

The short term. As noted earlier, the government is now adding six Challengers to the ATG fleet, increasing the total to eight. The one Dash-7 still in the inventory will be traded in this year. Six Dash-8s are to be acquired by 1988, for \$77.5 million.²²

One more Boeing-707, with air-to-air refuelling capability, is high on the Department's list of priorities. The Committee believes that such an addition must be made in the short-term period, for example this year.

A number of additional Hercules are urgently required for peacetime operations and to reduce some of the stress caused by the present excessive utilization rates. The two Hercules lost in the accident in Edmonton in Spring 1985 should be replaced this year, and then the Hercules fleet should be expanded to 33 by 1988. The schedule of acquisitions should be as follows: two new Hercules in 1986, three in 1987, and two in 1988.

The addition of the six Challengers involves expenditures for the Department of National Defence of about \$120 million (total programme costs for four new aircraft and modifications to them and for the two aircraft being transferred from the Department of Transport). The six Dash-8s, at \$77.5 million, are already funded. One additional used Boeing-707 in the tanker version would cost about \$20 million, while seven additional Hercules would cost about \$40 million each, or a total of \$280 million.²³ These are not altogether negligible expenditures and the Committee is well aware that the defence budget is tight. Nonetheless the Committee believes they are vital for the immediate and longer-term future of Air Transport Group, and can be made in the next three years without massively distorting DND's overall equipment acquisition plans.

The medium term. Most of the present ATG aircraft will reach the end of their scheduled lifespans in the period from the late 1980s to the year 2000, and the options will then be life-extension programmes or the acquisition of new types, depending on the size and model of ATG fleet we wish to develop.

Some factors bearing on this situation are as follows:

Hercules. Air Command now faces a choice between limping along with a military air transport fleet which is inadequate even for peacetime operations, and developing one which would constitute a solid military force capable of making a substantial contribution in peacetime, crisis periods and wartime. The Committee strongly believes that the latter course is the one that Canada should follow, and that this will imply, above all, building up the force of Hercules. Other aircraft holdings should be developed with this primary requirement for adequate numbers of Hercules in mind. The cost should not be outlandish if additions to the

²² *The Globe and Mail*, 10 October 1985, p. 137.

²³ This figure is for "programme costs", that is to say for the aircraft — U.S. \$20 million — plus exchange rates, U.S. sales tax, spare parts, modifications, etc. Programme costs, in Canadian dollars, for additional Hercules or Dash-8s, will be about *double* the basic aircraft cost in U.S. dollars. This would rise to about 2.5 times the basic aircraft cost if DND acquired *new types* of aircraft (owing to the need to invest in new infrastructure, etc.).