

Dollars and Sense: CFDS(R): Renewing the Canada First Defence Strategy

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Work has been ongoing for several years, with varying degrees of activity and intensity, to update the Canada First Defence Strategy (CFDS). Unable to determine if this would involve a policy renewal, reset, or refresh, for a long time the initiative was simply titled CFDS(R). With the 2013 Speech from the Throne directing that the policy be renewed, efforts to reformulate Canada's defence policy are now more active.¹ While at one point it was hoped that the policy would be renewed by the spring of 2014, the process has been delayed over the summer and could now stretch into winter 2015. Ahead of this policy renewal, it is worth speculating about what might emerge in terms of new policy direction.

But first we should note what the original CFDS contained. It was comprised of two parts. The first part was an unusually detailed, long-term commitment to a future defence force structure and budget envelope. CFDS contained a 20-year funding line, as well as significant detail about how the budget would be allocated among its major components, with a very specific itemization of the major capital equipment procurements.

The second part was the overarching defence policy, which was unusual for its lack of detail. Past White Papers indicated more specifically the activities in which the Canadian Armed Forces would be expected to engage at home and abroad. CFDS, however, only stated the three roles the Canadian military has played since 1945 (defend Canada, defend North America, and contribute to international peace and security), and articulated six core missions that the military has normally provided (conduct daily domestic and continental operations, support a major event in Canada, respond to a terrorist attack, support civilian authorities during a crisis in Canada, lead or conduct a major international operation for an extended period of time, and deploy forces elsewhere in the world for shorter periods). Aside from the direction that Canada, and specifically the Arctic, would be the first defence priority, there was little strategic prioritization.

Six years later the force structure aspects of CFDS are more in need of renewal than the overarching policy construct. Given the generic nature of policy articulated in CFDS, there is little in the current strategic landscape that could not be encapsulated within the CFDS three roles and six missions, although greater specificity would certainly be



Credit: Sgt Matthew McGregor, Canadian Forces Combat Camera
A Royal Canadian Air Force CP-140M Aurora takes off on a training mission from Marine Corps Base Hawaii during the Rim of the Pacific (RIMPAC) exercise on 15 July 2014.

useful in shaping defence priorities. On the force structure side, however, much has changed. The plan was predicated on continuous, real growth in the defence budget, but budget cuts and freezes and procurement delays have left the Department of National Defence with less purchasing power than it had before CFDS was printed. Closing the gap between the force structure outlined in 2008 when the planned budget for 2013/2014 was \$21 billion and the structure affordable within an actual budget of around \$17.4 billion is the key challenge facing the department.²

Some steps have been taken to close that gap by making adjustments to the planned force structure. These include capping the expansion of the Regular Forces at 68,000 and the Reserves at 27,000, cancelling the Close Combat Vehicle project, and delaying the replacement of the Aurora long-range patrol aircraft. Combined, these measures would save around \$400 million a year. As well, the planned Defence Renewal initiatives could save DND between \$528-845 million by 2018/2019, but so far no details have been released to indicate how the work is progressing or whether the stipulated savings are realizable.³ The measures taken to date combined with the Defence Renewal measures planned might narrow the current \$3.6 billion gap between the desired ends and means available by around \$1 billion a year. However, this still leaves a major gap – to put the remaining gap in perspective, it exceeds the annual cost of operating and supporting the navy's surface fleet.⁴ So far, the bulk of this difference has been met by reducing operational readiness and training, and delaying procurement.



Credit: US Army Specialist Steven Young

Jumpers from the Canadian Special Operations Regiment, Green Berets of 7th Special Forces Group (Airborne) and Para-rescue Airmen from the Air Force Special Operations Command begin exiting a RAF C-130 during a parachute jump at Hurlburt Field, Florida, 25 April 2013.

To date, government statements indicate that the primary focus of the CFDS renewal will be less on closing that gap than on rebalancing the defence organization to make sure that threats to Canada are addressed within the current budget. The two emerging threats identified specifically in the Throne Speech are terrorism and cyber-attack, indicating that greater priority will be afforded to Cyber and Special Operations Forces (SOF) capabilities, and likely the space and intelligence assets supporting them. Whereas the CFDS plan articulated force structure investments in the air, land and maritime environments only, the renewed CFDS will likely extend to SOF and other enabling capabilities. In addition, given the extensive hearings by both Parliamentary defence committees last winter regarding ballistic missile defence, it seems likely that participation in the American continental system will be revisited. Allocating the people and funding to take on new initiatives will be a challenge given that efforts to find both internally have been underway without much success since 2010.

The June 2014 Defence Acquisition Guide, which contains DND's list of all significant defence projects over the next 20 years, includes multiple projects to address these new emerging threat areas. But, as the guide identified, the majority of the 208 projects do not yet have government approval. Work is currently underway to prioritize the projects now that DND has received long-awaited approval of its Investment Plan. This, along with the Defence Procurement Strategy announced February 2014 is intended to get the procurement system moving after a year in which the lack of Treasury Board approval for DND's long-term investments exacerbated procurement delays. CFDS renewal would hopefully play a guiding role in prioritizing the list of projects.

In addition to identifying force structure priorities, there will likely also be some updating of the actual policy language. The government's rhetoric in response to Russian actions in Crimea and Eastern Europe make it hard to believe that the policy renewal will not account for events in Ukraine. This suggests that NATO, and particularly its collective defence provisions, may assume a more prominent place in the policy renewal. This would reverse

some recent Canadian actions, such as the withdrawal from the NATO Airborne Warning and Control System (AWACS) and Alliance Ground Surveillance (AGS) program, which have weakened Canada's commitment to NATO.

How this will balance with recent increased military diplomacy, engagement, operations and investment in Latin America and Asia remains to be seen. The government has developed an Engagement Strategy for the Americas, and activity in Asia suggests a similar strategy may be emerging for the Asia-Pacific region. While the government's military engagements in the rest of the world have primarily been contingency responses – to natural disasters for example – engagements in Latin America and Asia-Pacific have been more strategic in nature. This has been well below the scale of the American rebalance to the Pacific but has been a persistent effort nonetheless. Given recent Russian activity it will be interesting to see whether an imperative to redirect focus to Europe will affect these efforts.

A renewed defence policy is needed to re-align DND's current fiscal framework with strategic direction. Doing so will require tough choices to put the defence organization back on a sound footing. Let's hope the process proceeds quickly and the results are made public. 🍷

Notes

1. Speech from the Throne, "Seizing Canada's Moment," Ottawa, 16 October 2013.
2. David Perry, "The Growing Gap Between Defence Ends and Means," Ottawa, CDA Institute, 2014. These are accrual figures, not planned spending. The initial planned figure for 2013/2014 was \$21.7 billion, but the author revised this estimate to account for the changes brought about by the creation of Shared Services Canada and the Communications Security Establishment Canada.
3. David Perry, "Doing Less with Less," Ottawa, CDA Institute, 2014.
4. Public Works and Government Services Canada, "Backgrounder on the NSPS, Year 2, A Status Update, Through Life Costs for DND Projects," available at <http://www.tpsgc-pwgsc.gc.ca/app-acq/sam-mps/ddi-bkgr-10-eng.html#no8>. The NSPS estimate for the through-life costs of the new CSC estimated 30 years of personnel, operations and maintenance to be \$64 billion, or roughly \$2.13 billion annually.

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