

Lessons learned from the F-35 acquisition debacle

Defense expert Philippe Lagassé explains what the AG report means for the government, DND and public works

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Adrian Wyld/CP

Between 2006-2010, the Department of National Defence (DND) made a concerted effort to ensure that Canada's CF-18s would be replaced by a sole-sourced procurement of sixty-five F-35A Joint Strike Fighters. In so doing, the defence department flouted several procurement procedures and practices. A timely replacement of the CF-18s and the acquisition of the F-35 are now in doubt, as a result.

As detailed in today's report from the Auditor General, DND underestimated the likely cost of the F-35, embellished the possible industrial benefits associated with the acquisition, failed to correctly analyze the risks associated with buying an aircraft in the midst of development, and did not provide sufficient evidence to justify a sole-sourced acquisition when prompted by Public Works and Government Services Canada (PWGSC). Through it all, DND was adamant that a competition was unnecessary to replace the CF-18s, since the F-35 was the best plane, for the best price.

The Conservative government accepted DND's logic and allowed the defence department to press ahead. Indeed, although DND and the Chief of the Air Staff are identified as the main culprits in this saga, there is no question that Conservative ministers are also to blame.

The Auditor General's report highlights that Conservative ministers announced the F-35 purchase in July 2010, two months after PWGSC warned that a sole-source procurement had not been properly explained, and a month before Public Works actually received the statement of requirements that purported to show why the F-35 was the only possible option.

Ministers were aware that the sole-source procurement had not been vetted, yet they endorsed it anyhow. And PWGCS's ability to enforce proper procurement practices fell apart once the Conservatives publicly declared their intention to move forward with the acquisition that summer.

Once they had announced that the F-35 was Canada's next fighter, moreover, Conservative ministers refused to question DND's unsubstantiated estimates and figures until the aircraft's widely reported cost overruns and technical difficulties could no longer be ignored. Hence, although the Auditor General focuses on the errors and oversights of DND and PWGCS, it is evident that Conservative ministers failed in their responsibilities, too.

More to the point, no ministers should be permitted to avoid their constitutional responsibility for the affairs of the departments, no matter how much ignorance or inexperience they claim. Allowing ministers to shift their responsibility onto their departments or officials, however poorly they performed, would undermine the very bedrock of our system of responsible government.

But besides what it means for the F-35 and principles of accountability, what are we to take away from the Auditor General's report? One lesson, certainly, is that procurement practices exist for a reason, and there is a price to pay when they are deliberately discarded or undermined.

Too many within Canada's defence establishment are ready to cast aside bureaucratic processes when comes time to buy

new equipment for the Canadian Forces. Protracted interdepartmental consultations, stubborn gatekeepers, and endless approval requirements, it is often said, prevent the CF from getting the equipment it needs in a timely manner.

And this has resonated with the Conservative government. Since 2006, it has negotiated notable sole-sourced military procurements, such as the acquisition of four C-17 strategic-lift aircraft. Several other accelerated purchases were used to address critical capability shortfalls that were endangering CF lives in Afghanistan. Given the demands and dangers of the Kandahar mission, most of these hastened procurements were justified and could be exempt from lengthy, competitive tenders.

Unfortunately, this willingness to downplay the hazards of circumventing proper procurement practices was allowed to spread to less pressing acquisitions. This was a key finding of the Auditor General's report on the acquisition of the CF's new Chinook medium-to-heavy lift helicopters, and it is now a notable criticism found in the report on the F-35.

If the F-35 was truly the best aircraft to replace the CF-18s, then it would have won a proper, transparent competition. In fact, a number of analysts, defence officials, and air force officers would still argue that it is undoubtedly the only plane for the CF. Yet the aircraft has now been tainted, as has DND's argument in favour of it. And as the Auditor General notes, it will now be difficult to hold a fair competition. Consequently, the DND may not get the plane they are convinced that the CF needs. A fair, transparent competition would likely have avoided this outcome.

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