a Navy cannot do so.

It cannot "sit on the bench" for half a decade while we get around to replacing an aging fleet.

When I look back at our first century of naval service, what truly stands out for me is how closely the story of your Navy parallels the story of the nation itself.

It is a story of service, of a long and ceaseless watch in which those who wear "Canada" on their uniforms take great pride, because we know that Canada's place in the world was

secured in part through the contributions and sacrifices of sailors and maritime aviators who preceded us, just as the men and women who serve at sea today strive to maintain that position at home and abroad.

Ladies and gentlemen, the story of your Navy's second century has begun. I can't pretend to foresee all the challenges that await us in the decades to come. But I am sure of a couple of things.

The wisdom of the Prime Minister's National Shipbuilding Strategy will ensure that the Royal Canadian Navy will have the tools it needs to fulfill the tasks it will be assigned in the coming decades.

And for the citizens of Scarborough, the immediate jobs this project will create right here in the GTA come at a time when Ontario's manufacturing employment base would welcome a shot in the arm.

When you get the chance, tell the Government that you think they're on the right track and that Ontario needs these jobs, and fast. And, if you don't mind, I have one more request.

Please join me in thanking our Sailors, as well as the rest of the military family both present and past, for their service and sacrifice to Canada.

Thank you for inviting us here today.