National Defence | Défense nationale
Deputy Minister | Sous-ministre

National Defence Headquarters
Ottawa, Ontario
K1A 0K2

Quartier général de la Défense nationale
Ottawa, (Ontario)
K1A 0K2

JUN 29 2017

Mr. Jean-Denis Fréchette
Parliamentary Budget Officer
Library of Parliament
Ottawa ON K1A 0A9

Dear Mr. Fréchette,

I am writing in response to your 07 June 2017 request for "a copy of the CF-18 Hornet Estimated Life Expectancy Report, which includes assumptions and calculations of the cost of maintaining and extending the CF-18 Hornet fleet."

Enclosed is the requested report. You will note that it contains highlighted information. In accordance with section 79.4 of the *Parliament of Canada Act*, this document is being provided to you with the understanding that it will be kept confidential and, in particular, that the highlighted portions will not be disclosed to the public. As you will appreciate, the public disclosure of the highlighted information could reasonably be expected to be injurious to national defence and/or international affairs. Moreover, much of this information must remain confidential because it would fall within the scope of the *Access to Information Act* provisions listed in s. 79.4 of the *Parliament of Canada Act*.

As already shared with your officials, I note the following caveats in relation to the enclosed report:

- The structural refurbishment requirements and costs identified in the report to meet an Estimated Life Expectancy (ELE) of 2025 and 2030 are no longer accurate. Since the report was completed, National Defence has determined that fatigue consumption in the fleet has been less than forecasted. As well, new engineering data from allies and Canada's own CF-18 structural programs have provided Canada with the opportunity to re-baseline fatigue life calculations.

- The US Navy and US Marine Corps information regarding F/A-18 Hornet retirement dates contained in the report is outdated. Although the US Marine Corps plans to fly their "Classic" (F/A-18A-D) Hornets until 2032, US aircraft retirements will commence sometime sooner. Given that the US Hornet fleet represents the majority of Classic Hornet aircraft still flying, spare parts, engineering support, and Repair and Overhaul capacity will become more challenging beyond 2025.

- Incremental sustainment costs (including increased buys of spare parts and obsolescence management requirements due to aircraft aging) identified in the report to meet ELE of 2025 or 2030 are less than what would be required to

support a new fleet ELE (notionally) to 2032 because some of the assumptions contained in the report (such as aircraft retirement profiles, DND Economic Model Forecasts, and baseline sustainment costs) have been updated.

- The capital upgrade costs identified in the report are no longer up-to-date. The assumptions underlying what would be required to meet regulatory and inter-operability requirements is currently in the options analysis phase. Additionally, some of the limited upgrades envisioned in the report to meet regulatory / interoperability requirements used information from 2012-2013. Some of the envisioned upgrades have been discarded (i.e. are no longer available) in favour of newer, more capable, and sometimes significantly more costly upgrades.

Please know that updated costing data is being retrieved and analyzed for potential release as per your request.

In conclusion, to allow your staff a better understanding of the underlying calculations and methodologies, I would like to offer you a meeting between your staff and DND subject matter experts on this file.

I look forward to our continued collaboration.

Sincerely,

John Forster

Enclosure: (1)

c.c.: Ms. Katharine Rechico, Assistant Secretary to the Cabinet, Privy Council Office, Liaison Secretariat for Macroeconomic Policy