

## Security Affairs Committee **Position Paper**

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## DO NOT PRESS THE RESET BUTTON THE F-35 IS THE FIGHTER AIRCRAFT FOR CANADA

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The CF-18 will soon reach the end of its operational life during the 2017-2020 timeframe. For this reason, the Government of Canada announced in July 2010 that it will acquire the F-35 Joint Strike Fighter as its future fighter aircraft. Yet, on October 26, 2012, the federal government issued a request for proposal to obtain the services of a firm to conduct an independent review of the steps taken to date during the acquisition process for the replacement of the CF-18. This review, issued on behalf of the National Fighter Procurement Secretariat, the office put in place by the government following the Auditor General's critical report on Canada's fighter jet replacement program to date, is solely focused on the acquisition process. Is this review really warranted?

The procurement of capital equipment for National Defence is never a popular issue. The Canadian population winces at the acquisition cost, Members of Parliament hesitate to commit to such unpopular purchase, and the journalistic corps never miss a beat when reporting on the tribulations of the procurement process. But let's face it: procuring large, complex, stateof-the-art defence equipment is not easy. The process is rigorous and allows for very little flexibility. Innovative solutions are more often than not criticized for not following the due process, rather than commended for seeking the best value for the dollar. As a result, any government that has been involved with major defence procurement programs, has been criticized for underestimating the total cost of the project, not meeting the delivery dates, or simply mismanaging the acquisition process.

History shows that whenever the Royal Canadian Air Force (RCAF) has decided to buy new fighter aircraft, the government has received significant negative feedback before, during and after the procurement process. When McDonnell Douglas was selected in April 1980 to supply 138 CF-18 fighters for \$5.2 billion, it was then the largest acquisition program in Canadian military history. Canada's decision to buy the CF-18 Hornet was hampered by many years of delays, discussions, studies and changes in government, and the capabilities of the aircraft were questioned from the very

early days of the program. However, despite some shortcomings during the early years of operations, the CF-18 has performed very well for more than 30 years with the RCAF. Sadly, we seem to be witnessing an encore presentation with the procurement of the F-35 aircraft.

Earlier this year, the Auditor General investigated the new fighter aircraft acquisition program. His report emphasized the lack of documentary evidence for solesourcing the F-35 aircraft, and called attention on the lack of cost certainty of the total program. For any major developmental program, costs do not stabilize until developmental testing is significantly advanced. The Canadian Government was well aware of that fact when it joined the Joint Strike Fighter Program. This risk was mitigated when Canada entered a partnership with eight other countries to share the development cost. With regards to the sole-sourcing issue, it is worth taking a brief look at which other fighter aircrafts are available to replace the CF-18. A thorough analysis, based on mandatory requirements and "next-generation" aircraft capabilities, was conducted by Canada and other nations. Conclusions indicate that:

The Eurofighter is the least capable and most expensive alternative fighter aircraft available on the market. Furthermore, it was designed for air supremacy in 1984, and still lacks a multi-role capability;

The Saab Gripen which entered service in 1997, does not meet some of the mandatory requirements for the new fighter aircraft. The company has also lost a series of competitions (Norway, the Netherlands, India) in the past few years due to its inferior capabilities when compared to other new fighter aircrafts;

The Rafale is a very capable fighter aircraft - the Netherlands ranked it a close second after the F-35 - but it does not meet some of the mandatory requirements. It is also more expensive than the F-35; and

The F/A 18 Super Hornet is also a very capable aircraft but falls short in stealth capability. Based on current firm orders, the production of the Super Hornet will stop in 2015.

Ten major industrial countries have so far concluded that the F-35 is the only aircraft that meets the next generation capabilities requirements, at the lowest cost, and with the best industrial opportunities for their respective industries. Canada is one of those ten countries: this is not sole-sourcing, this is getting the best bang for the buck!

Since the Auditor General published his report, the debate about what should be included in the overall cost of the Fighter Replacement Program has been relentless, and frankly has more to do with political motivations than accounting necessities. In addition to the estimated capital acquisition cost of \$9 billion, the F-35 aircraft will sustain operating and maintenance costs of about \$16 billion over 20 years of operations.

It must be recognized that regardless of the aircraft selected, these sustainment cost will likely be the same. Let's also compare the Fighter Replacement Program with the National Shipbuilding Procurement Strategy (NSPS).

In January 2012, the Government of Canada announced an agreement in principle with Irving Shipbuilding under the NSPS for the construction of 21 combat vessels for the Royal Canadian Navy for an estimated \$25 billion. These vessels have not been developed yet, thus the price tag is still only an estimate, and the sustainment costs are still unknown at this time.

The selection of the new fighter aircraft for the RCAF and of the new combat vessels for the RCN have definitely followed a different path, but the end-result is the same: in each case, only two companies - Lockheed Martin and Irving - can provide the best capabilities, at the lowest cost, and with the best industrial opportunities for Canadian industries. The results of an independent review of the acquisition process for the replacement of the CF-18 will not change these important facts, and further delays will inevitably lead to higher costs.

The government would serve the public much better by moving forward with acquiring the new F-35 fighter aircraft. We have to make sure we get the best for Canada.

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