On 3 June 2010, the Harper government - taking note of the need to renew Canada’s naval and coast guard fleets, and of the need to avoid the traditional ‘boom and bust’ approach to ship procurement - announced its National Shipbuilding Procurement Strategy (NSPS). The strategy was billed as a “historic and important shift in shipbuilding procurement, moving from a project-to-project basis to a long-term strategic approach. This approach will generate enhanced regional and industrial benefits and [engage] Canada’s world-class industrial skill-base.” The three elements of the NSPS included: “two packages of work valued at $33 billion in total to build large vessels, one for combat ships and the other [for] non-combat ships; small vessel construction valued at $2 billion for shipyards that are not selected for the large vessels; and…ongoing refit and repair work valued at $500 million annually which will be open to all shipyards through normal procurement processes.” Also departures from past Canadian experience were the measures taken to isolate the selection process from “personal favouritism and political influence,” to secure transparency, and to promote engagement with both industry and “independent third-party experts.” As a result of “extensive consultations with the shipyards,” the “proponents themselves helped shape the selection process by identifying and establishing the weighting of the selection criteria.” The process ultimately resulted in five proposals from three bidders (two combat, three non-combat).

Less than a year-and-a-half later, itself a noteworthy achievement, the NSPS Secretariat announced that Irving Shipbuilding Inc. had been selected to build the $28 billion combat vessel work package (i.e., six-to-eight Arctic Offshore Patrol Ships [AOPS] and 15 Canadian Surface Combatants [CSC] for the navy), while Vancouver Shipyards Co. Ltd. had been selected to build the $5 billion non-combat vessel work package (i.e., two-to-three Joint Support Ships [JSS] for the navy, and one polar icebreaker, one offshore oceanographic science vessel, and three offshore fisheries science vessels for the Canadian Coast Guard). Davie Canada Inc., in one corporate form or another the builder of a sig-
COMMENTARY

by Martin Shadwick

A significant percentage of Canada’s present and past naval and coast guard vessels, was unsuccessful in its bid for the non-combat work package, but will be eligible to compete for other elements of the NSPS.

Prime Minister Harper announced on 12 January 2012 that agreements in principle, designed to lead to the finalization of the strategic sourcing arrangements (i.e., the umbrella agreements) had been reached with Irving Shipbuilding and Vancouver Shipyards. The umbrella agreements will define the relationships between the Government of Canada and the selected shipbuilders, and will “set the parameters under which the government will negotiate fair and reasonable individual contracts” with the shipyards. Following the finalization of the umbrella agreements, “negotiations will begin for the first project in each work package” (i.e., the Arctic Offshore Patrol Ships in the combat package, and the Canadian Coast Guard’s offshore science vessels in the non-combat package).

The Harper government’s handling of the massive shipbuilding program, for the most part, drew rave reviews from a broad spectrum of observers. For example, Jeffrey Simpson noted in the Globe and Mail of 26 October 2011 that the Harper government had broken with Canadian shipbuilding tradition - “50 per cent engineering, 50 percent politics” - in “exemplary fashion.” The government “remained true to its word. It made the overarching political decision to restock the navy and coast guard. It defined the ships it wanted, and the money it would pay. It asked a group of civil servants to assess the shipyards interested in bidding. It hired an international firm to cross-check their work. It published the results, and lived by them, whatever the political consequences.” The approach “produced a rational, fact-based decision, bullet-proofed the government from any charge of political interference, and gives Canada a chance to build a more streamlined and efficient industry.”

It is indeed difficult to challenge either the shipyard rankings determined by the NSPS Secretariat, or the government’s basic approach to the traditionally messy and politicized shipbuilding puzzle. Given the current state of the three bidders - it terms of corporate structure, financial stability, work force, physical plant, and countless other metrics - it is impossible to envisage any other result. The government’s approach to maritime procurement was sensible and pragmatic on multiple levels, and it could prove most useful in future procurements.

Not coincidentally, it also spared the Harper government a dangerous replay, on an even broader scale, of the infamous CF-18 maintenance contract that so damaged the Mulroney government in the 1980s. On a broader level, the government’s decision to initiate a holistic, long-term, and thoroughgoing maritime modernization program involving both the RCN and the Canadian Coast Guard may well, at long-last, break the wasteful and inefficient ‘boom and bust’ cycle that has long plagued the shipyards, their employees, and other relevant components of the Canadian defence industrial base, and condemned both the RCN and the Canadian Coast Guard to horrific cases of preordained block obsolescence.

That said, and not withstanding a most promising start, challenges and potential challenges abound. The rebuilding of the navy and the coast guard will require sustained and predictable funding over a protracted period of time - challenge enough in the current tough economic environment, but even less certain-looking out several decades and several governments. A changing geo-strategic environment will, over time, undoubtedly necessitate changes and alterations in the projected fleet mix and/or in the capabilities of specific ships, and the NSPS - and its stakeholders - must be sufficiently flexible to cope. In both the short and longer terms, government-industry consultation - so vital in the formative phases of the NSPS process - must continue at a meaningful and appropriate level. Indeed, all parties must be alert to the dangers of slipping back, incrementally or otherwise, into the old ways of maritime procurement in Canada.

Tough decisions loom. How many Arctic Offshore Patrol Ships and Joint Support Ships will actually be built? What is the status of vessel types, both naval and coast guard, not currently identified as part of the NSPS? How much will Canadian industry be involved in the design of the currently projected
vessels (the CSC looms particularly large in this regard)? How much Canadian systems integration capability will be appropriate or necessary? Are adequate government and industry arrangements in place for workforce expansion and professional development? How does the NSPS dovetail with a broader Canadian defence industrial strategy? In the absence of the long-dead naval drawing office, can Ottawa adequately vet industry offerings? Initial priority at Vancouver Shipyards will go to the research ships, but how will Joint Support Ship and polar icebreaker construction be prioritized? NSPS announcements to date have generated very little public, media or political pushback, unlike at least one other prominent procurement initiative, but is there a danger that future public support and understanding for maritime modernization will be taken for granted?

For the RCN, the first type out of the NSPS priority box - no doubt to the chagrin of some less-than-enthusiastic naval personnel - will be the Arctic Offshore Patrol Ship. Although few tears were shed when the Conservatives jettisoned their original plan for a trio of “armed naval heavy icebreakers,” the AOPS has taken a verbal pounding from those who see it as a flawed hybrid with a compromise hull form that will be less than ideal for operations in the Arctic, the Atlantic, or the Pacific. Its endurance, speed, sensor suite, and armament have drawn particular criticism. At this point, however, the Conservatives have too much political capital tied up in their northern strategy (and NSPS?) to abandon the AOPS in favour of some other option, so the only realistic hope might be to address such issues as endurance on a priority basis, and to leave as much provision as possible for future additions (i.e., an enhanced sensor suite) via the ‘fitted for but not with’ approach. The AOPS is indeed a hybrid, invariably triggering compromises, but at least the RCN of the future will possess some northern capability.

The Joint Support Ship, meanwhile, now has a projected builder - Vancouver Shipyards - but not, at the time of writing, an agreed design. After the JSS was ‘de-scoped’ in 2008, becoming, in effect, an AOR+, Ottawa indicated a willingness to examine both new (i.e., in-house) and existing (i.e., foreign) designs. An October 2010 Advance Contract Award Notice (ACAN) signalled Ottawa’s intention to award contracts to ThyssenKrupp and Navantia to determine if, and how, their existing Berlin-and Cantabria-Class vessels could be adapted to Canadian needs. This process has not gone well, and published reports suggest that Navantia, at least, has withdrawn. That would appear to leave only a Canadianized Berlin-Class, and an in-house design from BMT. The optional third ship remains decidedly problematic - Canadian options on military hardware always are - but there can be no doubt of the urgent need to replace the two existing AORs.

The decision to re-cast the JSS as a much more modest - but still far from inexpensive - “AOR+” would have been less noteworthy had Canada pursued some parallel option for sealift, in-theatre support to joint forces ashore, disaster relief, and related tasks (i.e., something along the lines of the notional “big honking ship” mooted by then-Chief of the Defence Staff, General Rick Hillier). Speculation about such a ship quickly fuelled a cottage industry as pundits and bloggers eagerly championed both through-deck amphibious assault ships (i.e., the French Mistral-Class and Spain’s Juan Carlos I-Class) and more conventional LPD (Landing Platform Dock) amphibious ships (i.e., the USN’s San Antonio-Class, and the Dutch/Spanish Rotterdam-and Galicia-Classes), thereby reanimating a debate that had surfaced some years earlier with proposals, from various sources, for various mixes of through-deck assault ships and AORs, or AORs and more modest amphibious ships. Indeed, it is interesting to recall that the Conservative defence plank during the 2004 election cam-
The “big honking ship” did not surface in the naval shopping list provided by the Canada First Defence Strategy of 2008 - in fairness to the Conservatives, the three Joint Support Ships then envisaged offered more multi-role capability than the ‘de-scoped’ JSS/AOR+ of 2010 - or in the NSPS. Canada did take at least a quick look at the second-hand acquisition of the almost-new Royal Fleet Auxiliary Largs Bay - indeed, there were reports of interest in some very high Canadian military circles - but the vessel, made redundant by the British Strategic Defence and Security Review of 2010, was sold to Australia for A$100 million in early-2011. One can, admittedly, argue that Canada does not require an amphibious capability, that administrative sealift requirements can be met by chartering civilian vessels (as in the case of Kosovo and Afghanistan), and that in an era of intense austerity, any quest for amphibious and support capability would divert scarce procurement and operating dollars from more important requirements (notably the JSS/AOR+ and the Canadian Surface Combatant), but is it prudent to eschew even a modest supplement to the JSS/AOR+? This is not to suggest a return to the early JSS configuration, or a Canadian copy of Australia’s ambitious blueprint (two Canberra-Class LHDs, variants of the Juan Carlos I-Class, are currently under construction), but it is to point out that sealift, support to joint forces ashore, and related (i.e., disaster relief) capabilities are relevant to a broad range of military, quasi-military, and non-military contingencies, both at home and abroad, that the post-Cold War and post-9/11 geo-strategic environment remains challenging and unpredictable, and that there has been a post-Cold War and post-9/11 trend, apparent in navies of all sizes, to acquire or bolster sealift and support capacity. We will undoubtedly come to regret the absence of a Largs Bay, or something at least partially comparable, in the years ahead.

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