



Marine Industry Advisory Committee



Summary Report

Hybrid meeting – Ottawa, ON & MS Teams
October 26 & 27, 2022

Prepared by

**Public Services and Procurement Canada
Marine Commodity Management Office**



Marine Industry Advisory Committee

Acronyms

ACADA	Atlantic Canada Aerospace & Defence Association
AIT	Associate in Information Technology
AOPS	Arctic and Offshore Patrol Ships
B2B	Business to Business meetings
CADSI	Canadian Association of Defence and Security Industries
CANDO	Council for the Advancement of Native Development Officers
CANSEC	Canada's global defence and security trade show
CCG	Canadian Coast Guard
CMAC	Canadian Marine Advisory Council
CMISA	Canadian Marine and Shipbuilding Association
DEFSEC	Networking opportunity for the Aerospace, Defence and Security industries
DG	Director General
DND	Department of National Defence
GBA+	Gender Based Analysis +
GD	General Dynamics
GOC	Government of Canada
HR	Human Resources
IEHR	Innovation, Export and Human Resources
ISC	Indigenous Services Canada
ISED	Innovation, Science and Economic Development
ISS	In-Service Support
ITB	Industrial and Technological Benefits
KIC	Key Industrial Capabilities
LOL	Limitation of Liability
MCMO	Marine Commodity Management Office
MIAC	Marine Industry Advisory Committee
MSMMV	Mid Shore Multi Mission Vessel
NSBA	Nova Scotia Boatbuilder Association
NSS	National Shipbuilding Strategy
PSPC	Public Services and Procurement Canada
RDA	Regional Development Agency
RFI	Request for Information
RFP	Request for Proposal
SA	Supply Arrangement
SMB	Small Medium Business
SME	Small and Medium sized Enterprises
TC	Transport Canada
T&Cs	Terms & Conditions
TOR	Terms of Reference



Marine Industry Advisory Committee

October 26, 2022 – 9:30-10:30

Workshop 1 – “A Dialogue on Industrial and Technological Benefits”

Howard Wong, Director Marine ITBs, ISED

- The attached document was presented to the committee as part of the presentation

The following summarizes points raised during the presentation and ensuing discussion:

- ITB policy from 1986, reinforced in 2014 through Defence Procurement Strategy.
- Market-driven approach to optimize direct work.
- Support economy, but also CCG and DND to assure we have sustainable fleets.
- Value proposition introduced – enables ISED to target business activities initially across five pillars through mandatory and rated criteria. Weighted and rated criteria can drive procurement outcomes.
- ITB obligation equal to contract value and sub-requirements – including direct work to Canada and to small and medium businesses.
- KICs: clean tech added as new emerging technology in 2022 and ‘cyber resilience’ being considered.
- Naval and marine contracts heavily guided by technical requirements.
- Direct vs indirect works (offset what is done outside of Canada with indirect activity) – track \$ that flow to Canadian companies.
- National priorities: creating jobs and growth in Canada, building partnerships with SMBs, supporting innovation and skills development, gender and diversity plan.
- SMBs view - what’s in it for me? Obligations driven down the supply chain (VP etc. information not available to SMEs) – ITB101 requested for these companies and delivered to ABCMI in Oct.; work with RDAs to simplify for SMBs (How do we continue to do this to figure out what is in it for SMBs?)
- New, more concise T&Cs resulting; pre-assigned Canadian content value.
- Work with offset Managers to look at this from their perspective and put together a seminar to ask SMBs for help on how to improve support to SMBs their work.
- SMBs should get engaged at bid time and before contract award; as an SMB it is really hard to find out who the Prime contractors are; how do you locate them – need an improved process beyond SMBs doing Google searches; Example raised by Committee in Quebec Region where RDAs contacting General Dynamics to find out what the company is bidding on and connects companies to sub-contractors.
- In response to a question of how far can indirect obligations be flowed down?
- Obligation is with the contractor (also known as ‘Obligor’); ISED does not provide guidance on how to flow down requirements to their Tier 1&2 sub contractors, SMEs etc.
- Associations are valuable partners in ITBs to connect industry members; and could play a stronger role (grey area at the local level).
- ISED has and continues to conduct industry-days with CADSI (B2B meetings); outreach programs (recently at ABCMI), DEFSEC, CANSEC.
- Awareness of ITB process has continued to grow, as such most Primes have a better understanding of what SMBs can do.



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Workshop 2 – Indigenous Participation in Procurement

John Giraldez, Director Business Development, ISC

- The attached document was presented to the committee as part of the presentation

The following summarizes points raised during the presentation and ensuing discussion:

- Indigenous Services Canada supports Indigenous businesses with procurement opportunities by implementing the Government of Canada's Procurement Strategy for Indigenous Business [Indigenous business and federal procurement \(sac-isc.gc.ca\)](https://www.sac-isc.gc.ca).
- The Government of Canada is implementing a mandatory requirement for federal departments and agencies to ensure a minimum of 5 % of the total value of contracts are held by Indigenous businesses. This requirement will include public reporting and will be phased in over 3 years [Government of Canada announces federal-wide measures to increase opportunities for Indigenous businesses - Canada.ca](https://www.canada.ca/en/government/news/2022/10/government-of-canada-announces-federal-wide-measures-to-increase-opportunities-for-indigenous-businesses.html).
- The definition of an indigenous business was recently adjusted to 51% minimum ownership by indigenous people.
- Set asides are mandatory if the contract is in an area, community or group in which Indigenous people make up at least 51% of the population and the Indigenous population will be the primary recipient.
- For assistance with Indigenous procurement, contact the PSIB Team at indigenousprocurement@sac-isc.gc.ca or [1-800-400-7677](tel:1-800-400-7677).
- In response to a question about the GOC addressing barriers to entry for federal procurement opportunities for Indigenous business and people. Mr. Giraldez indicated the GOC is working to identify and address barriers of entry such as security requirements and bonding.
- Canadian Council for Aboriginal Business and Council for Advancement of Native Development Officers recognized as ISC partners.
- Regional Associations, to improve awareness of the policy, requested indigenous procurement 101 seminars be conducted at their upcoming events.

October 26, 2022 – 13:00-14:00

Workshop 3 – Marine HR Discussion

Alex Rueben, Executive Director ABCMI

- The HR gap is not coming, it is 'upon us'
- Workforce development, recruitment and retention main focus of marine industry.
- Large number of retirements between now and 2027 (up to 85% of the current workforce in management roles) and noted demographic challenge of only 5% of current workforce under 24.
- Very small number of women, indigenous people and other equity seeking groups represented in the current workforce in the marine sector.
- BC challenges include cost of living, transportation, competition with other sectors, i.e. oil & gas, construction, automotive, High-tech).



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- Need to address youth feedback include stigma of 'dirty' industry, low skilled jobs, low technology, focus on life-work balance has shifted and AI, machine learning, automation, robotics, etc. not widely known.
- Youth seeking flexibility in work hours, working from home has become more important.
- For seafarers – Transport Canada Study in 2021 indicates between 19-28K jobs to be filled, and 43% of workforce projected to retire by 2031.
- Ferries cancelling routes due to crew shortages in BC regularly.
- Lack of public awareness of the industry.
- Early awareness for K-12 is crucial.
- Suggestion to have IRCC join MIAC to help with newcomers to Canada as it can be lengthy process.
- ACADA has hired Malatest to conduct research on HR issues.
- Studies done in different areas of Canada, should combine efforts for national results.
- Mindset around retention has changed amongst younger workforce; moving around regularly for different reasons.
- No specific questions around salaries, understanding that the marine industry is competitive; job security is important along with salaries that meet the cost of living.
- Longer ISS contracts based on firm fixed price contracts, difficult to hire people; easier to leave jobs/less loyalty because they have less connection to their teams due to working from home; competition from outside of Canada (i.e. paid in US\$, Canadian health benefits).
- US is looking for 10x as many people as Canada and are recruiting across the border; global competition post COVID .

October 27, 2022 – 9:15-9:30

MIAC update

Revised TOR endorsement / Industry segment addition - disposal / Forward calendar

Charles McColgan, Director General, Marine Services and Small Vessels Sector, PSPC

- The attached document was presented to the committee as part of the presentation

The following summarizes points raised during the presentation and ensuing discussion:

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- The revised ToRs were presented, discussed, and endorsed including the insertion of representatives from the disposal segment of the marine sector. Members also discussed and concluded that an invitation should be offered to the Canadian Marine Industries and Shipbuilding Association.
- These additions will help ensure a national representation at MIAC.
- Need to socialize MIAC to industry to solicit interest for future member rotation (possible announcement at Outlook).
- Include the Transport Canada Clean tech presentation.
- Review of the TOR feedback, previously received via email: list the four regions for completeness /clarity; replace Buy&Sell with CanadaBuys.
- Forward Calendar was provided to MIAC membership for planning purposes and for comments/suggestions.



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October 27, 2022 – 9:30-10:30

Session 1 - Action Item Register Review

Emily Wehbi, Director, Marine Chartering and Strategic Initiatives, PSPC

- The attached document was presented to the committee as part of the presentation

The following summarizes points raised during the presentation and ensuing discussion:

- The action item register was presented to MIAC for awareness and discussion, working chronologically from most recent decisions or work in progress to items from the past.
- To address one of the observations of the members from Day 1 of MIAC, it was agreed that PSPC would update the items accomplished, to contextualize them for broader use by all members.
- Members Discussion:
- Industry support for ITB – a presentation was delivered on Oct.12 in BC as a pilot; will be rolled out nationally after RDA discussions followed by specific workshops (large need in East Coast).
- Question: Can the limit of 1000 tonnes be extended to include some larger vessels into the definition of small vessels?
- Answer: Not likely possible in the short or medium term.
- Small Boat build strategy: SA with only Canadian suppliers will be used for small boat builds, no intent to source outside of Canada; would be very difficult for any suppliers outside of Canada to qualify on SA.

October 27, 2022 – 10:45-11:30

Session 2 – Trends Discussion

Emily Wehbi, Director, Marine Chartering and Strategic Initiatives, PSPC

Discussion based on the following questions:

- 1. What are additional ways Canada could help industry mitigate risks related to supply chain disruption and inflation?**
- 2. For several months we have heard about challenges associated with marine supply chains. Have things stabilized or are they worsening?**
- 3. What are the top challenges expected to impact the marine industry in 2025? What are the lessons learned/strategies that should be employed?**

- Industry seeking schedule flexibility, as building robust precise schedules at contract inception can be difficult as there are still many unknowns, with technical requirements, subcontractors etc.
- Given hyper inflation trends at this time, setting 12 month bid validity periods and then extensions is extremely challenging and adds extensive risk premiums to bids and in some cases the inability to bid due to the risk.
- The inflationary trend also impacts pricing for irrevocable options, and future requirements will require appropriate contingency approaches by the Crown as industry will be forced into ever greater risk premiums added to their bids.
- Establishing partnerships with common goals will help to provide stability



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- Managing cashflows requires some rethinking of payment approaches to ensure payments align with key cash outlays.
- Electronic component and raw material sources of supply, delivery schedules, and predictability extremely challenge at this time to project or contract schedules.
- Long lead time for raw materials remain long but are believed to be stabilizing in many areas.
- Finding qualified people, within Canada, through immigration or other means, is a widespread issue.
- Focus on new technologies and digital economy to attract younger generation.
- Greening challenge, guidance on alternate fuels, bunkering, electrification needs to advance.
- Climate change, sea levels, and impact on marine infrastructure is substantial.
- Opportunity to gain from Allswater Marine study on decarbonization of lobster fleet with target of net zero by 2050, including intermediate goals.
- Opportunity as price points for battery, hydrogen closer than first thought for small vessel fleets.
- Challenge to set up infrastructure for alternative fuels, anaemic demand and storage capacity.
- Recession starting as recreational marine sector beginning to 'dip'.
- Industry asked GOC to help make immigration of key trades and skills easier by shortening timelines.
- Opportunity lies in indigenous communities to develop capacity if they are able to remain in the community. This remote workforce holds possible opportunities for Marine industry.
- Nova Scotia Training Pathways mentioned as first groups of 'train the trainers' for indigenous groups.
- Noted Hybrid opportunity or challenge for technical and engineering staff to work from remote locations.

October 27, 2022 – 11:30-11:45

Session 3 - Marine Industry Awards Update

Charles McColgan, Director General, Marine Services and Small Vessels Sector, PSPC

- Process to implement second year of Marine Industry Awards introduced; no comments from members.
- The awards were once again introduced and the MIAC members agreed to a hybrid approach where industry and association members (both within and outside of MIAC) could provide nominations as well as GOC for the 2023 awards. The intent would be to award them at the June of 2023 H2O event.
- MIAC agreed that the 2022 winner ABCMI would be part of the evaluation committee.

October 27, 2022 – 13:00-13:30

Session 4 – Terms & Conditions Discussion

Contract Modernization / Limitation of Liability

Emily Wehbi, Director, Marine Chartering and Strategic Initiatives, PSPC



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- The attached document was presented to the committee as part of the presentation
- The following summarizes points raised during the presentation and ensuing discussion: In response to feedback from last MIAC, members discussed a presentation by PSPC on Contract Modernization and Limitation of Liability. Demonstrable progress was highlighted on contract simplification as part of the modernization effort and updates on commodity grouping limits for limitation of liability were highlighted.
- Main principles of contract modernization:
 1. Incorporating all contract terms
 2. Modernizing clause language
 3. Grouping content by topics
 4. Developing new contract structure
- Simplified contracting language in contractual documents.
- Provide questions ahead of meetings to canvas Association members for feedback and comments in advance.
- Principles of limitation of liability:
 - Indemnify Crown for risks under contractor's control.
 - Crown self-insures for risk under Crown's control.
 - Co-mingled risk (for instance, SOW, poor maintenance, embedded personnel, warm layups etc.). Who does what, who is in control, previous court decisions.
- SME sessions required to walk through change from Buy&Sell to CanadaBuys

October 27, 2022 – 13:30-14:30

Session 5 – Greening Discussion

Review GC initiatives placemat

Charles McColgan, Director General, Marine

Services and Small Vessels Sector, PSPC

- The attached document was presented to the committee as part of the presentation

The following summarizes points raised during the presentation and ensuing discussion:

- PSPC presented the greening placemat as a source of actionable information for MIAC members and their constituents. In the discussion, the focus was to ensure the information remains easily actionable.
- Greening placemat was previously shared in ABCMI newsletter, intent is to push the information regularly to build awareness and encourage collaborative efforts.
- Clean marine project: funds projects to reduce GHGs; refocus on larger projects with low carbon and zero emissions technologies; awarded grants to five applicants, all projects to be completed by Mar.2024; RFP active for zero-emissions propulsion systems (closing Oct.31), more programs following (TC).



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Round Table items

- The committee noted the need to proceed cautiously with the various Government social agenda's as smaller industry participants will struggle to meet all the obligations.
- There was a request on the issue of IBPs that a banking approach, similar to ITBs be considered in order to advance the minimum 5% Government contracting milestone.
- ACADA: MIAC public platform needed to share information in a public domain so it can be distributed with Association members.
- Explanation of the procurement outlook scheduled for ABCMI in early November was provided.
- The association members reminded Government officials that they can be a strong gathering and distributing point to bring feedback to, or communicate out from, the MIAC table.

Industry in Camera Session

- Going forward Industry will meet prior to the MIAC meeting to identify priorities and give feedback to shape the agenda – associations to lead this meeting
- Referring to Terms of Reference, ensure that Transport Canada and Innovation Science and Economic Development Canada DG level representation attends MIAC
- Expand Spring and Fall outlook sessions to include 5% indigenous participation, GBA+, Greening, social procurement information, RFI and RFP overview of how introducing these policies, as Canada Buys hard to navigate to find information.
- Rotating Membership, expat members, use as information distribution network
- Maintain and share regularly register of MIAC accomplishments



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<u>Action Items Name</u>	<u>Action Item Description</u>	<u>OPI</u>
Industry feedback	Build in 30 mins at the end of each meeting for industry feedback	
DG representation	DG representation for TC and ISED as per TOR	
Outlook information	Outlook information – include 5% indigenous participation requirements in contracts (i.e. AIT, green procurement, accessibility etc.) for awareness of what industry needs to be better informed of	
Information sharing	Rotating membership of industry members; develop distribution system for information to be shared amongst former members	
Achievements	End each meeting with changes achieved through the committee (i.e. ITB, indigenous procurement)	
Agenda item selection	Industry to identify priorities and suggest agenda items - Associations to take the lead, meeting in the next few weeks to discuss	
CMISA to become MIAC member	DG, MSSVS to reach out to CMISA to invite them to be a member of MIAC (orientation session prior to first session)	
TOR review	<ul style="list-style-type: none"> • Change paragraph about Chair’s ‘powers’ • Change language to include CMISA • Change term to three years for industry representatives • Associations to provide suggestions for additional member representing disposal market segment 	
Trends discussion	PSPC to summarize points and draw out themes for consideration in future MIAC meetings	
ABCMI Innovation Day	Annual ABCMI Innovation Day in June – GOC presentation requested , was very well received – add to forward calendar	
GBA+	Add GBA+ as an action item for discussion in future MIAC meetings along with Indigenous Procurement, Greening	
MSMMV tonnage	MSMMV tonnage: ADM will address the question to the company asking the question, we will share the official answer	
Intellectual Property	MCMO to provide IP answers to questions from CADSI; continue discussion	
T&Cs feedback	Mark T&Cs item as addressed and ongoing – move to completed items; Share feedback from GD with MIAC members	
CanadaBuys website	Offer seminar/workshop for industry on how to navigate and use CanadaBuys, not user friendly	
Greening placemat	Add date and version to greening placemat, add contact information for initiative leads; colour code new vs. legacy items; placemat is focused only on decarbonization, not other greening initiatives (i.e. recycling)	



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GOC internal Collaboration	Leverage information from other government groups, committees across commodities	
Greening & Innovation updates	Provide information sessions on updates (i.e. greening and innovation) after conferences etc.	
Exchange Rate Fluctuation Bulletin	Exchange rate fluctuation: Bulletin	MCMO
Marine Industry Awards	PSPC to provide proposal with approach, templates for nominations, evaluation guides, instructions etc. for next MIAC	MCMO

Appendix A – Action item register

Appendix B – meeting attendees

MIAC Attendees – October 26 & 27, 2022

Industry Associations:

- Atlantic Canada Aerospace & Defence Association - **Victoria Belbin** - President and CEO (in person)
- Association of British Columbia Marine Industries (ABCMI) - **Alex Rueben** - Executive Director (in person)
- Association of British Columbia Marine Industries (ABCMI) - **Leann Collins** - Director Projects and Stakeholder Relations (in person)
- Canadian Association of Defence and Security Industries (CADSI) - **Mindy Pearce** - Policy Advisor (in person)
- Nova Scotia Boatbuilders Association (NSBA) - **Jan Fullerton** - Executive Director (virtual)
- Council for the Advancement of Native Development Officers (CANDO) - **Paul Macedo** - Director of Communications (in person)

Marine industry market segment representatives:

- In-service support (2);
 - ✓ SNC-Lavalin Operations and Maintenance Inc. - **Mike Pratt** - Vice-President and General Manager (in person)
 - ✓ General Dynamics Mission Systems Canada - **Mark Thibodeau** - Director of Air and Naval Support Programs (in person)
 - ✓ Thales Canada - **Marcel Losier** - Director of Marketing and Business Development (virtual)
- Repair, refit and maintenance (2);
 - ✓ Canadian Maritime Engineering - **Gordon Steeves** - Proposal Coordinator (virtual)
 - ✓ Canada Maritime Engineering Ltd. (CME Ltd.) - **Tony Kennedy** - President (virtual)
 - ✓ Groupe Océan - **Philippe Filion** - Director Corporate and Public Affairs (in person)
- Small vessel construction (2);
 - ✓ Rosborough Boats Ltd - **Heaton Rosborough** - President (in person)
- Supply chain (1)
 - ✓ Wartsila Canada - **Alan Novotny** - West Coast Senior Manager for Marine Industry (virtual)

Government department representatives:

- Public Services and Procurement Canada (PSPC) - **Charles McColgan** - Director General Marine Services and Small Vessels Sector (virtual)



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- Department of National Defence (DND) - **Karen Watson** - Acting Director Non-Combatants, DGMEPM(NC) (in person)
- Department of National Defence (DND) - **Susannah Chen** - Class Program Manager, Minor War Vessels and Auxiliary Vessels (virtual)
- Canadian Coast Guard (CCG) - **Kevin Fitzpatrick** - Director General Integrated Technical Services (in person)
- Canadian Coast Guard (CCG) - **Chris Broemeling** - VLE Program Manager, ITS (virtual)
- Royal Canadian Mounted Police (RCMP) - **Darren Mierau** - National Manager, Marine Fleet (in person)
- Royal Canadian Mounted Police (RCMP) - **Christine Lamarche** - Director General Procurement, Material and Assets Management (virtual)
- Royal Canadian Mounted Police (RCMP) - **Nathalie Guilbault** - Director Materiel Management Policy and Programs (virtual)
- Innovation, Science and Economic Development (ISED) - **Tracy Chatman** - Officer, Aerospace, Defence and Marine Branch (in person)
- Innovation, Science and Economic Development (ISED) - **Howard Wong** - Director, Operations (Marine), Industrial and Technological Benefits (in person)
- Innovation, Science and Economic Development (ISED) - **Camila Grove** - Project Officer (in person)
- Transport Canada (TC) - **Mandar Avsare** - Sr. Project Manager, Engineering (virtual)
- Public Services and Procurement Canada (PSPC) - **Emily Wehbi** - Director, Marine Chartering and Strategic Initiatives (in person)
- Public Services and Procurement Canada (PSPC) - **Cindy Soyland** - Director, Refit, Logistics and Small Vessel Construction (in person)
- Public Services and Procurement Canada (PSPC) - **Leah Jagodics** - Manager, Marine Commodity Management Office (in person)
- Public Services and Procurement Canada (PSPC) - **Dan Byron** - Manager, Refit, Logistics and Small Vessel Construction (in person)
- Public Services and Procurement Canada (PSPC) - **Élise Côté** - Manager NSS HR Strategy (virtual)
- Public Services and Procurement Canada (PSPC) - **Terri-Anne Nadon** - Policy Analyst (virtual)
- Public Services and Procurement Canada (PSPC) - **Erin Newark** - Project Officer, Marine Commodity Management Office (in person)
- Public Services and Procurement Canada (PSPC) - **Julia McDonald** - Project Officer, Marine Commodity Management Office (in person)
- Public Services and Procurement Canada (PSPC) - **Dianne Tinkess** - A/Manager, Marine Commodity Management Office (in person)
- Public Services and Procurement Canada (PSPC) - **Saeed Nemati** - Program Manager, Marine Commodity Management Office (in person)
- Public Services and Procurement Canada (PSPC) - **Chantal Pilon** - Supply Team Leader (in person)
- Public Services and Procurement Canada (PSPC) - **Jessica Cormier** - Supply Team Leader (in person)
- Public Services and Procurement Canada (PSPC) - **Andrea Major** - Supply Specialist (virtual)
- Public Services and Procurement Canada (PSPC) - **Erin Dufour** - Administrative Office, Marine Commodity Management Office (virtual)
- Public Services and Procurement Canada (PSPC) - **Martin Bisson-Dubois** - Administrative Officer, Marine Services & Small Vessels Sector & Major Marine Construction Sector (in person)
- Public Services and Procurement Canada (PSPC) - **Katia-Annik Torkia** - Intern Officer, Marine Commodity Management Office (virtual)