

DATE: 2019-04-01

PROJECT TITLE: Canadian Surface Combatant (CSC)

PROJECT OBJECTIVE: To recapitalize the Royal Canadian Navy's surface combatant fleet by replacing and updating the capabilities found in both the recently retired Iroquois-class destroyers and the multi-role Halifax-class frigates and provide the necessary ammunition, training, support and infrastructure. The new Canadian Surface Combatant (CSC) will ensure that Canada can continue to monitor and defend its waters and make significant contributions to international naval operations.

PROJECT PHASE: Definition

PROCUREMENT STRATEGY

As part of the National Shipbuilding Strategy, the combat vessel work package includes the Canadian Surface Combatant ships. The refined procurement strategy was announced in June 2016, which is to competitively select an existing warship design and design team to design the Canadian warships.

ACHIEVEMENTS

<p>November 18, 2015: List of companies selected under the pre-qualification process for the Canadian Surface Combatant released.</p> <p>January 2016: The Independent Review Panel Defence Acquisitions was briefed on the results of the Initial Reconciliation of Requirements, a cost to capabilities trade-offs assessment to find the right balance for the Navy.</p> <p>June 2016: A refined procurement strategy was announced.</p> <p>August 30, 2016: Re-qualification period closed, yielded the same list of pre-qualified companies.</p> <p>October 27, 2016: Canadian Surface Combatant Request for Proposal released.</p> <p>June 7, 2017: Canada's new Defence Policy, Strong, Secure, Engaged, was released, citing the procurement of 15 Canadian Surface Combatants with an updated overall project budget.</p>	<p>November 30, 2017: Canadian Surface Combatant Request for Proposal closed and bids received.</p> <p>December 4, 2017: Bid Evaluation process commenced.</p> <p>October 19, 2018: The preferred bidder was identified and the due diligence process commenced.</p> <p>February 7, 2019: Definition Contract was awarded.</p>
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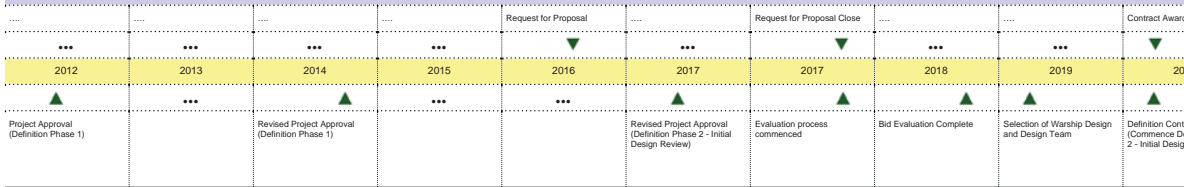
KEY MILESTONES

Project Milestone	Approved	Re-baseline/Actual	Notes/Comments
Project Approval (Definition Phase 1)	2012-06-19	2012-06-19	
Revised Project Approval (Definition Phase 1)	2014-11-30	2014-12-11	
Request for Proposal Release	2016-10-27	2016-10-27	
Revised Project Approval (Definition Phase 2 - Initial Design Review)	2017	2017-06-08	
Request for Proposal Close	Spring 2017	2017-11-30	
Selection of Warship Design and Design Team	N/A	2019-02-07	
Definition Contract Award	2017	2019-02-07	
Revised Project Approval (Definition Phase 2 - Design & Production Engineering)	Winter 2018	Spring 2019	
Project Approval (Implementation)	2019	Early 2020s	
Implementation Contract Award	2019	Early 2020s	
First Delivery	Mid 2020s	Mid 2020s	

FINANCIALS

	VALUE (BY MILLIONS)
Acquisition (including Project Management Costs, Infrastructure, Contracts and Contingency)	\$ 56,000 to \$60,000
Major In-Service Support Contract (over 30 years)	
Estimated Life Expectancy (30 years)	

TIMELINE



INDUSTRY ENGAGEMENT ACTIVITIES

From 2013 to 2016, a series of industry engagements were held covering a wide range of topics from soliciting industry input on Canada's proposed requirements and procurement strategy to presenting the overall economic leveraging strategy. The pre-qualified bidders were briefed on the technical requirements and the Request for Proposal document.

In 2017, Canada and Irving Shipbuilding Inc. responded to approximately 750 inquiries related to the Request for Proposal, which closed on 30 November, 2017.

The design process will see continued engagement between Canada and the contracted industry partners through the structure of the Integrated Product Teams (IPT).



SOCIO-ECONOMIC BENEFITS

The Industrial and Technological Benefits Policy is being applied to this procurement. For the Definition contract, both the prime contractor, Irving Shipbuilding Inc. (ISI), and the subcontractor (Lockheed Martin Canada – LMC) are required to provide benefits to Canada equal to their scope of work.

LMC has Value Proposition commitments to support Canadian design, engineering and integration work; to provide opportunities for Canadian systems and equipment to be included in the CSC design, and promote investments in priority areas.

In addition, the National Shipbuilding Strategy Value Proposition, which focuses on priority areas of human resources, technology, and industrial development, and is 0.5% of the value of the contract, is being applied to ISI.

POINTS TO NOTE

Significant engagement with the applicable governance committees continues to occur. Every effort is being applied to reduce schedule risk going forward without sacrificing the integrity of the design process.

ISSUE/RISK ASSESSMENT

Area	Previous	Current	Issue/Risk Summary
Scope	Green	Green	
Schedule vs Re-baseline	Yellow	Yellow	Schedule: Now in Prime Definition Contract and Subcontract, Canada and ISI are working to refine the definition schedule. An update to the schedule risk will follow.
Budget (Definition)	Green	Green	
Budget (Implementation)	Green	Green	
Human Resources	Green	Green	
Procurement	Green	Green	