



**AFCEA Speech by
The Honourable David Pratt, P.C., KStG
Defence Policy Review Update
November 1, 2016 (Ottawa)**

I would like to begin by thanking Sara Pike and her colleagues for inviting me to this luncheon today.

As a group, you are to be congratulated for the critical role you play as a forum to link the military, government and industry together to collaborate so that technology and strategy align with national interests. I understand that the Ottawa chapter is also a very busy group involved in hosting breakfast programs, networking events and sponsoring leadership awards. Your work with local high schools in offering scholarships and science teaching grants is also very noteworthy and commendable. So on behalf of a broader community, allow me to say thank you for your contribution.

I have been asked to speak to you today about the defence policy review that the government is currently engaged in and to offer a few words about procurement.

As you can imagine, as a former MND, I really like to pontificate on how things at Defence should work. Former Defence Ministers are particularly adept in the role of arm chair quarterbacks. So let me assume that role for a few minutes and share some comments about what I think is going on and dish up some praise and criticism on a public policy issue that is still very close to my heart.

First of all, when the Liberals won the election a little over a year ago, surprise, surprise, I was very, very pleased. Not just that they were elected, but that they had promised a defence review. Less than a month after the new government was sworn in, I was giving a speech at the Westin Hotel arguing that what was needed was a full blown three D review of diplomacy, defence and development with parliamentary input through a Special Joint Committee of the House of Commons and Senate.

I am a fervent believer in the idea of regular and comprehensive defence, foreign policy and development reviews. Our key allies do defence policy reviews on a regular basis. The Americans have their quadrennial reviews and Her Majesty's Government last year produced a National Security Strategy and Strategic Defence and Security Review. I think these reviews are important for any country aspiring to any sort of constructive role in the world. Ideally, they should allow for renewed focus or a change of strategic direction with the absolutely necessary buy in or parliamentarians, stakeholders, and the public.

From a domestic standpoint, a defence and foreign policy review should undertake a substantial effort to solicit the views of its citizenry. Billions of tax dollars are spent equipping military forces, maintaining embassies and high commissions around the world and providing basic assistance to some of the

world's neediest populations. And of course, sometimes it is necessary to send our men and women in uniform off to places where we put them directly into harm's way. So it is vitally important to explain to Canadians why it is necessary to invest in defence, diplomacy and development. In many respects, these reviews are also about establishing a baseline for accountability and in other respects, they are about maintaining an informed civil society.

From an international standpoint, foreign and defence policy reviews send a message to our allies about our priorities, our objectives and how we see the world. Notwithstanding Donald Trump extolling the merits of unpredictability in foreign affairs, most serious observers will tell you that predictability in the actions of major and even minor players is a key factor in the maintenance of international peace and security. Foreign and defence policy reviews provide a measure of predictability. Equally important, they signal to our friends and allies just how much of our national income we are prepared to invest toward supporting our alliance obligations and making the world a safer place.

Let's talk a little history. As defence policy reviews go, the Harper Government's Canada First defence policy paper left a lot to be desired. It was almost exclusively an in-house production with no meaningful public or parliamentary input. It contained no assessment or appreciation of the strategic environment and was more of a shopping list, in my view, than a true defence white paper.

Before that we had the Martin Government's International Policy Statement entitled "A Role of Pride and Influence in the World". That paper, which was released after my untimely and unfortunate departure from federal politics – I was defeated in the 2004 election – was a solid document from the standpoint of foreign and defence policy. I had a very small role in helping to put that document together in its initial phases and I was very pleased that it linked the so-called 3Ds as they had never been linked before in what we described as a "whole of government approach". The Martin government's defence policy also laid the groundwork for increased defence spending as our efforts in Afghanistan were ratcheting up. Although it was a comprehensive and forward looking document, like the Harper Government's Canada First Defence Policy, the Martin Government's International Policy Statement lacked public and parliamentary input – which, for the reasons I touched on earlier, I continue to think is very important.

In my view, you really have to go back to the Chretien Government's defence and foreign policy review of 1994 to see an example of what I would describe as the gold standard in policy reviews. The special joint committees of the Senate and House of Commons which studied defence and foreign policy along with a National Forum on Canada's International Relations ensured a high degree of coordination, cooperation and harmony. Coming as it did a half decade after the demise of the Soviet empire, it had the timing advantage of a few years' experience under a new strategic paradigm. But it also had the challenge of trying to do defence and foreign policy on the cheap while the country implemented severe austerity measures to return to a balanced budget. The more you look at these defence and foreign policy reviews, the more you have to come to the conclusion that none is perfect, but that a periodic statement of foreign policy and defence priorities is a must for any government.

Which brings us back to the Sajjan Review. I must say that when I gave my speech last year on this subject, I had a very formulaic and perhaps – I must confess – an even rigid approach to how a foreign and defence policy review should be done. However, as I have watched this review develop, I have been impressed with the methodology and thoroughness of the endeavour. As many of you know, the process was launched on April 6 with Minister Sajjan describing how the process was to unfold. In his

announcement, the Minister described a consultation process which sought feedback in three fundamental areas:

1. The main challenges to Canada's security
2. The role of the CAF in addressing current threats and challenges
3. The resources and capabilities needed to carry out the CAF mandate

The consultation process provided for:

- On line submissions to a website by interested citizens
- Six cross-country roundtable meetings which were held in Toronto, Vancouver, Yellowknife, Edmonton, Montreal, Halifax. Two additional sessions were held in Ottawa
- The solicitation of papers from a number of experts to inform the DPR on particular topics
- An invitation to the Senate and House Committees on National Defence to study issues of relevance to the policy review. (As an aside, I was asked by the Senate Defence Committee to comment on peace support operations which I did in June of this year. As a registered lobbyist, I was somewhat reluctant to submit my views, but decided to participate with my former colleague Peter Mackay in these hearings.)
- A request by Minister Sajjan to parliamentarians to encourage their constituents to submit feedback.
- The engagement of international allies and partners, including the United States, in the process of bilateral and multilateral meetings.

The April 6th launch was accompanied by the release of a Defence Policy Review – Public Consultation Paper. Can I have a show of hands on how many of you have read the paper in whole or in part?

I read through the document when it was released and again last weekend and I have to say that to me it remains a very good paper – concise but information rich. For those of you who haven't read the document, the paper addresses the traditional tenets of Canadian defence policy:

- Defence of Canada
- Defence of North American
- Contributions to international peace and security

But it also provides a good synopsis of the security environment, outlines our responsibilities under NORAD, NATO and the UN, delves into Arctic sovereignty, disaster relief, search and rescue, counter terrorism and the role of the reserves. On continental defence, it talks about the evolution of NORAD, ballistic missile defence, expanding our cooperation with the US and fostering more cooperation with the Mexicans – as continental partners in trade and defence. Internationally, there is a focus on NATO, UN peace operations, humanitarian response, defence diplomacy and capacity building and conflict prevention.

With an eye to the future, the paper also touches on the human resource element – which is so critical - from the standpoint of health and wellness and encouraging a harassment free environment. It also addresses some of the looming challenges including cyber, space and unmanned systems. Importantly, the paper raises two critical issues in the context of its presentation – the future of procurement and the defence budget. The ten key consultation questions at the end of the document really help to focus the discussion and will hopefully elicit the sort of feedback necessary to create a new defence policy that is thoughtful, forward looking and creative in its analysis and outlook.

In addition to these consultations which wound up at the end of July, the Minister established an advisory panel with expertise in defence, security, foreign affairs, and legal matters to provide support and advice during the policy review process. The panel included:

- The Honourable Louise Arbour, former Justice of the Supreme Court of Canada and a member of the Advisory Board of The Coalition for the International Criminal Court
- My friend and former colleague The Honourable Bill Graham, former Minister of Foreign Affairs, and former Minister of National Defence
- General (Ret'd) Raymond R. Henault, former Chief of the Defence Staff, and past Chairman of the NATO Military Committee (CMC). Ray was CDS when I was Minister.
- Margaret Purdy, former Deputy Secretary to the Cabinet (Security and Intelligence) in the Privy Council Office, and former Associate Deputy Minister of National Defence. When I was Chair of the Defence Committee, Ms. Purdy was often a witness. She was extremely knowledgeable and very effective in her various roles.

I have been in touch with Ray Henault several times over the last few months, and he has indicated to me that he is very pleased with how the process has been conducted and is confident that it will produce a solid defence policy document.

So what has the consultation produced thus far? Well, by any objective measure, I think it is pretty safe to say the outreach has been a tremendous success. In noting the conclusion of the public consultation process, DND submitted a press release which summarized the results.

There were:

- approximately **20,200** submissions to the Defence Policy Review online consultation portal and over **4,700** participants contributed comments and votes using the online discussion forum.
- A total of 107 participants contributed to the roundtable discussions in the various cities – two of which focused on defence procurement and gender and diversity issues.
- 30 MPs and Senators from all parties hosted community roundtable discussions and forums across the country. These MPs and Senators provided feedback to DND of what was heard at these meetings.
- Consultations with provincial and territorial governments and a number of third-party organizations held roundtables, panel discussions and conferences.
- Consultations in Winnipeg in September with indigenous leaders and experts
- And last but not least there were consultations with allies and partners including the five eyes countries, as well as Germany, France and Japan

So from the perspective of ensuring the widest possible participation in this review, I think the government has done a very good job. I was a sceptic at the start, and I didn't necessarily set out to write an encomium, but this process in my view has been well thought out and well executed to this point. Do I have any criticisms? Yes, a few. I think the process would have been better framed within the context of the Three D's – defence, diplomacy and development. There is a development review currently taking place under Minister Bibeau, but I like the idea of an integrated approach which provides more of a Canadian "weltanschauung" or world view.

As well, I think it is necessary to incorporate a significant element of "national security strategy" into a defence review as the Brits have done to ensure a more holistic approach. Governments should explain

how they view the safety and security of the individual citizen from the standpoint of a continuum that starts with community safety and crime prevention and runs right through to our alliance obligations with NATO and UN peace support.

But for now the consultation phase is over and the government gets high marks at this point. The really tough part begins now. There are many issues to address – from cyber and space to the Reserves and missile defence. I, unfortunately, am not in a position to give you any internal insights on what will be produced since these are considered cabinet confidences. However, there are some big decisions to be made on issues like the defence budget and procurement which will require more than a modicum of political courage.

These decisions will really be the litmus test on whether this defence policy is seen as a success or failure. One thing is likely in my view and that is that the election down south will inevitably have an impact on our strategic view. But getting back to the issue of procurement, there is no question that this has been one of the thorniest issues. The Harper Government's mishandling of the F-35, the glacial progress on shipbuilding – particularly the Joint Support Ship, the fiasco that was the Close Combat Vehicle competition, and the long delays on the Fixed Wing Search and Rescue aircraft are just part of the sad and sorry tale of the previous government's inability to buy stuff for our military.

The Trudeau government's handling of these issues has been somewhat better but there is still significant room for improvement. The RFP for the Canadian Surface Combatant was finally issued last week. That is good news, but the Government inherited a flawed process from the Conservatives which they have partially fixed, but which could be the source of big headaches in the future.

The government got itself into a bit of a stew during and after the election suggesting that it would replace our CF-18, but not with the F-35. My understanding is that this position has been re-thought and that the Government will indeed launch a new competition once it has an updated statement of requirements. Obviously, we will have to wait to see what is in that SOR, but I am hopeful that the Government launches a full-blown competition with as many competing platforms as possible so that we can get a fighter that meets the needs of the RCAF for many years to come.

The FWSAR program is, we are given to understand, close to completion with a winner expected to be announced in the next month or so. That is definitely good news. No such luck with the JSS which is not likely to be built before 2021. But the fact that the Government moved forward on an interim oiler last fall was very positive. It may interest you to know that when I was Minister, our government launched both the FWSAR and the JSS programs in 2004. That is how long they have been in the mix.

So how do we go about fixing procurement? My friend, associate and colleague Alan Williams, as a former ADM Mat, has put forward what I consider to be some very constructive and common sense reforms which I think the government would do well to adopt. A paper on this subject is on my website. To begin, Alan has identified three critical problems currently plaguing the system:

1. Lack of clear accountability;
2. Lack of performance measures;
3. Lack of a long-term cabinet-approved capital plan.

On the first issue – there is a need to establish one point of accountability. There is excessive overlap and duplication between the roles of the Minister of National Defence and the Minister of Public Works

and Government Services Canada (PWGSC) - now Public Services and Procurement Canada (PSPC). When you add the Minister of Innovation, Science and Economic Development to the equation, you add additional bureaucracy and delays. Unless and until one minister is placed in charge of defence procurement, the process will never be as efficient and effective as it could be. All our close allies, the US, the UK and the Australians have one department and/or minister responsible for defence procurement. There is no reason why we should not.

The second point – lack of performance measures – is linked to the first. Two commonly used performance measures are the timeliness and cost of acquisitions – which are themselves also linked. Alan did an analysis of procurement timelines and noted in one of his papers that, “Notwithstanding the overlap and duplication between DND and PWGSC, significant reductions were achieved between 1998 and 2004. The overall procurement time was reduced from nearly 16 years (190 months) to slightly over 9 years (111 months). By fiscal year 2010/2011 all of the cycle-time gains achieved through 2004 had been eroded. The length of time to complete a project rose to over 16.5 years (199 months), an increase of 66% from 2004 to 2011.”

Obviously, these figures are five years old, but frankly I don't imagine they have improved considerably. Under the previous Government's Defence Procurement Strategy (DPS) a new Permanent Working Group of Ministers was established supported by a new Permanent Deputy Ministers Governance Committee. The Conservatives also introduced a Defence Analytics Institute as well as an Independent Panel on Defence Acquisitions, to provide a challenge function for military procurements. And so today, I suspect it is taking longer to define our requirements and to complete an acquisition than it did in 1998. Needless to say, the length of time it takes to acquire equipment for the Canadian Forces when combined with “defence inflation” eats away considerably at DND's purchasing power. It also eats away at the credibility of Canadian defence procurement with both domestic and international suppliers. Also worrisome is the number of sole source contracts we have seen in recent years. Alan has analyzed these and has concluded that sole sourcing costs the Canadian taxpayer as much as 20% more than an acquisition where there was competition. And so we desperately need to bring down the costs and length of time it takes to buy equipment.

The final point – a long term Cabinet approved capital plan – would go a long way toward taking some of the guesswork out of procurement for companies interested in bidding. They could form consortia to position themselves to bid with the right partners well in advance of a procurement which has the potential to offer better products at better prices. Such a public plan approved by the government, makes it extremely difficult to randomly add or remove planned capital programs. Such a plan in addition to being more transparent, for both the media and parliamentarians - is also as Alan has noted “indicative of a government that has gone about the business of defence procurement in a properly structured manner.”

Let me say also that I do not blame the current ADM Mat Pat Finn or the current Minister for any of this. These problems are endemic and systemic and have been with us for many years. Pat Finn administers a budget of approximately \$6 billion and oversees 10,000 contracts per year with a staff that is half the number it was in the 1980s. He and his staff are doing yeoman's work and we are fortunate to have dedicated public servants like Pat Finn and his team serving us. It is the system that needs to change. For that, political leadership is required. This is never easy in a town where turf is protected like a defensive line facing a first and goal situation. The defence policy review presents us with an opportunity to move things in the right direction that, in my view, was squandered by the previous government. I hope that this government, with the benefit of the tremendous amount of input it has

received, will summon the political courage to take the tough decisions necessary to create a defence policy that all Canadians can be proud of and that contributes strategically and practically to making Canada and the world a safer place.