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IMPROVING THE DEFENCE PROCURMENT STRATEGY TO ACHIEVE TRUE VALUE FOR MONEY

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TO ACHIEVE TRUE VALUE FOR MONEY**

Major James Legendre

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INTRODUCTION

The Defence Procurement Strategy (DPS) has been scrutinized by some government departments since it was established in February 2014 by the Conservative government at the time. Common criticisms include: the significant time required to procure defence capital projects; cost overages on the majority of projects; the limited capacity of the Canadian defence industry, and; the capabilities procured not meeting the needs of the Canadian Armed Forces (CAF).

Since the establishment of the 2014 DPS, the Government of Canada (GoC) has implemented multiple initiatives to “right the ship” in order to improve the defence procurement process, which include: the establishment of the Independent Review Panel for Defence Acquisition (IRPDA), an oversight committee that validates defence requirements for the Department of National Defence (DND); and, the drafting of a new defence white paper - “Strong, Secure, Engaged” (SSE). Both have been beneficial, however the same criticisms of DPS remain valid.

There is a significant difference between improving a system and solving a problem. Different solutions to the Canadian defence procurement problem have been presented in the academic literature, arguing that there is one or a series of aspects of procurement that if “fixed,” would “solve” defence procurement.¹ However, the inherent attributes of Canadian defence procurement would categorize it as a “wicked” problem that cannot be solved.² Head defines a wicked problem as “inherently resistant to a clear and agreed

¹ Kim Nossal. *Charlie Foxtrot - Fixing Defence Procurement in Canada*. (Toronto, Ontario: Dundurn, 2016), 154.

² Brian Head. “How can the public sector resolve complex issues? Strategies for steering, administering and coping”. *Asia-Pacific Journal of Business Administration*. Vol. 2 No. 1. (Australia, 2010), 10-11.

solution and contain multiple interdependencies, entrenched value differences within many problem areas and where there is a patchy and disputed knowledge base”³. These attributes mirror Canadian defence procurement through three government departments responsible for defence procurement, there are the multiple interdependencies at play; there are divergent themes in the DPS key objectives – economic benefit to Canada versus procuring state-of-the-art equipment for the CAF, and; there is a significant lack of knowledge in defence procurement within the responsible departments.

Although defence procurement is a wicked problem, aspects of it can be vastly improved and the 2014 DPS would be an appropriate starting point for improvement. In this essay, I will argue that the DPS is ineffective at achieving its objectives because it prioritizes economic benefits for Canada over the provision of essential defence capabilities for the CAF to enable it to carry out its assigned mission sets. I will then make a series of recommendations to improve the Canadian defence procurement process.

BACKGROUND

In 2014, the Harper government created the DPS to govern future defence procurements in Canada. The three key objectives of the DPS are: to deliver the right equipment to the CAF in a timely manner; to leverage defence procurement purchases to create employment and economic growth in Canada, and; to streamline defence procurement processes.

³ Ibid, 10-11.

The majority of the overarching principles of the DPS are based on the 2010 National Shipbuilding Procurement Strategy (NSPS), which was established to determine a set of contracts to procure new fleets of ships for both the Royal Canadian Navy and the Canadian Coast Guard. However, the key difference between shipbuilding and other required defence capabilities is that NSPS was designed to reinvest in a pre-existing shipbuilding capability in Canada, whereas many other defence capabilities are new to the Canadian defence industry.

The main focus of the NSPS was to reinvigorate Canada's shipbuilding industry, which had been slowing down over the twenty years prior.⁴ The NSPS introduced the idea of "value propositions," which would require proposals to demonstrate investment into the Canadian marine industry in order to generate long-term capacity development⁵. The NSPS was perceived as an overall success in terms of fair processes for contract awards, and according to the Harper government, was considered a benchmark for future defence procurements. In addition, "value proposition" would become a key aspect of success criteria for bids on defence procurement contracts in order to ensure the development of the Canadian defence industry.

The perceived successes of the 2010 NSPS, and the government's use of it as a benchmark for all defence procurements, has since had detrimental impacts on the capabilities delivered to the CAF. The 2014 DPS has established a "cookie-cutter" solution to all defence procurements which is focused on economic benefits to Canada

⁴ PSPC. "About the National Shipbuilding Strategy". <https://www.tpsgc-pwgsc.gc.ca/app-acq/amd-dp/mer-sea/sncn-nss/apropos-about-eng.html>, (Accessed 1 April, 2020).

⁵ Kim Nossal. *Charlie Foxtrot - Fixing Defence Procurement in Canada*. (Toronto, Ontario: Dundurn, 2016), 115.

rather than balancing the needs of the Canadian defence industry and the capabilities required to defend Canada.

Since being elected in 2015, the Trudeau Liberal government has made improvements to some of the issues that have been raised by critics, gaining praise amongst some of the defence community. The Trudeau government produced SSE, providing direction in terms of defence procurement based on the mission sets that could be asked of the CAF. Though, due to the firing and reassigning of procurement staff back in the 1990s and early 2000s, DND did not have enough procurement staff to achieve the ambitious acquisitions that SSE demanded.⁶ This has driven a significant increase in procurement personnel, such as project managers, in order to deliver the substantial capabilities outlined in SSE.⁷ Although a standing committee on defence procurement has not been established, the Trudeau government has assigned the Standing Committee of National Finance to hold relatively frequent discussions on defence procurement. The Committee has invited key experts, such as the President of Canadian Association of Defence and Security Industries (CADSI), Christyn Cianfarani to the Senate to build further understanding of defence procurement concerns within the Standing Committee.⁸

Despite efforts by the Trudeau government to improve defence procurement, delays and cost overruns in Canadian defence procurement projects continue. What has not been

⁶ Ibid, 106-107.

⁷ David Perry. "Following the Funding in Strong, Secure, Engaged." Canadian Global Affairs Institute, 2018.
https://d3n8a8pro7vhmx.cloudfront.net/cdfai/pages/3244/attachments/original/1517275897/Following_the_Funding_in_Strong_Secure_Engaged.pdf?1517275897, 10.

⁸ Christyn Cianfarani. "Remarks to Senate Standing Committee on National Finance Regarding Defence Procurement", 10 April 2019.
<https://www.defenceandsecurity.ca/media/speech&s=68&v=f35c78b7c92a31bb31e7bded8b2e6284>,
 (Accessed 1 April, 2020).

addressed by the Trudeau government is the priority placed on economic benefits versus defence capability. This paper will now look at the challenges associated with the 2014 DPS in order to articulate the DPS' significant bias towards economic benefit for Canada and the development of the Canadian defence industry over equipping the CAF with the necessary capabilities to conduct missions domestically and abroad.

CHALLENGES WITH THE 2014 DPS

Sustaining Multi-Departmental Accountability

One of the challenges with the 2014 DPS is the multi-departmental accountability structure that has been in place for decades. The Canadian model for the accountability of defence procurement is unique compared with most other nations, and not in a positive way.⁹ Canada has three ministers all accountable in different ways when it comes to defence procurement, which conflicts with the DPS' third key objective of streamlining the process. DND is focused on identifying the necessary requirements for sustaining and improving capabilities for all potential CAF missions. Public Services and Procurement Canada (PSPC) is primarily accountable to Treasury Board in ensuring fair competition and transparent contracting and managing the actual procurement. Lastly, Innovation, Science and Economic Development Canada (ISED) is focused on developing the

⁹ Martin Auger. "The Evolution of Defence Procurement in Canada". *Library of Parliament*. 4 February, 2016.
https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201609E, (Accessed 10 April, 2020).

defence industry and ensuring that Canadian defence procurements are achieving the desired outcomes articulated in the Industrial Technical Benefits (ITB) policy.

Diverging priorities among these departments may point to an obvious need to combine all aspects of defence procurement under one department.¹⁰ However, nations that have moved to this construct, specifically the United Kingdom (UK) and Australia, still have cost overruns and delays on projects¹¹. Regardless of the departmental construct taken towards defence procurement, the critical aspect of success in any organization is ensuring that all personnel are working towards a common goal. Spreading responsibility over three different departments certainly complicates things; however, these complications could be mitigated through mutually-supportive departmental objectives.

While the three key objectives in the 2014 DPS are clearly outlined, they are the three priorities conflict, rather than complement each other. DND prefers to equip the CAF with the best equipment, regardless of manufacturing origin; where ISED prefers the most economic benefit for Canada and settling for a “good enough” philosophy. As a result, departments are able to favor one objective over the other and risk not achieving them all. The DPS’ objectives have two divergent themes: equip the CAF with state-of-the-art equipment, and develop the Canadian defence industry for economic benefit.

(Insert sentence here about what this looks like in the best case scenario: we have the industry, etc.) However, without an industrial base for such equipment already available

¹⁰ Kim Nossal. *Charlie Foxtrot - Fixing Defence Procurement in Canada*. (Toronto, Ontario: Dundurn, 2016), 144.

¹¹ Christyn Cianfarani. “Remarks to Senate Standing Committee on National Finance Regarding Defence Procurement”, 10 April 2019.
<https://www.defenceandsecurity.ca/media/speech&s=68&v=f35c78b7c92a31bb31e7bded8b2e6284>,
 (Accessed 1 April, 2020).

in Canada, delivering the right equipment to the CAF in a timely manner is unlikely to occur.

Economic Benefits versus Sustaining Essential Defence Capabilities

Kim Nossal makes the point that defence procurements become significantly more complicated when decisions are made for economic reasons versus strategic military reasons, due to the belief that defence procurement should provide more return to a state than simply enabling military forces¹². From an economic stand point this makes sense Canada, however not when it comes at the cost of the effectively enabling the CAF. The second key objective of the 2014 DPS articulates the requirement for all defence procurements to leverage purchases for employment creation and economic growth in Canada. Leveraging defence purchases for economic gain is not new to Canada - it has been a strategy for nearly fifty years and supported by governments from all parties.¹³ What is new since the 2014 DPS is how Industrial Technical Benefits (ITBs) are now incorporated into all Canadian defence procurements. ITBs are designed to encourage economic development in Canada by forcing competitors to generate activity within Canadian industries equivalent to 100 percent of the value of the defence procurement contract that would be awarded to them. This is required for contracts over \$100 million, and may be applied to eligible procurements between \$20 and \$100 million.¹⁴

¹² Kim Nossal. *Charlie Foxtrot - Fixing Defence Procurement in Canada*. (Toronto, Ontario: Dundurn, 2016), 113.

¹³ Ibid, 114.

¹⁴ PSPC. "Defence Procurement Strategy". Ottawa: GoC Canada. 2014.
<https://www.tpsgc-pwgsc.gc.ca/app-acq/amd-dp/samd-dps/index-eng.html>, (Accessed 24 March 2020).

As stated previously, the concept of value proposition came from the NSPS and made sense for a shipbuilding procurement strategy, wherein Canadian industry already had a substantial experience base. However, with this concept threaded into the Canadian ITB policy and enforced by the ISED minister, all major capital defence procurements are now fulfilled, at least in part, by the Canadian defence industry, even if the industry lacks specific expertise sought by the CAF. For example, Textron Systems was awarded the contract to deliver the new Tactical Armoured Patrol Vehicle (TAPV) to the Canadian Army (CA). This platform was a completely new design, specifically built for the CA through a partnership between two Canadian companies, rather than a typical off-the-shelf procurement that the CA is accustomed to. The design was tested and trialed by the CAF and had to be modified multiple times in order to for Textron to meet specifications, which nearly led to the project being required to terminate the contract and start the process over.¹⁵ Although the design was eventually accepted, the fleet still does not meet all of the operational requirements expected of it. A significant portion of the TAPV fleet is now being operated by the CA Reserves rather than the light infantry reconnaissance elements it was designed for.¹⁶

However, there are examples of the Canadian defence industry able to fulfill the needs of the CAF: General Dynamics Land Systems (GDLS) Canada has been providing continuous variants of their Light Armoured Vehicle (LAV) to the Canadian Army for multiple decades. The responsiveness of GLDS to the changing demands of the CA has

¹⁵ David Pugliese. "Textron Faces Last Chance on Canadian". Defense News. 18 April, 2015. <https://www.defensenews.com/land/2015/04/18/textron-faces-last-chance-on-canadian-vehicle/> , (Accessed 2 April, 2020).

¹⁶ Chris Thatcher. "Defining the TAPV". Canadian Army Today. 5 December, 2017. <https://canadianarmytoday.com/defining-the-tapv/> , (Accessed 2 April, 2020).

enabled significant capability developments and has improved the combat power of deployed forces. The benefits for the CAF to have its primary capabilities come from the Canadian defence industry go beyond growing the economy. The sustainability of domestic fleets in terms of spare parts, operator and technician training, life extensions and retrofits are extremely important, and protect supply chains from disruption from international factors. The sustainment of foreign fleets, such as the German-built Leopard 2 Main Battle Tank, has been difficult at times and impacted operational readiness.¹⁷ This example as well as others have demonstrated the need to have reliable supply chains for any CAF capabilities.

While there are cases of when the Canadian defence industry has been able to produce capabilities for the CAF and cases of when it hasn't been able to, the point is the objectives of the 2014 DPS are misplaced: defence procurement should not primarily be aimed at boosting the Canadian economy; rather, it should ultimately be focused on meeting the operational needs of the CAF. The sustainment benefits associated with having domestically generated equipment may have a positive impact on the operational readiness of the CAF, as long as the equipment being sustained meets the needs of the CAF. Applying the NSPS principles to all defence procurements rather than appropriately assessing the Canadian defence industry's ability to deliver certain capabilities prior to applying them, poses significant risk of seeing a reoccurrence of the TAPV situation.

¹⁷ Matt Johns. "Leopards Without Claws: The Future of Tanks in the Canadian Army". *Canadian Forces College*, 15 October 2018, 3-4.
<https://www.cfc.forces.gc.ca/259/290/308/192/johns.pdf>

Early Engagement between Industry and DND

Another catalyst for the TAPV situation was a lack of understanding of operational requirements by industry in order to achieve the first objective of the DPS – to deliver the right equipment. The Defence Acquisition Guide (DAG) (which has now been replaced by the Defence Capabilities Blueprint (DCB) as of May 2018) was implemented by the Canadian government to support the DPS, and was designed to provide early engagement between industry and government in terms of upcoming requirements for defence capabilities.¹⁸ This provides “Early Warning” to industry (primarily Canadian industry) but does not offer the level of engagement that would foster a common understanding of the necessary capabilities for the CAF. The capability descriptions in the DCB are extremely vague and leaves substantial room for interpretation by industry, in fear of being too prescriptive and favoring a specific platform. Another measure put in place by the DPS is IRPDA, which is a group of experts that are resident at the Assistant Deputy Minister (ADM) level tasked with helping industry understand the high-level operational requirements described by the CAF.¹⁹ However, having IRPDA provide third-party advice to the Minister of National Defence (MND) on the validity of CAF requirements demands additional time and effort in an already heavily-bureaucratic system.²⁰ The IRPDA has provided clarity to the requirements identified by the CAF by linking them to government policy, allowing DND to be perceived as more credible in the eyes of

¹⁸ Craig Stone. “Implementing The Defence Procurement Strategy: Is It Working?” Canadian Global Affairs Institute, 2016.

https://d3n8a8pro7vhmx.cloudfront.net/cdfai/pages/1152/attachments/original/1469057350/Implementing_the_Defence_Procurement_Strategy.pdf?1469057350, 1.

¹⁹ Ibid, 2.

²⁰ Government of Canada. “Terms of Reference for the Independent Review Panel for Defence Acquisition”.

<https://www.canada.ca/en/independent-review-panel-defence-acquisition/corporate/mandate/terms-reference.html>, (Accessed 24 March 2020).

decision-makers.²¹ Having the trust of decision-makers is essential, however through the numerous iterations of describing high-level mandatory requirements (HLMRs) can create space for the alteration of operational requirements by the time they are presented to industry. Subject matter experts that can assist with clarifying requirements for industry and government are essential, but they must be placed at the right level to reduce the bureaucratic gap between industry and the “frontline” as much as practically possible. This would allow industry to clearly understand the capability requirements of the CAF and be able to quickly react to the ever-changing operational environment.

The only level-one organization within the CAF that has been able to effectively leverage international and domestic industry engagement is the Special Operations Force (SOF) community. It has been successful in streamlining defence procurement processes, and it consistently delivers state-of-the-art materiel to its operators. Many believe that this is due to the relatively small industry size, the security level of their role, low-cost procurements etc., which is true; however, these facts simply allow the SOF community to operate outside of the DPS and avoid added bureaucracy such as IRPDA. The SOF community have invested in building, educating, and employing Force Development (FD) cells within their organizational structure that include project managers, operators and procurement personnel from PSPC²². These FD cells enable industry engagement from all over the world at the unit level, allowing industry direct exposure to operators in order to ensure the delivery of the right equipment at the right time. FD cells are

²¹ DND. “Independent Review Panel for Defence Acquisition 2015-2016 Annual Report”, 2016, 2.

²² McRobbie, Corey. (Officer Commanding Administration Company, Canadian Special Operations Regiment), in discussion with the author. October 2019

responsible for creating detailed Statements of Requirements (SOR), which are refined through industry and operator engagement.

The successes of SOF defence procurement are associated with its close relationship with industry and its ability to avoid heavy bureaucracy and constraints for defence procurements over \$20 million. SOF does have the luxury of not having to be as transparent as the rest of the CAF due to the business it is involved in, however it is still accountable to follow the same defence procurement processes. To achieve the same success with the rest of the CAF would require a significant shift in the DPS in terms of empowering the CAF/DND to carry out requirements validation and industry engagement at the appropriate level. Similarly, the integration of PSPC personnel amongst the other level one organizations would also be necessary from an accountability perspective.

Perceived Successes of the DPS

Despite the shortcomings of the 2014 DPS, the Trudeau government has not taken action to change it because of its few perceived successes, all of which were or are based on existing capabilities of the Canadian defence industry. A “perceived success” would be categorized as a project that is expected to deliver a piece of equipment that will generally meet the capability requirements of the CAF as well as generally provide economic benefit to Canada. Without having access to bid evaluations for each of the following examples, it is safe to assume that each will meet or have met at least two of the five evaluation criteria described in the ITB Policy Value Proposition Guide: Work in

the Canadian Defence Industry, and Skills Development and Training for Canadian employees.²³

The first perceived success is the NSPS on which the DPS is based. As Nossal explains, the contract award process for the NSPS was viewed as an absolute success: it would reinvigorate the Canadian shipbuilding industry for the next thirty years, create stable long-term jobs for Canadians and eventually deliver state-of-the-art capability to the Royal Canadian Navy (RCN) and Canadian Coast Guard (CCG). As outlined previously, this was based on an industry capability that has existed in Canada for decades and thus had a high probability of success in terms of delivering on economic benefit and providing capable fleets to the RCN and CCG. Due to the accolades received for the “fairness” of awarding contracts to two of the five Canadian ship yards, Harper’s long and costly approach to Defence procurement was justified because of the future economic benefit to Canada, regardless of the fact that the RCN is still waiting for the delivery of the first new platform from either contract.²⁴

The next perceived success is the recent signing of the Armoured Combat Support Vehicle (ACSV) contract to GDLS.²⁵ As outlined previously, GDLS has been quite successful in delivering an infantry fighting vehicle for the CA. The requirements of the LAV have evolved over the course of the Afghanistan era and GDLS has developed capabilities to meet those changing requirements. The fact that the LAV is “home grown”

²³ ISED. “Industrial and Technological Benefits Policy: Value Proposition Guide”. 31 May, 2018. <https://www.ic.gc.ca/eic/site/086.nsf/eng/00006.html>, (Accessed 10 April, 2020). 6.

²⁴ Kim Nossal. *Charlie Foxtrot - Fixing Defence Procurement in Canada*. (Toronto, Ontario: Dundurn, 2016), 141-145.

²⁵ PSPC. “Armoured combat support vehicles”. <https://www.tpsgc-pwgsc.gc.ca/app-acq/amd-dp/vbse-acsv-eng.html>, (Accessed 10 April, 2020).

means that the sustainability of the fleet, whether that be support of future modifications, delivery of spare parts, technician and operator training from GLDS, are all much simpler for the CA because they are resident within Canada.

The ACSV file was expedited through the Options Analysis and Definition project phases through the authorization of a non-competitive process based on the importance of commonalities between all of the ACSV fleets and the LAV 6.0. The ACSV will replace the support fleets necessary to support the LAV 6.0, such as command posts, ambulances and repair/recovery vehicles.²⁶ The vehicles being replaced are older variants of the LAV family built by GDLS. The ACSV fleets require the same mobility and survivability as the LAV6.0 to support it and thus it is logical to have the same OEM for a combat fleet and its support fleets. The question that should be asked, is why the support fleets were not replaced on the same schedule as the combat fleet.

The commonality between the NSPS and the ACSV procurement cannot be understated. GDLS had been providing armoured vehicles to the CA for decades and thus the capability and expertise was known to be resident within the Canadian defence industry. It would deliver economic benefit to Canada and deliver on the necessary capabilities for the CAF.

The last project that will be perceived as a success is the Next Generation Fighter Aircraft (NGFA), regardless of the politicization that has been associated with it over recent years. Although not awarded yet, given the importance of commonality with critical allies

²⁶ DND. "Defence Capability Blueprint".

<http://dgpaapp.forces.gc.ca/en/defence-capabilities-blueprint/index.asp>, (Accessed 24 March 2020).

like the United States, it is likely that RCAF will replace its fighter jet with the Lockheed Martin F-35. The shared responsibility of the defence of North America through NORAD will likely be weighed heavily in the decision as it was through previous governments. Not having capabilities that are compatible with the United States has a detrimental impact on the strength of NORAD and its ability to deter threats. Due to the NGFA contract still not awarded, the Canadian government is wasting hundreds of million dollars by not following through with the Joint Strike Fighter Memorandum of Understanding (MOU), enforcing the requirement of a transparent bid competition and the sustainment of the current fighter aircraft. However, this will all be overshadowed by articulating the same messaging that the Harper government did with the NSPS in terms of justifying the length and cost associated with a “fair” process.²⁷

Whether Boeing or Lockheed Martin are awarded the contract, the NGFA procurement will be similar to both the NSPS and ACSV in that both companies have been providing airframes to the CAF for decades and thus the Canadian government is fully aware that the capabilities and expertise from a service support perspective, resides in the Canadian defence industry.

The commonality across all of these fleets and these perceived successes, are that they are all building upon existing capabilities within the Canadian defence industry. It is for these types of procurements that the 2014 DPS makes sense. However, not all the other

²⁷ Kim Nossal. *Charlie Foxtrot - Fixing Defence Procurement in Canada*. (Toronto, Ontario: Dundurn, 2016), 144.

capabilities that the CAF requires can be fulfilled by the Canadian defence industry, which is reason enough to improve the DPS.

IMPROVING THE DPS

As stated previously, Canadian defence procurement is a “wicked” problem and thus cannot be fixed, only improved.²⁸ The following recommendations would help create flexibility in the Canadian defence procurement system to reduce the ambiguity of essential defence capabilities; bridge the value differences between equipping the CAF and building Canadian defence industry, and; improve knowledge and expertise at critical levels of departments.

Reducing Ambiguity

A key method to reduce ambiguity is the frequency of communication and collaboration amongst stakeholders. The DPS has recently updated its communication strategy with industry, though it is still a substantial challenge in terms of what the Canadian government expects of industry, and must be continuously improved. The 2018 DCB contains 150 Defence Capability Investment Areas (DCIAs) for industry to act on.²⁹ This is too many priorities and does not provide clarity to the Canadian defence industry. Rather it forces it to sustain a breadth of capabilities that may or not be what the CAF is looking for. This fosters an incredibly high risk market for companies considering

²⁸ Brian Head. “How can the public sector resolve complex issues? Strategies for steering, administering and coping”. *Asia-Pacific Journal of Business Administration*. Vol. 2 No. 1. (Australia, 2010), 10-11.

²⁹ DND. “Defence Capability Blueprint”. <http://dgpaapp.forces.gc.ca/en/defence-capabilities-blueprint/index.asp>, (Accessed 24 March 2020).

entering the Canadian defence industry and in turn has the potential to limit the development of the industry as a whole.

In order to synthesize the DCIAs for the Canadian defence industry, the DPS must have a current defence policy articulating long-term essential defence capabilities. Due to the partisan nature in which the CAF has been utilized under different governments, it could be argued that defence policies are partisan as well and thus will always change with government. However, there are missions that have not changed for decades and will likely not change in the foreseeable future. One of these mission sets is the shared responsibility of the defence of North America through NORAD. With a partnership such as this, the capabilities necessary for such a mission shouldn't be subject to partisan decision. Capabilities that are incompatible with the United States has a detrimental impact on the strength of NORAD and its ability to deter threats. This is why the "F-35 fiasco"³⁰ has caused significant concern amongst the CAF/DND community.

The unchanged mission sets spanning decades and numerous changes in government indicate that there is bipartisanship on essential defence capabilities. The capabilities necessary to support these mission sets must be documented and continuously reviewed through more frequent defence white papers and government standing committees. Once established, DCIAs can be reduced substantially, and industry can focus on the capabilities needed by the CAF. Documenting future defence capability needs in defence white papers is equally important in order to identify capabilities that can be explored

³⁰ Kim Nossal. *Charlie Foxtrot - Fixing Defence Procurement in Canada*. (Toronto, Ontario: Dundurn, 2016), 80.

jointly by industry and DND is critical to increase the possibility of Canadian-grown capabilities that would satisfy long-term sustainability and benefit both stakeholders.

The appetite within Cabinet to clearly articulate the essential defence capabilities necessary for Canada is not currently present due the “Security Imaginary” of its ministers.³¹ Nossal defines security imaginary as “the way in which people think about their country’s security in the world”.³² In the case of Canadians, most believe Canada is a peacekeeping nation and this significantly impacts what is perceived as needed, or not, for national security.³³ Influencing the security imaginary would need to be led by the Prime Minister (PM) and require a change in global circumstances, such as the COVID-19 crisis currently underway. The significant change in global circumstances in this situation, specifically the scarcity of medical supplies, forced the Canadian government to invest in Canadian-made medical supplies in order to respond to the COVID-19 crisis. If the PM was to take the opportunity to influence Cabinet’s security imaginary in terms of other potential threats to Canada, this could potentially see the same focus put towards defence procurement in the future.

Bridge the Value Differences

The divergent themes of the 2014 DPS’ objectives allow for the three responsible departments to interpret the objectives through the lens of their respective mandates, and to use different measures of success. In order to achieve alignment of purpose, the measures of success used by each department need to be comparable. The linkages

³¹ Ibid, 152.

³² Ibid, 120.

³³ Ibid, 125.

between the CAF and the Canadian defence industry can be found in the sustainability of essential defence capabilities and the research and development of potential future defence capabilities. This pressures government to identify those essential defence capabilities that could be sustained by Canadian industry through existing capability and experience, such as shipbuilding and airframes. For those capabilities that are not matured in the Canadian defence industry, government should invest in businesses to conduct research and development on identified essential future capabilities. This would share the risk associated with exploring the feasibility of growing the capability and not put undue stress on either stakeholder.

Changing the DPS' objectives to address the divergent themes would drive change from the current "one size fits all" ITB policy associated with defence procurements, that heavily supports economic benefit over the provision of state-of-the-art equipment for the CAF, to a more analytical and balanced approach. The only defence procurements that have been successful or perceived to be successful are the ones that fit perfectly into the construct of the current ITB policy, which are those capabilities that are resident in the Canadian defence industry or are not governed by the domestic restrictions associated with the ITB policy (SOF procurements). The current ITB policy was designed with the 2014 DPS, based on the NSPS which would be satisfied by the Canadian defence industry. Only preexisting capabilities within the Canadian defence industry such as airframes and LAVs have been the perceived successes, which satisfy the current ITB policy.

For any capabilities required by DND that fall outside of the capabilities of the Canadian defence industry, the ITB policy must be changed to provide flexibility to engage with

international industry without the substantial constraints that force businesses to reinvest the full value of a contract back into Canada. This approach would require both the trust and authority assigned to DND from the government, which would force DND to train and employ resident industrial experts in project teams during the Identification phase of a defence procurement project. This would allow a proper assessment and early engagement with international and domestic industry to determine the level of value proposition to be applied. In terms of future essential defence capabilities, this assessment would recommend to the Canadian government where to invest in skills training and small business development to enable the Canadian defence industry to provide sustainable Canadian grown equipment.

Improve Knowledge and Expertise

Sustaining critical expertise at the right levels of the accountable departments has been a constant issue in terms of defence procurement. Budget cuts in the 1990s reduced the quantity of capital projects within DND, which in turn reduced the number of personnel across the public service that specialized in government procurement. As a result, having the right people within DND, PSPC, and ISED has continued to be one of the biggest issues impacting the ability to achieve the three key DPS objectives.³⁴ The commitments articulated in SSE generated a massive intake of procurement personnel into ADM (Mat) in order to achieve the bold spending milestones; however, these personnel lack the knowledge and expertise necessary to deliver on government expectations. It is advised that the government retain critical expertise in defence procurement even in the absence

³⁴ Ibid, 106-107.

of forecasted major capital projects, rather than risk the mismanagement of high-cost defence procurement projects.

From an industry engagement perspective, best practices from the SOF community need to be harnessed for all other defence procurement projects, wherever possible. The early investment during the Initiation and Options Analysis phases which sees a collaboration of experts from industry, project management, operators, and PSPC within FD cells has been the driving force behind SOF success. The authority and responsibility to achieve this needs to be mirrored across DND in order to allow for better synergy between industry and operators.

CONCLUSION

The 2014 DPS was constructed based on the principles of the NSPS, which was designed to leverage existing Canadian defence industry capabilities, rather than develop complete new ones. Reducing ambiguity in terms of determining the essential defence capabilities required for Canada would facilitate better collaboration between DND and industry in order to generate sustainable capabilities and economic benefits within Canada. A more flexible ITB policy would bridge the value differences between DND and industry, acknowledge that the Canadian defence industry does not need to sustain the magnitude of key industrial capabilities that they currently do, and enable the CAF to explore international options when domestic solutions are not viable. Finally, improving the knowledge and expertise across all departments, building on internal benchmarks such as the SOF FD cells, would allow for better collaboration. Improving the DPS will not “fix” the defence procurement problem in Canada, as there is not solution to “wicked”

problems. However, continuous improvement is what is necessary for an institution to be successful and must take place in the Canadian defence procurement process starting with the DPS.

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