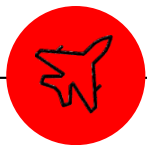


# Defence Procurement Jet Fighter Replacement Program



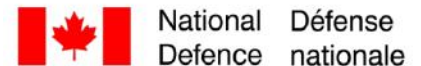
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Chris Kyllèsø - Global Affairs Canada

Lucas Neufeld - National Defence

Connor Hasegawa - Public Works and Procurement

Twyla Smith - Finance





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## Policy Problem

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Canada will soon be unable to fulfill its domestic and international commitments due in part to the deteriorating fighter jet fleet.



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## Recommendation **Super Hornets Purchase**

Purchase Super Hornets and invest in other critical areas where Canada's military is falling behind.



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# Policy Context

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The CF-18 is now 15 years  
past its expected lifespan





Policy Context

## Recurring Procurement Challenges



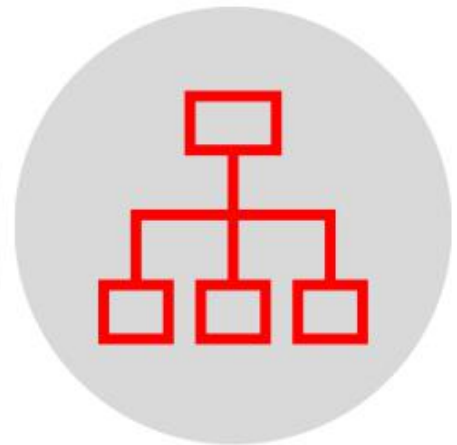
Delays



Suboptimal  
Performance



Cost  
Overruns



Lack of Ongoing  
Procurement Plan



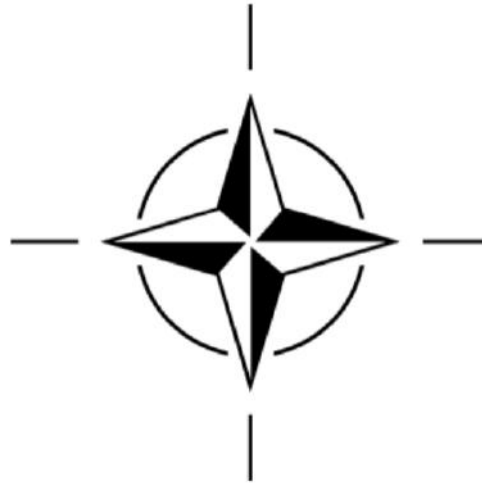
National Défense  
Defence nationale



## Policy Context Canada's Commitment



Arctic



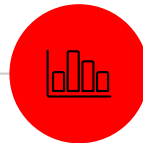
NATO



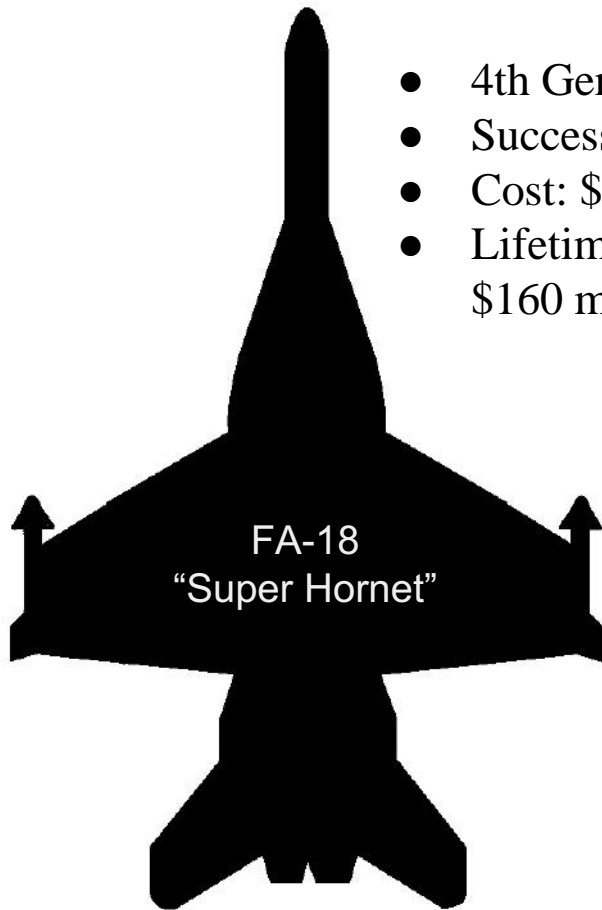
NORAD

**90%**

of current CF-18 use is for domestic or continental airspace defence

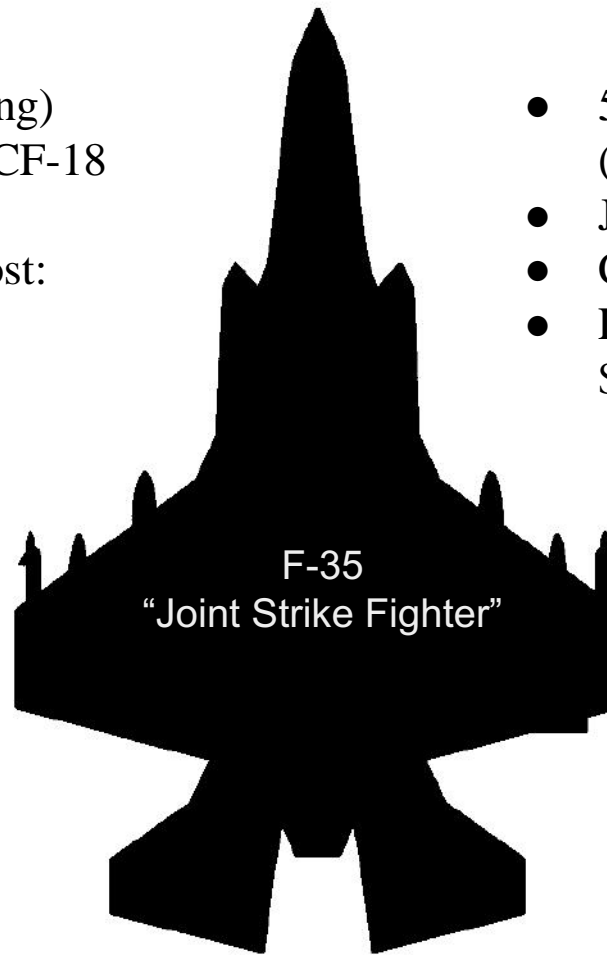






FA-18  
"Super Hornet"

- 4th Generation (Boeing)
- Successor to current CF-18
- Cost: \$75-85 million
- Lifetime operating cost: \$160 million



F-35  
"Joint Strike Fighter"

- 5th Generation (Lockheed-Martin)
- Joint development
- Cost: \$ 124-150 million
- Lifetime operating cost: \$340 million



Policy Context

## **JSF and the Aerospace Industry**

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Canada has invested approximately \$444 million since 1997

Canadian companies have already gained \$637 million in contracts

Estimated value of \$13 billion in future contracts over 40 year lifespan



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# Policy Analysis

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## Key Objectives

Provide the  
necessary  
equipment to  
keep Canada safe

Good value for  
Canadian  
taxpayers'  
money

Strengthen  
Canadian  
industrial and  
technological  
base



## Political Considerations

Accountable and  
transparent  
procurement

Public & media  
opinion

International  
commitments



National Défense  
Defence nationale



## Policy Options

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1. Competitive Procurement
2. F-35 Purchase
3. Super Hornet Purchase (Recommended)

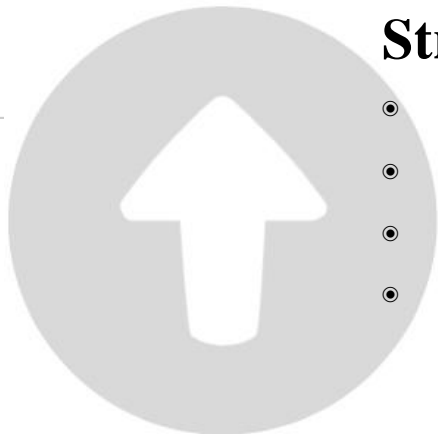


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## Policy Option 1 **Competitive Procurement**

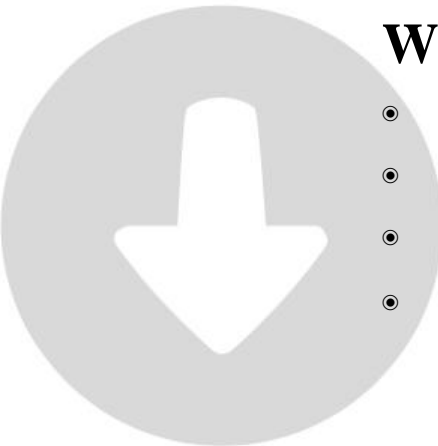
Pursue fleet purchase (65 jets) through competitive procurement.

The F-35 will be included in the competition and Canada will remain in the JSF for the duration of the procurement process.



## Strengths

- **Aligns with election promises**
- **Transparent and accountable**
- High public support
- Can negotiate some cost savings and industry benefits



## Weaknesses

- **Lengthy Process (average of 10-15 years)**
- **Uncertainty of cost and delivery date**
- Yields no new information in this case
- Need to extend life of CF-18s to 2025 (~\$500 million)

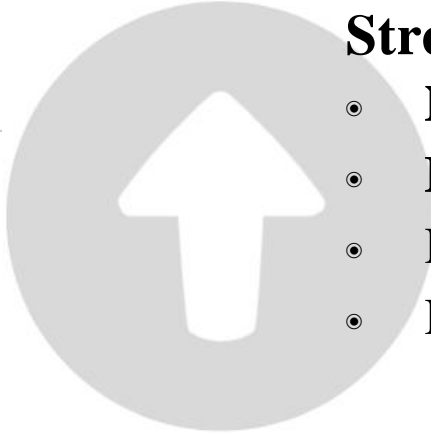




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Policy Option 2  
**F-35 Purchase**

Continue participation in the JSF program and commit to purchasing a full fleet of F-35s (65)



## **Strengths**

- **Newest technology plane with greater flexibility**
- **Beneficial to our aerospace industry**
- Honours our international commitments
- Harmonization with major allies



## **Weaknesses**

- **High Cost (\$50 billion)**
- **Uncertain delivery date and technical issues**
- Break of campaign promise and low public support
- Unnecessary for current threat environment
- Procedural difficulties



## Policy Option 3 **Super Hornets**

Purchase (47) Super Hornets to complete fleet (65) & refocus additional military spending in key strategic areas:

- Training and support missions through NATO
- Other major equipment purchases



## Strengths

- **Fulfills Canada's needs**
- **Quick delivery; Boeing has delivered over 700 Super Hornets on cost and on time**
- **Low lifetime cost of jets (Est. at \$22 billion) allows investment in other strategic areas**
- Boeing prepared to deliver economic offset equal to purchase \$85 million per aircraft
- Similar interface, infrastructure, and supports as the CF-18 allows for an easy transition



## Weaknesses

- **Loss of F-35 contract and access to technology**
- **Potential risk to international relationships**
- **Low public support for sole-source procurement**



## Super Hornets

The right equipment for Canada  
- delivered on time and on cost.





## Risk Mitigation

### Risk

### Mitigation Strategy

International Relations



Strategic communications, emphasizing our NATO commitment, announce new spending simultaneously

Economic loss



Continue funding R&D through Technology Partnerships Canada; negotiation with Boeing for economic offset

Procurement Process



Defence procurement improvements in implementation plan

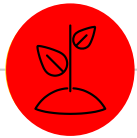
Public Opinion



Address public concerns through a comprehensive communication plan



National Défense  
Defence nationale



# Implementation



## Implementation Short Term

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### First Year

- Negotiate contract with Boeing for 47 Super Hornets which includes economic benefits for aerospace industry
- Develop maintenance, training, and infrastructure plans
- Initiate development of long-term procurement plan
- Withdraw from JSF program





## Implementation Long term



Streamline through  
centralized decision  
making



Performance  
measures for  
procurement  
evaluation



Equipment  
Replacement  
Plans



White paper and Long  
term procurement plan



# Communication



## Key Message

Meeting Canada's urgent operational needs while building strength across the military.



## Communication Stakeholders

- Department of National Defense and Armed Forces
- Innovation, Science and Economic Development Canada
- Public Services and Procurement Canada
- Global Affairs Canada
- Department of Finance
- NATO and NORAD partners
- JSF research partners
- Aerospace industry
- Taxpayers



## Communication Strategy

- Prime Minister and Defense Minister make joint statement
- Create a comprehensive media strategy with a government communications team
- Publish full cost of procurement, including operating cost
- Highlight economic benefits of both former F-35 investment and Boeing contract
- Make procurement process more transparent through a website and social media



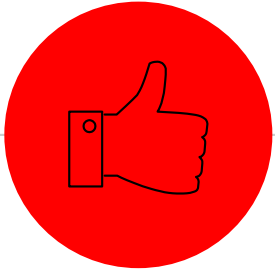
## Social Media

Twitter profile for information and contact





Purchasing Super Hornets provides  
Canada with the right equipment,  
while building strength across the  
military.



**Thanks**  
**Merci**

*Any questions?*