

COLUMNISTS



The costing challenge of flying Forces' executive Challenger jets

March 31, 2012 by Tim Dunne

DND's financial analysts are affectionately called "bean counters" in recognition of their unique abilities to determine the exact cost of just about anything that is done within the Defence Department and the Canadian Forces.

Their information can be confusing to the uninitiated trying to learn about the costs of just about anything, from the war in Afghanistan to the purchase of paint and pencils.

It invariably involves responding to financial inquiries with what appears to be conflicting information.

For example, Chief of the Defence Staff General Walt Natynczyk, and staff members who must accompany him, sometimes take a Defence Department's Challenger executive jet to particular events.

Senior military representatives are often required to attend international meetings, special events, consultations with allies and attend ramp ceremonies at CFB Trenton for one of Canada's fallen soldiers.

There are inevitable media reports about the costs of the flight. But do such flights cost \$10,000 per hour, \$2,630 per hour, or something else?

DND's bean counters and those responsible for conveying this information to the media and the public, to their credit, make every effort to be open and transparent in telling us about the Defence Department's cost of doing business.

But the information is often difficult to understand as it can be "full cost" or "variable cost," and journalists, in their efforts to put the information into a context, often gravitate to the more expensive estimates.

Essentially, Challenger aircraft are aerial offices and, sometimes, command centres that take their passengers to wherever they need to go.

The benefits of using government-owned aircraft include personal convenience, minimized travel time, security and, frequently, economy.

Under some conditions, military material, vehicles and aircraft can be made available to non-defence and non-government organizations, and in most cases they are charged what is called "full cost recovery."

In the case of aircraft, this includes factors that DND's costing analysts have identified to a level of detail that is nothing short of penny-perfect exactness. This includes fuel and lubricants, and the amortized hourly costs of use on the airframe, engines, tires, spare parts and many other factors.

This also incorporates the amortized hourly salaries, pensions and benefits of the pilots and cabin crew, technicians, administrative and support personnel, use of the runways, heat and maintenance of aircraft infrastructure (buildings and ground support equipment) and depreciation of the aircraft for the time it is assigned to the non-government user.

That non-government user would normally pay about \$10,000 per hour.

The incremental "variable cost recovery" is dramatically less, and includes only the fluids and materials expended for that particular flight, including fuel, oil and lubricants.

In the case of the Challenger aircraft, the "variable" hourly cost would be about \$2,630. Aircraft cost money even when they sit on the ground.

Maintenance, security and salaries and benefits of technicians and ground crew are only a few examples.

But there is another element to military passenger aircraft operations that goes virtually unnoticed.

All military pilots, including Challenger personnel, have to fly a minimum number of hours per month to maintain their currency, DND's term for authorization to fly the aircraft.

Their training flights must include various distances, runways and conditions, and the expenses involved in these flights are part of the cost of doing business.

The flights can be made available for military personnel, but other government representatives are not permitted to accompany these flights.

The difference is that Canada's military personnel are subject to requirements of the policy of unlimited liability, so any risks involved in travelling aboard military training flights are subsumed within this condition.

While other professions may have elements of risk, such as firefighters, police and corrections officials, they have the right to refuse.

Only military personnel may be required to assume unlimited risk as part of their responsibilities, including loss of life.

So long as these flights meet the specific requirements for pilot training, military personnel can "hitch a ride" and in some circumstances have the flight plan conform to their travel requirements.

When the staff members have to accompany "the boss," the cost of commercial air travel could be much more expensive.

So, when you read or hear that a senior Canadian Forces representative has cost the Canadian taxpayer \$10,000 for the use of a DND Challenger aircraft, you might wish to ask: Was the flight fully-costed, variably-costed, operational or training?

- A correction to my March 3 column, "Journalists sub-par on sub debate": the surface displacement of the submarine HMCS Corner Brook is 2,168 tons and 2,455 tons when submerged; and HMCS Corner Brook was taken out of the water onto the SEASPAN floating dock Careen on Jan. 18.

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