



NATIONAL SHIPBUILDING STRATEGY

It has been almost 10 years since the Conservative government announced the National Shipbuilding Procurement Strategy (NSPS). Much to the relief of NSPS supporters, the Liberal government did not end the program when it was elected in 2015, although it is now referred to as the National Shipbuilding Strategy (NSS). The project has evolved over the years, and it might be time to review the basics of the program.

In the cost-cutting days of the 1990s and early 2000s, the fleets of the Royal Canadian Navy (RCN) and Canadian Coast Guard (CCG) received little attention. This meant that the ships were becoming increasingly old and increasingly expensive to maintain. The announcement of the \$33 billion NSPS in June 2010 was welcomed as a major plan to renew (recapitalize) the fleets of both the RCN and CCG. In addition, the strategy was also designed to stop the boom-and-bust cycle in Canadian shipyards, a longstanding cycle in which shipyards would be incredibly busy for a few years and then there would be a drought of a decade or more during which skilled personnel and technical expertise would be lost. Another goal of the NSPS was to create employment and ensure that Canada would continue to have capacity in a strategic industry.

The NSPS was broken into three components: combat ships; non-combat ships; and small ships (less than 1,000 tonnes displacement). The contract(s) to build over 100 smaller vessels, valued at \$2 billion, was to be offered for competitive bidding by shipyards not affiliated with the shipyards selected to build the large vessels.

In October 2011 the government announced its decision on which shipyards would undertake the large ship projects. Halifax Shipyard (Irving Shipbuilding) was selected for the biggest part of the NSPS – the combat ships, consisting of 6-8 Arctic Offshore Patrol Ships (AOPS) and 15 Canadian Surface Combatants. Vancouver Shipyards (Seaspan) was selected to build the non-combat ships, including the following:

- 3 Offshore Fisheries Science Vessels;
- 1 Offshore Oceanographic Science Vessel;
- 2 (with the option for a third) Joint Support Ships; and
- 1 Polar Icebreaker.

In February 2012, the government signed ‘Umbrella Agreements’ with Irving and Seaspan that defined the working relationship and the administration of the projects. After this both Irving and Seaspan began massive updating of their facilities. The facilities had to be updated because it had been a long time since major projects like this had been undertaken and the shipyards needed to incorporate modern equipment and technology to enhance their capacity to build the ships.

As the shipyards upgraded, work proceeded on the design of the ships. On the West Coast it was decided that the Offshore Fisheries Science Vessels (OFSVs) for the CCG and the Department of Fisheries and Oceans (DFO) would be built first. The first of these ships, CCGS *Sir John Franklin*, was launched in December 2017. After sea trials the ship was delivered to the Canadian Coast Guard on 27 June 2019. This was the first large vessel delivered under the NSS. The second OFSV, CCGS *Captain Jacques Cartier*, was handed over to the CCG in December

2019. The construction of the third OFSV, CCGS *John Cabot*, began in February 2017 and in October 2020 it was handed over to the CCG. This marks the completion of the first class of ships built under the NSS.

Seaspan is also building the RCN support ships (AORs). In June 2013, the design of the Joint Support Ships (JSS) was announced. Canada will use the German *Berlin*-class design, adapted to Canadian circumstances (for more information see Briefing Note #26 Joint Support Ships). It was originally planned that the ships would achieve full operational capability in 2019 but that has been pushed back several times. Construction of large segments of the ship, known as early blocks, commenced in June 2018 to get a start on the JSS while the third OFSV was being built. In early 2019, the government made a decision to revise the sequence of construction of the JSS and Offshore Oceanographic Science Vessel (OOSV) at Seaspan in order to get the navy its desperately needed support ships. Under the revised sequencing, the first AOR, the future HMCS *Protecteur*, is to be built first, followed by the OOSV, and then the second AOR, the future HMCS *Preserver*. In January 2020 a keel-laying ceremony for the future HMCS *Protecteur* was held at Seaspan, a significant milestone in the construction of a ship as it marks the birth of the vessel. It is expected that the ship will be completed by 2023.

This was not part of the NSS but, given the early retirement of the old oil replenishment (AORs)/supply ships, and the slow progress on the JSS, the RCN no longer had ships to provide at-sea re-fueling for the fleet. Because of this, in June 2015 the government announced that a commercial supply ship would be converted by Chantier Davie Shipyards in Quebec to support the navy as an interim solution. MV (Naval Replenishment Unit/NRU) *Asterix* was welcomed by the RCN in March 2018 and is now operational on a busy schedule. (See Briefing Note #11 for more information about *Asterix*.)

While the NSS has remained the same in terms of the big picture, there have been some changes. For example, in June 2019, the government moved construction of the heavy icebreaker, to be named CCG *John G. Diefenbaker*, out of Seaspan's schedule. In February 2020, the government asked shipyards to compete to build the ship. The three major shipyards all entered the process – Seaspan, Irving and Chantier Davie. Another change to the NSS was an announcement in May 2019 that to compensate for the loss of the icebreaker, Seaspan would construct 16 Multi-Purpose Vessels (MPVs) for the Coast Guard after both the Joint Supply Ships are complete.

Despite objections from both Irving and Seaspan, in August 2019 the government announced the start of a competitive process to build six new medium and heavy icebreakers for the CCG, thus officially opening up the NSS to a third naval shipyard. In December 2019 the government announced that Chantier Davie had pre-qualified to become the third partner in the NSS and would, once the paperwork is completed, build the CCG icebreakers. Chantier Davie now moves to the next stage in the selection process, the Request for Proposal and evaluation stage. Once this phase is successfully completed, the government will begin negotiations for an agreement to commence the build, which is expected to be in place in late 2020.

On the East Coast, the first ships being built at Irving Shipbuilding are the Arctic and Offshore Patrol Ships (AOPS), the *Harry DeWolf*-class. The first ship of the class, HMCS *Harry DeWolf*, was launched in mid-September 2018 and underwent builder's sea trials. It was handed over to the RCN on 31 July 2020. The navy is now conducting sea trials on the ship. The second AOPS (the future HMCS *Margaret Brooks*) has been constructed and is now sitting in the water alongside Irving Shipyard. The third (the future HMCS *Max Bernays*) and fourth (the future HMCS *William Hall*) AOPS are well into the construction process, and steel has been cut for the

fifth ship (the future HMCS *Frédéric Rolette*). It was thought that only five of the ships would be constructed, but in fall 2018 the government announced that a sixth ship would be built, and in May 2019, the government announced that two more would be built, but they would be for the Canadian Coast Guard. (See Briefing Note #14 for more discussion of the AOPS.)

Following the AOPS will be the construction of the Canadian Surface Combatants (CSC), the biggest element of the NSS. This project is to replace and update the capabilities found in both the *Iroquois*-class destroyers (which have already been retired from service) and the *Halifax*-class frigates. After some delay, the government sent out a Request for Proposals with a deadline of 30 November 2017. Bids were submitted by Spanish, Dutch and British companies. Spain offered its F-100 *Christopher Columbus*-class frigate; the Dutch, the *De Zeven Provinciën*-class frigate; and Britain, the Lockheed-Martin/BAE consortium Type 26 frigate. In the fall of 2018, the government selected the Lockheed Martin Canada/BAE Type 26 design to be built at Irving's Halifax shipyard. The government and Irving will work with Lockheed Martin Canada to customize the ship design to meet Canada's requirements. This design work is expected to take three to four years to complete. Construction is set to begin in the early 2020s. (For more information on the CSCs, see Briefing Note #9.)

The government has also been receiving boats from the small boat construction component of the NSS. In July 2015, the government announced that it had awarded two contracts – one to Hike Metal Products in Wheatley, Ontario, and the other to Chantier Naval Forillon in Gaspé, Quebec – to build six vessels (with an option of four more) of the next generation of CCG search and rescue lifeboats. In 2017 the first new CCG search-and-rescue lifeboats were launched, and the last of the seven hydrographic survey vessels for the CCG was delivered in spring 2017.

This is where we stand with the NSS as it moves through its tenth year. This is a huge project worth billions of dollars. It has taken a long time to get going, but it is beginning to bear fruit. (If you wonder why the process of building ships is so slow and tends to go over budget, read Briefing Note #7 about shipbuilding in Canada.) The shutdowns due to COVID-19 have slowed the shipbuilding process, but they have not derailed it.