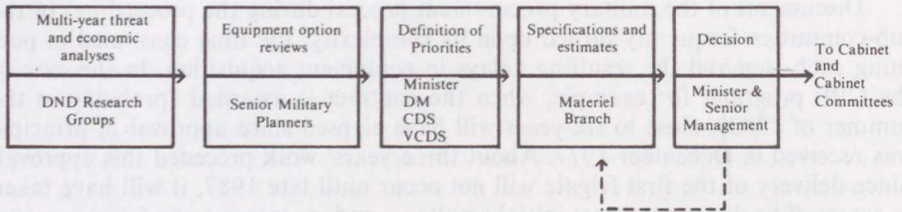


The present procurement process can be summarized as follows. Within DND, priorities are determined on the basis of extensive background analyses and subsequent identification of equipment required to counter perceived threats. The Materiel Branch then translates these priorities into specifications and cost estimates. Once these have the approval of DND's senior management, the Minister takes his program proposal to the Cabinet Committee on Foreign and Defence Policy for approval in principle, after which it is submitted to the Treasury Board, itself a cabinet committee, for program approval. Figure 4 illustrates, in highly simplified form, DND's internal approval process.

FIGURE 4
MILITARY PROCUREMENT PROCESS WITHIN DND



Up to this point, other departments are involved as required: the Department of Supply and Services (DSS), with a view to facilitating later phases of the process, especially in the case of major projects; the Department of Industry, Trade and Commerce/Regional Industrial Expansion (ITC/DRIE), when economic benefits to Canada or various regions are a concern; the Department of External Affairs (DEA), if allied co-operation is involved.

After cabinet and Treasury Board approvals have been secured, DND formally approaches DSS. Once that department has satisfied itself that no budgetary or other constraints will impede implementation of the proposed program, it prepares a procurement plan and proceeds with contracting. Treasury Board's approval must again be obtained before a contract can be awarded, however. Sometimes (as in the case of the CPF) this approval would follow a further cabinet review. DSS is in charge of contract management, and co-operates closely with DND, particularly in the area of technical evaluations. All major programs are examined by a Senior Review Board, on which all departments with a stake in the program are represented, including the Treasury Board Secretariat (TBS), but major crown projects involving expenditures of \$100 million or more have an additional requirement to report to TBS twice yearly.

Procurement policy

Despite its real or apparent complexity, the structure that oversees this process may not be nearly so much a cause of delays and difficulties as the constraints under which the various participants have to labour. The procurement process needs to be tightened up, but the real core of the problem lies in a lack of commitment to defence on the part of successive governments; failure to develop realistic long-term plans, looking forward over the next fifteen to twenty years or so; the subordination of defence requirements to other needs or more immediate