



## NATIONAL SHIPBUILDING STRATEGY

In June 2010 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 program has evolved over the years, and it might be time to review its progress.

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 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 scenario 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 and Offshore Patrol Ships (AOPS) and 15 Canadian Surface Combatants (CCSs). 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. This was necessary because it had been years 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 designs 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 marked 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 decided to 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, one AOR, the future HMCS *Protecteur*, is being built first, followed by the OOSV, and then the second AOR, the future HMCS *Preserver*. The build contract for both the Joint Support Ships was signed in June 2020.

According to Seaspan, as of spring 2021 construction of the first JSS is well advanced, with over 90% of the ship's blocks currently in production. One of the 1,500-tonne grand blocks was recently moved into final position in the shipyard, and the major blocks that make up the ship's bow section are also being integrated. Seaspan is now preparing for the arrival and installation of the main engines. It is expected that the first ship will be completed by 2023 (and the second JSS to be completed in 2025). Seaspan plans to begin construction on the OOSV for the CCG in the spring of 2021, to be built concurrently with the first JSS, and with the expectation that it will be complete by 2024.

This was not part of the NSS but, given the unscheduled 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 refueling for the fleet. Because of this, in June 2015 the government announced that a commercial container 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. In early May 2021, the government announced that two heavy icebreakers would be built – one at Seaspan and one at Davie. The early plan is to have them available by 2030, but that is not certain. 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.

In August 2019 the government announced the start of a competitive process to build six medium 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 build medium 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.

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 was delivered to the navy on 31 July 2020 and, after undergoing sea trials, in June 2021 HMCS *Harry DeWolf* was commissioned into the RCN. *Harry DeWolf* began its first major operation starting in August 2021. (The ship will circumnavigate North America, starting from Halifax, going through the Northwest Passage, then south along the coast and through the Panama Canal back to Halifax.) The second AOPS (the future HMCS *Margaret Brooke*) completed builder's sea trials and was handed over to the RCN in July 2021 to begin RCN trials. The third ship, the future HMCS *Max Bernays*, is undergoing final assembly in preparation for launch later in 2021. The keel of the future HMCS *William Hall* was laid in February 2021 and construction of the bow, mid-ship and stern mega-blocks is underway. The first steel of the fifth ship (the future HMCS *Frédéric Rolette*) was cut in May 2021. Initially it was announced that only five of the ships would be constructed, but in fall 2018 the government added a sixth ship to the project and, in May 2019, the government announced that two more would be built, but they would be for the 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. Designs 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 have worked with Lockheed Martin Canada to customize the ship design to meet Canada's requirements. In November 2020 the government released details of the design. Construction is set to begin in the mid-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 built for the CCG was delivered in spring 2017.

This is where we stand with the NSS in its eleventh year. This is a huge project worth billions of dollars. It has taken a long time to get underway, but it is now bearing 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.)