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Federal Marine Procurement & Regional Workshop Results

Matthew Crawley, DG Marine Services and Small Vessels Sector

Marine Procurement Outlook

Victoria, BC

April 18-19-20, 2018

Federal Marine Procurement

Large Vessels:
Combat

Large Vessels:
Non-Combat

Small Vessel
Construction

Refit, Repair,
Maintenance
& In-Service
Support

Vessel
Chartering

Vessel
Disposal and
Emergency
Response

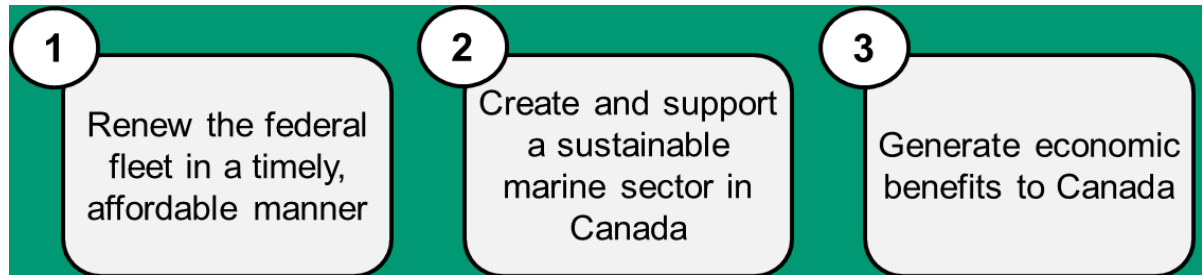
Equipment
Procurement

Engineering
Services



National Shipbuilding Strategy (NSS)

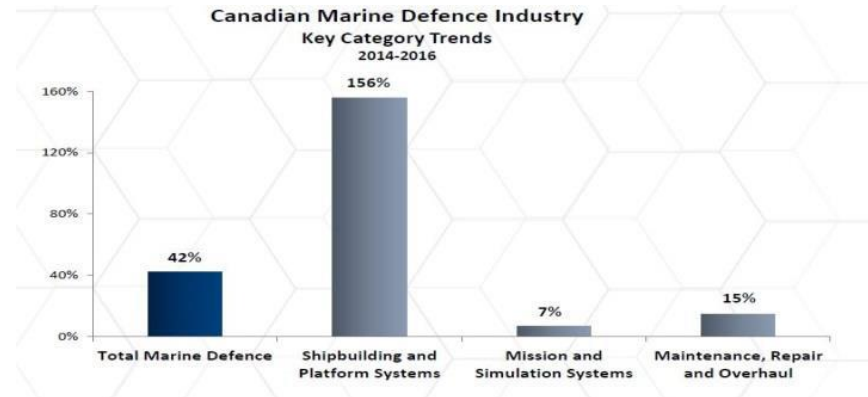
- NSS was announced in 2010 with three core objectives:



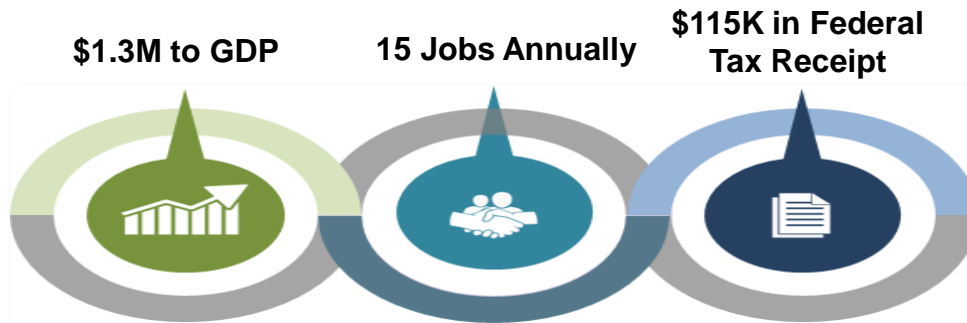
- NSS was structured to guide procurement decisions for construction of specified classes of large and small ships, as well as repair, refit and maintenance for the Royal Canadian Navy and the Canadian Coast Guard:
- **Large Vessels** (>1,000 tonnes): Two sources of supply selected to build new large vessels (Irving Shipbuilding Inc. (ISI) and Seaspan's Vancouver Shipyards (VSY))
 - **Small Vessels** (<1,000 tonnes): Requirements will be competed amongst all Canadian Shipyards except for ISI and VSY – Est. \$2B at NSS launch
 - **Repair, Refit and Maintenance**: Open to competition to all Canadian contractors – Est. \$0.5B per year at NSS launch

Economic Benefits

- Between 2014 and 2016, the Canadian Marine Naval Industry grew by 40%, driven by 150% growth in shipbuilding and platform-related activities.



- For every \$1 million dollars in contracts, Canada receives:



- NSS contracts awarded over the last five years have contributed close to \$9B in GDP and 8,800 jobs over ten years

Sustainment Initiative

- The Sustainment Initiative is a joint undertaking by the Department of National Defence (DND), Public Services and Procurement Canada (PSPC), and Innovation, Science and Economic Development Canada (ISED) aimed at evolving how defence equipment is supported to achieve the best value for Canada while fostering innovation from industry. This is achieved by balancing these **four principles**:
- **Performance**-defence equipment that is operationally ready and mission capable.
 - **Value for money**-the required outcomes are procured at a price commensurate with the market rate.
 - **Flexibility**-an adaptable and scalable support system that can readily be adjusted to changes in operational requirements and/or operating budgets.
 - **Economic benefits**-leveraging industrial benefits from defence procurements to create jobs and economic growth for companies in Canada.



Marine Achievements 2017-18 highlights



- Completion of all Halifax class modernization at Irving Shipbuilding Inc. and Vancouver Shipyards



- Conversion and provision of services contract for an Interim Auxiliary Oiler Replenishment Vessel (M/V Asterix) by Chantier Davie



- Contract awarded to Rosborough Boats to construct two arctic search and rescue RHIBS



- The first two (of 12) Search and Rescue Lifeboats delivered by Chantier Naval Forillion in November 2017 and Hike Metal Products Ltd. in December 2017

Marine Achievements 2017-18 highlights



- Contract awarded to Kanter Marine Ltd. for seven Hydrographic Survey Vessels. Delivered in May 2017



- Refit work underway at Point Hope Shipyard for the Minor Warship and Auxiliary Vessel (MWAV) In-Service Support contract



- HMCS Protecteur en route to RJ Maclsaacs Construction Ltd. For disposal.

Regional Marine Industry Workshops

- Taking a new approach to industry engagement and interdepartmental collaboration.
- **MPM (Marine Procurement Modernisation) Working Group:**
 - Public Services and Procurement Canada
 - Department of National Defense
 - Canadian Coast Guard
 - Innovation, Science and Economic Development

Victoria, BC
April 2018

Halifax, NS
January 2018

Hamilton, ON
November 2017

Quebec City,
QC
February 2018

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Regional Workshop Objectives

- ***Inform and shape national strategies for:***
 - Construction of small vessels (vessels under 1,000 tonnes)
 - ❖ In FY 2017 \$19.6M of new small vessel construction activity was contracted to Canadian shipyards, with \$18M spent within the Fiscal year
 - Vessel repair, refit, and maintenance
 - ❖ Includes refits, Vessel Life Extension (VLE) and In-Service Support (ISS) requirements for all sizes of vessels
 - ❖ In FY 2017 sustainment accounted for \$1.18B in new contracts awarded or amended for CCG and the RCN, with \$555M spent within the Fiscal year
- ***Explore ways to streamline and modernize the procurement process.***



What we've heard

- There is a need to improve GoC planning, forecasting of requirements and better adherence to project schedules
- Existing Terms and Conditions are viewed as too complex and burdensome; support a review of existing Terms and Conditions to adopt commercial best practices and standardized templates
- Explore bundling options as a means for industry to better plan, invest, innovate and drive 'best value'
- Review approaches to better develop work packages to support innovation and reduce work arisings or design changes
- Consider implementation a pre-qualification regime to simplify the bidding process for Government and Industry
- Develop a system to acknowledge past performance (schedule, quality and/or cost) when bidding on future contracts
- Develop supply arrangements/task based contracts where possible (similar groupings of vessels, work etc.) to streamline evaluation process
- Examine options for GoC to provide additional on-site technical support



Short-term implementation

➤ Industry/government committees and working groups:

MIAB (Marine Industry Advisory Board)

- MIAB is being established to facilitate dialogue surrounding opportunities and challenges facing the Canadian Marine Industry in order to jointly propose solutions or next steps for pilot or implementation

Small Boat working group

- Interdepartmental working group to encourage shared platform by establishing classes
- Mechanism for early resolution of issues and support for innovation:

➤ Semi-annual procurement Outlook sessions

- Broadcast nationally
- Including G2B sessions

Medium-term plan (8-16 months)

Engage Industry to further explore options and plans for:

- Developing standardized PSPC marine contracting templates incorporating commercial best practices
- Implementing 2-step evaluation processes to provide flexibility and foster innovation
- Establishing a pre-qualification database to simplify bidding process
- Identifying bundling options to enable industry to better plan, invest, and innovate and to drive 'best value'
- Creating supply arrangements for boats of similar size and complexity



Long-term plan (16-24 months)

Engage Industry to further explore options and plans for:

- Establishing a vendor performance management program
- Providing additional GoC on-site technical support
- Developing alternative approaches to defining scope of work
 - Industry / government joint specification development
 - Performance-based specifications
 - Third-party vessel surveys and 'digital twinning'



Questions?



Contact

Cindy Soyland

Marine Commodity Management Office

819-420-8986

cindy.soyland@pwgsc-tpsgc.gc.ca

