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## TAKE A LONG-TERM VIEW OF NATIONAL DEFENCE – PART 2: Advice for Members of Canada's 42nd Parliament

BY CHARLES DAVIES

### Foreword

In September 2015, the CDA Institute published an Analysis in which I offered advice to Canada's political parties on how they should approach defence issues in their party election platforms and campaign commitments. This present paper is a follow-on to that, and offers advice to Parliamentarians of our 42nd Parliament concerning the important responsibilities they have for enabling and overseeing the government's management of National Defence.

Readers may note that, while this narrative has a very different focus from the earlier one, some of the text from it is repeated here, either verbatim or slightly modified, in particular the Context section below. This has been selectively done where I thought it necessary to maintain consistency between the two narratives in discussing certain key concepts and issues. The repeated text is identified by endnote citation.

### Introduction

Given today's complexity of government, Parliamentarians are often challenged to see through the blur of everything thrown at them and discern the most important fundamentals of complex issues. This is particularly true when it comes to defence and security, which are not only operationally and legislatively complex but also characterized by uncertainty about future events and what national responses may be necessary. A full

discussion of this subject could easily consume several large volumes, so in the interest of brevity this paper will confine itself to offering advice to new and returning Parliamentarians on the specific area of defence.<sup>1</sup> However, many of the comments offered will also apply to security.

Parliamentarians' opportunities for exercising influence are varied: in Committees of the House and the Senate, in debate on relevant legislation, in the annual Budget review processes, in Caucus, and in individual public commentary. Members of Parliament and Senators are therefore well positioned to provide important leadership in the national discussion on defence matters. If they are to do so successfully, however, the conversation needs to be as non-partisan as possible, supported by well-reasoned analysis of the present and likely future global security situation, and founded upon Canadian values and interests. A process that degenerates into a hunt for short-term political points will provide no benefit to the nation.

A realistic perspective of Canadian interests is particularly important. While clearly grounded in Canadian values, the national interest will often require pragmatic decisions that go beyond a narrow view of those values. This is necessary if Canada is to both safeguard itself and play a meaningful role in helping the international community support local populations create the conditions where they have the confidence and freedom to make sovereign decisions. This means, for example, that conceptualized ideals such as Soft Power and popular activities like Peacekeeping will sometimes need to give way to more robust Whole-of-Government solutions encompassing diplomacy, aid, development assistance, and institution building – backed up when needed with the armed force necessary to allow those efforts to be effective.<sup>2</sup>

Clearly, day-to-day decisions on defence matters are the purview of ministers (supported by their departments) and Cabinet. However, Parliamentarians have several critical roles to play:

- Informing and scrutinizing the development of defence policy and defence industrial policy by the government;
- Establishing and periodically updating the legal framework under which the Canadian Armed Forces and the Department of National Defence operate, defence-related policies are developed, and essential enabling functions such as procurement are done;

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- Authorizing the necessary funding and scrutinizing the results obtained, including ensuring appropriate alignment between defence policy objectives and the resources assigned;
- Reviewing the government’s management of the defence institution, both directly through the work of Parliamentary Committees and indirectly through the work of Officers of Parliament such as the Auditor General; and
- Not least in importance, providing constituents’ feedback to government and Parliamentary colleagues on defence matters.

This article discusses how these roles should be pursued by Parliamentarians of the 42nd Parliament in three areas: defence policy; the management of defence resources and capabilities; and defence industrial policy.

### Context<sup>3</sup>

To briefly establish some context to help Parliamentarians better understand the complexities of National Defence, the institution is structured around the execution of four core processes:

- Provision of strategic defence policy and military advice to government;
- Force development – that is, the conceptualization and building of the future force and its constituent capabilities;
- Force generation and regeneration of the current force; and
- Force employment, or the conduct of assigned missions.<sup>4</sup>

Of these processes, force generation and regeneration represents the largest and most complex business area, and is the foundation upon which success in force employment will always rest.

To be successful, military missions require orchestrated action by multiple Canadian Armed Forces capabilities, often with those of allies or partners. Increasingly, military capabilities are integrated with non-defence efforts such as diplomatic initiatives, development aid, and other capacity-building activities; and in certain missions the military plays a secondary role in support of another lead department such as Global Affairs Canada

(formerly Foreign Affairs, Trade and Development).

Defence capabilities can be lethal or non-lethal and cover a broad spectrum of tasks such as command and control, air defence, sea control, battlefield reconnaissance, and intelligence gathering and analysis, among many others. All defence capabilities comprise varying mixes of four main elements:

- *Personnel* (primarily, but not necessarily exclusively, military personnel) including their recruitment, training, organization, management and care;
- Major defence *equipment* such as ships and aircraft as well as other equipment, information systems, supplies and services needed to conduct operations and train to be ready for those operations;
- Essential defence *infrastructure* needed for operations, readiness, and training such as dockyards, airfields and training facilities; and
- Military *doctrine* and the professional body of military knowledge required to knit the other elements together into effective force elements; plan and command assigned operations; adapt quickly to changes in operational, technological, geopolitical or other conditions; and sustain the nation's defence institution over the long term.<sup>5</sup>

The four elements have to be present in an appropriate balance, and well integrated and readied, before a defence capability can be considered operationally effective. Understanding this distinction between having elements of a capability and having ready forces able to conduct assigned missions is very important if Parliamentarians are to provide effective oversight of National Defence.

### Defence Policy

While defence policy is principally the purview of ministers and Cabinet, Parliamentarians have a critical role to play in establishing the framework within which it is developed and maintained. They also have responsibility for authorizing the associated resources and providing effective oversight.

Defence policy is not about the missions the government assigns to the Canadian Armed Forces at a point in time – these are matters of foreign and national security policy. De-

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fence policy has a future focus and needs to be grounded in a rational assessment of the global security environment and the threats likely to be faced by the nation now and in the future.<sup>6</sup> Based on that assessment, it defines what defence capabilities the nation intends to acquire, maintain or divest, and aligns these ends with the necessary ways and means.<sup>7</sup>

Capability investments have time horizons reaching years or decades into the future, so decisions taken years ago define the military options available to governments today, and decisions taken today will similarly establish the options available to future governments. It is therefore important that Parliamentarians set conditions that encourage and require governments to apply a long-term view to defence policy development.

Canada has enjoyed good consistency over the years in its fundamental defence policy priorities. Although expressed slightly differently by different governments, the enduring core of most policy statements for many decades has comprised three priorities, in order:

- Defence of Canada;
- Defence of North America in collaboration with the US; and
- Defence of Canadian interests abroad by contributing to international security, stability, and peace initiatives.

Beyond this, however, successive governments have been unable to provide long-term policy stability in terms of the defence capability needs of the nation, their scale and scope, and the resources allocated to establishing and maintaining them. Some variability is to be expected in response to significant international events or difficult national economic conditions at certain times. However, the experience of other nations suggests that it is possible to do a better job of maintaining defence policy stability over time.

While defence capabilities take a long time to build, they can be quickly lost through neglect, and once lost they are difficult and expensive to rebuild. Canada has experienced this problem a number of times; for example, the loss of the Royal Canadian Navy’s submarine capability in 2000 with the forced retirement of its Oberon-class submarines without immediate replacement. Only recently, and after great effort and expense, has it fully regained this critical capability with its Victoria-class fleet. The recent similar loss of the Navy’s at-sea replenishment capabilities (to be partly and belatedly made up for by an interim commercial vessel and leased supply ships from Spain and Chile) further demonstrates the recurring nature of this problem.<sup>8</sup>

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Parliament should be concerned about this chronic inability of successive governments to sustain and resource defence policies that ensure effective long-term stewardship of the nation’s defence capabilities, and Parliamentarians need to both strengthen their oversight and consider whether the machinery of government established in current legislation fully meets the nation’s need. The evidence of recurring gaps in important Canadian Armed Forces’ capabilities and the continued operation of major fleets well beyond their optimum life spans strongly suggests that it is not.<sup>9</sup>

The recurring nature of the issues observed, and the fact that they are not unique to any one administration, suggests that the problems are not superficial and actually lie in the fundamentals – and these can only be corrected by Parliament. Factors such as the inability of National Defence to undertake even basic project definition work without the approval of multiple ministers, and the natural challenges all governments have in considering expenditure priorities for activities that will only bear fruit years or even a decade or more into the future, are realities embedded in the current legal machinery.<sup>10</sup>

In considering this question, Parliamentarians can gain useful insights from other Western nations. Some of these, including the US, the UK, and Australia (among others), have invested considerable time and effort over many years to develop more effective capability management machinery, stronger oversight by legislators, and a reasonably enduring political consensus around the main thrusts of their defence policies. Mechanisms such as mandatory cyclical reviews of policies and their associated capability plans, as well as other measures, help establish a degree of continuity over the long-term and reduce the likelihood of expensive sharp turns in direction with a change of government. Though no model is perfect, the potential applicability of these experiences to the Canadian context would be very much worth exploring.

*Summary: Parliamentarians should consider:*

- *Examining whether the current legal machinery governing the management of defence policy and defence capabilities is appropriately designed to assure effective long-term stewardship of the Canadian Armed Forces and the wider defence institution of the nation; and*
- *Whether there are useful lessons for Canada to learn from other Western nations in terms of improving capability management machinery, strengthening oversight by legislators, and providing greater long-term stability in defence policy.*

## Management of Defence Resources and Capabilities

It is tempting to simplify the question of any government's stewardship of National Defence down to how much money it spends on the military, and there is some merit to this notion.<sup>11</sup> However, regardless of the level of resources assigned, Parliamentarians need to take an active role in both establishing the necessary conditions to enable and require the institution to be well managed, and in overseeing that management.

This includes scrutinizing the government's allocation of resources to the various elements of defence capability. As I have noted elsewhere,<sup>12</sup> in recent years at least, Canada has been spending a disproportionately high percentage of its defence budget on personnel costs, and correspondingly less on sustaining the other essential elements, in comparison with other advanced Western nations. Any ongoing imbalance in resource allocation risks progressive deterioration of the Canadian Armed Forces as underinvestment in equipment, infrastructure, training, and other key aspects can inexorably erode overall capabilities. Parliamentarians should be regularly examining how well this risk is being managed by the government.

Inquiring into this issue may require some digging for information because changes introduced over the past several years to the format and content of DND's annual Departmental Performance Reports and Reports on Plans and Priorities, intended to provide more standardized reporting by all departments, obscure some important defence-unique factors such as the amount spent on personnel versus equipment or training. The reports also omit key details such as major equipment fleet ages, and expected service lives (and hence when decisions need to be taken on their replacement, upgrade or retirement). Consequently, the true state of "rust out" of the Canadian Armed Forces is difficult to evaluate from the reports Parliament normally receives.

*Summary: Parliamentarians should consider:*

- *Regularly examining the government's management of National Defence, including whether it is maintaining an appropriate balance in the allocation of resources within the National Defence budget among the personnel, equipment, infrastructure and doctrine elements of defence capability, and their integration, training, support and readiness, so as to ensure the long-term ability of the Canadian Armed Forces to meet the current and future defence needs of the nation; and*

- *Whether the current format and content of departmental reports provide the information needed by Parliament for effective oversight of National Defence, in particular whether spending decisions support both near-term and longer-term stewardship of the nation's defence institution.*

### Defence Industrial Policy

*“Like defence policy, defence industrial policy requires a long time horizon if it is to connect national economic development, technology development, defence-related export, and defence policy objectives in a way that delivers long-term value to the nation.”*

Defence industrial policy is another area where Parliament needs to provide both oversight and the necessary foundational tools for developing and maintaining sustainable strategies. Like defence policy, defence industrial policy requires a long time horizon if it is to connect national economic development, technology development, defence-related export, and defence policy objectives in a way that delivers long-term value to the nation.

Currently, Canada has no formal defence industrial strategy beyond its long-time cooperation with the United States in the North American Defence Industrial Base. The previous government's 2014 Defence Procurement Strategy, for the first time in decades, did put forward some elements of one,<sup>13</sup> but this does not come close to filling the policy gap industry leaders and others have consistently identified.<sup>14</sup>

Parliament has assigned responsibility for defence industrial planning and readiness to the Minister of Public Services and Procurement (formerly Public Works and Government Services) under Section 12 of the *Defence Production Act*. However, it has not required the minister to report on this function for many years and the Department's annual Reports on Plans and Priorities and Departmental Performance Reports are consistently silent on the subject. Parliamentarians need to consider whether this responsibility remains relevant and appropriate, and if so, whether it is adequately resourced and managed.

If the experiences of other nations are good indicators, development of a durable defence industrial policy for Canada would be a long-term undertaking, extending well beyond the mandate of any single government.<sup>15</sup> For this reason, Parliamentarians should look for lessons from other nations in how best to structure the political and legal machinery governing such an effort, and how to effectively oversee it.

*Summary: Parliamentarians should consider:*

- *Whether the responsibilities Parliament has assigned under Section 12 of the Defence Production Act remain relevant, and if so whether they are being discharged to their satisfaction; and*

- *Examining lessons from other nations' defence industrial policies and their development, and whether Canada's framework for developing, managing, and overseeing defence industrial strategies and policies is adequate.*

## Conclusion

Parliamentarians have a critical role to play in setting conditions for success in the development and long-term sustainment of Canada's defence capabilities. It is a difficult role because of the complexity of the defence institution, the politics around defence and defence procurement issues, and the not always well-informed public debate around defence policy, budgets, and spending. However, while the issues may be complicated, they are important to the long-term interests of the country. They need to be, and can be, worked through rationally and objectively by Parliamentarians.

The purpose of this paper has been to frame a number of key issues Parliamentarians need to consider if they are to play their proper role in enabling and overseeing the nation's long-term management of its defence institutions. A number of specific problems with current fundamentals have been highlighted for particular inquiry during the life of the 42nd Parliament.

Of course, there is a natural dynamic in Canada that tends to inextricably link the activities and decisions of the legislative and executive branches of government. However it is in the interests of both the government and Parliament, and certainly the nation, that these issues be objectively and methodically examined in a non-partisan way within a long-term view of Canada's defence requirements. It is an admittedly difficult but most appropriate undertaking for Parliamentarians.

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*Views expressed here are those of the authors and do not necessarily reflect those of the CDA Institute.*

## Notes

1. Text repeated with minor modification from Charles Davies, “Take a Long-Term View of National Defence: Advice for Canada’s Political Parties,” *CDA Institute Analysis* (September 2015), [http://www.cdainstitute.ca/images/Analysis/Davies\\_Analysis\\_September\\_2015.pdf](http://www.cdainstitute.ca/images/Analysis/Davies_Analysis_September_2015.pdf). Cited hereafter as the “September analysis.”
2. Text repeated from the September analysis.
3. Complete Context section repeated with minor modifications from the September analysis. The context description is important to the themes in both.
4. The author has more comprehensively described the defence business in “Defence Transformation and Renewal: Teeth, Tails and Other Myths,” *Vimy Paper* 18 (CDA Institute, May 2014), <http://www.cdainstitute.ca/images/DaviesMay2014.pdf>.
5. The text here describing military capabilities first appeared in Charles Davies, “Understanding Defence Procurement,” *Canadian Military Journal* 15, 2 (Spring 2015), <http://www.journal.forces.gc.ca/index-eng.asp>.
6. DND periodically produces a comprehensive assessment in an internal document called The Future Security Environment. The CDA Institute publishes its own publicly available annual assessment. For the most recent one see: Ferry de Kerchhove, *The Strategic Outlook for Canada 2015: The Eclipse of Reason*, *Vimy Paper* 22 (Ottawa: CDA Institute, February 2015), [http://www.cdainstitute.ca/images/Vimy\\_Paper\\_22.pdf](http://www.cdainstitute.ca/images/Vimy_Paper_22.pdf).
7. Text repeated from the September analysis.
8. Text repeated with modification from the September analysis.
9. For a comprehensive practical analysis of the impact of this on major defence equipment and re-equipment projects, see David Perry, “Putting the ‘Armed’ Back Into the Canadian Armed Forces: Improving Defence Procurement in Canada,” *Vimy Paper* 21 (CDA Institute, January 2015), <http://www.cdainstitute.ca/images/vimy-paper-21.pdf>.
10. Some of this text repeated in modified form from the September analysis.

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11. An excellent and revealing comparison of approaches to defence funding between Canada and Australia is provided in Andrew Davies, "Recapitalizing a Modern Military: Canada and Australia," *ON TRACK* 20, 1 (Summer 2015), [http://www.cdainstitute.ca/images/on\\_track/On\\_Track\\_-\\_Summer\\_2015\\_-\\_Davies.pdf](http://www.cdainstitute.ca/images/on_track/On_Track_-_Summer_2015_-_Davies.pdf). Dr. Davies is Director of Research at the Australian Strategic Policy Institute and no relation to the author.
12. Charles Davies, "Defence Budget Scans: Canada, the US, Australia," *CDA Institute Blog: The Forum*, 14 May 2015, <https://www.cdainstitute.ca/en/blog/entry/defence-budget-scans-canada-the-us-and-australia>.
13. For a broader discussion, see Charles Davies, "Canada's Defence Procurement Strategy – An End or a Beginning?" *Vimy Paper* 20 (CDA Institute, September 2014), <http://www.cdainstitute.ca/images/VimyPaper20.pdf>
14. See, among many others, Public Works and Government Services Canada, *Canada First: Leveraging Defence Procurement Through Key Industrial Capabilities* ["the Jenkins Report"] (Ottawa: Government of Canada Catalogue No. P4-52/2013E, ISBN 978-1-100-21762-8, 2013). Also see Canadian Association of Defence and Security Industries, *Canada's Defence Industry: Industry Engagement on the Opportunities and challenges Facing the Defence Industry and Military Procurement* ["The CADSI Report"] (Ottawa: CADSI, 2009).
15. See Craig Stone, "Prioritizing Defence Industry Capabilities: Lessons for Canada from Australia," *Policy Paper* (Canadian Defence and Foreign Affairs Institute, January 2014), [http://www.cgai.ca/prioritizing\\_defence\\_industry\\_capabilities](http://www.cgai.ca/prioritizing_defence_industry_capabilities). Also see Sven Tommi Rebien, "Canada's New Defence Procurement Strategy: Has the Pendulum Swung Too Far?" *Policy Update* (Canadian Defence and Foreign Affairs Institute, April 2014), [http://www.cgai.ca/canadas\\_new\\_defence\\_procurement\\_strategy](http://www.cgai.ca/canadas_new_defence_procurement_strategy).