

2006 Canadian Defence & Foreign Affairs Institute (CDFAI) Annual Report



"It is a pleasure for me to participate in this CDFAI conference. We at the Department of Foreign Affairs and International Trade, view your organization as a premier forum for informed discussions of Canada's international engagement. By bringing together the perspectives of practitioners, former military and diplomatic leaders, politicians, business leaders and academics, you have achieved, in your relatively short period of existence, a reputation for timeliness, focus and broad participation. Congratulations and be assured of our ongoing interest in future conferences."

~

Peter Harder Deputy Minister of Foreign Affairs and International Trade Canada CDFAI Annual Ottawa Conference October 30, 2006



# 2006 Canadian Defence & Foreign Affairs Institute (CDFAI) Annual Report

Canadian Defence & Foreign Affairs Institute (CDFAI) is proud to support activities that promote understanding by the Canadian public of national defence and foreign affairs issues. The Institute is dedicated to educating Canadians, particularly those who play leadership roles in shaping Canadian international policy.

CDFAI believes in a prosperous and free Canada and a world of globalization and liberal internationalism.

For the past five years the Institute has grown because of the support of Canadians like you.

Your contributions have enabled us to significantly enhance our programming through the development of a body of knowledge, which can be used for Canadian policy development, media analysis and educational purposes.

We encourage you to read the 2006 CDFAI Annual Report.

Thank you for your continued support of CDFAI.

Robert S. Millar, CDFAI, President

(Cover photography compliments of DND, UN, Women for Women in Afghanistan)



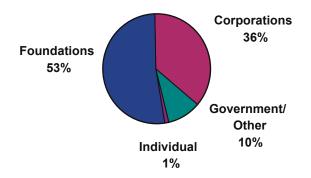
**DND** Photo

"CDFAI would like to thank its donors, supporters, fellows and associates for their generosity over the past year. As public interest in foreign and defence policy continues to grow, it becomes more important for quality research and information to be made available. These contributions will enable our international relations think tank to help shape effective diplomatic, defence and development policy for Canada and all Canadians."

Robert J.S. Gibson CDFAI, Board Chair

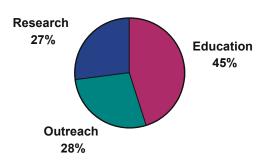


#### 2006 Revenue



CDFAI is a "think tank" pursuing authoritative research and new ideas aimed at ensuring Canada has a respected and influential voice in the international arena. Founded in 2001, the charitable organization had more than \$800,000 revenues in 2006. Revenues are generated from sponsorships and donations from corporations, foundations, individuals and government grants.

# 2006 Programs



CDFAI has three streams of programming: research, education and outreach. Each activity within these streams has been designed and developed to promote understanding by the Canadian public of Canada's international engagement. The core expertise comes from 33 Fellows from across Canada.



**DND** Photo

"Canadian Defence and Foreign Affairs Institute is dedicated to balanced, non-advocacy, research and the dissemination of information about Canada's foreign, defence and international assistance policies through publications, conferences, the World Wide Web, and other means. Since our founding in 2001, we have gained the respect of journalists, academics, and the policymaking community as a reliable source of both pure and applied research into Canada's role in the world. In this past year we built upon the work we have done since our founding and, I believe, we achieved new heights in the confidence levels we have established in the broad national community that we aim to serve. National press coverage of our events and publications and the endorsement of some of Canada's most esteemed experts in our field of endeavor attest to our successes."

David Bercuson

CDFAI, Director of Programs



# Canadian Defence & Foreign Affairs Institute (CDFAI) is pleased to present the year's programming highlights

#### **Annual Conference**

In October, CDFAI hosted its 2006 Annual Ottawa Conference, Foreign Policy Under a Conservative Government: An Interim Report Card. The conference evaluated the Harper government's record on foreign policy, defence and development. The conference included thought-provoking panel discussions and a debate. The results of a national public opinion poll were released at the conference.

## **Graduate Student Symposium**

CDFAI collaborated with the Conference of Defence Associations Institute (CDAI) on this year's Graduate Student Symposium in October. The Symposium included two days of presentations by 38 students from across Canada, engaged in the study of defence and security issues. The conference marked one of the most successful turnouts of student presentations to date. The Graduate Student Symposium was created to provide a unique venue for graduate students to present scholarly work on defence and foreign policy related issues in a public forum.

# **Issue Response Papers**

This project allowed CDFAI to produce timely papers on issues of national importance, written by acknowledged experts on Canadian defence and foreign policy. The essays were posted on the website, distributed to targeted audiences, published on the opinion pages of The Globe and Mail and resulted in news reports from a number of media sources.

- A Canadian Foreign Intelligence Service by Reid Morden (May)
- Blunt Instruments (counter terrorism) by Reid Morden (June)
- Great Expectations: a Breakthrough in Major Defence Projects by George Macdonald (June)
- Our Leopard Tanks Make the Leap to Afghanistan by Bob Bergen (September)
- Leadership in a New Government Environment by Derek Burney (October)



"CDFAI has been able to make a major splash with its polls this year. Through our partnership with a leading Canadian daily, CDFAI has been front page news through the summer and fall. Moreover, calls are being received from key decision-makers and their staff looking for information beyond the headlines. CDFAI is becoming a 'go to' source for information about Canadian views on defence and foreign policy issues."

Greg Lyle Innovative Research Group, Managing Director



# **Military Journalism Course**

Thirteen university students attended the 2006 Military Journalism Course at the University of Calgary and Canadian Forces Base in Edmonton. The course introduced graduate journalism students to the Canadian Forces and issues involved in covering the Canadian military in the new millennium. With training and education on military culture, the graduates came away from the course as stronger journalists better able to communicate with the Canadian public.

#### **National Polls**

Three national public opinion polls were commissioned by CDFAI in 2006 to monitor Canadians current thinking on significant international issues. Poll results were published in The Ottawa Citizen and on the CDFAI website.

- A poll released in June found that a majority of Canadians support troops in Afghanistan. Sixty-one percent of those surveyed said Canadian military involvement in Afghanistan is providing critical assistance to local Afghans and is trying to create a peaceful and democratic society.
- In a July poll, Canadians told CDFAI that they support a NATO Peacekeeping Force in Southern Lebanon, but are split on Canadian participation.
- A poll released in August found that a majority of Canadians feel more at risk for terrorist attack since 9-11, while two in five Canadians support ethnic profiling.

# **Quarterly Newsletters**

CDFAI distributed a newsletter each quarter (spring, summer, fall and winter) to educate Canadians on timely topics related to Canada's role on the international stage.

## **Reaching Out to Canadians**

A bi-weekly column written by Dr. Bob Bergen was distributed through the media, via email and the internet to a broad audience to raise the level of public debate and draw attention to defence and foreign affairs issues.



DND Photo

"The global security environment is changing rapidly and in ways that are not well understood. CDFAI is playing a very important role in stimulating informed debate in this critical area."

# Gordon Smith Centre for Global Studies – University of Victoria, Executive Director and CDFAI Advisory Council Member



# **Research Papers**

In 2006, CDFAI produced four research papers on current, relevant themes related to defence, diplomacy and international development. Each provided a critical examination of recent issues and an analysis of existing policy.

- The Strategic Capability Investment Plan: Origins, Evolution and Future Prospects by Dr. Elinor Sloan (March). This critical assessment of one of the Department of National Defence's central planning documents demonstrated that the long-term plan for Canadian Forces remains in limbo, without strategic direction.
- Opaque Window: An Overview of Government Commitments Regarding the Department of National Defence and the Canadian Forces by Dr. David Bercuson (May). This report tracked defence spending between January 1, 2000 and December 31, 2004. It concluded that it is almost impossible to determine if defence projects were on time and/or on budget.
- The Homeland Security Dilemma: The Imagination of Failure and Escalating Costs of Perfecting Security by Dr. Frank Harvey (June). This report found that the greater the financial costs, public sacrifice and political capital invested in security, the higher the public's expectations and corresponding standards for measuring performance.
- Effective Aid and Beyond: How Canada Can Help Poor Countries by Danielle Goldfarb (December). This report concluded that for Canada to make a meaningful contribution to reducing poverty in developing countries, Ottawa needs to put development policy on its priorities list and frame its policy broadly, both in words and actions.

# **Ross Munro Media Award**

In November, the Conference of Defence Associations (CDA) in concert with CDFAI, honoured Christie Blatchford, a columnist with The Globe and Mail, with the 2006 Ross Munro Media Award. The Ross Munro Media Award was initiated in 2002 to recognize Canadian journalists who have made a significant and extraordinary contribution to increasing public understanding of Canadian defence and security issues. Ms. Blatchford was recognized for her compelling work on the Canadian Forces, particularly in Afghanistan.

## **Speakers' Series**

Corporate and community leaders were invited to expand their knowledge of international relations through the experience and expertise shared by knowledgeable speakers in 2006.

- Dr. Elinor Sloan The Long War: US Defence Strategy, Canada's Role and the Potential Impact on Oil (March)
- Chris Wattie National Post correspondent on reporting from Afghanistan (March)
- Stephen Randall Political and Economic Challenges for Oil Investors in Columbia and Venezuela (June)
- Reid Morden Oil, War and Sanctions: Lessons from the Middle East (September)



**UN Photo** 

"In just five short years, the CDFAI think tank has helped to not only reinvigorate public debate and Canada's future role on the world stage, but also to provide informed research on the policy commitments that could get us there."

Allan Gotlieb Aurea Foundation, Chairman



#### CDFAI 2006 Fellows

**David Bercuson** (Calgary) – Canadian Military Historian

**Bob Bergen** (Calgary) – Media-Civil Military Relations

Derek Burney (Ottawa) - Canada-US Relations

**David Carment** (Ottawa) – Peacekeeping & Canadian Foreign Policy

**Barry Cooper** (Calgary) – International Terrorism

Ray Crabbe (Winnipeg) – Canadian Military, Foreign Policy

Mark Entwistle (Ottawa) – International Affairs, Cuba

**James Fergusson** (Winnipeg) – Defence Policy/US Relations, BMD, Military Space

**John Ferris** (Calgary) – Intelligence, Strategy, Diplomacy

**Brian Flemming** (Halifax) – Airport Security, International Law

Richard Gimblett (Ottawa) – Canadian Naval/Defence Policy

Jack Granatstein (Toronto) - Canadian Defence/Foreign Policy

Frank Harvey (Halifax) – Cdn-US Foreign/Security Policy, Terrorism

George Haynal (Ottawa) - North America Affairs, International Business

**Sharon Hobson** (Ottawa) – Defence Policy, Media-Military Relations

**Rob Huebert** (Calgary) – Cdn-US Foreign Policy, Arctic Sovereignty/Security

**Anne Irwin** (Calgary) – Military Anthropology, Defence Research

**Tami Jacoby** (Winnipeg) – Middle East Politics, Foreign Policy, Terrorism

Mike Jeffery (Ottawa) - Defence Policy, Security Affairs

Eric Lerhe (Halifax) - Defence Policy, Maritime Issues

**George Macdonald** (Ottawa) – Defence Capabilities, Requirements and Resource Allocation

**Nelson Michaud** (Quebec City) – Quebec's International Relations, Federalism, Globalization

Alexander Moens (Vancouver) - NATO Policy, Cdn-US Relations

Reid Morden (Toronto) - Intelligence, Security/Public Policy Issues

**David Pratt** (Ottawa) – Defence/Security Issues, International Humanitarian Law

**Stephen Randall** (Calgary) – US Foreign Policy, US-Latin America Relations

**Andrew Richter** (Windsor) – Defence/Foreign Policy, Nuclear Proliferation

Scot Robertson (Edmonton) - Defence Policy, Military Theory, Air Power

**Cameron Ross** (Calgary) – Defence Policy, Security

**Stéphane Roussel** (Montreal) – Defence Policy, Strategic Culture, Cdn-US Relations, Defence & National Unity

Elinor Sloan (Ottawa) – US and Canadian Security, Defence Policy

Gordon Smith (Victoria) – Security, Global Governance

**Denis Stairs** (Halifax) – Foreign/Defence Policy, Cdn-US Relations



DND Photo

"CDFAI fills a critical void in Canadian debate on issues regarding security, defence, foreign engagement, and the role of our military – its publications should be "must" reading for all policy makers."

G.J. Maier O.C., C.D., LL.D., FCAE TransCanada PipeLines Ltd. Former Chairman, President and CEO



#### **List of Donors**

CDFAI wishes to thank the many donors who make this programming possible.

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General Dynamics Land Systems

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#### Government

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#### **Universities**

Carleton University (CSDS)

Queen's University (QCIR)

University of Calgary (CMSS)

University of Laval (HEI)

McGill University and the Université de Montréal (The Régis)

# **CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE**

Financial Statements
December 31, 2006 and 2005



#### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the statements of financial position of **Canadian Defence and Foreign Affairs Institute** (the "Institute") as at December 31, 2006 and 2005 and the statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2006 and 2005 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**Chartered Accountants** 

KPMG LLP

Calgary, Canada February 27, 2007

# **CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE**

Statements of Financial Position December 31, 2006 and 2005

			2006		2005
ASSETS					
Current Assets					
Cash and term deposits		\$	234,820	\$	74,121
Accounts receivable			17,210		32,701
Deposits		Carrotte	2,430		_
			254,460		106,822
Property and equipment	(note 2)		2,138		8,296
		\$	256,598	\$	115,118
LIABILITIES & NET ASSETS					
Current Liabilities					
Accounts payable and accrued liabilities		\$	42,431	\$	69,572
Deferred revenue	(note 5)	0	187,000		_
			229,431	\$	69,572
Net Assets					
Net assets		-	27,167		45,546
		\$	256,598	\$	115,118
On behalf of the Beder				·	

On behalf of the Books

Director

, Director



# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE Statements of Operations Years ended December 31, 2006 and 2005

	2006	2005
Revenue		
Donations	\$ 764,533	921,023
Events	27,307	-
Grants and project funding	13,901	87,376
	805,741	1,008,399
Expenses		
Projects and communications	668,656	822,567
Professional	63,213	50,421
Salaries and consultants	71,249	80,873
Office	14,004	18,939
Donations to qualified donees		2,500
Advertising and communications	17	2,448
Memberships and education	93	1,747
Fundraising		- 1,638
Gain on foreign exchange	730	-
Amortization	6,158	7,491
	824,120	988,624
Excess (deficiency) of revenue over expenses	\$ (18,379	) \$ 19,775

# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE Statements of Changes in Net Assets Years ended December 31, 2006 and 2005

	in	vested capital ssets	Uni	restricted	2006		2005	
Balance, beginning of year	\$	8,296	\$	37,250	\$	45,546	\$ 25,771	
Excess (deficiency) of revenue over expenses		(6,158)	01/4//	(12,221)	<del></del>	(18,379)	 19,775	
Balance, end of year	\$	2,138	\$	25,029	\$	27,167	\$ 45,546	



# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE Statements of Cash Flows Years ended December 31, 2006 and 2005

	2006			2005		
Operating						
Excess (deficiency) of revenue over expenses	\$	(18,379)	\$	19,775		
Amortization		6,158		7,491		
Change in non-cash working capital	-	172,920		(5,511)		
	2541.40-40-415-57	160,699	· · · · · · · · · · · · · · · · · · ·	21,755		
Change in cash		160,699		21,755		
Cash, beginning of year		74,121	1900-7-	52,366		
Cash, end of year	\$	234,820	\$	74,121		

# CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE

Notes to Financial Statements December 31, 2006 and 2005

# Organization

Canadian Defence and Foreign Affairs Institute (the "Institute") is a registered charity under the Income Tax Act and is exempt from income taxes. The Institute is dedicated to enhancing Canada's role in the world by helping to stimulate awareness and debate amongst Canadians about their nation's defence and foreign policies and the instruments that serve them.

# 1. Significant Accounting Policies:

## Revenue recognition

The Company follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Amortization

Computer equipment is amortized on a straight-line basis over 3 years. Furniture and equipment are amortized on a declining balance basis at 20% per year. Leasehold improvements are amortized on a straight-line basis over the period of the related lease.

#### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the years. Actual results could differ from those estimates.



### **CANADIAN DEFENCE AND FOREIGN AFFAIRS INSTITUTE**

Notes to Financial Statements December 31, 2006 and 2005

## 2. Property and equipment

	Cost	2006 Accumulated Amortization		Net	2005 Net
Leasehold improvements	\$ 17,330	\$ 16,897	\$	433	\$ 5,703
Furniture and equipment	11,248	9,543	_	1,705	 2,593
	\$ 28,578	<u>\$ 26,440</u>	\$	2,138	\$ 8,296

# 3. Related Party Transaction

During the year ended December 31, 2006 the Institute paid administrative fees of \$70,982 (2005 - \$56,475) to a group of companies controlled by the patron and member in good standing. During the year ended December 31, 2006 the Institute received donations of \$215,000 (2005 - 222,000) from a group of companies controlled by the patron and member in good standing.

#### 4. Financial Instruments

The carrying value of cash and term deposits, accounts receivable, accounts payable and accrued liabilities and deferred revenue held at December 31, 2006 approximate their fair value due to the relatively short periods to maturity.

#### 5. Deferred revenue

Deferred revenue relates to various donor funded projects which will be recognized in the next fiscal year when these projects are completed.

## **CDFAI 2006 Advisory Council**

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Canadian Manufacturers and Exporters, Ottawa

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Conference of Defence Associations Institute (CDAI), Ottawa

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## **CDFAI 2006 Board of Directors**

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**R. Michael Mears** 

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**Jo-Anne Ring** 

Coordinator, Programs & Administration

**CDFAI Staff** 



# For more information, contact:

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