



National Defence

Défense nationale

Deputy Minister

Sous-ministre

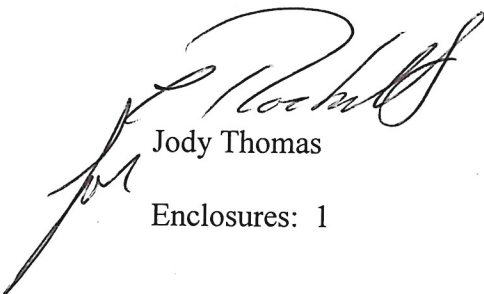
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Chair, Standing Committee on Public Accounts  
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As agreed upon in the Government Response to the Fourteenth Report of the Standing Committee on Public Accounts entitled *Report 5, Canadian Army Reserve – National Defence, of the Spring 2016 Reports of the Auditor General of Canada*, National Defence submits its response to Recommendation 2. This submission delivers on our commitment to provide a response to the Committee by 31 December 2019.

Sincerely,



Jody Thomas

Enclosures: 1

**Response to the Standing Committee on Public Accounts'  
Report 5, Canadian Army Reserve – National Defence, of the Spring 2016  
Report of the Auditor General of Canada**

**Recommendation 2**

*That the Canadian Army provide the Standing Committee on Public Accounts with an interim report on its progress in meeting its first three milestones by 31 January 2017, and a final report explaining how the equipment shortages identified were fully addressed by 31 December 2019.*

**Background**

In its spring 2016 report on the Army Reserve, the Auditor General recommended that the Canadian Army define and provide access to the equipment that the Army Reserve needs to train and deploy for domestic missions.

In its Management Action Plan, National Defence agreed with this recommendation and committed to the following four milestones to improve equipment access: identifying equipment shortfalls, identifying nationally-held equipment that could be redistributed, building an equipment establishment system for Army Reserve units, and developing and implementing a capital project for Army Reserve equipment.

This update is a final report on how National Defence completed its Management Action Plan commitments and how it addressed the equipment shortages identified in 2017.

**Identifying equipment shortfalls**

National Defence has completed this commitment. In its January 2017 response to the Standing Committee on Public Accounts, National Defence stated that the Canadian Army had identified Reserve unit equipment deficiencies in transportation, communications, and basic training equipment. Moreover, the Canadian Army continues to identify and address shortfalls through the equipment establishment system and procurement projects described below.

**Identifying nationally-held equipment for redistribution**

National Defence has completed this commitment. The Canadian Army regularly identifies and redistributes nationally-held equipment to Reserve units. For example, since January 2017, the Canadian Army has redistributed support vehicles, weapons systems, night vision devices, and assault boats to address shortfalls in Reserve units.

**Building an equipment establishment system**

National Defence has completed this commitment. The Canadian Army completed equipment establishments for all 122 Reserve units to define the type and quantity of equipment required by each unit to train and conduct operations.

On an ongoing basis, the Canadian Army adjusts equipment establishments to take into account factors such as geography, unit strength, equipment holdings, and operational priorities. For instance, in accordance with Canada's defence policy *Strong, Secured, Engaged*, the Canadian Army assigns Reserve units specific roles and responsibilities to support Canadian Armed Forces operations. The Canadian Army prioritizes unit establishments to support these roles. The Canadian Army also undertakes a fulsome analysis to identify equipping strategies, including redistribution and new acquisition. This allows the Canadian Army to address any further gaps between units' holdings and their requirements.

### **Developing and implementing a capital project for Reserve equipment**

National Defence has completed this commitment. In accordance with *Strong, Secure, Engaged*, National Defence is further integrating the Reserve Force into the rest of the Canadian Armed Forces, which applies to the acquisition of new equipment and addressing Reserve unit shortfalls. The Canadian Army is working to ensure that Reserve Force units are indistinguishable from Regular Force units in terms of operational effectiveness, and as a result, both forces receive common equipment and benefit from Canadian Army procurement projects.

To address the deficiencies identified in transportation, communications, and basic training equipment, National Defence stated in January 2017 that it had purchased 80 sport utility vehicles, that it had ordered radios, and that it would introduce a new training program, Force Combat, which would include the delivery of key training equipment. Since January 2017, National Defence received and delivered the radio equipment it ordered. Moreover, National Defence delivered the required equipment for its Force Combat training program, including training plates and magazine weights.

Further, through procurement projects completed under its common approach, National Defence provided the Canadian Army with tactical armoured patrol vehicles, medium support vehicles systems, commercial vehicles, mobile repair vehicles, and laser range finder systems. This equipment benefits both Regular and Reserve Force units.

### **Conclusion**

National Defence has now completed all four of its Management Action Plan commitments to address the Auditor General's recommendation and the shortfalls National Defence identified in January 2017.

Evolving circumstances and demands mean that ensuring Reserve units have the right equipment to train and deploy is an ongoing process. Through the measures noted above, as well as current and future procurement projects, National Defence will continue identifying and addressing equipment shortfalls as they arise, and in doing so provide Reserve units with the equipment they need to contribute to Canadian Armed Forces operations domestically and abroad.



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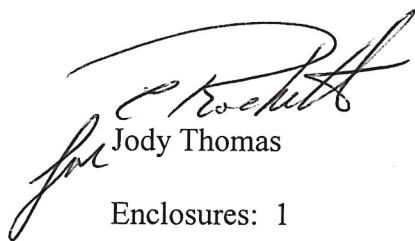
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Chair, Standing Committee on Public Accounts  
House of Commons  
Ottawa, Ontario  
K1A 0A6

As agreed upon in the Government Response to the Fourteenth Report of the Standing Committee on Public Accounts entitled *Report 5, Canadian Army Reserve – National Defence, of the Spring 2016 Reports of the Auditor General of Canada*, National Defence submits its response to Recommendation 5.

National Defence originally committed to provide an update on this recommendation by 30 September 2019. While this deadline was not possible as it fell during the federal election, it is my pleasure to offer this update so that committee members will have the latest information when the Committee is reconstituted in the New Year.

Sincerely,



Jody Thomas

Enclosures: 1

**Response to the Standing Committee on Public Accounts'  
Report 5, Canadian Army Reserve – National Defence, of the Spring 2016  
Reports of the Auditor General of Canada**

**Recommendation 5**

*That National Defence provide the House of Commons Standing Committee on Public Accounts with an interim report on its progress in meeting its action plan's first two milestones by 31 January 2018, and a final report assessing the effectiveness of its retention strategy by 30 September 2019.*

**Background**

In the spring 2016 report on the Army Reserve, the Auditor General recommended that National Defence design and implement an Army Reserve retention strategy. National Defence agreed with the recommendation and committed to developing and implementing this strategy by 30 September 2019 through a four-stage process: orientation, strategy design, implementation, and validation.

In its January 2018 update to the Committee, National Defence noted that the scope and initial intent of the retention strategy, as laid out in its 2016 Management Action Plan, had changed. A focus on implementing the personnel-related initiatives within Canada's defence policy *Strong, Secure, Engaged* resulted in delays.

**Current status**

National Defence is now developing a comprehensive Canadian Armed Forces Human Resources Strategy which will serve as an overarching framework for all initiatives, including the retention strategy. Further, National Defence has expanded the scope of the retention strategy to include the entirety of the Canadian Armed Forces to address common issues and improve retention for the organization as a whole.

While these efforts will result in better outcomes for Canadian Armed Forces personnel in the long term, they have led to additional delays in the development of the retention strategy and to revised timelines of all four phases of the process (outlined below).

**Progress on phase one (orientation)**

As stated in the January 2018 update, National Defence launched phase one of development (orientation) in April 2017. This phase included a review of retention problems and the factors, restraints, and resources required for an effective solution.

In 2018, National Defence stated that phase one would be completed in February 2018. In March 2019, the Chief of the Defence Staff formally closed phase one by signing a Strategic Initiating Directive.

This Directive identified the overall objective of the retention strategy: reducing attrition and removing barriers for those who continue to serve, all while maintaining operational effectiveness. The Directive also identified six core principles for the strategy: leadership and responsibility, valuing diversity, strengthening families, system flexibility and individual choice, a Canadian Armed Forces-wide approach, and effective communication.

### **Progress on phase two (strategy design)**

In January 2018, National Defence reported that work was already underway on phase two (strategy design) and that it would be completed by spring 2019. However, phase two has also been delayed further.

National Defence is finalizing a strategic framework that identifies high-level priorities and the need for a robust performance measurement scheme to accurately evaluate the retention strategy. National Defence plans to finalize the framework, develop specific steps for implementation, and have a strategy by the end of September 2020.

### **Next steps: phases three (implementation) and four (validation)**

National Defence will then launch phase three (implementation). National Defence will require at least 16 months to implement the strategy and thoroughly assess its effectiveness before launching phase four (validation).

### **Future updates to the Committee**

National Defence will undertake to provide two further updates to the Committee. The first, by 31 December 2020, will report on the strategy and initial plans for implementation. The second and final report, by 31 December 2022, will outline the effectiveness of the new Canadian Armed Forces retention strategy.