Recapitalizing the Fleet

The Centre for the Study of Security and Development (formerly the Centre for Foreign Policy Studies) which publishes Canadian Naval Review has a long history of working with other groups to expand the public debate on maritime security. The Naval Association of Canada’s fall conference, “Recapitalising the Fleets of the Government of Canada,” presented another opportunity to do so. I was able to attend this conference and was struck with the quality of the speakers. They all looked beyond the immediate shipbuilding projects to assess the Royal Canadian Navy (RCN) and Canadian Coast Guard’s long-term needs and what would be required to meet them. As a result of this tight focus, CNR reviewed the conference program and selected the five presentations most suited for publication here. \(^1\) CNR then came to an agreement with the Naval Association’s executive that permitted NAC to sponsor this issue.

The first article, by Michael Hennessy of the Royal Military College of Canada, addresses Canadian shipbuilding history. It is an excellent condensed history of Canadian naval shipbuilding focused at the strategic level. Hennessy stresses that in the past the RCN suffered politically damaging cost overruns as a result of either cutting steel before the design was fixed or as a result of frequent changes in operational requirements during the build. He notes the improvements in these areas with each successive class and with the overall government project management system. However, he makes clear that national shipbuilding is an immense task involving billions of dollars spread over decades, and all of this requires the most intensive cooperation among government, the navy and industry. This was a key lesson and one we will see repeated.

In the next article, Tom Ring, former Assistant Deputy Minister Acquisitions for Public Services and Procurement Canada, provides insights on the origins of the National Shipbuilding Strategy (NSS) and follows this with some strong recommendations for what will be required to keep it on track. He makes it clear that the success of the NSS in reinvigorating the East and West Coast shipyards rested on officials and experts within industry, Public Works and Government Services Canada, Industry Canada, the Department of National Defence, the RCN, the Privy Council Office, Treasury Board and Department of Finance working in close collaboration. Not surprisingly, over time much of the original team that built the strategy has moved on, and some of today’s key players are returning to their departmental silos and may be unwilling to make the sacrifices full cooperation requires. In complete agreement with Hennessy, Ring argues this collaboration must continue for the NSS to succeed, and he strongly advocates a form of ‘relational contracting’ to achieve this. There is, he concludes, also a recent, return to political involvement in the tactical issues of defence procurement, with little of this being good.

Elinor Sloan, a professor of international relations at Carleton University, begins with an examination of the maritime security threats that Canada faces from the competition between major powers, lawlessness in the littoral regions, and challenges to Arctic interests. She then focuses on what the NSS must do to address these challenges. She argues that this would include a plan to replace Canada’s diesel-electric submarines after their scheduled life expires in the 2027-30 period. Further, she argues that Canada’s successful Halifax-class Modernization Project must be followed with an anti-submarine warfare upgrade in the frigates, as the number of submarines continues to grow in the Indo-Pacific region. In addition, she argues that two Joint Support Ships are inadequate and at least one more must be added, Canada should start considering a specific humanitarian assistance/disaster response ship, and Canada should build capacity to operate in the increasingly important littoral regions. In her view, the Arctic/Offshore Patrol Ships (AOPS) will prove extremely useful.

Some recapitalization of the Canadian military has begun. On 8 December 2016, Ottawa announced that the Airbus C295W had been selected as the winner in the fixed-wing search and rescue aircraft competition.

Credit: Airbus/Skies Magazine
useful vessels, and the NSS should be considering a form of AOPS II after the Canadian Surface Combatants are built. Only by identifying the elements of NSS Part Two now will we be able to ensure the strategy moves beyond Canada’s historical boom-and-bust shipbuilding cycles and addresses the emerging security challenges. There is an obvious need to communicate these long-term requirements.

Michael Byers, who teaches global politics and law at the University of British Columbia, provides a sustained challenge to the current RCN submarine fleet arguing that the principle of ‘sunk costs’ has prevented Canada from eliminating them and moving on to a more cost-effective variant. He outlines the problems that Canada has had with the submarines purchased from Britain, but also points out that this is not a problem unique to Canada – submarines are complex and other countries have had expensive problems with theirs as well. Byers discusses the options available if Canada wishes to replace the current submarines. He argues that the navy must start communicating the submarine replacement requirement now and preparing itself for a vigorous public debate. His conclusion is that Canada must either buy new submarines or shut down the submarine program.

Dave Perry, from the Canadian Global Affairs Institute (CGAI), discusses the Defence Policy Review and what he thinks is coming next for the RCN. He argues that there are indications that the Canadian economy will face continued weak growth. In addition, the Trudeau government made a series of expensive promises during the election campaign in 2015. Perry suggests that these factors will limit the chance of defence spending increases at a time when the DND capital plan is already under-funded. He was encouraged, however, by the fact that the current government has taken ownership of the NSS and is taking steps to keep it on track and on schedule. Moreover, the Halifax modernization is now complete and the number of operational frigates has increased dramatically. In addition, he points out that the submarine force is now making a sustained contribution to operations at home and overseas, providing a counterpoint to some of Michael Byers’ arguments. Less encouragingly, Perry argues that the defence review is unfolding without any clear evidence that it is ‘fiscally grounded.’ He expects the navy increasingly to be the government’s tool of choice primarily because the RCN is the only service with the capacity, within existing resources, to take on additional activity. If the RCN and its long-term plans are to succeed, however, it will need to provide a compelling narrative to convince Canadians of the need for increased defence spending.

A theme calling for better communications is stated or implied in every one of these articles. This started with the need for better communications among the navy, government departments and industry. This is what got the NSS underway, and clear communication must be rigorously maintained if the program is to succeed. Perhaps even greater attention will be required in the government’s external communications. This would involve everything from explaining the NSS’s successes, maintaining tight discipline against requirements-creep in the CSCs, outlining the requirements for the ‘NSS after next,’ to explaining what the navy does for Canadian security.

Yet there are increasing problems in communicating defence procurement information to the Canadian public. The firms responding to the Request for Proposal (and their subcontractors and their employees) for the CSC have been told not to comment publicly on most aspects of the bidding process. As the prohibition includes advertising, at least one of the leading Canadian defence industry journals faces the risk of closing as a result. A similar restriction, termed a lifetime non-disclosure agreement, was recently placed on 235 Air Force and civil service members prohibiting them from commenting on the CF-18 replacement program. In this climate, I believe independent journals like Canadian Naval Review are providing an important venue for open debate on these questions. This CNR issue in particular is offering unique and relevant comment on important procurement issues, and I thank the Naval Association of Canada for its support in getting the issue out.

Dr. Eric Lerhe

Note
1. CNR contacted the five presenters and they agreed to provide articles for this issue. The authors were all paid an honorarium for their articles.