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**THE FINANCIAL BATTLE
AT THE DEPARTMENT OF NATIONAL DEFENCE**

Not Fighting all the Fights

By / par Colonel J.C. Collin

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ABSTRACT

The Department of National Defence's financial challenges have been well documented and although the federal budget of February 2003 did, more or less, address the sustainability shortfall, our Minister of National Defence has identified that there is still much to do to transform the Canadian Forces (CF) and improve capabilities to meet the challenges of the 21st century.

However, for the foreseeable future, the Canadian Forces must continue to expect seriously constrained yearly budgets with, at best, modest increases for inflation or specific requirements. The Government will simply not elevate defence above its other priorities. Therefore, if significant sums of new money are not likely to be allocated, perhaps the climate is right (due to what appears to be at least ideological support for the Canadian military) for strong leadership and persuasive argument to permit the Department to spend what it has more effectively thereby getting more value for money. In macro terms, the Department could better meet its current obligations if spending constraints were removed. These constraints include: the lack of a clearly articulated national security policy and corresponding subordinate documentation; the reluctance to entertain significant infrastructure and force-structure reform (including the Reserves); and the pervasive requirement to ensure regional economic benefits. These shackles have created a situation where money is poorly spent and often wasted. It is time to change!

THE FINANCIAL BATTLE AT THE DEPARTMENT OF NATIONAL DEFENCE

Not Fighting all the Fights

“The effective, efficient and imaginative management of resources is one of the most intricate and challenging aspects of institutional leadership.”

Vice-Admiral Gary L. Garnett
Vice Chief of Defence Staff, 2001

The Department of National Defence’s financial challenges have been well documented. The Standing Committee on National Defence and Veterans’ Affairs (SCONDVA), the Conference of Defence Associations (CDA), the Minister of National Defence and the Chief of Defence Staff have often spoken of the resource shortfalls within the military and, leading up to the last federal budget, the common theme was that the Department required a minimum additional \$1 billion dollars annually to simply meet extant essential requirements.¹ Explicit or implicit within the varied reports was the notion that this additional money would not buy new capability but rather simply maintain the status quo² – that is, arguably, a national military force that is barely able to fulfill its obligations and one that offers little flexibility to the Government of Canada to exercise its domestic and international agendas.³ The federal budget of February 2003 did, more or less, address the sustainability shortfall.⁴ However, as our Minister of National Defence has identified, there is still much to do to transform the Canadian Forces (CF) and improve capabilities to meet the challenges of the 21st century.⁵

¹ Numerous reports have been produced and speeches made in the past 18 months. Some examples include: SCONDVA. CF State of Preparedness – Answering the Terrorist Threat. November 2001. <www.parl.gc.ca/InfoCom/Doc/37/1/NDCA/Studies/Reports/06-toc-e.html.> Centre for Military and Strategic Studies. Canadian Defence and Security in the 21st Century – To Secure a Nation. Alberta: University of Calgary, 2001.

Conference of Defence Associations. A Nation at Risk – The Decline of the Canadian Forces. Ottawa: CDA Institute, 2002.

The Council of Canadian Security in the 21st Century. The People’s Defence Review. Alberta: University of Calgary, 2002.

Macdonald, Bryan S. The Coming Mass Extinction of the CF Operational Readiness in 2010-2015. Toronto: The Atlantic Council of Canada – Atlantic Council Papers01/02, 2002.

Chief of Defence Staff. Speech to Annual General Meeting of Conference of Defence Associations. Ottawa: Available: DND-CDS web site. 27 February 2003. CDS identifies that \$1 billion will move the CF from survivability to sustainability.

² Verified in VCDS presentation to National securities Studies Course 5 on 9 Jun 03 where the sustainability gap (money required to sustain the military at current levels) was confirmed at \$1.1 billion. Also indicated in: Canada. Department of National Defence. 2003-2004 Report on Plans and Priorities. Available: DND-VCDS web site. p ii and p 9.

³ See above listed reports, which all assert to varying degrees that the CF is having great difficulty fulfilling its obligations and has little if any flexibility to do more or do differently.

⁴ The Federal Budget allocated \$800 million of additional baseline funding and the Minister of National Defence has undertaken to find an additional \$200 million of recurring savings through internal efficiencies and/or cost-cutting measures.

⁵ Canada. Department of National Defence. 2003-2004 Report on Plans and Priorities. (Minister’s Introduction) Available: DND-VCDS web site. pp i-iii.

In addition to special interest and lobby groups that have pushed for a more robust CF, the Canadian public is becoming more aware of the importance of having a capable military and most recent polls show general support for increased military spending. For example, the market research and public opinion company, Ipsos Reid, identified in December 2001 that only 28% of all Canadians felt that the Government had done enough to help equip the military.⁶ In early 2002, they determined that over 67% of Canadians supported the expansion of military activity against countries where terrorist groups were alleged to be operating.⁷ However, in terms of priorities, most Canadians believe that increased spending on defence should not be at the expense of Canada's social and 'quality of life' programs. Ipsos Reid showed in February 2003 (prior to the federal budget) that new Government spending on defence still ranked below health care, child poverty, reduction of personal income taxes, social programs other than health care (child care, welfare, pensions, etc), and reduction of the national debt.⁸

For the foreseeable future, the Canadian Forces must therefore continue to expect seriously constrained yearly budgets with, at best, modest increases for inflation or specific requirements.⁹ The Government will simply not elevate defence above its other priorities unless there is a catastrophic world situation that directly touches the lives of most average Canadians. Therefore, if significant sums of new money are not likely to be allocated, perhaps the climate is right (due to what appears to be at least ideological support for the Canadian military) for strong leadership and persuasive argument to permit the Department to spend what it has more effectively thereby getting more value for money. In macro terms, the Department could better meet its current obligations if spending constraints were removed. These constraints include: the lack of a clearly articulated national security policy and corresponding subordinate documentation; the reluctance to entertain significant infrastructure and force-structure reform (including the Reserves); and the pervasive requirement to ensure regional economic benefits. These shackles have created a situation where money is poorly spent and often wasted.

To be clear from the outset, those who have been fighting the fight for additional funds should be commended and deserve our respect and support. This year's federal budget is clear evidence that their efforts are not in vain and that some relief to the beleaguered Canadian Forces is possible. Canada still spends only approximately 1.2% of its GDP¹⁰ on defence and this, compared to other democratic affluent nations, is extremely low and begs the question: why aren't we willing to pay more to assure our national security and to be able to protect our national interests worldwide? Polls may be indicative of public opinion but sometimes, forceful leadership is required to educate and sway that opinion or to do what is right vice what is popular.

⁶ Ipsos-Reid, CTV, Globe and Mail Poll, released 27 December 2001.

⁷ Ipsos-Reid, CTV, Globe and Mail Poll, released 31 January 2002.

⁸ Ipsos-Reid, CTV, Globe and Mail Poll, released 16 February 2003.

⁹ As an example, the Federal Budget of November 2001 allotted an additional \$1.2 billion over six years however the money was directed towards specific security issues for the campaign against terrorism, such as better Chemical Biological Radiological and Nuclear (CBRN) defense capability and a more robust anti-terrorism response force.

¹⁰ Stockholm International Peace Research Institute. SIPRI Yearbook 2002, Armaments, Disarmament and International Security. London: Oxford University Press, 2002. p 277.

However, even though the fight for more money should continue, DND and its interested parties should also focus on removing some of the spending shackles that prevent, or at least slow significantly, efforts to be more cost-effective. In the most basic of terms, we must recognise that the average Canadian will always question how a department with approximately a \$12 billion dollar annual budget can only force-generate and sustain 4000 personnel on operations and also suffer from equipment rust-out. The CF must, therefore, not only try to get more, but also try to do better with what they have.

A COMPARISON

Although not the overriding consideration, a comparison to other countries is appropriate to determine if we are far worse (or better) at buying capability with limited funds. Table 1 illustrates military expenditures of three nations with similar foreign policy ideas, comparable approaches to governance and social issues and somewhat analogous geo-political circumstances.

Table 1

Nation	Def Exp (\$B)	GDP (\$ billion)	Population	Def Exp per Capita (\$/pers)	% GDP on Def
Australia	6.9	358	19.1 million	359	1.7
Netherlands	7.2	384	15.9 million	451	1.6
Canada	7.6	700	30.9 million	247	1.2

Note: Defence expenditures and % GDP based on SIPRI data for 2001.¹¹ GDP and population based on Military Balance data for 2001.¹² All dollar figures in \$(US).

The first conclusion is that the Canadian percentage of GDP dedicated to defence is indeed low when compared to what like-minded nations are willing to spend to protect their way of life. Secondly, Canada spends approximately \$(US) 500 million dollars more annually than The Netherlands and approximately \$(US) 750 million more than Australia.¹³ This is despite the reality that purchasing power parity data indicates that, in Canada, a constant US dollar buys more than in The Netherlands and only slightly less than in Australia.¹⁴

¹¹ SIPRI, pp 276-284.

¹² International Institute for Strategic Studies. The Military Balance 2001-2002. London: Oxford University Press, 2002.

¹³ This figure does not take into account the latest budget increase to DND of approximately \$(Cdn) 1 billion.

¹⁴ OECD. Purchase Power Parities – Comparative Price Levels. Main Economic Indicators, May 2003. p 240. PPP for Canada is 1.20, The Netherlands is .94, and Australia is 1.36. Purchase power parities are the rates of currency conversion that eliminate differences in price levels between countries.

Table 2 indicates what the annual defence expenditures of each nation produce in terms of personnel, fighting formations and equipment.

Table 2

Capability	Australia	The Netherlands	Canada
Strength – Regular	51,000	49,580	52,300
Strength – Reserves	20,300	32,200	20,700
ARMY			
Battalion (Inf, armd, arty, engr) size equivs	21	21	20
MBT	71 Leopard 1	328 primarily Leo 2	114
LAV	111	352 (as AIFV)	850
APC	364	236	340
Arty and Mortars	572	370	438
Helicopters	25 atk, 6 CH47	30 atk, 13 CH47	0 atk, 0 medium lift
NAVY			
Submarines	6 SSK	4 SSK	4 SSK
Destroyers	0	2	4
Frigates	9	9	12
Coastal Defence	15	6	12
Mine Warfare	5	12	0
Amphib	3	1	0
Misc	13	8	6
AIR			
Fighters	35 F111, 71 F18	168 F16	122 F18
Maritime Patrol	16	10	18
Tankers	4	2	0
MARINES/SOF	1 SAS Regiment	3 Marine battalions, 1 SOF battalion	1 Commando unit

Note: Based on Military Balance data for 2001.¹⁵ Does not include attrition due to storage or combat losses/accidents.

Some general conclusions can be drawn from this summary. Overall capabilities amongst the three nations are similar and there is little relevance in comparing exact numbers within any one capability. That said, there are some notable differences. Despite having a coastline 100 times longer than Australia and 450 times longer than The Netherlands,¹⁶ Canada does not have a noticeably larger navy and has absolutely no amphibious capability. Special Operation Forces (SOF) are also negligible in Canada, as are aviation assets; in particular, attack helicopters or gun-ships and medium-lift helicopters. Therefore, although we seem to be spending our money in an acceptable manner when compared to other like-minded nations

¹⁵ Military Balance 2001-2002.

¹⁶ Canada's coastline is 243,791 kms or 29% of the world's total (531,864 kms). Australia's coastline is 25,760 kms (3%) and The Netherlands' own 451 kms (.08%).

(assuming they too are spending appropriately), we do have a slightly larger budget and yet less capability. Could we do better?

Another comparison proves useful. The US Marine Corps has a budget, nested within the Navy's budget, of approximately \$(US) 9 billion annually. For this 25% larger budget than DND, they produce a force (173,400 military personnel) that is 3.3 times the size of Canada's military with, as examples: 400 tanks; approximately 50 battalion-size equivalents; approximately 330 fighter aircraft; 159 attack helicopters; and approximately 250 medium-lift helicopters.¹⁷ Granted, as clearly highlighted by Maj J.C. Stone in his detailed cost comparison of DND to the US Marine Corps¹⁸, there are several adjustments that need to be included in the budget models to compensate for the uniqueness of the Marine Corps nested within the US Navy – not the least of which are the costs that the Corps does not incur that are associated with national stand-alone military forces. Nonetheless, once all adjustments are made, Maj Stone still concludes that the Marines appear, at the macro level, to get “more bang for their buck” (albeit with the caveat that a detailed line by line analysis would be needed before making definitive judgements).¹⁹ Even if the required adjustments nearly doubled the US Marine Corps' budget, their capability would still be, relative to the funds allotted, more than that of the Canadian Forces. Although there is no doubt that many factors are at play, the Marines' model reflects two key considerations that offer potential efficiency initiatives for DND. Specifically: the US Marine Corps is recognized as not having significant redundant infrastructure or command and control; and they can take advantage of the large US military industrial base for economies of scale when buying equipment, weapons, vehicles and supplies. Both these considerations will be further explored later in this paper.

DOING IT BETTER

As a given, DND should be allocated more money to improve its capabilities to meet the needs of the Government and the nation they represent. However, recognizing that national priorities will most likely limit new funds, yet also recognizing that public support for an enhanced military is higher than it has been in decades, it is time to attack some of the *sacred cows* or what has been previously termed the *shackles* to expenditures. Four critical areas will be addressed where greater strategic decisiveness and assertiveness could make a profound difference yet where political obstacles and Departmental internal resistance exists. Perhaps there are other initiatives in areas such as training and personnel management evolution that could also reap rewards but not only are they outside the scope of this paper, they most likely do not have the same degree of national-political ramifications.

SHACKLE #1 – THE LACK OF TOP-DOWN, PRECISE, CONGRUENT DIRECTION

There is an absolute requirement for a clearly articulated national security policy from which DND can definitively state its roles, missions and tasks for the coming decades. From this, specific capabilities can be determined and then force structure and capital procurement can

¹⁷ Military Balance 2001-2002. pp 20-21.

¹⁸ Stone, Maj J.C. Value for Money: A Cost Comparison Between the United States Marine Corps and the Canadian Forces/Department of National Defence. Ottawa Ont: Unpublished paper April 1997.

¹⁹ Stone, Maj J.C. pp 30-31.

be focused thereby avoiding needless acquisitions, duplication of effort, and years of nugatory staff work and planning. This top-down guidance is fundamental to success. Attempts to circumvent definitive direction at any level leads, almost inevitably, to ambiguity and waste. Three anecdotal examples will serve to illustrate the importance of this precise guidance...or lack thereof. First, the CF's main battle tank, the Leopard, has just completed a refit program to obtain thermal imagery and greater accuracy (at a cost of \$140 million)²⁰ just in time to be placed in preservation; based on the current belief that the Army should be a wheeled and light armoured force. Similarly, the Department is spending \$360 million to life-extend the tracked armoured personnel carrier fleet²¹ – again whilst announcing a rapid transition to a wheeled fleet. This paper will not debate the merits of the 'wheeled' versus 'track' decision, but simply highlight that such a drastic change in equipping philosophy (and thus capability) has been done without a national security policy or Defence White Paper that clearly articulates what is expected of the Canadian land forces.²² Another example is the purchase of the Griffon helicopter which neither meets the needs of the White Paper, Strategy 2020²³, or the Army's requirements for the future battlefield. At a cost of \$1.2 billion, the need for clear top-down guidance beginning with a national security policy is clear. These arguably needless projects are examples where long-term policy would better focus acquisition. As one somewhat frustrated Lieutenant-Colonel in the Directorate of Land Requirements at National Defence Headquarters announced:

“From my own experience the greatest challenge the Army has faced in the past has been to sort out what we want given the available funding and not change the entire plan every second year... Buying equipment takes 5 to 10 years (or more!) on average and if you keep changing your mind all the time you do not get anything at the end of the day.”²⁴

Finally, other projects such as the CF 18 update (over \$1.4 billion), the Tribal Class update (\$1.4 billion) and the submarines (\$810 million)²⁵ may or may not be needed, or perhaps could be changed in scope, if the current Strategic Threat Assessment²⁶ was accepted and rolled into an overarching security policy. The Government, in consultation with the experts within the various federal departments must stop their reactionary ad hoc approach to security and defence and provide the much-needed leadership and guidance required to focus work, training and expenditures.

²⁰ Canada. Department of National Defence. 2003-2004 Report on Plans and Priorities. Available on DND-VCDS web site.

²¹ Ibid.

²² The extant White Paper is: Canada. Department of National Defence. 1994 White Paper on Defence. Canada: Supply and Services Canada, 1994. This White Paper states that capable multi-purpose land forces are required that can fight “alongside the best – against the best” but does not provide specific capability requirements.

²³ Canada. Department of National Defence. Shaping the Future of Canadian Defence: A Strategy for 2020. Available on the DND-CDS website. Strategy 2020 provides a vision for the future of the Canadian Forces without detailing specifics.

²⁴ Based on an exchange of emails with a senior staff officer (Lieutenant Colonel) in the Directorate of Land Requirements discussing the subject of focused capital procurement. 26 May 2003. Name of individual has been withheld in confidence.

²⁵ Figures from: Canada. Department of National Defence. 2003-2004 Report on Plans and Priorities. Available on DND-VCDS web site.

²⁶ Canada. Department of National Defence. Directorate of Strategic Analysis. Strategic Assessment 2002. Canada: Supply and Services Canada, 2002.

SHACKLE #2 – RELUCTANCE TO REDUCE/CHANGE INFRASTRUCTURE

The infrastructure debate has raged for decades. Intuitively, we know that a military force of 60,000 personnel does not need 20 major bases across the country and that what we do have is in fair to poor condition requiring large sums of money for repair and re-capitalization.²⁷ However, it is also clear that closing bases has dramatic regional economic impacts²⁸ and thus political repercussions. In fact, the only two Canadian bases that have been more or less closed on time and with little difficulty were Baden and Lahr in Germany, due in great part to the lack of concern about regional economic impacts. DND does not have a mandate to offer support from its budget to regional prosperity. The CF's role is not to assist the Government in maintaining political favour. Although assisting the financial well-being of fellow Canadians should be achieved whenever possible, it is far from the *raison d'être* of a military; especially when budgets are constrained. Now is the time, with national support to the military high, to re-open the debate on base closures. With DND unlikely to get more money, arguments must be made to explain that the military can no longer afford redundant infrastructure and its budget should not be viewed as a cash cow to specific communities.

There are great reservations expressed by military leaders, bureaucrats and politicians whenever base closures are examined due to the inherent difficulties thereof. However, the US experiences shed some interesting light on potential solutions to the political and perceived economic challenges.

Recognising that every base closure was going to be politically charged, the US government formed, throughout the late 1980s and early to mid 1990s, a series of Defense Base Closure and Realignment Commissions (BRACs). In short, these independent commissions, appointed by the government, would finalise base closure proposals for any given period of time and submit them to the President and Congress for approval. In Congress, the lists were subject to fast-track, “all or nothing” votes. In other words, amending the lists for political favour or to protect one's own constituency (what is known in the US as “pork-barrel politics”) was not possible since Congress could not change the proposals; they simply approved or denied them.²⁹

Having removed the political influence, there is still the issue of the economic impact. Christopher Hellman of the Center for Defense Information has completed a detailed study that clearly shows that US base closures actually lead to increased prosperity for the local communities.³⁰ “Other studies done by groups as diverse as the RAND Corporation, US General

²⁷ Garnett, Vice Admiral Gary L. “The Flag and General Officer as a Resource Manager”. Generalship and the Art of the Admiral: on Canadian Senior Military Leadership. eds: Horn, Bernd and Harris, Stephen J. St Catherines Ont: Vanwell Publishing Ltd. 2001. p 475.

²⁸ Parai, Solomon and Wait. Assessing the Socio-Economic Impacts of Military Installations on their Host Communities. Defence and Peace Economics Journal. Volume 7 Number 1. Amsterdam: Harwood Academic Publishers GmbH. 1996. p 17. The article highlights that Canadian base closures would have approximately a 5 and 25% impact on the total economic activity of their host communities – depending on the community concerned.

²⁹ See BRAC History in: Hellman, Christopher. New Beginnings – How Base Closures can Improve Local Economies and Transform America's Military. Washington: Taxpayers for Common Sense National Security documents Sales. October 2001. pp 30-33.

³⁰ Hellman. p i.

Accounting Office, Congressional Budget Office, Congressional Research service and the National Bureau of Economic Research have also found that most localities where closures have occurred are better off now than they were before base closure.”³¹ Since the US economic situation and factors at play are not significantly different than those in Canada, perhaps the real challenge is simply one of communications, and mitigation of the short-term pain for the long-term gain.

That said, there is an internal myth that must also be addressed. For domestic operation considerations, many believe that military forces must be well situated in all provinces and even, to a lesser extent, all territories. The reality is that recent major domestic operations (Manitoba flood, Saguenay flood, ice storm, and international summits) have demanded transportation of significant military personnel from throughout the country. This will continue to be true whether the CF has 10 or 40 bases. Furthermore, the argument of “connecting with Canadians” through presence is also weak since CF involvement with and support from most Canadians is not attributable to co-location of a base.

The direct savings from more modest infrastructure architecture are debatable. Conservative estimates of \$50-\$100 million dollars annually (five years out) per base closed may seem relatively insignificant. However, the indirect savings through fewer cost moves, less quality-of-life demands, streamlined command and control, and economies through centralization would reap further reduced costs.

SHACKLE #3 – EMPHASIS ON USING CANADIAN INDUSTRIAL BASE

Cabinet policy on capital acquisition is well recognised. In short, if Canadian regional benefits are possible, they must be explored and Canadian industries are usually given preferential treatment provided they are relatively competitive and can produce quality products.³² In other cases, capital-purchase bids have been formally restricted to Canadian firms³³ or purchases have been directed to specific Canadian companies.³⁴ However, this national policy or approach of ensuring, wherever possible, industrial regional benefits significantly limits the potential for off-the-shelf procurement since most capital equipment that is already available on the market and produced in large quantities (thereby reducing cost per unit) is not made in Canada. As such, capital acquisitions where priority is given to Canadian economic benefits are usually much more expensive since plants must be built or re-tooled, patents or designs must sometimes be purchased, and economies of scale usually don’t apply since the CF seldom orders mass quantities of anything. As an example, the Canadian Patrol

³¹ Hellman. p i.

³² As an example, the Government announced publicly that it would favour industry bids for the Canadian Patrol Frigate whereby contenders maximized Canadian content. See: Canada. DND/PWGSC. Interdepartmental Review of the Canadian Patrol Frigate Project – Report on the Contract Management Framework. Ottawa: 26 March 1999. p 14/48.

³³ Examples included the army’s new tactical radio project (TCCCS), the CF5 Upgrade, and the HLVW (heavy truck) project. See: Fergusson, James. “In Search of a Strategy: The Evolution of Canadian Defence Industrial and Regional Benefits Policy”. The Economics of Offsets – Defence Procurement and Countertrade. Ed Martin, Stephen. Netherlands: Harwood Academic publishers GmbH. 1996. p 121.

³⁴ Best example is perhaps the Light Armoured Vehicle acquisitions directed to GM Diesel in London Ont. See: Fergusson. p 122.

Frigate (CPF) project at a total cost of \$9.54 billion was awarded to shipyards within Canada.³⁵ A post-project review revealed that of 11 other comparable frigates evaluated worldwide, 9 were less expensive with six at least \$100 million cheaper per vessel.³⁶ Admittedly, the CPF is a highly effective and reputable platform but at a minimum savings of \$1.2 billion for the 12 frigates, could we have bought something else and used the money on another capability desperately needed in the CF? The actual savings could have probably even been much higher since the review team personnel pegged the unit cost of a CPF at \$516 million because they did not include design costs or start-up costs in their analysis. The team admitted in their report that this omission artificially enhances the cost-attractiveness of the CPF.³⁷ The total unit cost is much closer to \$ 800 million; whilst other frigates produced on mass disperse their design and start-up costs over a larger fleet. It is therefore not difficult to imagine that the CF could have purchased 12 capable frigates for at least \$2 billion less than the CPFs.

Once more, as with base closures, although a political challenge, Cabinet should change its approach and authorize DND to buy what is most cost-effective vice placing too much emphasis on regional benefits. Our budget cannot afford otherwise. Improvements are being made. The Agreement on Internal Trade 1995 (AIT) limits political interference in capital acquisitions, however, there is nonetheless an exemption clause for national security. Also, the Associate Deputy Minister Material (ADM Mat) is looking at best practises to ensure value for money. Specifically, his staff has recognised the potential savings in commercial-off-the-shelf buys. He is also vigorously exploring opportunity-based acquisition (buying the same product at the same time as some other nation to obtain economies of scale), bundling of support contracts to reduce costs, and developing guidelines for when the exemption clause to the AIT should be applied so that it is not abused. However, these internal measures will likely not be enough without political buy-in. Even if the old culture is broken and everyone within DND is on side, the problem is bigger than the Department. To illustrate this point, ADM Mat has announced that he is exploring the possibility of buying the army's new truck with opportunity-based acquisition at the same time as the US Army purchases its new fleet. Although commendable, is the government ready to embrace this cost-efficient approach on a project valued over \$1 billion, or will political pressure demand Canadian economic benefits thereby driving up costs?

In addition to the political demands, an internal challenge must also be resolved. Requirements definition for capital projects usually insists on exceptional capability in the new equipment. The CF often strives for the ideal or 'Cadillac' version. Not only does this drive up the cost, it usually also, by default, excludes most if not all of the commercial off-the-shelf and opportunity-based acquisition options – options that other nations have found acceptable. To use the vernacular, the CF should take an appetite suppressant pill when defining the capability requirements of vehicles, platforms, weapons and even new buildings.

³⁵ Canada. DND/PWGSC. Interdepartmental Review of the Canadian Patrol Frigate Project – Report on the Contract Management Framework. Ottawa: 26 March 1999. p 14/48.

³⁶ Canada. Chief of Review Services. Report on Canadian Patrol Frigate Cost and Capability Comparison. Ottawa: 26 March 1999. p 9/13.

³⁷ Ibid. p 10/13.

SHACKLE #4 - RESISTANCE TO FORCE STRUCTURE CHANGE

As an example, the Chief of the Land Staff has been stymied on several occasions over the past few years whenever he has proposed significant change in force structure to streamline resource implications and improve effectiveness.³⁸ The Army continues to use organisations designed to optimize combat operations during World War II. Few would argue that the battlefield has changed; yet the founding principles in the Army structure have not. There are many brilliant minds within the Department with exceptional ideas to improve effectiveness through changes in structure – ideas that should be pursued regardless of sensitivities. These include, but are not limited to: streamlining command and control (as an example there are currently eight operational-level headquarters for domestic operations); consolidating doctrine, training and requirements definition organisations to achieve a true joint, top-down approach; closing units to man others to full-strength; creating joint units, formations and commands where necessary; eliminating redundancies; and re-examining the upper echelons of the Department where the number of flag officers has reduced but the number of associate deputy ministers has increased. The Government of Canada should not only willingly accept such ideas (where their acceptance is required) but should vigorously encourage innovative change. This has so far not been the case; yet force structure changes would go a long way to achieving enhanced capability without increased funding.³⁹

The active pursuit of force structure change must include Reserve force restructure. Those who resist simply because they believe in the old tried and true must be convinced otherwise or, quite frankly, be pushed aside. This is certainly easier said than done and we should not, even for a moment, forget all the difficult lessons learned in the past. However, the world we live in has changed, as have some of the fundamental elements of the nature of conflict. The Reserve force must change in harmony with the Regular force.

Clearly, force structure changes cannot effectively be developed until Shackle #1 (clear top-down guidance emanating from a national security policy) is resolved. To do otherwise may be a colossal waste of time if the new force proposal is unable to meet future national objectives or commitments. Equally important, to convince everyone (from within and external to DND) that the proposed force structure changes are sound and essential, there must be a solid analytical base to the argument – something achieved only through a valid threat assessment and corresponding national security policy. Resistance to change in force structures is arguably higher within the CF than external to it. Therefore, convincing analysis based on solid top-down direction, and sound communications, are absolutely essential in this fight.

³⁸ Based on years of personal observation on varied force structure change proposals stalling at some level within DND due to the perceived lack of desire of the Government to deal with the impact of such changes.

³⁹ The Canadian Forces College National Securities Studies Course runs an annual exercise where the students (colonels and civilian equivalents) are tasked to transform the CF without significant increase in budget. By removing some of the perceived political or strategic constraints, solutions are achieved that dramatically change the military force structure, equip it accordingly, and provide enhanced capability to the nation.

CONCLUSION

The comparison of DND and its capability with that of other like-minded nations shows that we are not doing anything dramatically wrong or wilfully negligent. In fact, the comparison adds further weight to the argument that more money is still required and, therefore, the CF should continue its fight for more funds.

However, the comparison also shows that we could do better. There are at least four areas where efficiencies could be achieved but none are easily resolved. All would require strong leadership and persuasive argument. All would probably be politically or career-damaging to those who champion the cause. All would demand sacrifice or concessions. Yet, now is the time to transform the approach to defence expenditures. The changed security environment post-11 September 2001, and the well-documented deficiencies of the CF where resolution is supported by the public even if money is not readily available, make this not only a golden opportunity to act, but also an essential time to improve effectiveness through efficiency.

The first step is the development of a cogent and coherent national security policy from which all other good things can be justified both to those within the Department and to external audiences. Let us accept the reality that convincing military rank and file will be as difficult as convincing others. The CF must therefore have help in this fight. They must be armed with a solid security and defence strategy and a Cabinet, Defence Minister and Prime Minister who are fully supportive and willing to crack a few eggs to make a much better omelette.

Therefore, closing by returning to the title of this paper, our efforts to obtain more money should continue but we must also engage in a multi-front fight to convince everyone concerned that we could do better with what we have if we were simply given the permission and the tools to do so. If, as Vice-Admiral (Retired) Garnett suggests, resource management is an art⁴⁰, then let those involved act like artists and push the limits of normal behaviour to reach out and put forth new and contentious ideas that challenge the traditional views.

⁴⁰ Garnett. p 480.

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