



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Cost Estimate of Election Campaign Proposal

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Short Title: Procuring the MV Obelix support ship

Description: The support ship MV Obelix would be procured from Chantier Davie Canada Incorporated. The government would enter into an agreement to purchase the Obelix on January 1, 2022. After a two-year period in which the vessel is obtained by the contractor and converted for military purposes, the vessel would achieve initial operational capability in 2023-2024, attaining full operational capability beginning the following year.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost, Accrual		3	3	45	90	92	233
Total cost, Cash		3	3	723	56	57	842

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: The procurement cost was based on an estimate of the asset value of the MV Asterix, the Obelix's sister ship, in 2017-2018. This value was escalated using the EPC baseline augmented by inflation indices for naval shipbuilding. The resulting cost was then expressed in accrual accounting terms assuming a twenty-year service life from the date of first operational capability in the 2023-2024 fiscal year. Operating costs and ancillary program management costs were estimated using historical data on the MV Asterix and escalated using the EPC baseline. Taxes were not included.

Source of Uncertainty: The main sources of uncertainty relate to the historical valuation of a similar ship and the escalation of these costs. There is also uncertainty surrounding projected operating costs.

Data Sources:	Variable	Source
	MV Asterix valuation	Chantier Davie Canada Incorporated
	Operating and ancillary program management costs	Department of National Defence
	Consumer Price Index	PBO EPC baseline