Journal of Military and Strategic Studies, Summer 2007, Vol. 9, Issue 4.

CONTRACTORS IN KANDAHAR, EH? CANADA'S 'REAL' COMMITMENT TO AFGHANISTAN

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Since the US-led invasion of Iraq in 2003, the private military industry has come to garner increasing attention. This is due primarily to the unprecedented scope of privately contracted military services occasioned by the war and the subsequent reconstruction of Iraq. In Iraq, as never before, the role of private actors in all aspects of warfare is clear for all to see from the contractors feeding American troops, to the bodyguards protecting foreign dignitaries and the multinationals performing construction work under multibillion dollar reconstruction contracts. While the extensive American use of private military services has been well documented, Canadian connections with the industry remain under-explored. This paper will therefore attempt to illuminate Canada's expanding use of private military firms.

We begin by providing a brief overview of the use of private military firms by western militaries, particularly the United States, and the challenges and benefits offered by the private sector. This is followed by a more detailed examination of Canada's use of private military services beginning with the Logistics Contractor Augmentation Support contract undertaken for the Y2K operation, the Bosnia Contractor Support Program, through to the creation of the Canadian Forces Contractor Augmentation Program (CANCAP) in 2000 and the use of CANCAP in Kandahar today. In doing so, this paper will show that the Canadian military has pursued private logistics services for many of the same reasons that the American military has come to

increasingly rely on private military providers, namely manpower shortages and a desire to maintain troop ceilings. In particular, this paper argues that personnel shortages in the support trades have been the principle driver of logistics services contracting in Canada, and that as these shortages have been exacerbated by repeated deployments to Afghanistan, the scope of services contracting under the CANCAP program has expanded significantly.

As will be shown, given the concerns expressed about possible malfeasance, fraud and illegal conduct by American contractors in Iraq during a similar period of rapidly expanding services, it is important that the Canadian use of military services contracts be carefully managed. While services contracting in Canada has been largely unexamined by investigative bodies, in the United States, military contracting has been the subject of multiple in-depth reports by the Government Accountability Office, the RAND Corporation and the Office of the Special Inspector General for Iraq Reconstruction. Therefore, drawing from these American investigations where appropriate, this paper will provide recommendations to Canadian policymakers as to how the use of private military services can be best managed in Afghanistan and future intervention operations.

The Private Military Industry

Amidst the sensationalized media converge of the private military industry, it is often difficult to find common ground when discussing the phenomenon. Terms like Private Security Companies, War Profiteers and Private Military Companies are all used to describe the firms contracted to provide military-type services and the employees of

these companies are often referred to as mercenaries, or more frequently, contractors. For the sake of simplicity, this paper uses Peter Singer's term "Private Military Firm" (PMF), defined as "business organizations that trade in professional services intricately linked to warfare,"[1] and will refer to the employees of these firms as contractors. Furthermore, within the industry, there is a great deal of specialization, which is best captured by the nature of individual contracts, rather than the firms themselves. Broadly speaking, PMFs offer services including: armed operational support; unarmed operational support on the battlefield; unarmed military advice and training; and logistics support.[2] This paper will further limit its discussions to the logistics support services provided to the national militaries of Canada and the United States.

American Military Outsourcing:

The origin of logistics support contracting to PMFs in the United States stems largely from significant force reductions in the post-Vietnam era US military. Since the end of the Cold War, the Department of Defense (DoD) has cut more than 700,000 active duty troops from the ranks, and more than 300,000 DoD civilian positions have been eliminated. Concurrently, however, the rate at which the United States deployed its troops abroad increased dramatically after the end of the Cold War, since which time the operational tempo of US forces has increased 300 percent.[3] The American military has thus been faced with a strong pressure to do more with less.

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[1] P. W. Singer, *Corporate Warriors: The Rise of Privatized Military Industry and Its Implications for International Security*. Ithaca: Cornell University Press, 2003, p. 8.
[2] Deborah Avant, *The Market for Force: The Consequences of Privatizing Security*. Cambridge, NY: Cambridge University Press, 2005, p. 17.
[3] Steve Zamperellie, "Competitive Sourcing and privatization: Contractors on the Battlefield: What did we sign up for?" *Air Force Journal of Logistics.* Vol. 23:3 (Fall 1999): p. 5.

A second motivating factor behind logistics outsourcing has been a desire to save costs. In the face of post-Cold War budget reductions, the American defence establishment has sought to privatize support functions as a means of saving money that could then be reinvested in war fighting capabilities. Although the actual dollar value of savings has been debated, "even the most conservative estimates indicate that DoD can save a significant amount … by contracting out most of its support functions and a large part of its logistics manpower."[4]

A third motivator has been the adoption of neo-liberal economics, of which privatization is a large part, whereby the United States increasingly devolved to private enterprise functions formerly supplied by the state. The defence establishment in the United States has accepted this doctrinal shift wholeheartedly, positing "only those functions that must be performed by DOD should be kept by DOD."[5]

Finally, contractors frequently serve as a means for the American military to achieve mission success while operating within imposed troop ceilings. Since its intervention in Somalia, the US has sought to keep deployments as small as possible, and has been weary of activating the reserve units required for support.[6] As multiple post-invasion accounts of the war in Iraq have described, this was especially true of the invasion of Iraq, a factor contributing directly to the unprecedented prevalence of PMFs in that country today.[7]

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[4] Lt Col Lourdes A. Castillo, "Waging War with Civilians: Asking the Unanswered Question," *Aerospace Power Journal*. Vol. 14:3 (Fall 2000): p. 28.
[5] Department of Defense, *Quadrennial Defense Review Report*, September 30, 2001, p. 53.
[6] Singer, *Corporate Warriors*, p. 58.
[7] For an excellent account of the reluctance of the Bush administration to increase force levels and the consequent contracting of services in Iraq see T. Christian Miller, *Blood Money: Wasted Billions, Lost Lives, and Corporate Greed in Iraq*. New York: Little Brown and Company, 2006.

LOGCAP

The US military's penultimate logistics services contract is the Logistics Civil Augmentation Program (LOGCAP). First signed in 1989, and subsequently re-tendered four times, the contract is currently held by Kellog, Brown and Root (KBR), a division of the multinational giant Halliburton. Under the auspices of the current contract, KBR provides services including: base camp operations and maintenance; fuel distribution; water production; transportation; laundry and power supply, and others under a cost plus award fee reimbursement system. Under this arrangement, KBR is reimbursed for all relevant costs and is awarded a 1% profit, plus an award fee of up to 2%.[8] LOGCAP is designed to be truly global in reach and has been involved in all aspects of the War on Terror, in support of which from December 2002 to August 2006, the program has incurred costs of $18.3B. As of August 2006, the LOGCAP program had upwards of 43,000 workers deployed in Iraq, and an additional 6,700 workers in Afghanistan supporting US and coalition troops.[9]

In its role as LOGCAP contractor in South West Asia, KBR has come under significant criticism for war profiteering, due to accusations of overcharging the US government and unjustly withholding financial data, a situation linked intrinsically to Vice President Cheney's former leadership of the company.[10] However, as various accounts attest, the US military is forced to accept the company's costs, due to its dependence on LOGCAP for operational support. As the program's manager has described,

[8] The Logistics Civil Augmentation Program (LOGCAP) Support Unit, "LOGCAP 101: WORKING WITH LOGCAP IN SWA," http://www.osc.army.mil/lsu/LOGCAP_101.doc. Accessed February 26, 2007.
[9] Donald Trautner, LOGCAP Director of Operations, "Logistics Civil Augmentation Program (LOGCAP) Executive Briefing for U.S. Department of State Office of International Information Programs," August 17, 2006.
[10] See for example, Griff Witte "Ex-Workers Testify About Halliburton," *Washington Post*. September 19, 2006, p. A06. For an example of questionable financial practices, see Office of the Inspector General for Iraq Reconstruction, *Interim Report on the Inappropriate Use of Proprietary Markings by The Logistics Civil Augmentation Program (LOGCAP) Contractor*. SIGIR-06-035. October 26, 2006.

LOGCAP is so crucial to military operations that their simply is no 'Plan B.' With the military's current privatization policy, the US Army has been given no indication that it will ever see an increase in uniformed support personnel, so it has never bothered to calculate the total number of personnel that would be required to replace KBR. As such, while the program's overseers recognize the immense amounts of money involved in the contracts, they argue "Sure it's expensive, but expensive compared to what?"[11]

Program Review

In the face of, or perhaps due to the inherent reliance of US forces on PMF-provided services, logistics contracting in the US has been investigated by several different government and quasi-government bodies including the United States General Accounting Office (GAO), the RAND Corporation and the Special Inspector General for Iraq Reconstruction (SIGIR). It has furthermore been the subject of ongoing investigation by the House of Representatives Committee on Oversight and Government Reform, in addition to internal military audits. These reports offer several sets of recommendations that can offer Canadians some instruction on how to improve our own contracting programs. These recommendations have varied as the program has involved, but the most pertinent include: the development of doctrine and policy on the use of contractors on the battlefield; better financial reporting and contract auditing systems to ensure cost effectiveness; increasing the number of contracting personnel; improved collection and sharing of institutional contracting knowledge; the need for pre-

[11] Trautner, "Logistics Civil Augmentation Program (LOGCAP) Executive Briefing," August 17, 2006.

deployment training and planning; and the need for regular reviews of cost savings.[12] While some of these concerns have been addressed, the American military has struggled to adequately address many. These issues are increasingly important, as other examinations have determined that regardless of future force structure and budgets, the military will likely not see a decrease in the use of civilian contractors, even if it is given an expanded budget and troop ceiling.[13] The difficulties posed by the American contracting process are relevant to Canadians because the Canadian military has emulated the American programs, and actually employs the services of KBR via the LOGCAP program today.

Canadian Military Outsourcing

The Canadian Forces' (CF) first experience with logistics services contracting for operations was the Logistics Contractor Augmentation Support (LOGCAS) contract signed for the military's potential involvement in a Y2K disaster. In the event that the military became overwhelmed by spiralling computer malfunctions, the $10M LOGCAS contract, signed with Atco Frontec, would have provided the CF with food, fuel and accommodations as required across Canada.[14] While the absence of a Y2K crisis prevented testing the concept in a real operation, the experience validated for military

[12] United States Government Accountability Office, *Contingency Operations: Opportunities to improve the Logistics Civil Augmentation Program.* Washington, DC: General Accounting Office, February 1997. United States Government Accountability Office, *Military Operations: DOD's Extensive use of Logistics Support Requires Strengthened Oversight.* Washington, DC: General Accounting Office, July 2004. United States Government Accountability Office, *Defence Logistics: High-Level DOD Coordination is needed to further Improve the Management of the Army's LOGCAP Contract.* Washington, DC: General Accounting Office, March 2005.
United States Government Accountability Office, *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces.* Washington, DC: General Accounting Office, December 2006.

[13] Frank Camm and Victoria A. Greenfield, *How Should the Army Use Contractors on the Battlefield?* Santa Monica, CA: RAND Arroyo Center, 2005.

[14] Department of National Defence, "Briefing Note: LOGCAS: Logistics Contractor Augmentation Support," September 8, 1999. Access to Information Request A-2006-00250, p. 213-214.

officials the utility of contracted logistics services. Thus, when the NATO Stabilization Force (SFOR) in Bosnia-Herzegovina decided to restructure its peacekeeping deployment in the former Yugoslavia in 2000, Canada turned once again to Atco Frontec for logistics support.

Under the Contractor Support Project (CSP) Canada employed contractors on an overseas operation for the first time. The contract was valued at $115 million from September 2000- September 2003, and under its terms the contractor provided: warehousing; transportation; bulk fuel management; vehicle maintenance; food services; communications services; camp maintenance; electricity and water supply and distribution; waste management; facility operation and maintenance; fire services; and environmental protection.[15] This initiative was driven by significant shortages of CF support personnel; specifically their inability to support the SFOR mission, while simultaneously retaining sufficient capacity to staff other potential operations. At the same time, the program sought to reduce strain on the service support occupations, and thereby improve serious quality of life issues by reducing excessive deployments. In this regard, the initiative was successful, saving approximately 152 soldiers per rotation, or approximately 900 soldiers in total.[16] While the CSP was highly successful, it was really only a temporary solution to a specific problem. What the military really sought, was a program capable of deploying anywhere in the world, along the lines of LOGCAP.

[15] Department of National Defence. "BG-00.006a. Backgrounder: Balkans Rationalization - Contract Support Project," December 15, 2001. http://www.forces.gc.ca/site/newsroom/view_news_e.asp?id=210. Accessed May 26, 2006.
[16] Estimate based on the estimate of approximately 150 soldiers per six month rotation provided in DND, "Backgrounder: Balkans Rationalization - Contract Support Project," December 15, 2001.

CANCAP

The desire in the Canadian military for a single logistics services support contract capable of deploying anywhere in the world was, as with the CSP, primarily driven by the high operational tempo experienced by the CF throughout the 1990s in support of post-Cold War peace support operations, in combination with the significant force reductions experienced in the 1990s. Although all members of CF underwent significant stress due to lengthy deployments, the Combat Support and Combat Service Support functions were particularly hard pressed, as they represented roughly one third of total deployed forces on any given mission. In combination with a roughly 30-50% loss of personnel at various defence installations in Canada as a result of Force Reductions in the 1990's, Canada was faced with a severely compromised ability to operate abroad[17] as documented by two internal defence studies, the Military Occupation Speciality (MOS) Follow-on Review and the National Military Support Capability (NMSC) which demonstrated significant Canadian shortfalls in support readiness and sustainability. The latter report specifically identified a need for a generic pre-facilitated contractor support arrangement for deployed operations.[18] As a result of this initiative, the Canadian Forces began exploring contractor support options, initially focusing on its immediate operational requirements via the CSP in the Balkans. [19] Drawing lessons from the US experience with LOGCAP, the desire was to create a contingency based, flexible program that could be used in any theatre of operations. Thus, CANCAP

[17] MGeneral Daniel Benjamin, Commander, Canadian Operational Support Command, "Evidence," *House of Commons Standing Committee on National Defence*. October 4, 2006, p. 7.
[18] Deputy Chief Defence Staff Lieutenant-General R.R. Henault, "Framework for the Development of the Canadian Contractor Augmentation Program (CANCAP)," *Contractors in Support of Deployed Operations*. July 7, 2000.
[19] Department of National Defence. "Briefing Note for Incoming COS J3," June 14, 2004. Access to Information Request A-2005-00496, Document A0098020.

borrowed from LOGCAP in that through a single contract, the CF could count on logistics support anywhere in the world without signing a new contract for each operation.[20]

As outlined by Deputy Chief Defence Staff Lt. General R.R. Henault, in the program's framework, "[t]he intent of CANCAP is to provide the CF with additional operational flexibility through enhanced support capacity. It will free up military personnel for employment where their military skills are most needed and allow more concentration on the preservation of support-to-war-fighting skills in our support forces."[21] While it was designed to provide a significant force multiplier effect, it was not intended to replace military capabilities, but rather to supplement them. Furthermore, while the program was designed for use world-wide, it was explicitly recognized that it was not suitable for all operations, and could instead only be used "once a mission had become stable and secure."[22]

Following this mandate, the initial CANCAP project was launched in December 2002, when a contract was signed with SNC-Lavelin PAE Government Services, a joint venture between Quebec based SNC-Lavelin and American PAE Government Services. The contract was initially valued at a maximum of $200 million through December 2007, with options to renew for an additional five years at $200 million. Under the terms of the contract, the CF can ask the contractor to provide any of the following services: Administration and Management; Food Services; Materiel Management and Distribution; Communication and Information Systems; Land Equipment Maintenance;

[20] Lieutenant Colonel (ret'd) Al Morrow, "CANCAP: the Changing face of Logistics Support to the Canadian Forces," *Canadian Army Journal*. Vo. 8:2 (Summer 2005): p. 74-85.
[21] Henault, "Framework for the Development of the Canadian Contractor Augmentation Program (CANCAP)," July 7, 2000.
[22] Department of National Defence. "Letter of Interest (LOI)," *Contractors in Support of Deployed Operations. Undated*. Retrieved April 18, 2006.

Health Services; Transportation; Accommodation and Support ; Construction Engineering Services; Power Supply and Distribution; Water Supply and Distribution; Waste Management; Facilities Operations and Management; Roads and Grounds; Fire Services; Geomatics Support; Environmental Management; and Ammunition Support.[23] In return, SNC-Lavelin PAE is reimbursed for all incurred costs, plus a general and administrative (G&A) cost of 2 or 3%, plus a 1% profit and 8% performance incentive fee (PIF).[24] To date, through February 2006, the program has incurred to DND costs totalling $252 million, excluding program oversight and management.[25]

Balkans and Kabul

In September 2003, the CANCAP contractor assumed responsibility for the provision of logistics services in the Balkans to the Canadian Task Force Bosnia-Herzegovina (TFBH), taking over from Atco-Frontec. At the peak of CANCAP involvement with TFBH, almost 300 CANCAP employees supported 1,200 soldiers, for a cost between December 2002 and December 2004 totalling $52M.[26] However, even before it assumed the relatively mundane support function in the Balkans, SNC-Lavelin PAE was charged with a much more difficult task, supporting Canadian troops as they returned to the still hostile environment of post-Taliban Afghanistan.

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[23] Department of National Defence. "BG–04.010. Backgrounder: Canadian Forces Contractor Augmentation Program," July 14, 2004. http://www.forces.gc.ca/site/newsroom/view_news_e.asp?id=1409. Accessed May 26, 2006.
[24] Both the G&A and PIF fees are listed in Department of National Defence, Chief Review Services, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP),* June 2006, p. A-1/5, while the profit is withheld in that document under release of Third Party Information. Department of Nation Defence, "Email RE Cash Management within CANCAP TO's," December 11, 2003. Access to Information Request A-2003-01426. Document A0066745, p. 1 refers to a "Base Fee" of 1% the author assumes to represent profit.
[25] DND, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP),* June 2006.
[26] Department of National Defence, "CANCAP Task Order Cash Phasing," Access to Information Request A-2003-01426. December 2003. Document A0066734 p. 2.

While Canada had previously dispatched 750 soldiers to Kandahar in 2002 as part of Operation Enduring Freedom, that deployment had relied on American logistics support. On February 13, 2003, Defence Minister John McCallum announced that Canada would contribute 2,200 soldiers to the International Security Assistance Force (ISAF) mission based in Kabul, complete with a support element. As part of this mission, CANCAP contractors were tasked with the construction and subsequent support of Canadian Camps Julien and Warehouse under Operation Athena. From April to August 2003, CANCAP employees worked to construct the Canadian facilities, which were successfully completed prior to the initial Battle Group's deployment in August. CANCAP employees remained in Kabul through the closure of the Canadian contribution in November 2005, providing the full range of available services, less geomatics, ammunition support and health support.[27] At the height of its support, over 400 CANCAP employees were sustaining the 2,400 strong Kabul contingent, while simultaneously supporting the contribution in Bosnia, and, as of August 2004, were saving 80 to 100 military logistics positions in combat service support.[28]

Kandahar

As the Canadian mission in Kabul was winding down in the summer 2005, the Canadian Forces were again dispatched to Kandahar, in the volatile southern region of Afghanistan. On August 16, 2005, Canada assumed command of the Kandahar Provincial Reconstruction Team (PRT) as part of the US-led Operation Enduring Freedom. With the closure of Camp Julien in Kabul, the CF lost its existing support

[27] Morrow, "CANCAP."
[28] DND, "BG–03.039f Backgrounder: Operation ATHENA: The Canadian Forces Participation in ISAF," August 27, 2004, http://www.forces.gc.ca/site/newsroom/view_news_e.asp?id=1228, Accessed February 26, 2007.

facilities in the Afghanistan, and was thus forced to find support options anew for the approximately 250 PRT. While the PRT was to be located in Kandahar City, it was deployed based on the understanding that it could received most of its support from the sprawling American base at Kandahar Airfield (KAF), via US military units and the LOGCAP contractor KBR. Whereas SNC-Lavelin PAE arrived in Kabul ahead of most soldiers, in Kandahar, the military decided not to use CANCAP because the region was deemed too dangerous to deploy Canadian contractors and the combination of American military support in combination with LOGCAP services was thought to be sufficient for the requirements of the PRT.[29] Indeed, immediately prior to the departure of the PRT, the CANCAP program manager was publicly quoted as saying the Kandahar region was too dangerous to employ CANCAP workers, as under the Canadian Labour Code, the Department of National Defence (DND) was unable to "knowingly put someone in danger," and that a military assessment had concluded that Kandahar was "neither stable, nor benign."[30] In contrast, the LOGCAP program lacked the same restrictions governing security and force protection and the Canadian government signed a Memorandum of Understanding with the American government for logistics support.[31] It should be noted here, however, that at the time, critics, including former Conservative defence critic, and current Minister of National Defence Gordon O'Connor, argued that SNC-Lavelin should have been allowed to bid on the contract.[32]

[29] Department of National Defence. "Briefing note to COS CEFCOM: Addressing the Operational Support Capability Gap in TFA." February 20, 2006. Access to Information Request A-2006-00837, p. 17.
[30] Stephen Thorne, "Canada loses Afghan deal to US Firm: Halliburton vs. SNC-Lavelin," *National Post.* July 27, 2005. p. A 4.
[31] At the time of writing, the full details of this arrangement are unavailable. However, in broad terms, DND pays a per-day cost to house each soldier on KAF, and such items as fuel and rations were purchased as required. Email exchange with Army contracting officer, February 28, 2007.
[32] Thorne, "Canada loses Afghan deal to US Firm," p. A4.

In February 2006, the Canadian presence in Kandahar was dramatically increased with the deployment of an additional 2,000 soldiers for Task Force Afghanistan (TFA), and the assumption of command for OEF's Regional Command (RC) South by Canadian BGen. David Fraser. With approximately 2,300 Canadian troops in the region, military planners immediately identified deficiencies in their provision of services at KAF via LOGCAP due to Canada-unique requirements and discrepancies between Canadian and American service standards. The primary issue is this regard was that while Canadian planners had anticipated receiving the full range of LOGCAP-provided services, as American forces reduced their presence at KAF, KBR would only continue to provide services common to all the multinational forces, primarily those related to base life support, including: food; fuel; sewage and bulk water. Thus, while KBR did, and continues to, provide the CF common multinational services, anything Canada requires in addition must be sought elsewhere.[33] In particular, communications, engineering projects, civilian vehicle maintenance and general labour were identified as areas in which LOGCAP support was deficient.[34] As early as February 2006, it was also recognized that as TFA began participating in operations "outside the wire," these deficiencies would quickly increase. The CF's subsequent decision to deploy CANCAP contractors provides an excellent insight into the considerations involved in private contracting.

In evaluating their various service support options, military planners considered three primary factors: that many of the required military occupations remained distressed trades; that a second operation in another theatre was possible, for which a

[33] Phone interview with Canadian Army Contracting Officer, February 19, 2007.
[34] DND, "Briefing note to COS CEFCOM," p. 17-18.

minimum military capability should be retained; and that while Kandahar province was itself highly dangerous, "inside the wire," KAF was "relatively secure."[35] Of the various options considered, the only two that were further evaluated were an increase in the military support functions and the employment of 80 CANCAP contractors. Increases in the number of military troops were viewed to be beneficial because they provided the flexibility of being used inside or outside the wire, and were relatively cheap. However, there was a lack of deployable personnel and the military needed approval to send more soldiers. On the other hand, while sending contractors cost roughly ten times more, and they would be far less flexible due to contract requirements, the decision to use private services was taken because they would not cause problems in finding available soldiers, exceed the mandated troop ceiling and would allow the soldiers in theatre to focus on military operations.[36] Indeed, officials from Canadian Expeditionary Forces Command (CEFCOM), indicate that personnel savings are the real advantages provided by the program. While using CANCAP will not allow soldiers to return home, it can help prevent them from being sent in the first place.[37]

As the Canadian mission in Kandahar evolved, military officials identified further requirements for the employment of CANCAP contractors in order to mitigate ongoing gaps in service support. Thus by Fall 2006, roughly 120 CANCAP contractors were working at KAF performing services involving information systems; health services; logistics; maintenance; transportation, and accommodations management.[38] These shortfalls continue to arise from a variety of factors, most importantly the need to direct

[35] Ibid, p. 18.
[36] DND, "Briefing note to COS CEFCOM."
[37] Interview with Major Yvonne Thompson, CEFCOM, Ottawa, ON. November 2, 2006,
[38] Email correspondence with CEFCOM Officials. October 23 2006.

more military resources outside the wire, without a corresponding increase in the allowed troop ceiling, ongoing force-generating challenges with some military specialities, and delivery gaps in certain services from LOGCAP. As a result, an increase of up to approximately 190 contractors has been authorized, but this will not occur until spring 2007 at the earliest.[39] Furthermore, although basic life support services at KAF will transition to an integrated NATO service contract July 31, 2007, the requirement for CANCAP services will remain beyond that date.[40]

Program Evolution – How did we get contractors in Afghanistan?

Although contracted logistics services in Canada have received virtually no public scrutiny, the program appears to have evolved significantly since it was initially launched. The most noteworthy changes, were the decision taken to deploy the program twice in Afghanistan, in an apparent contravention of the mandate that CANCAP was to be used in areas that were both stable and secure. While the Kabul deployment was under the auspices of a peace support mission, a DND description of the CANCAP program at the time of its signing stated that "[i]n hostile environments, like Afghanistan…support services must be provided by military professionals."[41] This security assessment was borne out in September 2003, when rocket attacks on the Canadian camps injured a "civilian support worker,[42] most likely a CANCAP employee. Furthermore, the decision to use the contractors to build the Canadian camp appears to have explicitly violated the mandate that they be used in a stable environment, as the

[39] Email correspondence with CEFCOM Officials. February 15, 2007.
[40] Phone interview with Canadian Army Contracting Officer, February 19, 2007.
[41] Department of National Defence, "BG–02.042. Backgrounder: Canadian Forces Contractor Augmentation Program," December 19, 2002. http://www.forces.gc.ca/site/newsroom/view_news_e.asp?id=487. Accessed May 26, 2006.
[42] DND, "Backgrounder: Operation ATHENA," August 27, 2004.

base was non-existent before the contractor's arrival on site. Clearly, the desire to begin operations in Kabul on schedule took precedence and the contract was adapted to meet the desire for operational deployment. According to the Chief of Review Services audit of the CANCAP program, the sole publicly available investigation, the availability of CANCAP for camp construction and the early deployments enabled the military to meet aggressive deployment timeframes that would have otherwise been impossible. According to a senior military planner, "[d]ue to the non-availability of Combat Service Support personnel, the choices were either not to go or risk-manage CANCAP."[43]

Taken in the context of the relevant preparedness of both the military and SNC-Lavelin PAE, the decision to deploy CANCAP contractors for theatre activation seems even more questionable. As part of the original CANCAP contract, the contractor was required to prove its readiness during a training event April 7 - 3 May, 2003.[44] Thus, the program's validation occurred at the same time that the firm was tasked with planning for the mission in Bosnia, while simultaneously preparing to begin activities in Kabul in May, almost sixty days ahead of its contract guidelines. As a senior planner for the company put it "The planning process was compressed and the contractor took considerable risk in providing services well in advance of the originally envisaged timelines."[45]

Similarly, in a recent interview LtGen. (ret'd) Mike Jeffrey, head of the army when the decision was made to deploy troops to Kabul, stated that the decision to deploy over

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[43] DND, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP),* June 2006, p. 4.
[44] DND, "BG–03.01 Backgrounder Documentation: Brigade Training Event - Setting the Stage for 21st Century Military Training," April 6, 2003. http://www.army.forces.gc.ca/LFCA_HQ/LFCA/BTE/english/newsroom/BTE_Backgrounder.doc. Accessed February 26, 2007, and Morrow, "CANCAP," p. 82.
[45] Morrow, "CANCAP," p. 82.

2,000 troops "took him completely by surprise," as he had previously warned the army was unprepared to make a significant deployment, citing a weak logistics capability, among other shortcomings.[46] As a result, Jeffrey indicated that he wanted to use CANCAP to build the camp, before the military was even able to perform an onsite investigation of the area that, among other things, would determine if the safety situation was conducive to civilian contractors.[47] Thus, a decision was made to utilize a firm without previous experience with the CF, without knowing whether it was capable of performing adequately, and in one-third the time required under the program, all in an area of questionable safety, because there was simply no other way for the military to arrive in time. This would certainly seem to lend credence to critics who accused the mission of being hastily thrown together to preclude Canadian involvement in the looming war with Iraq.[48] It is perhaps little wonder then, that the commander of the initial Kabul deployment found that the program was "unable to fulfill many of DND's requirements."[49]

Similarly, the decision to employ CANCAP in Kandahar is noteworthy, given that during the spring, summer and fall of 2006 rockets were landing at KAF with such regularity that the Canadian army dispatched a special anti-mortar platoon, specifically to defend against attacks on the base, while at the same time sending Leopard tanks and an additional infantry company due to the deteriorating security situation throughout

[46] CBC News, "Chrétien government rejected military's advice on Afghan deployment: ex-army chief," *CBC.ca News.* October 18, 2006.
[47] Department of National Defence, "Briefing Note for ADM(MAT)," April 9, 2003. Access to Information Request A-2006-00838, p. 2.
[48] Daniel Leblanc, "Canada takes Afghan mission as Ottawa opts to concentrate its limited ground forces in Kabul rather than Iraq," *Globe and Mail*. February 13, 2003. A1.
[49] BGen. Peter Devlin, "A Mid-Tour Update from Commander KMNB - Op Athena RO0," *The Bulletin.* Vol. 10:2. (June 2004): 9.

the province.[50] While a full examination of the decision to deploy Canadian troops to Kandahar in 2005 is arguably absent, public discussions about the current state of military preparedness in Canada may explain how civilians are now working in Kandahar. In fall 2006 a minor controversy erupted over suggestions that the military would be sending sailors and air personnel to the front lines in Afghanistan. What the 're-roleing' debate in fact suggested, was that in order to meet shortfalls in support roles, military planners would increasingly rely on air force and naval personnel for logistics in Afghanistan.[51] Furthermore, as the CF has resorted to radical measures to meet its current recruiting targets, amidst indication that with the ongoing Afghan mission the combat arms are being given top priority, it seems likely that personnel shortages in support trades will continue as the CF continues to maintain a roughly 2,600 person commitment to Afghanistan through February 2009.[52]

As a result of these unforeseen Afghan deployments, the CANCAP program has also experienced a significant recalibration of its financial parameters. With the Kabul camp construction in spring 2003, followed by simultaneous support to two theatres, by December 2003, program managers realized that they were dispensing funds far faster than had been imagined when the contract was signed, only one year earlier. While the contract had initially been written based on previous experience with the CSP program in Bosnia, which cost roughly $40M a year, it was estimated that theatre activation and

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[50] Canadian Press, "Kandahar Airfield hit by two rockets," *Canoe Network, CNEWS*. February 24, 2007. http://cnews.canoe.ca/CNEWS/Canada/2007/02/24/pf-3662223.html. Accessed February 25, 2007. Department of National Defence, "News Release: Military Strengthens its Reconstruction and Stabilization Efforts in Afghanistan NR–06.057," September 15, 2006. http://www.forces.gc.ca/site/newsroom/view_news_e.asp?id=2066. Accessed February 25, 2007.

[51] Bruce Campion-Smith, "Chief of defence fires up rhetoric on plans to drum up more military personnel for deadly Afghan combat," *Toronto Star* www.thestar.com. October 27, 2006.

[52] Dave Perry, "The Navy's People Problem," *Canadian Naval Review*. Vol. 2:4 (Winter 2007): 2-3. Available at naval.review.cfps.dal.ca.

the initial year of sustaining Op Athena in Kabul alone would cost $135M, plus the ongoing cost of CANCAP support in the Balkans. As such, only one year into the five year contract, DND planners recognized the need for an increase in the program's cost ceiling, and requested a $250M increase in December 2003,[53] which became a $300M increase officially announced in July 2004.[54] While the sums of money involved are not alarming on their own, when placed in comparative perspective to the LOGCAP program, they appear more significant. Under the CSP in the Balkans, and CANCAP in both Bosnia and Kabul, from 2002-2004 the Canadian military paid a total of slightly more than $300M for privately contracted logistics services.[55] The total incremental mission costs for those operations was cumulatively about $1.34B,[56] thus the Canadian military was devoting a little over 22% of the total cost of operations abroad towards private logistics.[57] In contrast, to put the daunting $18.3B LOGCAP charge in perspective, a recent Congressional Research Report estimated that from 2001-2006 the wars in Iraq and Afghanistan have cost DoD $396.9B, meaning the contract accounts for less than 5% of all expenditures.[58] Clearly, these costs are significant on

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[53] Department of National Defence. "Briefing note for AMD(MAT): CANCAP Contract Authorization Levels," December 16, 2003. Access to Information Request A-2003-01426. Document A0066746.

[54] Department of National Defence, "NR–04.020 News Release: Increase to Defence Support Contract," July 14, 2004. http://www.forces.gc.ca/site/newsroom/view_news_e.asp?id=1407. Accessed February 25, 2007.

[55] DND, "CANCAP Task Order Cash Phasing," p. 2.

[56] "Incremental DND Cost" is the cost incurred by DND over and above what would have been spent on personnel and equipment if they had not been deployed. It is derived from the Full DND Cost by subtracting salaries, equipment depreciation and attrition, and other sums that would otherwise have been spent on exercises or absorbed as part of normal activities. Mission Costs for TFBH taken from Department of National Defence: *Report on Plans and Priorities: 2001-2002*. Ottawa: Canadian Government Publishing (PWGSC), 2002; *Report on Plans and Priorities: 2002-2003*. Ottawa: Canadian Government Publishing (PWGSC), 2003; *Report on Plans and Priorities: 2003-2004*. Ottawa: Canadian Government Publishing (PWGSC), 2004; *Report on Plans and Priorities: 2004-2005*. Ottawa: Canadian Government Publishing (PWGSC), 2005; *Report on Plans and Priorities: 2005-2006*. Ottawa: Canadian Government Publishing (PWGSC), 2006. Mission costs for Operation Athena taken from Department of National Defence, "Incremental Costs of the Canadian Forces deployments for Op Apollo, Athena and Archer," October 1, 2006. Access to Information request A-2006-00766, p 2.

[57] This estimate is based on figures cited previously, and the author's attempt to correlate DND Fiscal Year's and contract start and end dates.

[58] Amy Belasco, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11, Report no. RL 33110.* Washington, D.C.: Congressional Research Service, September 22, 2006.

their own, but even more so when compared to those of our closest ally on a proportional basis.

Contract Auditing in Canada?

As the following has described, contracting in Canada has evolved rapidly since 2000. However, while these services are clearly critical to the operational success of the CF, and cost taxpayers significant amounts of money, to date only a single internal DND investigation, a Chief Review Service (CRS) Report, has examined this practice in detail.[59] Perhaps unsurprisingly, it made recommendations that echoed those made much earlier by American reports, including the need to introduce a policy on the use of contractors, a requirement for improved contracting and auditing practices and the develop relevant training for the military personnel charged with working with contractors. Perhaps most interesting, while similar DND audits have examined value for money in contracting arrangements,[60] this audit focused on achievement of the program's goal, of which cost savings were explicitly not included. It did note, however, that "the absence of cost comparisons with other support options may leave DND vulnerable to external scrutiny. A thorough analysis of all available options, with estimated costs, would assist decision-makers in approving the best overall solution."[61] Hence, it would seem that in addition to the recommendations made by the CRS report, and those found in American investigations, a simple recommendation that the government take a moment to thoroughly audit a program that is both important, and potentially problematic seems prudent.

[59] DND, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP)*, June 2006.
[60] Department of National Defence, Chief Review Services, *Audit of Contracting for Transportation.* August 2006.
[61] DND, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP)* June 2006, p.6/19.

The Future?

Given the current military personnel situation, an ongoing and even increasing need for contractor support options seems plausible. The head of the army has recently stated that the military is continuing to identify areas where services can be contracted, including recruit training. "With regard to privatization of certain activities within the military, when it makes sense to do so and it's only a function of money, then I am absolutely in favour of it, so that we can free up soldiers to do the solder activities for which they're trained."[62] In particular, the head of Canada's support functions has suggested that attrition in the support functions "could become a problem," which would suggest that reliance on contractors might increase.[63] Given recruiting challenges facing the CF, the prospect of finding an extra 430 personnel to replace the CANCAP contingent in Kandahar is surely unappealing.[64] Even more difficult to swallow, might be the recurring cost of roughly $70M a year, plus the cost associated with their recruitment, and their care after returning from service to make those additions to the CF. It is especially true given the current budget crunch occasioned by the Afghan commitment, which some experts have argued is currently under funded by almost $1B a year.[65]

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[62] LGeneral Andrew Leslie, Chief of the Land Staff, "Evidence," *House of Commons Standing Committee on National Defence*. November 20, 2006. p. 11.

[63] MGeneral Daniel Benjamin, "Evidence," p. 10-11.

[64] This figure was derived by taking the projected figure of approximately 200 contractors in Kandahar, and the requirement for 1.4 contractors to fill one uniformed position. It would require roughly 143 uniformed military personnel to perform those tasks. The military's current deployment ratio requires three times the number of personnel in total to support any given deployment, as one unit is continually training to deploy, one is in theatre and one just returned. If these figures are used, this would work out to roughly 430 additional support personnel

[65] In recent testimony, Minister O'Connor has stated that their costs the CF roughly $150 million for each 1,000 personnel. Gordon O'Connor, "Hansard: 39th Parliament, 1st Session" November 7, 2006. For the funding issue see Colin Kenny, "Defending Canada on the cheap," *Ottawa Citizen*. 5 February 2007, and J.L. Granatstein, "Ready, aim, fire an emergency round of cash at the Forces," *globeandmail.com*. February 26, 2007.

At the moment, the future of the CANCAP program is still uncertain, as discussions are ongoing about whether the contract will be renewed or redesigned and re-contracted. The reorganization brought on by Transformation and high work load occasioned by the mission in Afghanistan, have prevented the type of lessons learned analysis from the current contract that would be necessary to re-tender the contract, and thus it appears that it will most likely be renewed for an option year rather than designing and competing a new contract.[66] Given the significant changes the program has undergone, without the benefit of a full examination, it is high time that DND fully examine the direction of logistics support outsourcing in Canada. While the program was never intended to replace military capability, the evidence suggests that in at least once instance in Afghanistan, the CF was totally dependent on civilian contractors to successfully complete their mission. If a reliance on a CANCAP-like program becomes the future model of Canadian military operations, the government of Canada should at minimum fully explore the impact of this decision and incorporate the recommendations made by both the CRS and American studies in any new contract.

[66] Department of National Defence, "Briefing Note for D/Comd CANOSCOM: CANCAP Contract Extension," March 21, 2006. Access to Information Request A-2006-00837, p. 23-24, and Phone conversation with CANOSCOM Official, February 22, 2007.