

Minister
of National Defence



Ministre
de la Défense nationale

Ottawa, Canada K1A 0K2

OCT 22 2007

Lieutenant-General Richard J. Evraire, C.M.M., C.D. (Retired)
Chairman
Conference of Defence Associations
400B - 222 Somerset Street
Ottawa ON K2P 2G3

Dear Lieutenant-General Evraire:

Thank you for your correspondence of August 23, 2007, which I read with great interest. The document you enclosed, "The Need for a Defence Strategy," raises a number of interesting points.

Before discussing the issues you raise, I would like to take this opportunity to thank the Conference of Defence Associations (CDA) for its unwavering commitment and service in defence of our country. For years, the CDA has promoted awareness and understanding of defence issues across Canada, and has provided independent, expert advice on our defence interests. The challenge function that the CDA performs is absolutely critical and I look forward to working with you in the coming months.

As you know, rebuilding the Canadian Forces is the central objective of the Government's Canada First Defence Strategy. While we have not yet published an official policy document, I believe that we have clearly articulated our vision for Defence through numerous and detailed statements. For instance, the Prime Minister, my predecessor, and I have made clear on several occasions that the Canadian Forces must be able to fulfil their three traditional roles, which are to protect Canadians, defend our continent in co-operation with the United States, and defend our interests abroad.

We also stated that Canada needs a multi-role, combat-capable military based on a three-ocean navy, a robust army, a revitalized air force, and responsive special forces that can operate as part of an integrated and effective team in Canada and abroad. In addition, we have pledged to increase the size of the Canadian Forces as well as their footprint across the country, including in the Arctic, and to continue to contribute to international peace and security.

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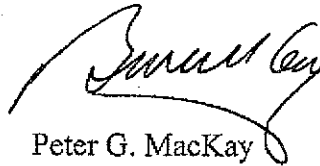
Canada

Furthermore, we have taken numerous steps to implement our Defence Strategy, including significantly increasing defence funding and moving forward with key capital projects. The Department of National Defence (DND) has also begun to develop a comprehensive, long-term investment plan, which will lay out in detail the acquisitions and investments that we will have to make to maintain effective and modern Canadian Forces. Taken together, these initiatives demonstrate this Government's strong commitment to our military.

I am currently working with my Cabinet colleagues, as well as officials from DND and the Canadian Forces, to determine the next steps for the Canada First Defence Strategy, including the possibility of releasing a public document outlining our defence policy and priorities for the future.

Once again, thank you for writing and for your ongoing interest in Defence issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter G. MacKay", written in a cursive style.

Peter G. MacKay

August 2007

Background

- For more than a decade, the only formal policy available was the 1994 White Paper, and it became seriously dated in a post 9/11 world. Since the release of the Liberal Defence Policy Statement in April 2005, there have been high expectations of aggressive implementation of new defence capabilities. Promises by the Conservatives have fuelled this anticipation. The announcements made in June 2006, constituting some \$17 billion in defence spending, represents a huge investment in equipment and support activity over a long period. Delivery of strategic airlift aircraft has begun and a contract for tactical airlift should be let this Fall. Recent announcements have confirmed the Government's commitment to upgrade and sustain the navy's twelve frigates and to acquire new ice-capable ships to project sovereignty in Canada's North.
- However, while progress is being made on a number of fronts, the Government still lacks an approved defence policy statement or capability plan. The so-called "Canada First Defence Strategy", referred to in budget information and other documentation related to new Canadian Forces capabilities, is very general and can really only be the genesis of a more complete strategy. Specific capability elements continue to be espoused by the Government but there is no existing defence program foundation upon which procurements can be based and then accounted for during implementation.
- Meanwhile, the Department of National Defence does not have the funding necessary to do everything that has been identified. Moreover, it is experiencing difficulty in advancing projects for approval, given the uncertainty about whether they are affordable within an overall plan. Even previously-endorsed spending, for which continuing support is needed, is being questioned in some instances and has caused considerable disruption to the delivery of planned capabilities. For example, the continued upgrading of the Aurora maritime patrol fleet is in question due to the cost for maintenance of the wing structure of the aircraft.

CDA Position

- The criteria for making decisions on what should be included in an affordable plan, and what priority each capability should enjoy, is dependent on the Government's defence policy. A clear statement of the priorities is critical to the ability of Defence to execute the Government's will in allocating resources. The lack of such a policy statement, as is now the case, forces military planners to apply whatever guidance is available. The policy statement from the previous Government, along with favoured projects which have been made known through announcements and specific approvals, is helpful but is insufficient foundation to properly execute defence procurement decisions.
- Ultimately procurement is about what is acquired in response to capability deficiencies -- and military procurement is complex. The scope of complexity begs for the formulation of a comprehensive investment plan. Available funding should be parceled out for a reasonable period -- 12 to 15 years -- in order to discipline the sequence of equipment acquisition. This effort is an exercise in compromise. It forces the delay of some projects, elongation of the cash phasing in some cases, and the outright cancellation in others. This rigorous approach is essential to a thorough, balanced assessment of the myriad of options available.

- Overall, a constrained environment demands a consistent, identifiable ‘top-down’ system where requirements are established based on corporately recognized priorities. It is important for DND to maintain a strict strategic integrity in identifying requirements. When approval to spend resources to meet a requirement is sought, DND must be able to demonstrate how such action will contribute to overall military capability, and to defend the proposed scope and priority of the proposal. This should be vetted through a rigorous interdepartmental process to ensure thorough consideration. This confirms that a capability fits into the overall strategic plan appropriately and that value is being realized from the investment proposed. And, primordially, the plan must conform to the demands of government policy.
- Accordingly, the Government needs to address this long term deficiency and confirm its defence policy formally by issuing a statement of defence objectives and their relative priority. While policy is often devoid of specific details, there are some areas where it would be useful to define the scope of capabilities, such as the ability to deploy x number of battalions/aircraft/ships in y days to region z.
- It is incumbent on the Minister, supported by the Chief of the Defence Staff and the Deputy Minister, to ensure that the resources available are allocated as effectively and efficiently to the capabilities needed. The fulfillment of capabilities must be prioritized and projected so the capital and sustainment expenditures can be phased and folded together within the limitations of the budget.
- To effect this, DND needs a capability investment plan which allocates future resources appropriately to meet the Government’s defence objectives. Difficult choices must be made but, at the end of the day, the eventual affordability of all elements of each capability¹ must be confirmed. Unmanageable shortages beg resolution by seeking additional resources (such as an increase in the defence budget) or some relaxation of expectations (a refinement of the Government’s policy or relative priorities).
- The development and acceptance of an investment plan would enable the Government to proactively approve larger investments so as to ensure that they can be implemented in the time frame envisaged and without unnecessary process.

Messages

- The Government needs to enunciate a viable defence strategy. The CF will continue to have difficulty in addressing capability deficiencies effectively and efficiently until it can secure the approval of an affordable investment plan.
- Such a plan must necessarily reflect the defence policy of the Government and the relative priorities it sets for capability development.

¹ It should be clearly understood about what it meant by a capability. Too often the assumption is made that the purchase and delivery of capital equipment constitutes a new capability, when in fact it is usually only the first step, and often not even the most expensive portion. To provide a complete, balanced capability, personnel must be available and they need to be properly trained and supervised. Operating concepts need to be put in place and access to robust command and control must be assured. Infrastructure – both buildings and information technology – must be included. Also, it is critical to ensure that the necessary support services for spares, maintenance, repair and overhaul are provided for the long term. In short, capabilities must be complete to be useful.

- Where resources allocated to Defence are inadequate to provide for the capabilities desired, the gap must be addressed by increasing the defence budget or reducing the expectations of the Government.

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