



# Industrial Benefits and the Canadian Marine Sector

Jamieson McKay  
Deputy Director, Aerospace, Defence  
and Marine Branch  
Innovation, Science and Economic  
Development Canada

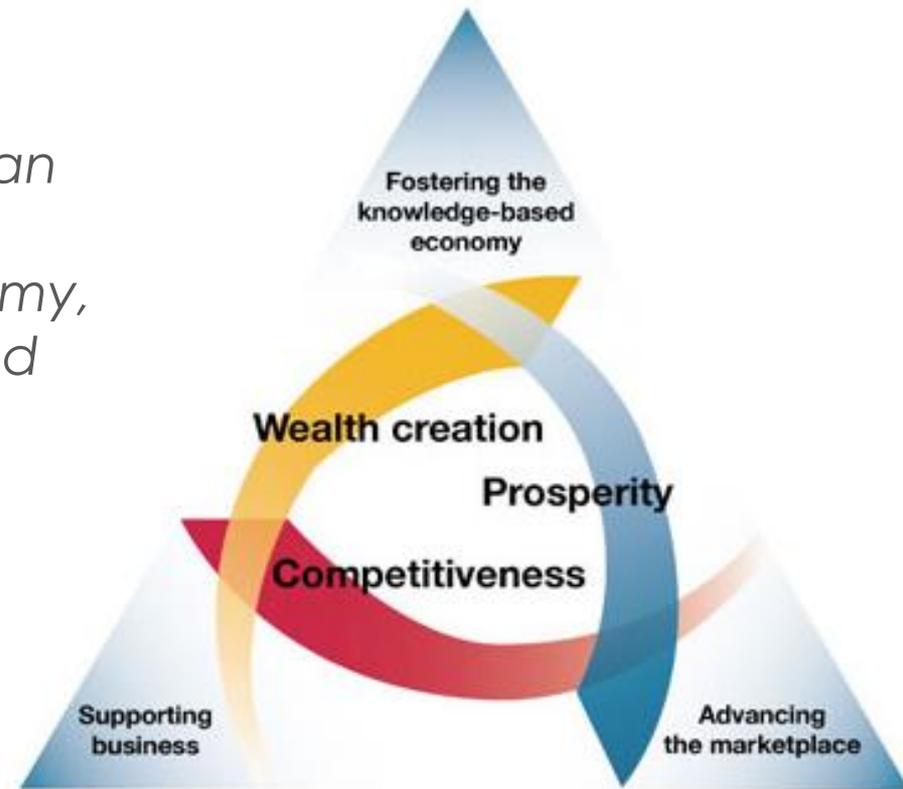
Jennifer Leng  
Senior Economist, Strategic Operations  
Western Economic Diversification  
Canada

April 18, 2018



# ISED: Departmental Overview

- Mission: *'Foster a growing, competitive, knowledge-based Canadian economy.'*
- Mandate: *'Help make Canadian industry more productive and competitive in the global economy, thus improving the economic and social well-being of Canadians.'*



# Role of ISEDC in Marine Procurement

## Industry Sector

**Provide analysis and policy advice to support innovation excellence and firm growth in the marine sector**

**Leverage economic benefits to Canada through the Buy in Canada policy, the NSS Value Proposition and Industrial and Technological Benefits Policy**

**Promote sector competitiveness and investment opportunities**

**Develop key relationships through sector engagement in support of the Innovation Agenda**

# Buy in Canada Policy

***“The federal government will continue to procure, repair and refit vessels in Canada subject to operational requirements and the continued existence of a competitive domestic marketplace.”***

- ISED is responsible for the Buy in Canada element of the Shipbuilding and Industrial Marine Policy Framework.
- Most significant support measure that Canada uses to generate economic activity and sustain domestic shipbuilding and broader marine industry capabilities.
- Foundational element of the National Shipbuilding Strategy (NSS).
- Applies to all Federal marine procurement; exemption from the Policy must be sought from Cabinet.

# The NSS Value Proposition (VP)

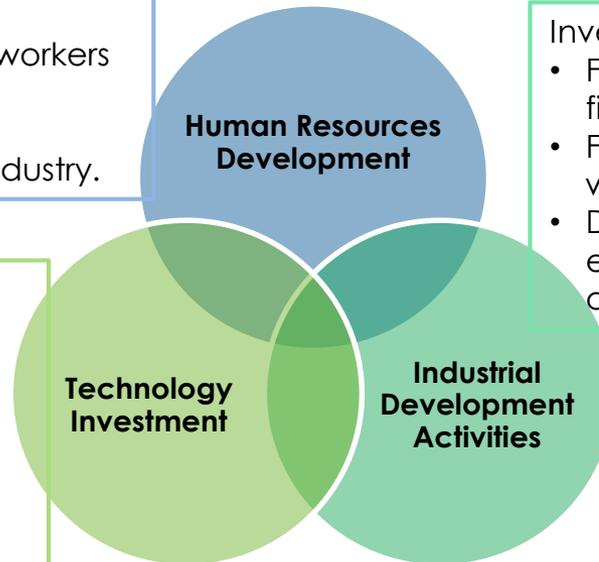
- NSS VPs were a rated requirement (10%) of the original NSPS RFP.
- NSS VP investments are incremental to Industrial and Technological Benefits investments.
- Selected large shipyards committed to provide “value proposition” investments equal to 0.5% of their NSS contracts in three priority areas:

Investments in the development of:

- Skilled entry level workers;
- Retention strategies for skilled workers in coastal areas;
- Training;
- Better defined needs for the industry.

Investments in the development of:

- Advanced materials for ship construction;
- Nanotechnologies;
- New hull designs;
- Advances in communications, navigation systems, sensors, underwater vehicles, radar etc.



Investments intended to:

- Foster growth of Canadian marine firms & promote their capabilities;
- Further integrate Canadian SMEs within supply chains;
- Develop marine clusters to help enable Canadian marine and ocean firms.

# The Industrial and Technological Benefits (ITB) Policy

## What is the Policy?

- Companies awarded defence procurement contracts are required to **undertake business activity in Canada equal to the value of the contract**
- Involves **minimum values of Canadian work** on a procurement & includes **work with small and medium-sized businesses** from across Canada

## When does the Policy apply?

- All eligible defence and Canadian Coast Guard procurements **over \$100 million** & for which the National Security Exemption applies
- All eligible defence procurements with contract values between **\$20-\$100 million** will be reviewed for the application of the ITB policy

## What is the ITB Value Proposition?

- A **bidder's economic proposal to Canada**; the rated and weighted element of contractor selection along with technical & cost elements
- Includes plans, commitments and identified business activities

## What are the Policy objectives?

- Support **growth of the Defence Sector**
- **Supplier development**, including SMEs
- **Research and technological development**
- **Increase the export-potential** of Canadian-based firms

# Strategic Innovation Fund (SIF)

- SIF was **designed to spur innovation across Canada**.
- The program has four Streams, each with its own precise objective:



- It serves to simplify application processes, accelerate processing, and provide assistance that is more responsive and focused on results.
  - Part of the **Innovation and Skills Plan**;
  - Allocates **repayable and non-repayable contributions** to firms;
  - Open to **firms of all sizes** across all of Canada's industrial and technology sectors;
  - Has a **budget of \$1.26 billion** over five years;
  - Open **year-round for applications** (except Stream 4).

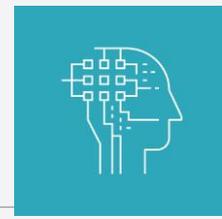
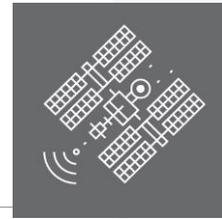
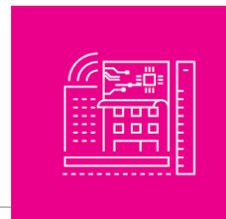
# Innovative Solutions Canada

## Overview:

- New program with over **\$100 million in funding** that is part of the Innovation and Skills Plan
- Participating departments and agencies **will issue public challenges** related to their mandate where there is currently no solution in the marketplace.
- Applications that are selected may receive funding to develop proofs of concepts and/or prototypes
- **20 participating federal departments and agencies** will set aside a portion of funding to support the creation of innovative solutions by Canadian small businesses.

## Objectives:

1. **Fuel the development and adoption of technological innovation** in Canada
2. **Grow Canadian companies** through direct funding to support early stage, pre-commercial research and development, late stage prototypes and to accelerate commercialization
3. **Foster greater industry-research collaboration** through the release of challenges for solutions that address key GoC priorities
4. **Encourage procurement from companies led by under-represented groups**, such as women, Indigenous, youth, disabled individuals, LGBTQ+ and others
5. **Provide federal departments and agencies with opportunities to develop new capabilities** to meet their research and development needs and thereby advance government priorities.



# Canada's Ocean Supercluster

**Overview:** 1 of 5 successful superclusters selected through the Innovation Supercluster Initiative

- Private sector-led partnership that brings companies together to boost innovation and modernization in Canada's ocean industries;
- Companies from different ocean sectors will co-invest to adopt and commercialize technologies to solve shared challenges; and
- Invest to develop talent, improve supply chain opportunities and foster more ocean start-ups to build the innovation and entrepreneurial.

**Vision:** Grow the ocean economy into one of the most significant, sustainable and valuable segments of Canada's economy.

Expected GDP Impact Over 10 Years	Expected Job Creation Over 10 years
More than \$14 billion	More than 3,000 jobs

**Technology Focus:** Digital sensors and monitoring, autonomous marine vehicles, energy generation, automation, marine biotechnology and marine engineering technologies.

## Sample Activities:

**Technology Leadership:**  
Undertaking collaborative technology projects to digitize marine operations

**Partnerships for Scale:** Providing seed funding & technology brokerage service for firms across sectors

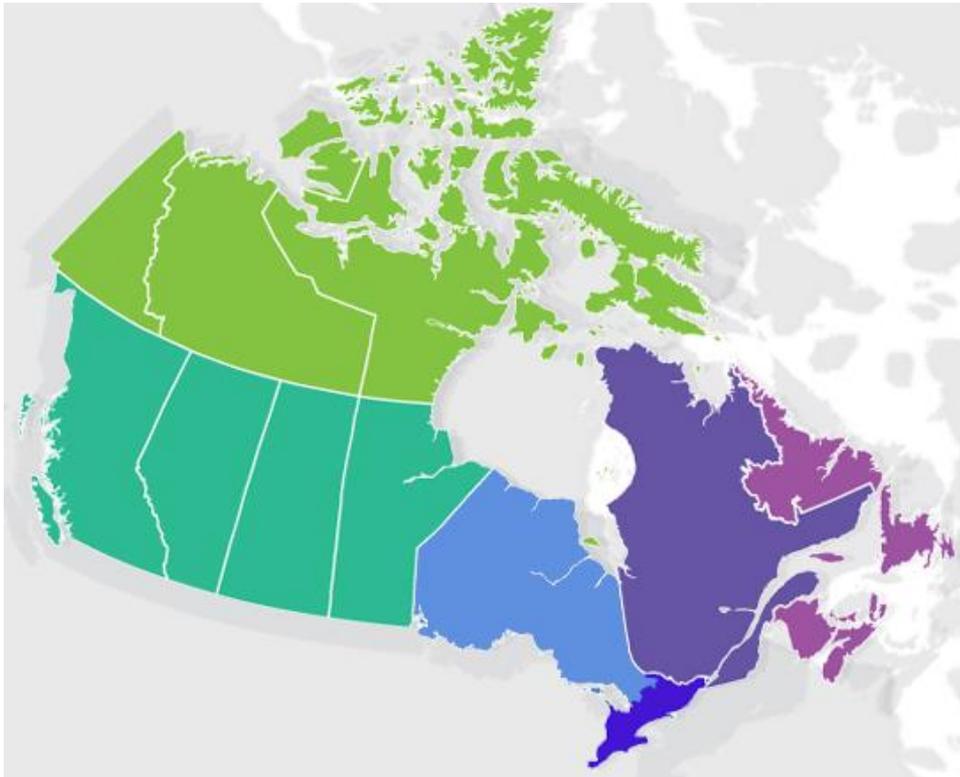
**Diverse & Skilled Talent Pools:**  
Attracting leading talent and working with post-secondary institutions

**Access to Innovation:**  
Providing access to facilities for prototyping & testing

**Global Advantage:**  
Advancing the establishment of a Global Ocean Tech Alliance to collaborate with other countries leading ocean innovation

# Regional Development Agencies & Marine Procurement

- Six regional development agencies (RDAs) support the Government of Canada's economic development and diversification agenda.
- Part of ISED's portfolio



-  **CanNor** – Canadian Northern Economic Development Agency
-  **WD** – Western Economic Diversification Canada
-  **FedNor** – Federal Economic Development Initiative for Northern Ontario
-  **FedDev** – Federal Economic Development Agency for Southern Ontario
-  **CED** – Canadian Economic Development for Quebec Regions
-  **ACOA** – Atlantic Canada Opportunities Agency

# How your RDA can help you

- RDAs help address key economic challenges by providing regionally-tailored programs, services, knowledge and expertise.

## Clarity:

- helping you better understand ITB policy and its requirements

## Hosting:

- events (e.g., Business-to-Business) and organizing supplier development tours

## Promoting:

- your capabilities at meetings, trade shows and events

## Connecting:

- you with defence contractors who are either seeking to bid on a procurement, or who have outstanding ITB obligations



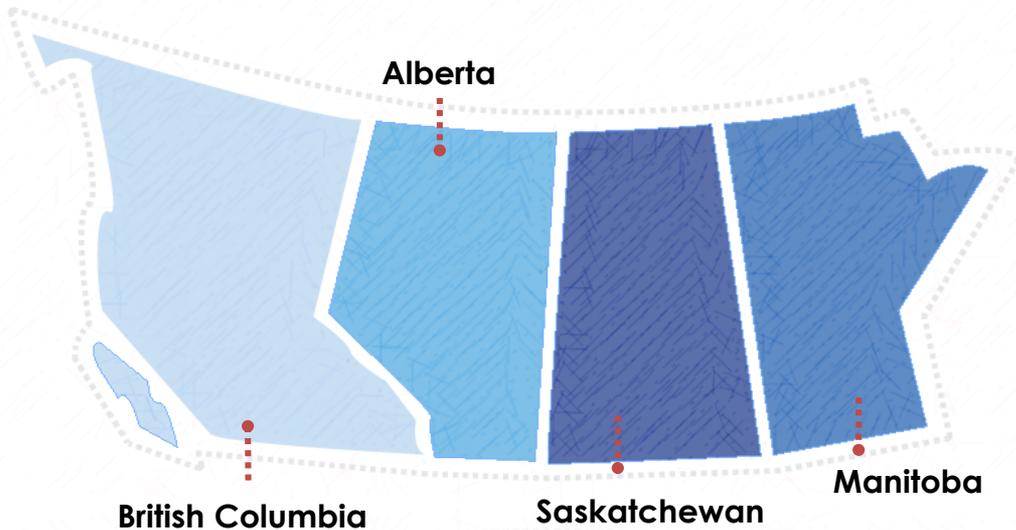
# **WESTERN ECONOMIC DIVERSIFICATION CANADA**

**HOW CAN WD HELP YOU BE INVOLVED  
WITH CANADA'S DEFENCE  
PROCUREMENTS?**

**April 18, 2018**



# Western Economic Diversification (WD)



**WD promotes the development  
and diversification of the  
economy in Western Canada.**

1. WD is a delivery agent
2. WD is a champion and advocate for the western provinces
3. WD is a convenor
4. WD provides services to firms and stakeholders



# WD Funding Programs

WD makes strategic investments in initiatives that enhance and strengthen the economy of Western Canada through two programs:

1. **Western Innovation (WINN) Initiative** - Repayable contributions to **small-and-medium-sized for-profit enterprises (SMEs)** supporting commercialization of new technology-based products, processes, and services
2. **Western Diversification Program (WDP)** - Non-repayable contributions to **not-for-profit (NFP)** organizations for projects aligned with WD priorities



# **Defence Procurement and the Industrial and Technological Benefits (ITB) Policy – How WD Can Help You!**



# The Industrial and Technological Benefits (ITB) Policy and Value Proposition (VP)

## Objectives of the ITB Policy and VP:

- Support the long-term sustainability and growth of Canada's defence sector;
- Support the growth of defence contractors and suppliers in Canada, including the small and medium-sized businesses (SMBs) in all regions of the country;
- Enhance innovation through R&D in Canada;
- Increase the export potential of Canadian-based firms.



## **WD plays a key role in promoting western innovative capabilities as well as facilitates meetings and organize events to promote the western provinces to large multinational companies**

WD:

- Promotes the assets of the region to raise the profile of western Canada nationally and internationally
- Acts as a convenor by connecting companies that have ITB obligations to world-class Canadian capabilities and technologies
- Provides advice and support to Canadian companies who are interested in exporting into foreign defence and aerospace markets
- Participates in the review and evaluation of the ITB and VP proposals with Innovation, Science, and Economic Development Canada (ISED)



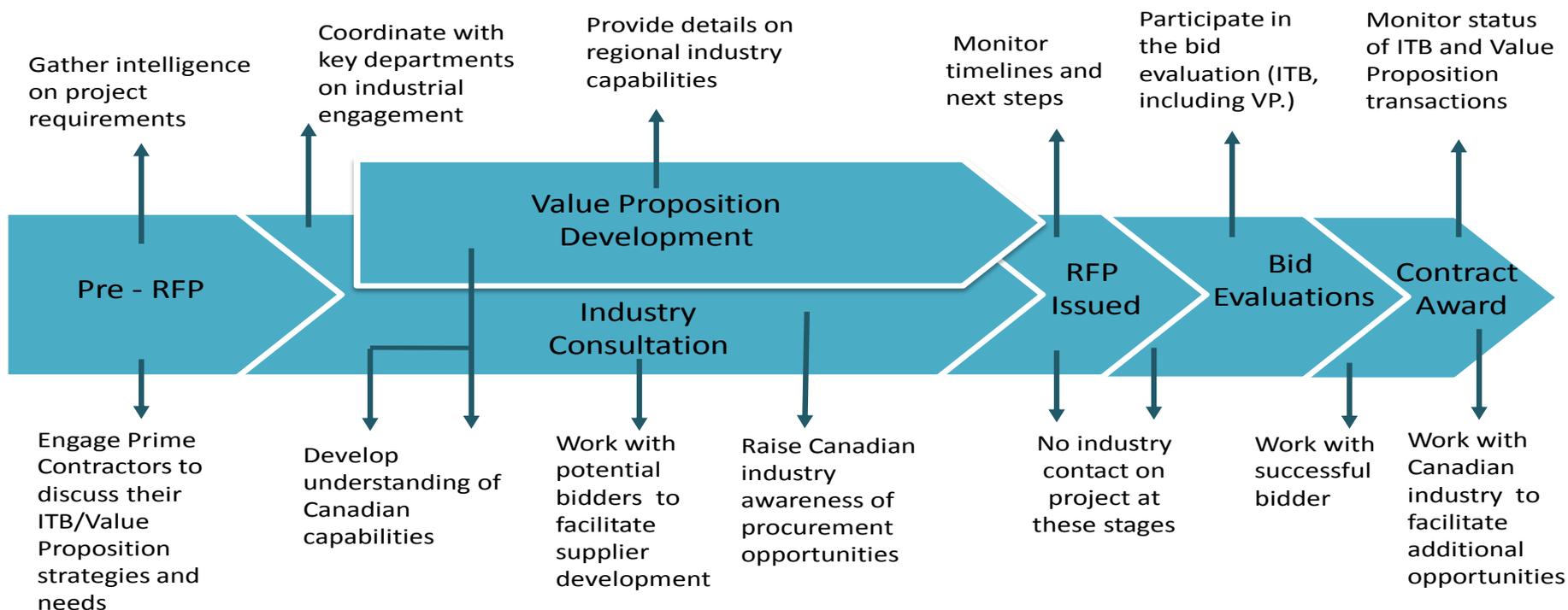
## **WD works to create opportunities in all areas that may be components of a VP**

- Promote the innovative capabilities of the Western provinces
- Respond to requests to identify capabilities and investment opportunities
- Facilitate engagement by organizing industry events, supplier development tours, and B2B/B2R meetings



# RDA Engagement in Canadian Defence Procurement

## Internal Role



## External Role



## What can you do to help WD better promote western Canadian capabilities?

- Help us understand your capability or technology, so we can better promote you to global defence contractors.
- Let us know which procurement you are interested in.
- We will share this information with our federal network (DND, CCG, PSPC, ISED, and NRC).



# WD Defence Procurement Contacts – Ottawa and the western regions

## Ottawa:

Jennifer Leng (Ships and Naval Systems) – [Jennifer.Leng@canada.ca](mailto:Jennifer.Leng@canada.ca)

Peter Hoek (Aerospace) – [Peter.Hoek@canada.ca](mailto:Peter.Hoek@canada.ca)

Eric MacFarlane (Land Systems, Cyber Security, Space, Unmanned Systems) –  
[Eric.MacFarlane@canada.ca](mailto:Eric.MacFarlane@canada.ca)

**Manitoba:** Brent DePape – [Brent.DePape@Canada.ca](mailto:Brent.DePape@Canada.ca)

**Saskatchewan:** Kevin Karakochuk – [Kevin.karakochuk@Canada.ca](mailto:Kevin.karakochuk@Canada.ca)

**Alberta:** Elliot Hewitt – [Elliot.Hewitt@Canada.ca](mailto:Elliot.Hewitt@Canada.ca)

**British Columbia:** Evin Lebrun – [evin.lebrun@Canada.ca](mailto:evin.lebrun@Canada.ca)

# RDA Marine Contacts

<b>Atlantic Canada Opportunities Agency (ACOA)</b>		
Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island	Kyle Tucker	<a href="mailto:kyle.tucker@canada.ca">kyle.tucker@canada.ca</a>
<b>Canadian Economic Development for Quebec Regions (CED)</b>		
Quebec	Vincent Marmion	<a href="mailto:vincent.marmion3@canada.ca">vincent.marmion3@canada.ca</a>
<b>Federal Economic Development Agency for Southern Ontario (FedDev Ontario)</b>		
Southern Ontario	Harold Deck	<a href="mailto:harold.deck@feddevontario.gc.ca">harold.deck@feddevontario.gc.ca</a>
<b>Federal Economic Development Initiative in Northern Ontario (FedNor)</b>		
Northern Ontario	Natalie Brabant	<a href="mailto:natalie.brabant@canada.ca">natalie.brabant@canada.ca</a>
<b>Western Economic Diversification Canada (WD)</b>		
Manitoba, Saskatchewan, Alberta, British Columbia	Jennifer Leng	<a href="mailto:jennifer.leng@canada.ca">jennifer.leng@canada.ca</a>
<b>Canadian Northern Economic Development Agency (CanNor)</b>		
Yukon, Northwest Territories, Nunavut	David Alexander	<a href="mailto:david.alexander@canada.ca">david.alexander@canada.ca</a>

# ISED's Industry Sector Marine Contacts

- **Buy in Canada policy:**

Jamieson McKay, Deputy Director

Defence and Marine Team

Aerospace, Defence and Marine Branch, ISED

Tel: 613-793-2138

Email: [jamieson.mckay@canada.ca](mailto:jamieson.mckay@canada.ca)

- **Industrial and Technological Benefits Policy:**

Nathalie Couture, Deputy Director

Marine Team

Industrial and Technological Benefits Branch, ISED

Tel: 613-808-7825

Email: [nathalie.couture@canada.ca](mailto:nathalie.couture@canada.ca)

# Innovation Programming Contacts

## Strategic Innovation Fund:

- Telephone (toll-free in Canada): 1-800-328-6189
- Telephone (Ottawa): 613-954-5031
- TTY (for hearing-impaired): 1-866-694-8389
- Website: <https://www.canada.ca/en/innovation-science-economic-development/programs/strategic-innovation-fund.html>

## Innovative Solutions Canada:

- Telephone (toll-free in Canada): 1-800-328-6189
- Telephone (Ottawa): 613-954-5031
- TTY (for hearing-impaired): 1-866-694-8389
- Website: <http://www.ic.gc.ca/eic/site/101.nsf/eng/home>

## Ocean Supercluster:

- E-mail: [info@oceansupercluster.ca](mailto:info@oceansupercluster.ca)
- Website: <http://oceansupercluster.ca/>