



# GETTING TO THE END ZONE: A Strategy for Procuring Canada's New Jet Fighter Fleet



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# Problem Statement

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*A decision is required on jet fighter procurement in order to address the pending operational gap created by our aging fleet.*

## The Government's Commitment

A transparent procurement process  
Not buying the F-35 right now  
Purchase of interim super hornets

# OBJECTIVES

- 1 Meet operational needs
- 2 Value for money
- 3 Restoring public confidence
- 4 Strong industrial benefits
- 5 Manage foreign relations

# Emerging Operational Gap

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## ▶ Estimated life expectancy ends in 2023:

- Lengthy procurement process
- Decreased purchasing power of \$9 Billion CAD allocated in 2010

## ▶ Pending operational gap:

- Discrepancy between the needs and commitments of our Air Force and the capabilities of our aging fleet

# Our Six Core Missions

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<b>Domestic &amp; Continental</b>	<b>Hosting international event</b>	<b>Terrorist Attack</b>
<b>Civilian Authorities</b>	<b>Short-term International response</b>	<b>Long-term International deployment</b>

## Air Defence Requirements:



# Policy Options

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- I. Sole-sourcing to Lockheed Martin for F-35
- II. Sole-sourcing to Boeing for Super Hornets
- III. Hold fair and transparent competition (Recommended)

# Option I: Sole-Sourcing F-35

- ▶ No changes to Statement of Operational Requirements

## BENEFITS

- 5th generation capabilities
- Continued involvement with JSF, Including continuity of
  - Industrial benefits
  - R&D benefits

## RISKS

- Developmental technology
- Not transparent
- Exceeds capital acquisition budget
- Long timeframe needed

# Option II: Sole-Sourcing Super Hornets

- ▶ Expansion of 18 previously authorized Super Hornets
- ▶ 47 additional Super Hornets to complete new fleet
- ▶ Changes to Statement of Operational Requirements needed

## BENEFITS

- Combat ready
- Relatively short delivery schedule
- Maintenance, repair and overhaul synergies

## RISKS

- Not transparent
- No guaranteed industrial benefits
- Loss of JSF benefits
- Negative impact on Canada-USA military relations



# RECOMMENDED OPTION – Fair & Transparent Competition

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- ▶ Winning company awarded procurement bid
- ▶ Changes to statement of operational requirements needed

## BENEFITS

- Transparent and objective process
- Competitive price
- Strong industrial and technological benefits
- Regionally distributed industrial benefits

## RISKS

- Longer timeframe needed
- Loss of JSF benefits
- Negatively effects Canada-USA military relations

# Recommended Option:

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## Open Competition:

- Fair and transparent process of selecting a jetfighter based on merit
- Offers most competitive pricing with guaranteed industrial benefits

## Rationale

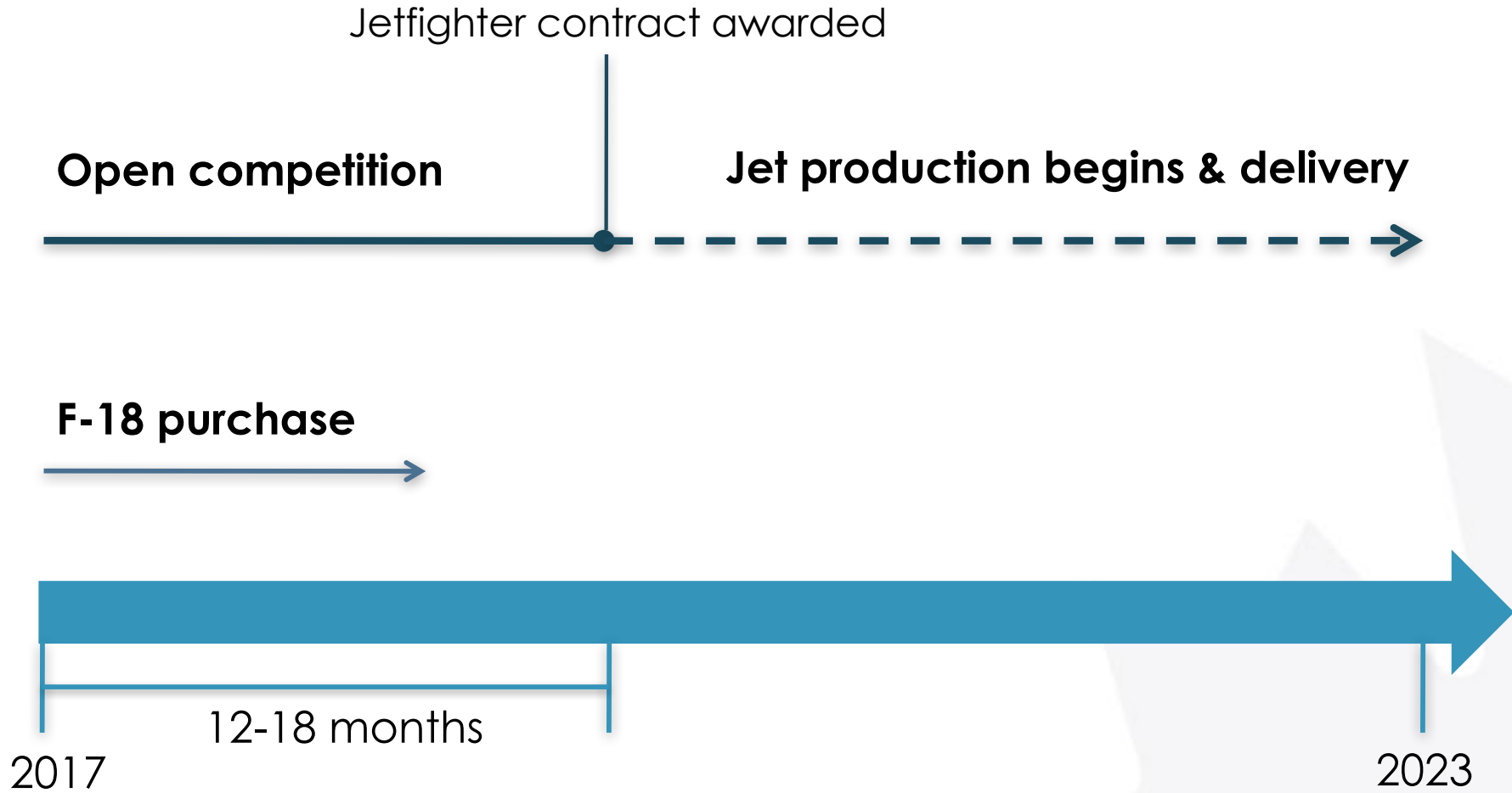
- Military advice is not leading to a clear solution
- Competitive price
- Fairness, merit based, evidence based decision
- Industry benefits

# Exploring the F-18:

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- Seek used F-18 for temporary fleet extension as the open competition process is initiated
- Benefits
  - Lower cost
  - No pilot training / hangar upgrades
  - Timely delivery
- It is not without risk, but purchasing used military equipment has been done in the past

# Implementation Overview



# Implementation Plan

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1. Cabinet approval
2. Statement of operational requirements
3. Request for proposals
  - Inclusion of TBS for budget - \$9B in real value
4. Proposal review and decision
5. Revisit fiscal framework
  - If current budget is insufficient pending the cost outcome

3 weeks

6 weeks

6 months

6 months

# Risk Management

Risks	Mitigation Strategies
Process Delays	<ul style="list-style-type: none"><li>• Firm timeline of 18 months</li><li>• Quarterly updates to Cabinet Committee on progress</li></ul>
Cost	<ul style="list-style-type: none"><li>• Stick rigorously to schedule</li><li>• Fair and transparent competition</li></ul>
Public Confidence	<ul style="list-style-type: none"><li>• Clear communication strategy</li><li>• Fair and transparent process</li></ul>
Relationship with Allies	<ul style="list-style-type: none"><li>• External communication strategy</li></ul>

# Communications Plan

Target Group	Key Messages
Public	<ul style="list-style-type: none"><li>• Transparent and objective procurement process</li><li>• Meeting military operational needs</li><li>• Maximizing value for money</li><li>• Supporting the Canadian economy</li></ul>
United States	<ul style="list-style-type: none"><li>• We will continue to fulfil our NORAD commitments</li><li>• We will work together to ensure interoperability</li></ul>
Industry	<ul style="list-style-type: none"><li>• We will ensure the early communication of the RFPs to increase opportunity to bid</li></ul>
Military (Canadian Air Force)	<ul style="list-style-type: none"><li>• Provide you with the necessary equipment to meet your operational needs</li></ul>



# Thank you

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