



**Statement by Col Brian MacDonald (Ret'd)
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To the Minister of Finance
For the 2007 Pre-Budget Consultations**

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Introduction

Minister, the Conference of Defence Associations is grateful for this opportunity to contribute to the preparation of the defence allocation in Budget 2007-08.

Minister, the Conference of Defence Associations applauds the manner in which the Government of Canada has responded to two of the priorities for funding which we identified in our April 13, 2006 submission to the Minister.

The provision of an additional \$1.3 billion to improve the funding of Ongoing Operations in 2006-07 was in line with our recommendations, as was the approval in principle of the Canadian Forces' Immediate Capital Requirements projects to deal with the well-known deficiencies in strategic and tactical lift.

Now that the immediate "Ongoing Operations" and "Immediate Capital Requirements" issues that we identified in our previous brief to the Minister of Finance have been dealt with in good measure, we would like to turn our attention to two longer range issues which we had identified in our previous testimony under the rubric of "Funding the Future Force."

Planning the Future Force

The first is our concern for the age of the remainder of the Department's major capabilities platforms.

The Major Platform Aging Tables (see below), compare the ages of major platforms, at the current and future dates, to the Treasury Board life expectancies for those platforms. They provide a quick, easily understood, visual representation of the overall re-capitalization quandary faced by the department.

(Green indicates that more than half the service life of the platform is left; yellow indicates less than half the service life is left; red shows that the service life has expired. Blue indicates a replacement project has been approved and has reached at least the "Definition" stage in the procurement process.)

What quickly emerges from a brief study of these Major Platform Aging Tables is a realization that while the current mobility-related capital funding projects will deal with a number of the most critical requirements, there remain additional critical equipment replacement requirements in the immediate time frame of 2007-2012.

These include the Navy's Destroyers; the Army's Main Battle Tanks; and the Air force's remaining Hercules airlifters, the Aurora



Major Platform Aging Tables

Navy

Platform	Number	Service Life TB ¹	Age 2007	Age 2012	Age 2017	Age 2022
AOR	2	25	38	43	48	53
Destroyers	4/3	25	35	40	45	50
Submarines	4	25	18	23	28	33
Frigates	12	25	15	20	25	30
MCDV	12	25	12	17	22	27

Army

Platform	Number	Service Life TB ¹	Age 2007	Age 2012	Age 2017	Age 2022
M109s ³	76	20	36	41	46	51
MBTs	114	20	29	34	39	44
MLVW	2769	20	25	30	35	40
HLVW	1212	20	15	20	25	30
LSVW	2879	20	14	19	24	29
COYOTE	203	20	11	16	21	26
ADATS	?	20	11	16	21	26
LAV 3	651	20	9	14	19	24
M113A3 ²	289	15	5	10	15	20
AVGP ²	401/301	15	4	9	14	19
BISON	199	15	4	9	14	19

¹ TB is Treasury Board Canada life expectancies.

² AVGP, BISON, M113A3 were rebuilt; accordingly their life expectancy is reduced to 75% of new builds.

³ Six M-777 towed howitzers were purchased for use in Afghanistan and have proved their worth. An additional buy of six has been approved as understand it.



Air Force

Platform	Number	Service Life TB ¹	Age 2007	Age 2012	Age 2017	Age 2022
Mar Hel	29	20	44	49	54	59
CC130E	19	20	44	49	54	59
CC115	6	20	41	46	51	56
CC130H	13	20	32	37	42	47
LRPA	16	20	28	32	37	42
CF18	80	20	26	31	36	41
A310	5	20	21	26	31	36
Tac Hcls	78	20	14	19	24	28
CC17	4	20	0	5	10	15

surveillance aircraft, the A-310 airlifters, and the CF-18 fighters.

When we look out to the 10 year time frame in 2012-17 we discover that the Navy's Submarines and Patrol Frigates are at the end of their service lives; that the Army's Heavy Logistics Vehicles, Light Support Vehicles, Coyote Reconnaissance vehicles, and ADATS vehicles are at the end their lives; and the Air Force's Tactical Helicopters are life-expired as well.

A look to the end of the fifteen year planning timeframe in 2022 is even more disconcerting.

And we are intensely conscious of the five year "Technology Life Cycle" which requires frequent "Mid" life refits of sensors, weapons, and information-technology equipment to preserve the operational capabilities of major platforms.

We also recognize that changes in the strategic and technological environments may not require a "one for

one" replacement of current assets and may well require the acquisition of new capabilities, and possibly the elimination of or reduction in the numbers of existing platforms.

We do not propose to make specific capital equipment recommendations, for this is properly the preserve of the Department's planning staffs and senior management and we have every confidence in their professional capabilities.

Funding the Future Force

When we examine the on-going normal "rustout" of existing platforms, we are forced to conclude that the projected Main Estimates funding level, shown in the 2006-07 Report on Plans and Priorities, though obviously very welcome, does not deal with the costs of replacing other critical capabilities beyond the five immediate capital projects which we identified in our



previous submission, and which are now included in the Government's Plans and Priorities.

Indeed, we believe that the required funding level will be substantially higher as the "bow wave" of "rustout" continues to sweep through the Department.

Our estimate is that the government would need, as a minimum, to allocate 1.3% of GDP to defence in the mid-range planning timeframe from 2012 to 2022, to ensure Canada is able to replace its major capabilities and to have a viable future force with a three-ocean navy, a robust army capable of expeditionary actions in concert with our allies, and a revitalized air force capable of expeditionary operations.

Recommendations

Accordingly, the Conference of Defence Associations urges the government to establish a comprehensive multi-year strategic ***Defence Capability Plan***, over a fifteen year horizon, that deals with the rest of the "Rustout Crisis" facing the Canadian Forces; a ***Defence Capability Plan*** that lays out the acquisition requirements which are needed to create a future force able to meet Canada's foreign, defence, and security policy objectives.

Secondly, the Conference of Defence Associations calls for a properly funded multi-year ***Defence Capability Financial Plan***, a plan which is absolutely critical to the rehabilitation and preservation of Canada's defence and security capabilities.

Such a comprehensive 15-year ***Defence Capability Financial Plan***, with annual financial allocations and growth, is essential to planning beyond

the current five year Budget window of 2007-2012 for the replacement of such major capability fleets as the CF-18s, the City Class Frigates, and the LAV-III.s.

Thirdly, the Conference of Defence Associations recommends that the sum of the "Adjustments" shown in RPP 2006-07 be folded into the "Main Estimates" baseline on a continuing basis, such that the re-capitalization of the Department may continue.

Minister, again, the Conference of Defence Associations is grateful for this opportunity to participate in these consultations.

Glossary of Military Acronyms

AOR – Auxiliary Oiler and Replenishment Vessel

MCDV – Maritime Coastal Defence Vessel

M-109 – Self-propelled 155mm howitzer

MBT – Main Battle Tank

MLVW – Medium Logistics Vehicle Wheeled

HLVW – Heavy Logistics Vehicle Wheeled

LSVW – Light Support Vehicle Wheeled

ADATS – Air Defence Anti-Tank System

LAV – Light Armoured Vehicle

AVGP – Armoured Vehicle General Purpose

LRPA – Long Range Patrol Aircraft

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