

ALBERTA

Beginning to rebuild operational effectiveness as the pandemic wanes

BY PETER DIEKMAYER

Alberta kicked off 2022 with a bang. The province added 21,000 new posts during January, the first month of positive job creation since October. Premier Jason Kenney's commitment in early February to lifting public health measures has defence industry personnel particularly bullish.

The Canadian Armed Forces and Alberta related supply chains have weathered the crisis effectively. However, it is also clear that

operational effectiveness is starting to be impacted by restrictions on training (such as cuts in the Maple Resolve exercise at CFB Wainwright, and operations at CFB Suffield), live conferences and travel.

The increasingly optimistic sentiment is emerging amidst an increasingly tense international environment in which a belligerent Vladimir Putin is pushing back against NATO deployments around Russia's

borders, and Xi Jinping is signalling that he will not allow Taiwan to separate from China and declare independence.

RAYTHEON MERGER FACILITATES NEW OPPORTUNITIES

Raytheon Canada, a key player in any discussion of defence readiness, has a significant presence in Alberta headed by Terry Manion, its Calgary-based Vice-





President and General Manager. The company is positioning itself to build on those assets during the coming years by increasingly leveraging opportunities stemming from its US parent's merger with United Technologies in April 2020. The Canadian arm of Raytheon Technologies, which now includes Pratt & Whitney Canada and Collins Aerospace Canada, employs approximately 8,500 people and has become a national powerhouse that supplies offerings to all branches of the Canadian Armed Forces.

Raytheon Canada supplies and supports the Royal Canadian Navy's remote weapons stations and its upgraded Phalanx Close-In Weapons Systems (CIWS). Its airborne systems group supports CF-18 radars and

land-based radars, and its land systems group supplies electro-optics expertise. "I am excited about where this company is headed," said Manion. "Our legacy Raytheon and UTC businesses were filled with smart people – the best and brightest in the industry. Now they can learn from each other and collaborate to develop and drive solutions."

One promising opportunity will be to leverage Raytheon's global clout to help address the Department of National Defence's need to increase interoperability in joint force deployments with allied troops. "DND is focused on pan-domain operations that require greater integration and a system-of-systems approach," says Manion.





“Raytheon Canada can help address those needs.”

Raytheon Canada, which is well aware of the terrible constraints that Canadian Armed Forces personnel operate under, also strives to offer complementary technologies that can be used in multiple applications. “Our recent focus has been on operational transformation, technology and innovation investments,” says Manion. “Better understanding and solving the complex problems faced by DND requires cooperation to develop pan-domain solutions rather than supplying another bespoke stovepipe.”

ATCO FRONTEC – PARTNER OF CHOICE IN CANADA’S NORTH

One of Alberta’s greatest strengths is the quality of the people it attracts. For example, Jim Landon an ex-Commander of British Army Training Unit Suffield (BATUS) – a British Army unit located at Canadian Forces Base Suffield near Suffield, Alberta – decided to make Alberta his home shortly after his late-career deployment in the province ended. Since then, he has become one of the province’s biggest boosters. “Many British and Canadian



Raytheon Technologies, headed by Terry Manion, supplies offerings to all branches of the CAF

Forces personnel who come here to train end up staying,” says Landon, who went on to become president of operational support services provider, ATCO Frontec. “It’s got a fantastic standard of living. I can see the mountains from my office. I even bought a canoe.”

But Landon who is based in Calgary does not have much time to look out his window. His focus is on leading ATCO Frontec’s 150 professionals in providing custom subcontracted services to organizations ranging from oil and gas producers to the Canadian Armed Forces. The company, which handles snow clearance, aircraft refueling, and fire crash rescue at 2 Canadian Forces Flying Training School (2CFFTS) in Moose Jaw, also recently picked up contracts with Defence Construction Canada to look after armory (training hall) locations, and Forward Operating Locations (hangars in existing airports) in Canada’s North.

“We hire a lot of ex-military folk due to their intimate knowledge and comfort in targeted site operations,” says Landon. “They are also excellent workers who don’t complain about tough assignments. ATCO Frontec has become known for its ability to operate in difficult areas. We bill ourselves as the partner of choice for assignments in the Canadian North.”

The company’s work is slated to increase in coming months. Nasittuq Corporation a joint venture with majority Inuit ownership in which ATCO Frontec owns a 49% stake



Alberta has a fantastic standard of living, says Jim Landon

recently won a seven-year \$592 million Government of Canada contract to operate and maintain the North Warning System (NWS) chain of radar sites and support facilities that forms part of Canada's North American Aerospace Defense Command (NORAD) agreement with the United States. ATCO Frontec is also part of the SkyAlyne team which is bidding on the Future Aircrew Training (FACT) Program and Team Artemis which is pursuing the Remotely Piloted Aircraft system (RPAS) program, which will include new UAVs that will need to be able to operate throughout the Arctic.

QINETIQ ESTABLISHES ATLANTIC CANADA DIVISION

According to Corrie Dale, Vice-President Operations at QinetiQ Target Systems, Canada's complicated business environment is providing opportunities for Alberta companies, but also some hurdles. "We have about 90 employees right now and expect that to increase to about 120 in the coming years," says Dale who oversees day-to-day activities at the company's Medicine Hat facility, which include direct reports from its Engineering, Operations, Program/Project Management and Finance departments. "But we are watchful because the labor market is becoming increasingly tighter."

Dale should know. QinetiQ is in the process of tripling its Ottawa head office and setting up a Halifax-based Atlantic Canada division, which will be doing target supply,

repair and overhaul work and supplying testing and evaluation expertise to Irving Shipbuilding related to the Canadian Surface Combatant program.

Much of Dale's optimism stems from QinetiQ's Medicine Hat target systems division which is located alongside the Foremost UAS Test Range. The unit, which employs 60 professionals, has been the key driver of the company's growing manufacturing prowess and exports to the United States, the United Kingdom and Australian markets. QinetiQ is also working hard to pry open the challenging Asia market where it recently inked a major order to sell supersonic target carrier capabilities to an undisclosed country.

Dale is also bullish regarding a study which QinetiQ recently completed in September related to the development of a roadmap for the modernization of Air Weapons ranges at the Royal Canadian



Corrie Dale told CDR that QinetiQ is setting up a division in Atlantic Canada



Jacques Comtois took over as director of Arcfield Canada last July

Air Force's (RCAF) Air Warfare Centre at CFB Cold Lake to combine live and virtual collaborative team training environments.

"The idea is for modernized air ranges to accommodate next generation fighter aircraft and to enable the creation of Live Synthetic Blended (LSB) training," said Dale. "We made excellent progress on this key need which was first identified in Strong Secure Engaged, Canada's national defence policy as part of a continental defence modernization mandate." The initiative is expected to drive considerable future consulting work as Canada inches closer to a final decision on its Future Fighter competition.



Nasittuq Corporation won a contract to operate and maintain the North Warning System (NWS)

PERATON MORPHS INTO ARCFIELD

Jacques Comtois is another ex-Canadian Armed Forces officer who is making Alberta his home. Comtois took over as director of Arcfield Canada last July, following stints at L3 MAS and L3 WESCAM. He is now based out of the company's Calgary office. Arcfield Canada was formed after Veritas Capital Vantage Fund acquired Peraton's Canadian operations, which its US parent needed to divest from, for regulatory purposes. The company currently employs 110 people, the vast majority of which are Alberta-based, with ancillary staff in Ottawa, and on-site at client locales in CFB Cold Lake and CFB Bagotville.

Comtois' key challenge during the coming months will be to help enhance the implementation of Arcfield Canada's new corporate identity and its core offerings: avionics maintenance, repair and overhaul, engine services, and supply chain management. A key focus will be modernizing the avionics management and supply chain support that Arcfield Canada provides to the Royal Canadian Air Force's fleet of CF-18 fighter jets so that the company can progress in that role when Canada's projected Future Fighter acquisition materializes.

Arcfield currently manages more than 90,000 SKUs of largely government-owned parts and materiel which are stocked at warehouses across the country, many of which are directly linked to the legacy fighters which will be replaced during the coming years. Arcfield Canada's membership in the Saab and Boeing Future Fighter Capability Project bid, provides significant hopes for the province as a win could create thousands of long-term jobs, including many in Alberta.



Defence procurement projects serve as a catalyst for innovation, says Lorraine Ben

Arcfield Canada also continues to contribute to a Fighter Force Maintenance Capability renewal plan that is helping the Royal Canadian Air Force to streamline its maintenance operations. First line maintenance operations (such as changing tires, mission computer boxes, Weapon Replaceable Assembly cards, etc.) as well as squadron maintenance processes will continue to be done by Armed Forces Personnel. However, second line avionics and shop repair functions currently performed at CFB Cold Lake and CFB Bagotville are being transitioned to Arcfield Canada's 76,000 square foot Calgary facility, a process which should be complete by the end of 2022. Third line repairs will continue to be handled by Original Equipment Manufacturers.

Comtois admits that while Arcfield Canada has managed to keep staff employed, despite the COVID related challenges, that it has not been easy. The company continues to operate

in a flexible hybrid style, with employees split between corporate facilities, customer locales or in home offices. "It has been tough on everyone including the Alberta government, which has had to operate in exceptionally volatile circumstances," said Comtois. "We continue to take all the needed precautions including facemasks, limited attendance at company facilities and enforcing vaccination. The good news is that it is going well and there are hopes that we will come out of this soon."

LOCKHEED MARTIN INVESTS IN NEW 'GREEN' FACILITY

Alberta has long been regarded as one of the country's most "small c" conservative provinces. However, recent actions by players such as Lockheed Martin Canada have been increasingly addressing growing voter concerns regarding environmental, social, and governance issues.

Lockheed Martin Canada has long played a critical role in supporting Canada's military and industrial base through the broad-based supply chains it maintains in each of the country's regions. These support mandates ranging from sustainment of CC-130Js, to procurements related to the Canadian Surface Combatant, a possible next generation fighter deal, and increasing interoperability with NORAD and NATO allies.

Last year the company announced a \$9 million USD investment in Alberta-based TC Energy's Saddlebrook project. The facility will include a hybrid power plant, a utility-scale solar capability and a long-duration flow battery energy storage system. The pilot project, which is expected to be the province's largest installation of this type, provides a case study in ways that Canadian defence companies can build social licenses to operate during

a time when the public remains focused on pandemic related measures.

According to Lorraine Ben, Chief Executive for Lockheed Martin Canada, the investment – which flows from Industrial and Technological Benefits (ITB) Policy related obligations stemming from Canada’s purchase and in-service support of 17 CC-130J Super Hercules aircraft – exemplifies how defence procurement projects serve as a catalyst for innovation, critical research and regional development.

CANADIAN UAVS BROADENS OPPORTUNITIES

Late last year Lockheed Martin, the U.S. parent of Calgary-based Lockheed Martin CDL Systems, which specializes in the development and licensing of software for unmanned vehicle command and control and mission management, announced that it had named Canadian UAVs as an authorized reseller of small, unmanned aircraft systems (sUAS) and related ground control software.

“The partnership is a natural evolution of our dual market focus on commercial users of geospatial data and military users of unmanned aerial systems,” said John Molberg, the company’s Vice-President. “This

creates surprising synergies, drives down costs and efficiencies throughout the system.”

Canadian UAVs has also been busy on the operational front. The company completed its first Beyond Visual Line of Sight (BVLOS) project in 2021, a 120 square kilometer survey of an oil and gas property and is working on obtaining expanded permitting rights from Transport Canada and the Department of



CUAVS is seeing lots of interest at the federal level for UAVs, says John Molberg

National Defence that would enable it to broaden its service offerings. “We are seeing a lot of interest at the federal level for UAVs,” says Molberg. I have been working in the UAS field for 20 years and I have never seen it this busy. Up to a dozen mandates have been contracted out, opened for bids or are projected during the coming years.”

RIISING OIL PRICES

Yet while Alberta’s falling unemployment rate, which dropped from 7.5% to 7.2% is clearly a good thing, that trend could create complications for defence sector players going forward. A key development to watch will be oil prices which spiked significantly during January, a trend that could spark renewed exploration and development activity, and further strains on labor availability.

Over time, this could present problems because Alberta’s defence and energy sectors have long competed for top engineering talent. Then again having so much business that companies can’t find enough people to do the work, isn’t the worst problem to have. ■

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