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# THE MYTH OF THE BROKEN CANADIAN MILITARY PROCUREMENT SYSTEM

Lieutenant-Colonel Tim Funk

**JCSP 44**

***Exercise Solo Flight***

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**THE MYTH OF THE BROKEN  
CANADIAN MILITARY PROCUREMENT SYSTEM**

By Lieutenant-Colonel Tim Funk

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## THE MYTH OF THE BROKEN CANADIAN MILITARY PROCUREMENT SYSTEM

### Introduction

We shine the spotlight where it matters. We promote those with the experience that we value, and we incentivize those positions for which we want our best and brightest to apply. The Department of National Defence (DND) invests in training to ensure that the Canadian Armed Forces (CAF) membership is prepared and equipped to succeed.<sup>1</sup> The Royal Canadian Airforce (RCAF) invests millions to train and qualify a pilot, with years of schooling in order to ensure that they can properly operate an aircraft. The conversion training from one type of helicopter to another is lengthy and it employs the most experienced pilots as trainers, with the highest RCAF institutional priority. Training institutions are provided privileged funding and their members are provided extra merit points towards promotion. The training developmental schedule, which includes JCSP, is well recognized within the officer career path and considered essential for the development of leadership within the CAF and DND.<sup>2</sup>

DND operates much more than vehicles as weapon systems. The new targeting enterprise promises to “abandon current planning processes that are slow, that are counterintuitive, that require too much staff work and have an inefficient link between intelligence and operational doctrine”<sup>3</sup>, and has a dynamic training environment to enable it to modernize the use of force within CAF. The cyber domain has challenged the traditional understanding of a battlespace and has resulted in new military occupations to include cyber ‘operators’. There exist *operators* for every weapon system, vehicle, and process within DND. The procurement system is no different, with CAF members and public servants operating this system to achieve desired results. It clearly follows that they should receive training commensurate to their operator counterparts in all other domains

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<sup>1</sup> Canada. Department of National Defence. “Strong Secure Engaged”. 2017, Executive Summary, p11

<sup>2</sup> Department of National Defence. “Life in the Military”. Last accessed May 2019. <https://forces.ca/en/life-in-the-military/#bt>

<sup>3</sup> Department of National Defence. “The Maple Leaf – Defence Stories” “The Joint Targeting Intelligence Centre: Bringing innovation into intelligence”. Last Modified 14 November 2018. <https://ml-fd.caf-fac.ca/en/2018/11/21578>

Despite the significant department wide investment in operational systems training, we provide little or no training for the procurement system. Such training is no doubt critical and the deficiency seems obvious, yet it is often understated. Meanwhile, it is almost impossible to read the news or discuss DND, CAF operations, or federal politics in general without referring to the foibles of the military procurement system. The Minister of National Defence (MND), has presented at the committee of the whole numerous times “not because [they] are fond of him but because [they] have concerns about the way he has managed the department”.<sup>4</sup>

## Thesis

An examination of the procurement system – its successes and failure – will demonstrate that an insufficient investment in training is the true cause of the “broken procurement system” myth.

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<sup>4</sup> House of Commons. “House Publications. 42<sup>nd</sup> Parliament, 1<sup>st</sup> Session, Edited Hansard number 417”. Last accessed May 2019. <https://www.ourcommons.ca/DocumentViewer/en/42-1/house/sitting-417/hansard>

## The System: Much Maligned, Hardly Understood

“Few governments are credited with adequately funding Canada’s men and women in uniform, and fewer still are able to equip the troops without blowing timelines or budgets.”<sup>5</sup>

Regardless of the year, the election, the government, or the party of the day, criticism of defence procurement is sure to be a live issue. Masked gingerly in flagged-wrapped debate over support to troops, it is an easy point scored for any political party to say they would do better. In the 2015 election, even the Green Party of Canada lamented the lack of defence funding and vowed for more oversight.<sup>6</sup> The now notorious F35 Lightning II, or Future Fighter Capability Project (FFCP), continues to be heralded as the shining example of failure of the system.<sup>7</sup> Accusations of direct political interference are common, as in the unfolding story of Vice Admiral Mark Norman,<sup>8</sup> yet there are many other flavors of criticism. The consistent underlying theme, however, seems to be a lack of understanding of the complexity surrounding Canadian military procurement.

DND’s senior governance is seized with procurement and finances on a routine basis and the Programme Management Board is referred to as “infamous” by the deputy minister<sup>9</sup> when defending the departmental fiscal responsibilities with procurement in general. The environmental chiefs produce lists of requirements for equipment and services that they rely on to execute their mandates. Everything forms part of the procurement system, from lawn cutting services on a base, to fuel, infrastructure, spare parts, warships, and jets. With a yearly budget of

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<sup>5</sup> Maclean’s. “Election Issues 2015: A Maclean’s primer on defence spending” Maclean’s. Last modified: 2 Aug 2015. <https://www.macleans.ca/politics/ottawa/defence-primer/>

<sup>6</sup> Green Party of Canada. “Work for peace – Canada as a global Leader”. Last modified 24 June, 2015. <https://www.greenparty.ca/en/backgrounder/2015-06-24/work-peace-canada-global-leader>

<sup>7</sup> Pugliese, David “Will Boeing take a pass on Canada’s fighter jet competition?” Ottawa Citizen, 5 Feb 2018. <https://ottawacitizen.com/news/national/defence-watch/will-boeing-take-a-pass-on-canadas-fighter-jet-competition>

<sup>8</sup> Platt, Brian “Alleged political interference in Mark Norman case ‘more concerning’ than SNC-Lavalin accusations: defence”. The National Post. 11 Feb 2019. <https://nationalpost.com/news/politics/alleged-political-interference-in-mark-norman-case-more-concerning-than-snc-lavalin-accusations-defence-lawyer>

<sup>9</sup> House of Commons. “House Publications. Standing Committee on National Defence. Evidence Thursday, Feb 28, 2019”. Accessed May 2019. <https://www.ourcommons.ca/DocumentViewer/en/42-1/NDDN/meeting-131/evidence>

nearly \$20 billion<sup>10</sup> DND's procurement system successfully executes a massive program encompassing countless transactions, mostly with minimal fanfare.

Although generally laid at the feet of the DND, the defence procurement strategy is a whole of government affair. The DND, Public Services and Procurement Canada (PSPC), Treasury Board Secretariat (TBS), Privy Council Office (PCO), and Cabinet all have equal roles to play. Within DND, there are few organizations that are not actively involved in the system, whether they know it or not.

### **The (Un)clear Path**

The procurement system is as complex as any weapons system within CAF, and, arguably, much more difficult to operate. As major procurements wind their way through the complicated system, they do so on defined paths as outlined within the documentation provided by the Vice Chief of Defence Staff (VCDS) organization. The Project Approval Directive (PAD) is key to the departmental business planning process,<sup>11</sup> and outlines how each and every project within the department navigates this road from inception to eventual closure.

Independently the PSPC and TBS, work within the central agencies to ensure alignment with the fiscal framework and affordability against other national priorities. The DND Chief Financial Officer (CFO) works to ensure these central agencies understand and reflect the priorities of the department within the larger whole of government.

From a corporal's initial purchase request, through the environmental services prioritization schema, up to departmental prioritization under the Chief of Programme, review by the Defence Capability Board (DCB), challenges at Senior Review Boards, Programme Review Boards, and funding through the Investment and Resource Management Committee (IRMC), procurements follow a long and winding path, but one that is predictable if the operator is well informed of the journey to be taken.

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<sup>10</sup> Canada. Department of National Defence. "Defence investment plan". 2018

<sup>11</sup> Canada Department of National Defence. "Defence plan". 2018

The auditor general reviews of the procurement process within DND have become routine, and the department's internal review services section also reviews potential areas of concern on a proactive basis. The overall path for procurement of all types may seem complicated to those who do not understand the complicated journey. The gates and milestones may seem burdensome and result in complaints within DND and too often to the media. To those, however who are well versed in the system itself, the predictability is clear.

### **The Procurement System Is Not Broken**

Defence Procurement goes beyond jets and ships despite the prominent coverages such major projects garner in the national headlines. The overall departmental procurement of everything from food, medication, to tanks and parts are executed successfully daily while the calls the overhaul of the system fill the airwaves. Notwithstanding the high-profile political footballs such as the Sea King replacement project or the new frigate replacement project, DND procurement should generally be regarded as a success.

Within the domain of capital procurement, it is difficult to say that even the majority of projects are failures. The vote 5, capital expenditures of the department continue to expand under successive defence policies of the liberal *Strong Secure Engaged* policy, and the previous conservative *Canada First Defence Strategy*. The importance of the capital acquisition strategy for the current government is clearly defined within chapter 3 of the policy: "Fixing defence funding"<sup>12</sup>. Strong Secure and Engaged (SSE) outlines the successes gained by the DND in their operations within the central agencies to develop an accrual envelope which permits the department even more flexibility within the governmental centralized funding models and procurement systems.

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<sup>12</sup> Canada. Department of National Defence. "Strong Secure Engaged". 2017

## **Quick Wins When It Matters Most**

The Afghanistan requirement for strategic and tactical air lift is a shining and recent example of the current procurement system achieving rapid success in delivery of much needed capability to save the lives of front-line troops. The initial requirements were raised in 2006, as an urgent operational requirements (UOR), with the support of cabinet the system moved rapidly through all required steps. Industry was engaged within a year, contracts were awarded by 2007, and the first aircraft was delivered in 2010<sup>13</sup>. The tactical airlift package delivered 17 modernized Hercules transport aircraft, and, of equal importance and longer delivery time, all training for operators and maintainers in less than 3 years and able to fly operational missions in Afghanistan immediately. The packaged airlift project also delivered the first C17 Globemaster aircraft with associated training within 14 months. Major fleet deliveries of to compete new fleets and capabilities have modernized the RCAF and the respective projects continue to be used to ensure the continued training and functioning of these new fleets.

## **Ongoing, Often Un-Recognized, Procurement Success**

The National Procurement (NP) budget <sup>14</sup> is the corporate vote 1 account in which the routine maintenance and obsolescence management is executed within the department. The NP corporate account is among the single largest discretionary budget in the whole of government.<sup>15</sup> The success of this discretionary account is measured in the continued operations of the three environments. The complicated weapons systems of all 4 elements require dedicated care to continued operation. The most costly, the RCAF sustainment, is managed by the Materiel Group, level 2 division for Aerospace Equipment Program Management (AEPM). The NP oversight committee is co-chaired by the Materiel Group Chief of Staff and the VCDS Chief of

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<sup>13</sup> Canada. Department of National Defence. "Capability Investment Database". Last accessed May 2019.

<sup>14</sup> Canada. Department of National Defence. "Evaluation of Air Force Readiness". October 2017. Accessed: <https://www.canada.ca/en/department-national-defence/corporate/reports-publications/audit-evaluation/evaluation-air-force-readiness.html#ftn53>

<sup>15</sup> Canada. Public Works and Government Services Canada. "Defence Procurement Strategy." (December 2015). As briefed to Programme Management Board. April 2019



Programme. The NP account continues to keep the RCAF flying hours sustainable and is continuously scrutinized for value for money. The success of the procurement process, as measured by the need to output force effects for the RCAF is clear. Unlike the Navy who have had significant issues with maintenance of ageing fleets, even the sun setting, geriatric Sea King flew all assigned flight hours until its final retirement<sup>16</sup>.

These successes are a reflection of the maturity of the defence procurement system and are further signalled through the TBS assignment of increased delegations of authority directly to the department.

With continuous improvement in the defence procurement system the TBS has assigned an Organizational Project Management Capacity Assessment Tool (OPMCA) rating to the DND of level three<sup>17</sup>. These increase in competency ratings is a direct reflection by the government of Canada in the maturity and successful management of the defence procurement system. This increase in delegations will continue to improve the efficiency and success rate of the procurement within DND. The overall limit of expenditures after the increase in authority will allow DND to acquire goods and services up to \$100 million without the need to engage central agencies. This reflection of trust in the success of the existing departmental procurement system will only further increase the efficiency in delivery of the equipment to the war fighter.

### **The Training We Provide For Our ‘Procurement Operators’**

Most militaries are known for their rigorous training systems. The CAF is no different, with training courses for every system we operate, and every training objective delineated within the defence plan. The qualification of every single operator in their occupational function point is tracked at the departmental level. The requirements for tracking aircrew qualifications creates full time positions in every wings and squadrons in the RCAF. While the general importance of

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<sup>16</sup> Canada. Department of National Defence. “Evaluation of Air Force Readiness”. October 2017. Accessed: <https://www.canada.ca/en/department-national-defence/corporate/reports-publications/audit-evaluation/evaluation-air-force-readiness.html#ftn53>

<sup>17</sup> Department of National Defence. “Governance. Program Management Board Terms of Reference” Last accessed May 2019. <http://intranet.mil.ca/en/committees-pmb.page>

training within the DND enterprise is well-known, there is somehow a striking lack of procurement training.

The Officer Developmental Period Framework clearly articulates the professional development requirements for DND leadership positions, yet procurement is not specifically until the fourth Developmental Period.<sup>18</sup> The first Developmental Period focuses on the core operational mandate of a given trade. The second Developmental Period covers those being promoted to Major/LCdr and is designed to meet the “specific needs of the environments.”<sup>19</sup> The third Developmental Period, of which this paper is one component, has no specific mandate to discuss the procurement systems on which the department relies. The Joint Command and Staff College Program’s Institution Policy Studies course briefly touches on the topic of procurement but does little to instruct or educate an *operator* of the system on its best use, or the role that they play.

Only at the fourth level, on the National Security Programme (NSP), does the development of departmental civilians and executives merge with specific reference to the “management of resources”<sup>20</sup> as a core component of the curriculum.

At a more practical level, training is offered by the Chief of Programme (CProg) office on the PAD. This course is designed “mainly for project directors and their staff” in order to “give a basic understanding of the Defence Services Programme” and an “overview on Capability-Based Planning and Investment Plan Management.”<sup>21</sup> This three day course offers an overview of mechanisms to move projects forward within the system as a *just in time* delivery. The delivery of the course and the coincidence of posting timeframes throughout the season lend to the course being delivered to select operators, and generally after they have already been established within their roles.

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<sup>18</sup> Department of National Defence. “Programmes and Qualifications – Officers” Last accessed May 2019. <http://www.forces.gc.ca/en/training-prof-dev/officer.page>

<sup>19</sup> *ibid*

<sup>20</sup> *ibid*

<sup>21</sup> Department of National Defence. “Project Approval Course” Last accessed May 2019. <http://intranet.mil.ca/en/deptl-mgmt/project-project-approval-course.page>

The provision of adequate training would serve the important purpose of educating all CAF members on the intricacies of the procurement world. As the CAF's Developmental Periods indoctrinate all officers in the depths of air power doctrine – despite how few may need to execute the nuances of the air tasking order battle rhythm – so too should all officers be educated in the complicated world of defence procurement. Whether they are a key member in the delivery of a high-profile weapon system or not, they will undoubtedly encounter the procurement system at some point in their careers.

Within the context of the major project management to deliver such projects as warships and jets, there has been the recent introduction of the Project Management Competency Development initiative aimed as a mirror of the Project Management Professional designation within civilian industry at large. This initiative is aimed at those who form part of the procurement enterprise full time.<sup>22</sup> The benefits to the institution are obvious Professional project managers can be identified and assigned to projects that require their level of expertise. This will ensure that those executing project management have the training and experience commensurate to the complexity of the project. These programs are lengthy and require years of experience at each stage of the project. They are also notoriously difficult for military members subject to rapid posting cycle. Although further ensuring the success of the procurement system, the nature of the specific training does little to further indoctrinate the majority of the department in the understanding of the procurement system at large.

### **What Are We Communicating?**

There are obvious mixed messages surrounding the procurement system within DND. Chief amongst them is contradiction in which procurement is touted as all-important, but its practitioners are not commensurately recognized or rewarded.

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<sup>22</sup> Canada. Department of National Defence. "Report on Transformation" 2011. Last accessed May 2019. <https://www.canada.ca/en/department-national-defence/corporate/reports-publications/report-on-transformation-2011.html>

The VCDS has prioritized posting into the procurement system to ensure the delivery of objectives within SSE<sup>23</sup>. Naturally this increased priority has led more members of the CAF to become engaged with the procurement system, but that is not without cost. The ranks of the ADM(IM), ADM(MAT), and ADM(IE) workforces continue to grow at the expense of force generation and force employment units.

Equally, the Leslie report on transformation<sup>24</sup> highlights the important roles played by CAF members within the larger DND team in the procurement system: “the legitimate requirements generation role that currently exists within the Environments should be recognized, documented, and widely implemented - not only within the existing Force Generators, but also within the Force Employment”. However, the report also specifically notes the “need to implement a common system for force generating and managing military procurement specialists, if necessary, through the introduction of a follow-on career path”<sup>25</sup>

The prioritization of procurement postings has not translated to higher scoring for those members on their annual assessments. Although de facto lesser priorities in the eyes of the VCDS, the environments have produced annual scoring criteria that provide additional points towards promotion for those employed in front line units.<sup>26</sup> This dichotomy of high priority positions receiving low value points provides a dis-incentive for those wanting to advance their career, and leads to some officers viewing procurement system employment as a less desirable and less important field of employment.

The absence of a coherent message regarding CAF contributions to procurement or an action plan to entice our best and brightest into key procurement roles will inevitably cause further misconceptions of the system. Armed with those misconceptions, more and more CAF

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<sup>23</sup> VCDS sets manning priorities for career managers to prioritize positions. Force employment is top – level A. Execution of SSE is level B, all other including force generation is level C.

<sup>24</sup> Canada. Department of National Defence. “Report on Transformation” 2011. Last accessed May 2019. <https://www.canada.ca/en/department-national-defence/corporate/reports-publications/report-on-transformation-2011.html>

<sup>25</sup> ibid

<sup>26</sup> Department of National Defence. “manage your career – chief of military personnel” Last accessed May 2019. <http://cmpapp.mil.ca/dgmc/en/career/occupation-detail.asp?mosID=00185>

members will join the call to fix what they perceive to be a broken system. Only through recognition that the procurement system is a critical force enabler and the training and education are scoped to match will the department start to shed the myth that procurement is forever *broken*.

## **Conclusion**

The vision of a broken procurement system seems as permanent a characterization of the CAF and DND as Vimy Ridge, Juno Beach, and the Somalia affair. Pundit after pundit calls for modifications and policy after policy is amended or introduced in reactionary ways. The media continue to find formal senior officers willing to stand up and call foul for reasons that have little relation to the true nature of the system.

Even a superficial examination of the procurement system shows that the overall successes outnumber the failures, such that billions of dollars of acquisitions are procured each year to replace and repair all aspects of CAF operations. Despite these successes, fractured messaging and inadequate training dis-incentivize quality CAF officers from taking procurement system jobs. Moreover, counter to the Leslie report, the important role of the procurement system fails to translate as a theme throughout most CAF careers.

Considering the above it is clear that the broken procurement system is a myth, generated from our own lack of institutional and training and unclear messaging.

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