

# Biannual Progress Report to the Standing Committee on Government Operations and Estimates

December 2023

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# Introduction

Public Services and Procurement Canada (PSPC) is pleased to provide to the Standing Committee on Government Operations and Estimates the following progress updates regarding current National Shipbuilding Strategy (NSS) and air defence procurement projects, as of mid-December, 2023. This report consists of the procurement initiatives led by PSPC included in the NSS and in Chapter 2, entitled “Royal Canadian Air Force”, from Canada’s Defence Policy (*Strong, Secure, Engaged*).

PSPC is a strategic partner to federal departments and agencies in the achievement of their mandated objectives in its role as central purchasing agent. Specifically, with respect to defence and marine procurement, PSPC acquires defence goods and services, such as ships, aircraft and supporting services on behalf of client departments, which include the Department of National Defence and the Canadian Coast Guard (CCG). In turn, client departments are responsible for defining their requirements, conducting equipment cost/options analyses, obtaining government policy approval, and managing projects and budgets.

As the Committee has previously determined that the full report would be made public, please note that only information that is publicly available as of the date of submission is included. Project budget figures in this document, particularly for projects in the pre-definition phase, are estimated budgets and the estimated delivery schedules are forecasts as of mid-December, 2023.<sup>1</sup>

## National Shipbuilding Strategy

### Large Vessels – Combat

#### ARCTIC AND OFFSHORE PATROL SHIPS: ROYAL CANADIAN NAVY

Overview:

The Arctic and Offshore Patrol Ships (AOPS) for the Royal Canadian Navy (RCN) will:

- conduct armed sea-borne surveillance in Canada’s waters, including in the Arctic;
- enforce Canadian sovereignty in cooperation with Canadian Armed Forces partners and other government departments; and
- enhance our ability to assert Canadian sovereignty.

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<sup>1</sup> Note: Some dollar value amounts presented in this report are inclusive of taxes while some are not, as projects presented in this report are in various stages of their procurement process. Once defined as a capital project, dollar values are normally reported inclusive of taxes.

Project at a glance:

Shipyard:	Irving Shipbuilding Inc. (Halifax, Nova Scotia)
Project status:	Construction in progress
Number of vessels to be built:	6
Project budget:	\$4.98 billion

Current status:

- The first AOPS, His Majesty's Canadian Ship (HMCS) Harry DeWolf, was delivered to the RCN on July 31, 2020. This was the first large vessel delivered to the RCN under the NSS.
- The second AOPS, HMCS Margaret Brooke, was delivered to the RCN on July 15, 2021.
- The third AOPS, HMCS Max Bernays, was delivered to the RCN on September 2, 2022.
- The fourth AOPS, HMCS William Hall, was delivered to the RCN on August 30, 2023.
- Construction of AOPS 5 began on May 21, 2021 and construction of AOPS 6 began on August 15, 2022.

The year ahead: Work will continue on AOPS 5 and 6, with the planned delivery of one new ship every year until 2025.

## CANADIAN SURFACE COMBATANT: ROYAL CANADIAN NAVY

Overview:

The Canadian Surface Combatant (CSC) project will replace the RCN's existing fleet of *Halifax*-class frigates and retired *Iroquois*-class destroyers with 15 surface combatants. The new fleet of surface combatants will be the backbone of the RCN for the next 50 to 60 years. The CSC project is the largest and most complex shipbuilding initiative in Canadian history.

The CSC will ensure that Canada can continue to monitor and defend its waters and make significant contributions to international naval operations. The CSC will be capable of handling a broad range of tasks in varied scenarios, including:

- detecting, deterring, and defending against threats at sea and supporting land operations;
- counter-piracy, counter-terrorism, and interdiction and embargo operations for medium-intensity operations; and
- disaster and emergency responses, the delivery of humanitarian aid, search and rescue, law and sovereignty enforcement for regional engagements.

Project at a glance:

Shipyard	Irving Shipbuilding Inc. (Halifax, Nova Scotia)
Project status	Design phase
Number of vessels to be built	15
Project budget	\$56 to \$60 billion
Start of construction activities	2024
First vessel delivery	Early 2030s

Current status:

- Irving Shipbuilding Inc. (ISI) is the Prime Contractor on the CSC project, while Lockheed Martin Canada (LMC) has a Definition Sub-Contract for the CSC design.
- The selected design is based on BAE's Type 26 frigate.
- The project is currently in the third phase of the Definition Contract, Functional Design.
- On August 8, 2023, Canada publicly announced an investment in the CSC project's infrastructure at ISI. The investment is expected to create or maintain over 800 jobs annually across various industries in Canada during the work period.
- Work on developing the Implementation Contract for ship construction commenced in early 2023. Work continues on drafting a clear Statement of Work in collaboration with ISI.

The year ahead:

- ISI and LMC will continue the design work for the CSC. Design work is progressing to support the start of construction activities in 2024.
- The project will work toward finalizing and awarding the Implementation Contract with ISI.

## **Large Vessels – Non-combat**

### OFFSHORE FISHERIES SCIENCE VESSELS: CANADIAN COAST GUARD

Overview:

The Offshore Fisheries Science Vessels (OFSV):

- provide an important platform for scientific research and ecosystem-based management;
- contribute to Canada's stewardship of fishery and ocean resources; and
- replace CCG Ship (CCGS) Teleost, CCGS Alfred Needler and the decommissioned CCGS W.E. Ricker on Canada's west and east coasts.

Project at a glance:

Shipyard	Seaspan's Vancouver Shipyards Co. Ltd. (Vancouver, British Columbia)
Project status	In Close-Out
Number of vessels to be built	3
Number of vessels completed	3
Project budget	\$788.5 million

Current status:

- The first OFSV, the CCGS Sir John Franklin, was delivered to the CCG on June 27, 2019. This was the first large vessel delivered under the NSS.
- The second OFSV, the CCGS Capt Jacques Cartier, was delivered to the CCG on November 29, 2019. This was the second large vessel delivered under the NSS.
- The third and final OFSV, the CCGS John Cabot, was delivered to the CCG on October 9, 2020.
- With all three OFSV having been delivered, this marks the first large vessel project to be completed under the NSS.

## OFFSHORE OCEANOGRAPHIC SCIENCE VESSEL: CANADIAN COAST GUARD

Overview:

The Offshore Oceanographic Science Vessel (OOSV) will:

- be capable of supporting scientific research missions, including oceanographic, geological and hydrographic surveys;
- contribute directly to our understanding of oceans, seabeds and the impacts of climate change; and
- support other CCG operations, such as search and rescue and environmental response, as needed.

Project at a glance:

Shipyard	Seaspan's Vancouver Shipyards Co. Ltd. (Vancouver, British Columbia)
Project status	Under construction
Number of vessels to be built	1
Project budget	\$1.28 billion
Estimated delivery	2025

#### Current status:

- In winter 2021, the Government of Canada awarded a \$453.8-million contract (taxes included) to Seaspan's Vancouver Shipyards Co. Ltd. (VSY) for the construction of one OOSV for the CCG.
- In early 2019, the Government of Canada made a decision to re-sequence construction of the Joint Support Ships (JSS) and the OOSV at VSY in order to build on the momentum underway with the construction of the JSS early blocks. Under the revised sequencing, VSY commenced construction of JSS 1, followed by commencement of construction of the OOSV and subsequently JSS 2.
- Construction of the OOSV began on March 25, 2021.
- A keel-laying ceremony took place on November 25, 2022.
- While the global COVID-19 pandemic has been a major cause of impacts to schedule and costs of the JSS and OOSV, there have also been general challenges associated with a first of class ship construction. Furthermore, a seven-week labour disruption between August 2022 and October 2022 by Seaspan Marine's (an affiliate of VSY) tugboat and barge workers has impacted the schedule and cost of the OOSV project. Negotiations are underway between Canada and VSY to mitigate these impacts, and the shipyard continues to strive to improve productivity as we move forward.
- In June 2023, the project budget was updated to reflect the impacts of COVID-19 to the shipyard, higher than anticipated inflation and global supply chain challenges, a more mature vessel design, and a better understanding of production and material costs.

The year ahead: Construction of the OOSV will continue with its launch being targeted for mid-2024.

#### JOINT SUPPORT SHIPS: ROYAL CANADIAN NAVY

##### Overview:

The JSS will provide the RCN with the ability to:

- increase the range and endurance of naval task group missions, with the capability of delivering fuel and other vital supplies to vessels at sea;
- provide facilities for medical and dental services; and
- provide a home base for helicopter maintenance repair.

Project at a glance:

Shipyard	Seaspan's Vancouver Shipyards Co. Ltd. (Vancouver, British Columbia)
Project status	Both JSS are under construction
Number of vessels to be built	2
Project budget	\$4.1 billion
Estimated delivery	JSS 1: 2025 JSS 2: 2027

Current status:

- Construction of JSS 1 began on June 15, 2018, under an early-block build contract.
- On June 12, 2020, a performance-based build contract was awarded to (VSY) for the full construction of two JSS. This build contract includes the finalization of the scope and terms of the project, the construction and delivery of the ships, spare parts, technical data, training and infrastructure.
- In early 2019, the Government of Canada made a decision to re-sequence construction of the JSS and the OOSV at VSY, in order to build on the momentum underway with the construction of the JSS early blocks. Under the revised sequencing, VSY commenced construction of JSS 1, followed by commencement of construction of the OOSV and subsequently JSS 2.
- Construction of JSS 2 began on May 16, 2022.
- A keel-laying ceremony for JSS 2 took place on October 27, 2023.
- While the global COVID-19 pandemic has been a major cause of impacts to schedule and costs of the JSS and OOSV, there have also been general challenges associated with a first of class ship construction. Furthermore, a seven-week labour disruption between August 2022 and October 2022 by Seaspan Marine's (an affiliate of VSY) tugboat and barge workers has impacted the schedule and cost of the JSS project. Negotiations are underway between Canada and VSY to mitigate these impacts, and the shipyard continues to strive to improve productivity as we move forward.

The year ahead: Construction of both JSS will continue with the launch of JSS 1 being targeted for late-2024.

## POLAR ICEBREAKERS: CANADIAN COAST GUARD

Overview:

The Polar Icebreakers will:

- replace CCGS Louis S. St-Laurent to become Canada's most powerful conventional icebreakers;
- be among the most powerful conventional icebreakers in the world; and



- enable the CCG to ensure a year-round presence in Canada’s North in support of Indigenous Peoples and other northerners, Arctic sovereignty, high Arctic science, including climate change research, as well as the ability to respond to major maritime emergencies.

Project at a glance:

Shipyards	Seaspan’s Vancouver Shipyards Co. Ltd. (Vancouver, British Columbia) and Chantier Davie Canada Inc. (Lévis, Quebec)
Project status	Design phase
Number of vessels to be built	2
Project budget	Currently under review

Current status:

- In July 2021, the Government of Canada awarded an initial, or “ancillary” contract to VSY to support the assessment and optimization of the design, planning work as well as engineering and construction estimates.
- Construction Engineering and Long-Lead Items contracts were awarded in December 2022.
- As a result of successful negotiations, Canada entered into an Umbrella Agreement with Chantier Davie Canada Inc. (CDCI) on April 4, 2023. Contract negotiations are underway with CDCI to support the construction of the second Polar Icebreaker for the CCG.
- In May 2023, VSY cut steel on a ‘Prototype Block’ for the Polar Icebreaker, marking a critical step in the shipyard’s work on the project.

The year ahead:

- VSY will continue to advance the design work for one of the two Polar Icebreakers.
- Canada will initiate design work with CDCI for the other Polar Icebreaker. The exact build schedule and cost will be negotiated and finalized during the individual contract negotiations.

## PROGRAM ICEBREAKERS: CANADIAN COAST GUARD

Overview:

The Program Icebreakers will:

- combine the existing Heavy and Medium Icebreaker classes into one class;
- provide south of 60° icebreaking in the winter and north of 60° icebreaking in the summer in support of commercial shipping;
- be used as part of Canada’s increasingly rigorous security requirements in Arctic waters which are becoming more accessible due to global warming;

- have the capability to operate in severe ice conditions to enable all CCG missions during ice season; and
- conduct searches on the water, respond to marine distress calls, provide assistance to disabled vessels and maintain critical services to the north.

Project at a glance:

Shipyard	Chantier Davie Canada Inc. (Lévis, Quebec)
Project status	Definition
Number of vessels to be built	6
Project budget	Under review

Current status:

- Contract negotiations with CDCI are underway to support the construction of six Program Icebreakers for the CCG.

The year ahead:

- Canada will initiate design work with CDCI. The exact build schedule and cost will be negotiated and finalized during the individual contract negotiations.

## ARCTIC AND OFFSHORE PATROL SHIPS: CANADIAN COAST GUARD

Overview:

These vessels will:

- be dedicated to a range of critical missions, including North Atlantic Fisheries Organization patrols;
- operate as the primary conservation and protection enforcement vessels on Canada's east coast, replacing existing CCG offshore patrol vessels; and
- have ice capable functionality that will allow the CCG to expand its patrol capability into the low Arctic.

Project at a glance:

Shipyard	Irving Shipbuilding Inc. (Halifax, Nova Scotia)
Number of vessels to be built	2
Project budget	\$2.1 billion
First vessel to be delivered	2026

Current status:

- On November 1, 2019, the design contract for the project was awarded to ISI.
- In May 2019, the Government of Canada announced that, as part of an investment to renew the CCG fleet, ISI will build two additional AOPS that will be adapted for the CCG.

- The Preliminary Design Review was completed in June 2020 and the final design review was completed in fall 2022.
- The two AOPS for the CCG, often referred to as AOPS 7 and 8, are expected to be delivered in 2026 and 2027 respectively.
- The existing AOPS build contract to procure AOPS 7 and 8 was amended on November 30, 2022.
- Construction of AOPS 7 began on August 8, 2023.

The year ahead: Construction work will continue on AOPS 7 with cut steel for AOPS 8 to take place in 2024.

## MULTI-PURPOSE VESSELS: CANADIAN COAST GUARD

### Overview:

The Multi-Purpose Vessels (MPV) will enable the CCG to carry out multiple missions, including:

- icebreaking in moderate ice conditions and assisting in shipping and spring time flood control in the St. Lawrence waterway and Great Lakes region;
- search and rescue, emergency response, and security and protection missions; and
- maintaining Canada’s marine navigation system composed of approximately 17,000 aids to navigation.

### Project at a glance:

Shipyard	Seaspan’s Vancouver Shipyards Co. Ltd. (Vancouver, British Columbia)
Project status	Design phase
Number of vessels to be built	Up to 16
Project budget	\$14.2 billion (estimate)
First vessel to be delivered	2029

### Current status:

- In August 2020, the Government of Canada awarded an initial, or “ancillary” contract to VSY to support early concept design work for the multi-purpose vessels. Under this contract, the shipyard explored options and conducted analysis for, and advanced, the basic design of the vessels.
- Construction Engineering and Long-Lead Items contracts are under negotiation.

The year ahead: VSY will continue the design work for the MPV.

## NEW FERRIES: TRANSPORT CANADA

### Overview:

The Government of Canada supports three inter-provincial ferry services in Eastern Canada, including service between: Îles-de-la-Madeleine (Quebec) and Souris (Prince Edward Island); Wood Islands (Prince Edward Island) and Caribou (Nova Scotia); and Saint John (New Brunswick) and Digby (Nova Scotia).

For local communities in Eastern Canada, ferry services are an essential component of daily living. Budget 2019 provided funding to build two new vessels to replace the *MV Madeleine* and *MV Holiday Island*. Interim solutions (vessels) have been implemented until construction on new vessels by CDCI begins.

The first ferry to be delivered by CDCI is expected to be operational in fall 2028 at the earliest.

### Project at a glance:

Number of vessels	2
Contract awarded to	Chantier Davie Canada Inc. (Lévis, Quebec)
Vessels for	Transport Canada
Contract Value	To be determined
Project Status	Preliminary Design phase
First Vessel Delivered	Fall 2028 at the earliest

### Current Status:

- The Government of Canada awarded an initial, or “ancillary” contract to CDCI in November 2019 for the construction of two new ferries for Transport Canada to replace the *MV Madeleine* and the *MV Holiday Island*. This announcement followed an Advance Contract Award Notice published on May 22, 2019.
- The Government of Canada is working with CDCI to design the two new ferries. CDCI is undertaking competitive processes to select major machinery for the new vessels.
- The two Transport Canada ferries were included in the Umbrella Agreement between the Government of Canada and CDCI, which was signed on April 4, 2023, making CDCI the third strategic partner under the NSS.

The year ahead: Preliminary design for the first new ferry is expected to be finalized in the spring-summer 2024 timeframe.

## Small Vessel Shipbuilding Projects

### SEARCH AND RESCUE LIFEBOATS: CANADIAN COAST GUARD

Overview:

These shore-stationed self-righting lifeboats:

- provide key search and rescue services, including:
  - conducting searches on water;
  - responding to marine distress calls;
  - providing assistance to disabled vessels;
- operate up to 100 nautical miles from shore; and
- replace the CCG's existing search and rescue vessels.

Project at a glance:

Shipyards	Chantier Naval Forillon (Gaspé, Quebec) and Hike Metal Products (Wheatley, Ontario)
Number of vessels to be built	20 in total (10 per shipyard)
Project budget	\$176.4 million (including taxes)
First vessel delivered	Late 2017
Project completion	2024

Current status:

- Construction of vessels 17 and 18 is ongoing.

Delivery and acceptance of vessels 1 through 16:

- CCGS Barrington Bay and CCGS Baie Des Chaleurs delivered in October 2023
- CCGS Gabarus Bay and CCGS Chedabucto Bay delivered in December 2022
- CCGS Shediac Bay and CCGS Chignecto Bay delivered in May 2022
- CCGS Hare Bay and CCGS La Poile Bay delivered in 2021
- CCGS Cadboro Bay and CCGS Florencia Bay delivered in 2020
- CCGS Sacred Bay and CCGS Conception Bay delivered in 2019
- CCGS McIntyre Bay and CCGS Pachena Bay delivered in 2018
- CCGS Pennant Bay and CCGS Baie de Plaisance delivered in 2017

The year ahead: Construction of vessels 17 and 18 is expected to continue and construction of vessels 19 and 20 is expected to begin in 2024.

### CHANNEL SURVEY AND SOUNDING VESSEL: CANADIAN COAST GUARD

Overview:

These vessels:

- replaced the two vessels in the St. Lawrence Seaway in the Central and Arctic regions
  - these vessels have been in operation for an average of 37.5 years and were nearing the end of their lifespan
- provide private and commercial boaters with information about channel bottom conditions and water depth predictions; and
- provide the CCG and other federal institutions the capability to monitor and observe marine and environmental conditions.

Project at a glance:

Shipyard	Kanter Marine (St. Thomas, Ontario)
Project status	Completed
Number of vessels built	2
Project budget	\$5 million
Vessel delivered	End of 2018

Current status: Both vessels were delivered in 2018.

## HYDROGRAPHIC SURVEY VESSELS: CANADIAN COAST GUARD

Overview:

These vessels:

- support the Department of Fisheries and Oceans' hydrographic survey operations in Canada's 3-ocean coastal and internal waters; and
- are based in:
  - Burlington, Ontario;
  - Mont-Joli, Quebec;
  - Dartmouth, Nova Scotia; and
  - St. John's, Newfoundland and Labrador.

Project at a glance:

Shipyard	Kanter Marine (St. Thomas, Ontario)
Project status	Completed
Number of vessels built	7 vessels including trailers
Project budget	\$5.5 million
Vessel delivered	July 2017

Current status: Project is completed.

## COASTAL RESEARCH VESSEL: CANADIAN COAST GUARD

Overview:

These vessels:

- support the Department of Fisheries and Oceans' Great Lakes Science program through the Great Lakes Laboratory for Fisheries and Aquatic Science, primarily based in Burlington, Ontario;
- operate throughout the entirety of the Great Lakes in both the offshore and nearshore environments, while conducting both daylight and night-time operations between April and December each year; and
- tow arrays, trawls and conduct stationary point sampling of aquatic organisms.

Project at a glance:

Shipyard	Kanter Marine (St. Thomas, Ontario)
Project status	Completed
Number of vessels built	1
Project budget	\$1.2 million
Vessel delivered	November 2016

Current status: Project is completed.

## NAVAL LARGE TUGS: ROYAL CANADIAN NAVY

Overview:

The naval large tug project is intended to replace the RCN's five civilian-crewed Glen-class large tugs and the two Fire-class rescue boats (one of which was retired from service in 2014). These vessels currently operate in His Majesty's Canadian (HMC) Dockyard Halifax in Nova Scotia and HMC Dockyard Esquimalt in British Columbia.

Project at a glance:

Shipyard	Ocean Industries Inc. (Isle-aux-Coudres, Quebec)
Number of vessels built	4
Contract Value	\$102 million (including taxes)
First vessel to be delivered	2024

Current status:

- Contract was awarded in April 2019.
- Construction of the first vessel began in September 2020.
- Construction underway on all four naval large tugs for the RCN.

The year ahead:

- Construction will continue on all four naval large tugs, with the first two tugs expected to be completed by spring 2024.

## Marine procurement initiatives (Non-NSS)

### INTERIM AUXILIARY OILER REPLENISHMENT VESSEL

Overview:

The RCN had to retire the former HMCS Protecteur and HMCS Preserver earlier than anticipated. This left the Navy with an urgent requirement to fill a critical gap in replenishment at-sea capability until the JSS are delivered.

The key role of the interim provision of service contract is to provide an at-sea supply and replenishment service to the RCN during non-combat domestic and international operations. It could also offer significant additional capabilities, such as aviation support, space for medical support, and humanitarian assistance or disaster relief.

Project at a glance:

Contract awarded:	November 30, 2015
Awarded to:	Federal Fleet Services Inc. (formerly Project Resolve Inc.)
Contract length:	5 years, with an additional 5, 1-year option periods at the discretion of the Government of Canada
Vessel conversion done by:	Chantier Davie Canada Inc. (Lévis, Quebec)
Converted for:	Royal Canadian Navy
Contract value:	\$879 million (including taxes)
Vessel entered into service:	January 29, 2018, for a period of 5 years, a recent amendment has been entered into to extend service by 2 additional years to January 2025

### EMERGENCY OFFSHORE TOWING VESSELS: CANADIAN COAST GUARD

Overview:

Emergency Offshore Towing Vessels:

- are capable of towing large commercial ships in distress, such as tankers and container ships, before they get too close to shore; and
- form part of a broader strategy under the Oceans Protection Plan to bolster Canada's marine safety system that also includes:



- an in-depth towing needing analysis;
- equipping the CCG's large ship fleet with emergency towing capacity; and
- an expanded approach to regional response planning.

Project at a glance:

Contract awarded:	August 2018
Awarded to:	Atlantic Towing Limited (Saint John, New Brunswick)
Number of leased vessels:	2, operating in the waters off the coast of British Columbia
Additional elements of the contract:	Training in offshore emergency towing to Coast Guard personnel and partners, including Indigenous communities, involved in marine safety
Vessels for:	Canadian Coast Guard
Contract Value:	\$122.9 million (including taxes)
Duration of contract:	3 years, with 7 additional option years, currently in third option year
Current status:	Both vessels arrived on-site in late 2018

Project description:

This contract fulfills an immediate operational need to have vessels available as soon as possible, while the Government of Canada works in partnership with Indigenous communities and local stakeholders to develop a long-term strategy for emergency towing on the West Coast and across Canada.

The two leased vessels are operated by Atlantic Towing Limited personnel, along with members of the CCG, off the coast of British Columbia. One will patrol a northern area in Canadian waters between Alaska and the northern tip of Vancouver Island, and the other a southern area, including the west side of Vancouver Island and the Strait of Juan de Fuca.

The contract contains seven one-year option periods under the same contract terms and conditions, to be exercised at Canada's discretion. In October 2023, Canada exercised its third of these option years for two fully crewed Emergency Towing Vessels stationed off the coast of British Columbia. The services from these vessels will provide an interim heavy-towing capacity while a long-term strategy is developed.

IN-SERVICE SUPPORT: HALIFAX-CLASS COMBAT SYSTEM

Overview:

Through the NSS, the Government of Canada successfully modernized the RCN's fleet of 12 Halifax-class frigates to ensure they continue to meet evolving operational needs. As part of this modernization project, various combat systems onboard the frigates were

retrofitted through the Halifax-class modernization/frigate life extension combat system integration design and build contract. These include, but are not limited to, detection and search radars, navigation radars, fire control systems (targeting radars), and target identification systems.

The in-service support contract is for 12 Halifax-class combat systems (HCCS). The HCCS are an integral component of the entire fleet of Halifax-class ships and will require in-service support until the arrival of the CSC.

Project at a glance:

Contract awarded:	October 30, 2020
Contract awarded to:	General Dynamics Mission Systems-Canada (Ottawa, Ontario)
Number of vessels:	12
Vessels for:	Royal Canadian Navy
Contract value:	Initial contract is valued at approximately \$182 million (including taxes)

## Defence procurement

### Air procurement initiatives

#### MULTI-FLEET AIR TRAFFIC MANAGEMENT AVIONICS PROJECT

Project Summary:

The Government is upgrading a number of Royal Canadian Air Force (RCAF) air navigation, management, and control system capabilities. To support these upgrades, the Multi-Fleet Air Traffic Management (MFATMA) project will ensure that aircraft avionics systems remain compliant with changing air traffic regulations around the world, both civilian and military, and that RCAF fleets can continue to operate safely and in close coordination with allies.

The MFATMA project will implement the avionics capability requirements in two groups.

Group 1 consists of avionics capability requirements that are ready for implementation. This includes five fleets:

- CC-177 Globemaster III
- CP-140 Aurora
- CC-144 Challenger (model 604 only)
- CC-150 Polaris

- CT-142 Dash 8

Group 2 consists of avionics capability requirements that need definition work prior to implementation. This includes six fleets:

- CF-188 Hornet
- CP-140 Aurora
- CH-147F Chinook
- CC-144 Challenger (model 604 only)
- CC-150 Polaris
- CC-138 Twin Otter

This project will also upgrade training devices and simulators for the CP-140 Aurora and CH-147F Chinook fleets to maintain RCAF training proficiency.

Project Costs: \$441 million including taxes

Project Phases:

Status:	Implementation Phase for Group 1; Implementation Phase for Group 2
Initial operational capability:	2024
Full operational capability:	2029

## FUTURE AIRCREW TRAINING PROGRAM (FACT)

Overview:

The program will renew aircrew training services to help maintain a multi-purpose and combat capable air force. The program will include delivery of pilot training, as well as aircrew training for air combat systems officers and airborne electronic sensor operators. The contract period is expected to be at least 20 years.

Procuring:

Comprehensive aircrew training program that provides aircraft, simulators, civilian instructors and classroom training systems, as well as other essential services, such as aircraft and airfield maintenance, accommodation, and food services.

Current status: The Government of Canada provided the RFP to qualified suppliers on February 11, 2022, and the RFP closed on January 5, 2023. Bid evaluation concluded on June 30, 2023, with a preferred bidder, SkyAlyne Canada Limited Partnership, selected.

Next Steps: Contract award anticipated in Spring 2024.

## FUTURE FIGHTER CAPABILITY PROJECT (FFCP)

### Overview:

The objective of the FFCP is to acquire and transition into service 88 advanced fighter aircraft and associated equipment, weapons, infrastructure, information technology, and sustainment, including training and software support. This project will leverage Canadian capabilities and support the growth of Canada's aerospace and defence industries.

### Acquisition Budget:

\$19 billion as established in *Strong, Secure, Engaged*.

### Status:

On January 9, 2023, following the completion of the finalization phase, the Government of Canada announced that it had reached an agreement with the US government and Lockheed Martin with Pratt & Whitney for 88 F-35 advanced fighter jets, associated equipment and weapons, set-up training and sustainment services.

Letter of Requests (LORs) for contractual arrangements have been sent to the United States Government for missiles and associated equipment for the F-35 advanced fighter jets that are only available via the United States Foreign Military Sales (FMS) program.

### Next Steps:

Canada has initiated the implementation phase of the project. The first deliveries of the aircraft are anticipated to begin in 2026, and it is anticipated that Full Operational Capability with the entire fleet will be reached between 2032 and 2034.

## HORNET EXTENSION PROJECT (HEP) (LIFE-EXTEND EXISTING CAPABILITIES)

### Objective:

The Hornet Extension Project (HEP) will help to ensure that the Royal Canadian Air Forces (RCAF) Hornet fighter fleet is able to meet operational commitments, including to the North American Aerospace Defence Command (NORAD) and the North Atlantic Treaty Organization (NATO), until 2032, when the replacement fleet is expected to be fully operational.

### Requirements:

The Department of National Defence is implementing the project in two concurrent phases.

Phase 1 is focused on addressing evolving civilian air traffic management regulations and meeting allied military interoperability requirements. New equipment and enhancements will be delivered on 88 aircraft that includes air traffic control and

navigation equipment, secure voice radios and satellite communications, helmet night vision equipment, and upgrades to targeting pods and aircraft simulators.

Phase 2 is focused on additional combat capability upgrades for 36 aircraft. New equipment and enhancements include radars, weapons, survivability equipment and security systems.

Project Costs: Estimated at \$1.3 billion, including taxes

Timeline:

May 15, 2020	Project Approval
December 09, 2021	Amended Project Approval
December 2023	Initial Operational Capability (IOC)
June 2025	Full Operational Capability (FOC)
December 2026	Project Closeout

Status:

10 contractual arrangements are currently in place with the United States Government for the acquisition of various required equipment, including radars, missiles and software only available via the United States Foreign Military Sales (FMS) program.

## INTERIM FIGHTER CAPABILITY PROJECT

Overview:

The objective of the Interim Fighter Capability Project (IFCP) is to acquire 18 surplus Australian F/A-18A/B aircraft, spares and equipment to supplement Canada's existing CF-18 fleet to address the fighter capability gap. A secondary objective includes relocation of the Aerospace Engineering Test Establishment from Cold Lake to the Ottawa Airport, including hangar renovations in Ottawa and the relocation of current occupants.

Requirements:

Procure 18 operational F/A-18A/B aircraft and spares from Australia and conduct necessary inspections and modifications to introduce these aircraft into operational service with the RCAF. Additionally, the project will be funding relocation of AETE to increase infrastructure flexibility at 4 Wing.

Project Budget: \$359.8 million

Timeline (Fiscal Year):

Completed	Start Options Analysis
Completed	Start Definition
Completed	Start Implementation
Completed	Initial Delivery to RCAF
Completed	Receipt of all 18 Australian F/A-18 aircraft.
June 2023	Delivery into service of 13 <sup>th</sup> and final aircraft to be modified. Remainder will be used for parts and training.
2025/2026	Project Closeout

## STRATEGIC TANKER TRANSPORT CAPABILITY PROJECT

Project summary:

The government is acquiring up to nine A330-MRTT Multi-Role Tanker Transport aircraft (based on new and used aircraft), including one aircraft configured for Strategic Government of Canada Transport, to replace the CC-150 Polaris. This new fleet will conduct multiple tasks, such as in-flight refuelling of other aircraft, military personnel and cargo airlift, medical evacuations, and strategic transport of Government of Canada officials.

This new fleet will improve the flexibility, responsiveness, interoperability with allied nations, communications security, and self-protection of the Royal Canadian Air Force's current fleet. The project will acquire an in-service support solution as well as infrastructure to maintain and house the fleet. Additionally, the project will provide a training and simulation capability to prepare and maintain crew readiness.

Objective: The Strategic Tanker Transport Capability project will provide a capability to the Canadian Armed Forces to conduct Strategic Airlift and Air-to-Air Refuelling in replacement for the CC-150 Polaris.

Funding Range: Greater than \$5 billion

Anticipated Timeline (Fiscal Year):

2022/2023	Implementation Phase
2028/2029	Initial Operational Capability
2032/2033	Final Operational Capability

Project updates:

April 1, 2021 - Following evaluation of the responses received to the Invitation to Qualify (ITQ), the Government of Canada published the name of the qualified supplier that demonstrated its ability to meet the requirements listed in the ITQ. The company is Airbus Defence and Space SA.

July 14, 2022 – The acquisition of 2 used aircraft was announced through a DND News release. These 2 aircraft will be operated in a strategic airlift role until their induction into the Airbus line for modification into a Strategic Tanker Transport Capability aircraft.

Early summer, 2023 – PSPC announced the award of a contract to Airbus Defence and Space S.A. for the acquisition of 9 Strategic Tanker Transport Capability aircraft. Four of the aircraft will be of new production and 5 will be converted from used A330-200 aircraft. The STTC fleet will provide air-to-air refueling, strategic airlift, aeromedical evacuation and strategic Government of Canada transport.

Early summer, 2023 – A second contract was announced for the acquisition of 3 used Airbus A330-200 aircraft.

August 31, 2023 – The first used aircraft with Government of Canada livery arrived at Ottawa airport. The aircraft entered into service in November 2023.

## ACQUIRE SPACE CAPABILITIES INCLUDING REPLACEMENT OF THE CURRENT RADARSAT SYSTEM, SENSORS FOR TRACKING SPACE DEBRIS

### Defence Enhanced Surveillance from Space - Project (DESSP)

Overview:

DESSP will replace and improve upon the defence capabilities delivered by the GC RADARSAT Constellation Mission (RCM) and Polar Epsilon (PE) 1 and 2 projects.

Project Summary:

DESSP is the DND/CAF planned replacement and upgrade of the DND capabilities provided by the RCM and PE2 ground stations to meet future operational and strategic requirements.

DESSP will fulfill the Space-based Surveillance Requirements Document (SBS-RD) requirements to the maximum extent possible. It will include a space-based synthetic aperture radar (SAR) and an Automatic Identification System (AIS). Other payloads and capabilities may include detection of Common Maritime Transmissions, and other space-based surveillance payload capabilities. Key requirements include weather and light conditions independency, interoperability with allies, focus on low-latency, global access and defined areas of interest, arctic surveillance, and tactical ordering and reception.

Budget:

The funding range is \$1 billion to \$4.99 billion.

Anticipated Timelines (Fiscal Year):

2024/25	Start Definition (timelines under review)
2028/29	Start Implementation
Beyond 2035	Initial Delivery
Beyond 2035	Final Delivery

SURVEILLANCE OF SPACE II (SOF S2)

Overview:

SofS2 will provide follow-on systems to replace the current Sapphire satellite and enhance Canada’s sovereign space surveillance capability.

The project goals are to:

- protect and defend Canadian, commercial and allied deep space assets;
- achieve mission assurance of space-based capabilities that support the Canadian Armed Forces; and
- ensure Canada remains an active contributor to the operations of the United States Space Surveillance Network.

Project Scope:

The SofS2 system will be composed of a ground-based and space-based optical sensor capability, whose operation will be coordinated by a central command and control mission system physically situated at a Sensor System Operations Center (SSOC). The SofS2 system will include all necessary functions required to perform the surveillance of space objects in deep space orbit and will return observation data in response to surveillance task requests.

Anticipated Timelines (Fiscal Year):

2023/2024	Ground-Based Capability Request for Proposal
2024/2025	Space-Based Capability Request for Proposal
2026/2027	Ground-Based Capability delivery
2030/2031	Space-Based Capability delivery



## ENHANCED SATELLITE COMMUNICATIONS PROJECT – POLAR (ESCP-P)

### Overview:

ESCP-P will provide a Government of Canada (GC), secure, and reliable Narrowband and Wideband communications capability in the Arctic to the Canadian Armed Forces (CAF).

### Requirements:

- Communicate voice and data information (including Classified) in the Arctic theatre of operations jointly amongst CAF force elements and with Allies including NATO and NORAD partners;
- Provide the minimum throughput and channel accesses to support communications for the GC and its International Partners in the Arctic region;
- Have control over planning, monitoring and operating the payloads through DND Operational Centre(s); and
- Support and leverage the full system capability as an integrated component of the overall CAF infrastructure.

### Procuring:

- A space segment, consisting of a purpose-built satellite constellation providing coverage between 65° North (N) and 90° N latitudes.
- Ground segment infrastructure that provides the terrestrial infrastructure including Operations Centres, interface and control capabilities for the system.
- A user segment that includes new and adapted or modified user terminals.
- Full life In-Service Support (ISS) for the delivered system throughout its life cycle of 15 years.

### Status:

The project is at the Options Analysis phase where a preliminary statement of operational requirement and a business case analysis are being developed.

### Next Steps:

Anticipate entering Definition phase in 2024. Revised timeline and budget will be promulgated when the project enters its Definition Phase.

## TACTICAL INTEGRATED COMMAND, CONTROL AND COMMUNICATION AIR PROJECT

Overview: Project will harmonize two Comd RCAF capital activities: Joint Tactical Data Link Project and CAS Initiative Ground/Air/Ground Radio Replacement as well as address streaming video data exchange.

Funding Range: \$100 million to \$249 million

Anticipated Timeline (Fiscal Year):

2023/2024	Start Implementation
2027/2028	Initial Delivery
2029/2030	Final Delivery

## UTILITY TRANSPORT AIRCRAFT

Overview: To acquire a replacement for the CC-138 Twin Otter.

Requirements:

This project will provide a fleet of aircraft to conduct utility airlift operations, maintenance and training in Canada's far north. It will ensure sufficient range to transit on an IFR flight with a standard Ranger load from Yellowknife to Iqaluit (and return) within a crew duty day. Cargo space and loading will be such that safe loading and unloading can be performed by the crewmembers themselves without additional personnel or equipment. The aircraft must permit take-off and landing on semi-prepared or gravel-surfaced runway in an austere environment while carrying two standard Ranger loads. The aircraft must also demonstrate the capability for autonomous operations while deployed throughout the Arctic region, including a self-start capability after lengthy exposure to extreme Arctic temperatures.

Funding Range: \$250 million to \$499 million

Anticipated Timeline (Fiscal Year):

2021/2022	Start Definition (delayed - under review)
2024/2025	Start Implementation (under review)
2027/2028	Initial Delivery (under review)
2029/2030	Final Delivery (under review)

## FUTURE FIGHTER LEAD-IN TRAINING

Overview: Acquiring a new future fighter lead-in training (FFLIT) solution for the RCAF.

Procuring: Canada requires an FFLIT to deliver effective fighter education, skills and experience in the control and operation of military high performance jet aircraft.

Status: Engaging with industry to discuss Canada's requirements and request feedback. The first request for information (RFI) closed on October 27, 2021.

Next steps: Further engagements opportunities will be organized based on requirements and feedback received from the industry.

The current North Atlantic Treaty Organization (NATO) Flying Training in Canada Program will cease fighter lead-in training (FLIT) operations in 2024, and the RCAF is currently in the final stages of adopting a temporary bridge training capability to sustain FLIT capacity until such time that FFLIT commences operation.

### CORMORANT MID-LIFE UPGRADE (SUSTAIN DOMESTIC SEARCH AND RESCUE CAPABILITY)

Project summary:

This project will extend the estimated life expectancy of the CH-149 Cormorant to at least 2042, address obsolescence issues, ensure compliance with emerging regulations, and address a search and rescue capability deficiency at the Trenton Main Operating Base. To achieve these objectives, DND will upgrade and augment the existing CH-149 Cormorant fleet, and deliver a simulator.

Anticipated Timelines:

Project approval:	Completed
Contract award:	Completed
First delivery:	2026
Initial operational capability:	2027
Full operational capability:	2030

Project costs:

The two contracts for the Cormorant Mid-Life Upgrade and its simulator solution, valued at up to \$1.24 billion (taxes included), were awarded to CAE Inc. of Montreal, Canada and to Leonardo U.K. Ltd of Yeovil, United Kingdom.

### FIXED-WING SEARCH AND RESCUE AIRCRAFT REPLACEMENT (FWSAR)

Overview:

Acquiring the next generation of search and rescue planes and opening a new training facility in Comox, British Columbia.

The aircraft will be based in:

- Comox, British Columbia
- Winnipeg, Manitoba
- Trenton, Ontario
- Greenwood, Nova Scotia

These aircraft are replacing the current fleet of CC-115 Buffalo and CC-130H Hercules, which have served Canada well over the last 20 to 40 years.

Contract value: \$2.54 billion

Procuring:

- 16 CC-295 aircraft equipped with advanced technology systems
- Infrastructure and set-up activities
- Construction of a new simulator-equipped training centre in Comox, British Columbia
- Maintenance and support services
- Tools and test equipment, spare parts, and access to technical data

Status: Canada has accepted 15 aircraft as of December 23, 2022.

Next steps:

- Initial operational capability 2025/26

### MANNED AIRBORNE INTELLIGENCE, SURVEILLANCE AND RECONNAISSANCE (MAISR) (CLIENT DEPARTMENT: DND)

Overview:

Acquiring a new manned airborne intelligence surveillance and reconnaissance (MAISR) capability for the Canadian Armed Forces.

Procuring:

- 3 Beechcraft King Air 350ER aircraft and associated mission systems
- In-service support for a potential 22.5-year period

Status:

- Procurement 1: In December 2020, through the Foreign Military Sales program, Beechcraft Textron, Wichita (Kansas), delivered three King Air 350ER aircraft to the United States Government which have since been accepted and provided to L3Harris in Greenville (Texas) to commence with aircraft integration of the

mission systems. Aircraft are anticipated to be over the next few months and will be located at Canadian Forces Base Trenton (Ontario)

- Procurement 2: Public Services and Procurement Canada, on behalf of the Department of National Defence, awarded in May 2021 an in-service support contract to Team CERTAS, a joint venture between General Dynamics Mission Systems–Canada, from Ottawa, Ontario, and Voyageur Aviation Corporation, from North Bay, Ontario

Next steps: continue working towards the delivery of fully integrated aircraft.

## REMOTELY PILOTED AIRCRAFT SYSTEM (RPAS) PROJECT

### Overview:

The RPAS project will deliver a new capability to support Canadian Armed Forces (CAF) intelligence, surveillance and reconnaissance during domestic and international operations. The aircraft will be piloted by certified RCAF pilots from a Ground Control Centre in the National Capital Region and will be capable of carrying and employing precision-guided munitions.

### Procuring:

Medium-altitude, long-endurance, remotely piloted aircraft systems to support three lines of tasking, with associated sustainment, training and infrastructure.

Funding Range: \$1.83 billion to acquire a Remotely Piloted Aircraft capability

Status: Implementation phase. Contract awarded to General Atomics Aeronautical Systems Inc. on December 18, 2023.

Letter of Acceptance (LOA) for contractual arrangement was also signed with the United States Government on December 18, 2023, for the procurement of various equipment (e.g. weapons, sensors, communications and encryption equipment), testing and support necessary to enable the acquisition of a fully mission capable RPAS, as well as the ongoing provision of sustainment services for the anticipated lifespan of the RPAS. These equipment and services are only available via the United States Foreign Military Sales (FMS) program.

The initial contract period will be from December 18, 2023 to November 30, 2023.

The first delivery is expected for 2028, with full operational capability in 2033.

Anticipated Timelines:

Project approval:	Completed
Contract award:	Completed
Initial operational capability:	2027/2028 to 2029/2030
Full operational capability:	2030/2031 to 2032/2033

GLOBAL POSITIONING SYSTEM ADVANCED NAVIGATION (GPS AN)

Overview:

Provide, in selected RCAF aircraft, worldwide GPS navigation capabilities that are secure and protected, in three phases.

Phase I: Focused on providing GPS navigation capability on the CT142, CC130E/H, CP140, CF188, CC150, CH146 and CT114 fleets.

Phase II: Protecting the use of the GPS navigation capabilities from the effects of unintentional interference or deliberate jamming on the CF188, CC130H (T), CP140, and CH147F fleets.

Phase III: Protecting the use of the GPS navigation capabilities from the effects of unintentional interference or deliberate jamming on the CH-146

Project Cost: \$153 million

Project Phases:

Phase Status	Phase 1: Close Out Phase 2: Implementation Phase 3: Implementation
Initial Operational Capability	Phase 1 IOC: Oct 2006 Phase 2 IOC: Oct 2017 Phase 3 IOC: Sept 2025
Final Operational Capability	Phase 1 FOC: Sept 2022 Phase 2 FOC: Dec 2024 Phase 3 FOC: Jan 2029

## CANADIAN MULTI-MISSION AIRCRAFT (CMMA)

### Overview:

The objective is to equip the Canadian Armed Forces with a long-range manned Command, Control, Communications and Computers (C4) and Intelligence, Surveillance and Reconnaissance (ISR) and Anti-Submarine Warfare (ASW) aircraft with extended capabilities to replace the CP-140 Aurora.

### Requirements:

To meet the continuing and evolving mandate for advanced ISR capabilities, the Canadian Armed Forces needs a manned, long-range platform, capable of providing C4 ISR and ASW with the ability to engage/control and to fully integrate with other ISR and ASW assets. The Canadian Multi-Mission aircraft (CMMA) project will provide the capability required to effectively support Canada's strategic requirements for C4ISR and ASW at home as well as to support Canada's interests abroad. Canada's large size necessitates an aircraft with long range and loiter times to ensure the platform can transit to operating areas and remain on station for sufficient time.

The project is currently in the Implementation phase and a contractual arrangement has been entered into.

Funding range: Greater than \$5 billion

### Status:

- Following engagements with industry and Canada's closest allies, it has been determined that the P-8A Poseidon produced by Boeing is the only readily available aircraft that meets all CMMA operational requirements.
- A Letter of Request was sent to the United States government in December 2022, outlining Canada's requirements and requesting an offer for up to 16 P-8A Poseidon aircraft and associated equipment and initial servicing.
- A Letter of Offer and Acceptance (LOA) was received from the United States (US) government in summer 2023.
- On November 28, 2023, Canada accepted the LOA and entered into a government-to-government agreement with the US to purchase up to 16 P-8A Poseidon aircraft and associated equipment and initial servicing under the US Foreign Military Sales program.
- The final decision was based on the capability offered, availability, pricing and benefits to Canadian industry.

Anticipated Timeline:

Options Analysis	Completed
Definition	Completed
Start Implementation	Underway (contract awarded in Nov 2023)
First aircraft delivery	2026
Initial operational capability	2028
Full operational capability	2033

## GRIFFON LIMITED LIFE EXTENSION PROJECT

Overview:

The Griffon Limited Life Extension (GLLE) project will extend the life of the Royal Canadian Air Force's fleet of 85 CH-146 Griffon helicopters to the mid-2030s.

Requirements:

The GLLE project will replace a number of the aircraft's avionics systems, including communications radios and cryptographic equipment, cockpit voice and flight recorders, navigation systems, automatic flight control systems, and control display units. It will also upgrade the cockpit displays, upgrade the engines, and integrate sensor systems.

The project will also upgrade flight simulation and training devices to ensure alignment with the fleet modifications, and provide equipment and spare parts. The CH-146 is a proven, durable utility tactical transport helicopter that fills many functions. It supports tactical troop transport, reconnaissance, escort and surveillance, casualty evacuation, disaster relief, special operations aviation support, and search and rescue.

The project is in the Implementation Phase.

The cost of the project is:

- \$72 million for the definition phase
- \$1.18 billion for the span of the project

Anticipated Timeline:

Start Options Analysis	Completed
Start Definition	Completed
Start Implementation	Underway (contract awarded in April 2022)
Initial operational capability	2025
Full operational capability	2028