

Government
of CanadaGouvernement
du Canada

Canada

[Home](#) > Cost of the Afghanistan mission 2001-2011

Backgrounder

Cost of the Afghanistan mission 2001-2011

INTRODUCTION

Canada's aim is to leave Afghanistan to Afghans, in a viable country that is better governed, more peaceful and more secure. We are there with more than 50 other nations and international organizations, at the request of the democratically-elected Afghan government and as part of a UN-mandated, NATO-led mission. Canada is among the top bilateral donors in Afghanistan in the world today and Afghanistan is the single largest recipient of Canadian development aid.

The incremental cost of the mission to the Government of Canada (GoC) in Afghanistan from 2001 to 2011 is currently estimated at approximately \$11.3 billion, excluding post-2011 disability and health care costs for veterans. These incremental costs are calculated at approximately \$9B for National Defence (DND) and approximately \$2.3B for other departments – including \$1.7B for the Canadian International Development Agency (CIDA), \$400M for the Department of Foreign Affairs and International Trade (DFAIT) (costs for Corrections and the RCMP are included in DFAIT calculations), and \$150M for Veteran's Affairs Canada (VAC).

Afghanistan is an enormously complex and challenging mission. Operations are constantly changing and adapting to the security situation on the ground. As such, cost estimates are constantly refined and adjusted to reflect this changing reality. As Prime Minister Harper said, "we've been clear that the cost of this is high. We are doing important work there as part of an international effort... When we have men and women in uniform, diplomats and development workers who are putting their lives on the line, the government will spend what is necessary to make sure they are safe and successful."

Over the past months, the Government has taken steps to improve coordination among the various Canadian departments and agencies engaged in Afghanistan. This increased coherence between departments is also reflected in how costs are accounted for. That is, costs are not being looked at in isolation by individual departments, but now more accurately reflect a combined whole-of-government assessment.

The Government of Canada has regularly and publicly reported mission costs to Canadians. This is done through annual departmental performance reports, reports on plans and priorities and other public communications.

The Government of Canada will for the first time include a forecast for incremental costs for the next fiscal year in Main Estimates. In addition, reporting on costs will periodically be included in the Quarterly Reports to Parliament about Canada's engagement in Afghanistan.

WHAT ARE INCREMENTAL COSTS?

Incremental costs are costs for personnel and equipment that would not have been incurred had there been no Afghanistan mission. Specifically, incremental costs include only the additional costs to deploy troops, civilians and equipment and provide ongoing maintenance and support during the operation. The estimates presented here are on an accrual basis, consistent with the Government's accounting policies.

More than 80% of the costs of the Afghanistan mission are DND-related. In order to provide a comprehensive accounting of the cost of a particular mission and its impact on equipment, DND employs a system very similar to most of its allies. The costs associated with the increased maintenance, repair and spare parts consumption due to higher usage in theatre are included in the incremental costs associated with the mission. In addition, the acquisition of mission-specific equipment such as the Chinook D helicopters are also included in incremental cost figures.

With respect to land equipment in Afghanistan, the Department of National Defence includes the net residual value of vehicles damaged beyond repair in its incremental costs. Previous years' data related to vehicle loss in operations provides an accounting baseline that enables planners to estimate future costs associated with vehicle. DND accounts for vehicle loss in its incremental costs and an estimate is included in the Departmental forecasted incremental cost through 2011.

If one takes - for example - the LAV III vehicles deployed to Afghanistan, DND includes the following in its incremental cost figures:

- the cost to transport the fleet to Afghanistan
- the increased costs of spare parts due to higher usage in theatre
- the repair and maintenance of the fleet in theatre
- the costs associated with any vehicles damaged beyond repair
- the cost to transport the fleet back to Canada
- the costs associated with returning the vehicles to their full operational capability.

Unlike land equipment, DND does not forecast for the loss of aircraft in operations. Canada has an exceptional flight safety record in operations and includes in its incremental costs figures the increased maintenance, repair and spare parts consumption due to higher usage in Afghanistan. For example, Canada's new CC-177 Globemaster aircraft are specifically designed to operate in harsh operational environments. These aircraft perform an invaluable sustainment role for operations in Afghanistan and will form the backbone of Canada's strategic resupply capability for years to come.

DND has a longstanding practice after completion of missions of bringing equipment back to Canada and restoring (or reconstituting) it to its full operational capability. For this reason, DND does not apply an accelerated depreciation cost to its land and air fleets. Equipment such as Leopard Tanks, M-777 Howitzers and CC-177 Globemaster aircraft will remain in the Canadian Forces' inventory for years to come. The incremental estimated costs associated with reconstituting equipment used in Afghanistan are also included in DND's incremental cost estimates through 2011.

Accounting for the cost of a particular mission is a challenging and complex endeavour. DND goes to great lengths to calculate the complete costs associated with a given mission - whether it be in the form of increased maintenance, mission-specific acquisitions or the reconstitution costs associated with a particular vehicle fleet. All of these costs are reported to Parliament and Canadians on a regular, open and transparent basis.

The following is a listing by type of expenses included in the incremental cost:

Personnel:

- Mission specific allowances as well as Reserve pay
- In-theatre morale, welfare and fitness programs expenses
- Essential backfill of positions vacant in Canada due to deployment

Equipment

- Repair of equipment damaged in-theatre
- Spare parts cost for equipment that are over-and-above DND's normal planned life cycle due to higher usage of equipment and theatre's environmental conditions
- Write off of major equipment damaged beyond repair
- Capital acquisition of major equipment specific to the mission
- Accelerated depreciation of equipment if normal life expectancy is reduced due to higher usage

On-Going Supply

- Ammunition
- Reconstitution of material/clothing shipped in-theatre
- Rotation of in-theatre personnel and equipment expenses
- Contracted air and sea lifts to deploy/redeploy equipment and personnel

In-theatre costs

- Communication expenses
- Infrastructure expenses
- Maintenance of vehicle fleets
- Expenses to maintain Forward Operating Bases (FOB), Kandahar Air Field, and the Provincial Reconstruction Team
- Accommodation, food, transportation, fuel, laundry and supplies expenses

Other costs

- Medical expenses of injured/deceased personnel in-theatre and in Canada
- Mortuary affair expenses
- Additional pre-deployment training in Canada required specifically for the mission
- Technical assistance visits in theatre
- Decompression activities after deployment

LONG-TERM HEALTH CARE COSTS

Accounting for long-term health care costs within a mission-specific context is more difficult because health care issues are often the result of cumulative experiences from a number of operational environments over a number of years, and these costs occur well into the future. Accordingly, the Government at present does not attribute accrual VAC costs to a specific mission in its audited financial statements.

However, the full liability for future claims of all veterans is recorded in the books of the Government as audited by the Auditor General of Canada. This figure is reviewed and updated annually by the Chief Actuary of the Office of the Superintendent of Financial Institutions and it includes any changes to expected future costs related to treating veterans. In accordance with professional standards, the estimated accrued benefit obligation and the liability were reported in the Public Accounts of Canada.

The Government committed to providing adequate and appropriate long-term care for our veterans. All Canadian Forces missions have the potential to incur long-term costs. Many veterans injured during the Afghanistan operation are not likely to come forward to Veterans Affairs Canada for a number of years. Last year, 60% of CF Veterans who applied for assistance had incurred their service-related injury or illness 10 years earlier. That said, VAC is currently assisting approximately 4,000 Canadians who have served in the Afghanistan mission, although the assistance may be related to other CF operations.

Date Modified: 2009-02-25