

OFFICE OF  
THE PARLIAMENTARY BUDGET OFFICER



BUREAU DU  
DIRECTEUR PARLEMENTAIRE DU BUDGET

# **F-35 Update**

## Presentation to the House of Commons Standing Committee on Public Accounts

May 3, 2012

# 1. PBO estimate included operating costs

- Operating costs are defined in both:
  - DND's Costing Handbook: Chapter 2, page2
  - US DoD's Cost Analysis Guidance and Procedures
- Consistent with Treasury Board Policy, operating costs must be provided for any government project and/or acquisition.
- See PBO Report, Chapter 5 Cost analysis.

# DND's costing handbook

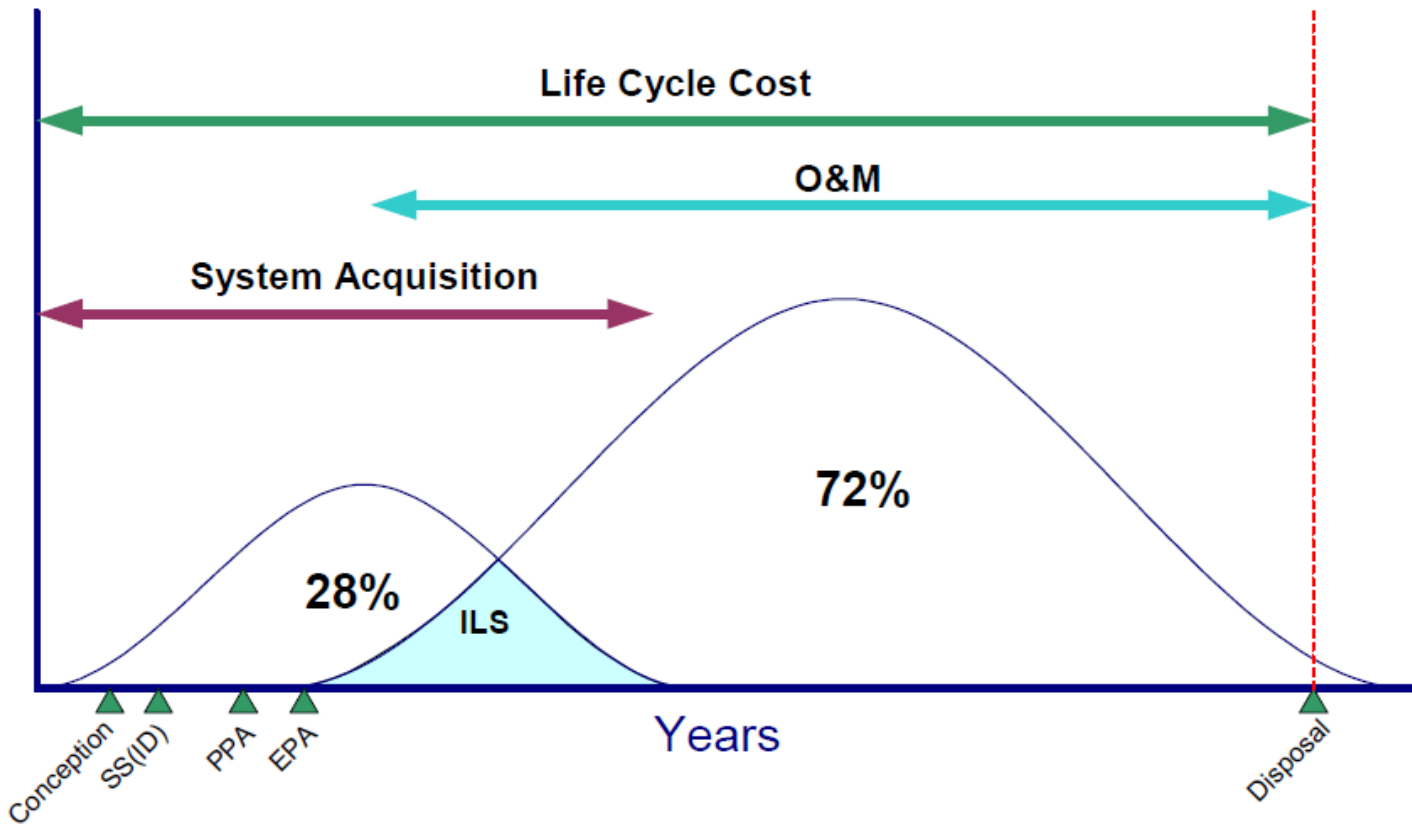
## Second Edition – April 2006

### A-FN-007-000/AF-001

**“Operating Costs** - Operating costs include: personnel costs such as the activation of reserves, overtime cost of civilian employees, and the cost of any other personnel hired to provide service; rations, quarters, temporary duty, travel and transportation; variable and step variable operations and maintenance costs of equipment; total operating costs for facilities and materials consumed. The cost of capital assets purchased by the Department for the purpose of providing the service may also be included.”

# DND's *Costing Handbook* includes definitions of lifecycle costs

Figure 5-1 – Life Cycle Costs



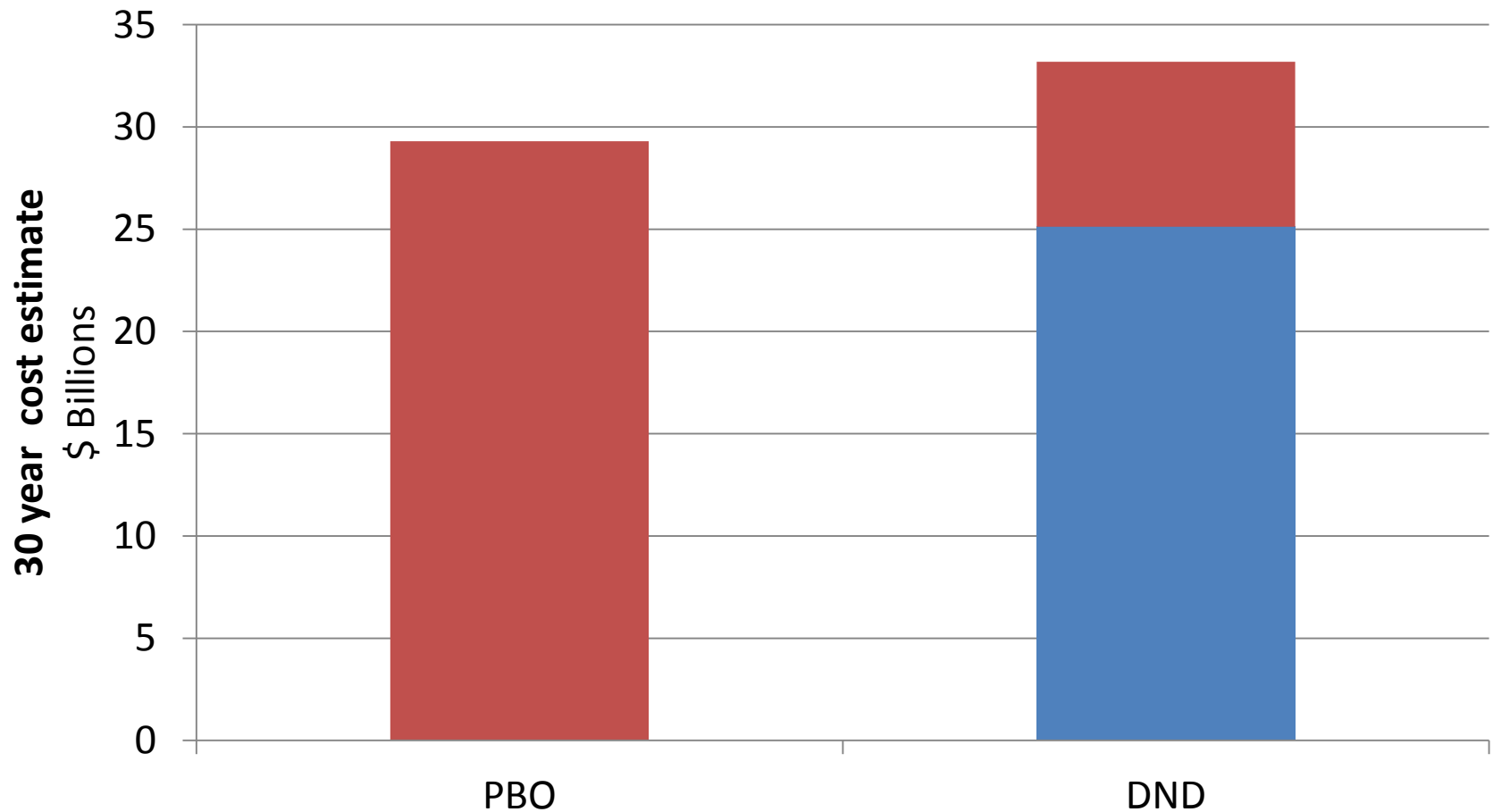
## 2. The Government was requested by FINA to provide lifecycle costs

Minutes of the November 1, 2010 FINA Meeting:

*The committee also orders that the Government of Canada provide the committee with electronic copies of the following:*

- All documents that outline acquisition costs, lifecycle costs, and operational requirements associated with the F-35 program and prior programs (CF-18). Such documents include but are not limited to the Selected Acquisition Report (SAR) and the report of the US Department of Defence's Joint Estimating Team (JET) both relating to the F-35*

### 3. Comparison of PBO and DND life cycle cost estimates over 30 years



# Operating and Support based on US DoD December 2011 SAR

## **Selected Acquisition Report (SAR) - Page 84**

United States Department of Defense

December 2011, Released April 2012 (Base year 2012 US\$)

Total O&S Costs per flying hour for all variants based on a 30 year service life	\$ 31,923
Average flying hours per year for F-35 A variant (NATO=240, US DoD=250)	240
Number of Aircraft	65
Useful life (years) based on US DoD SAR	30
<b>Estimated O&amp;S Cost for 30 years</b>	<b>\$ 14,939,964,000</b>

For comparison purposes, PBO estimated an O&S cost of \$14 billion over the same 30-year useful life.

### **Notes:**

O&S - Operating & Support

Legacy aircraft O&S per flying hour as represented by F-16 DC/D \$22,470