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# ITB Policy

## 2019 Annual Report

Economic and Innovation  
Impact Analysis

**May 2019**

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Innovation, Science and  
Economic Development Canada

Innovation, Sciences et  
Développement économique Canada

Canada



# Presentation Overview



Investment Progress  
Report



Innovation and Skills



Economic Impact



KICs



Investment by Industry



Future Opportunities



Scaling Up SMBs<sup>1</sup>



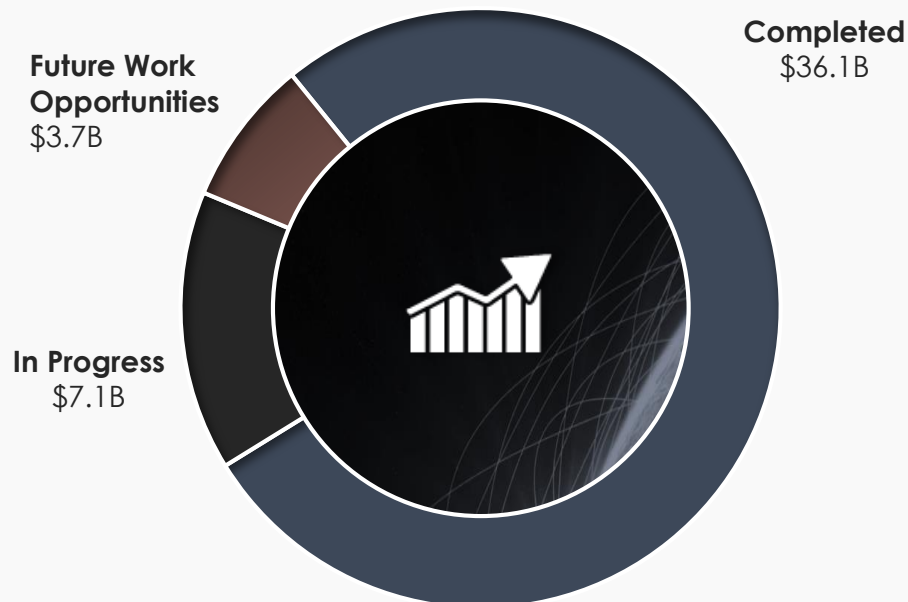
Key Findings

<sup>1</sup> Small and Medium Business (SMBs) are defined as firms with 249 or less employees



To date<sup>2</sup>, the ITB Policy has resulted in investment obligations of close to \$47B in the Canadian economy

**Since 1986, 161 projects have leveraged a total of \$47 billion in economic obligations**







The ITB Policy is estimated to contribute close to 46,000 jobs<sup>3</sup> and more than \$4.7B to GDP<sup>3</sup> annually

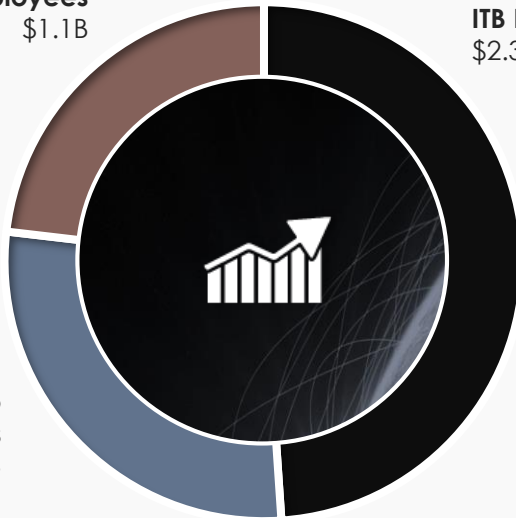
## GDP Economic Impact

Annual Average  
2013-2017

Consumer Spending  
by Associated  
Employees  
\$1.1B

ITB Recipients  
\$2.3B

Canadian  
Suppliers to  
ITB Recipients  
\$1.3B



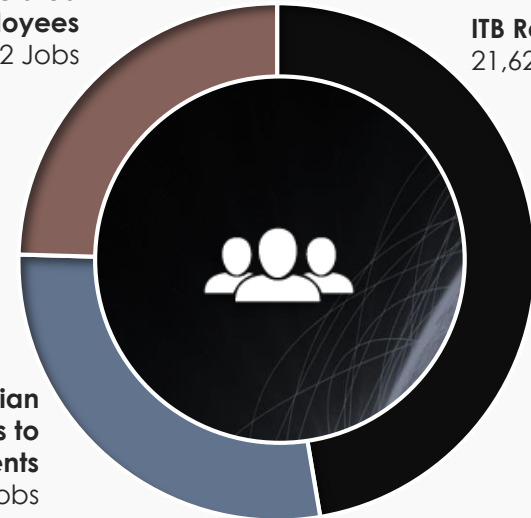
## Jobs Economic Impact

Annual Average  
Persons, 2013-2017

Consumer Spending  
by Associated  
Employees  
11,212 Jobs

ITB Recipients  
21,620 Jobs

Canadian  
Suppliers to  
ITB Recipients  
12,847 Jobs

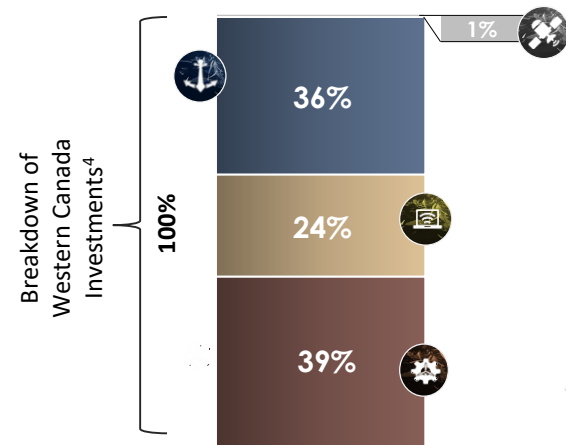


- **ITB recipients and their Canadian value chain** are estimated to support **more than 34,400 jobs<sup>3</sup>**
- In addition, **consumer spending by associated employees** is estimated to contribute **more than 11,200 jobs<sup>3</sup>** to the Canadian economy

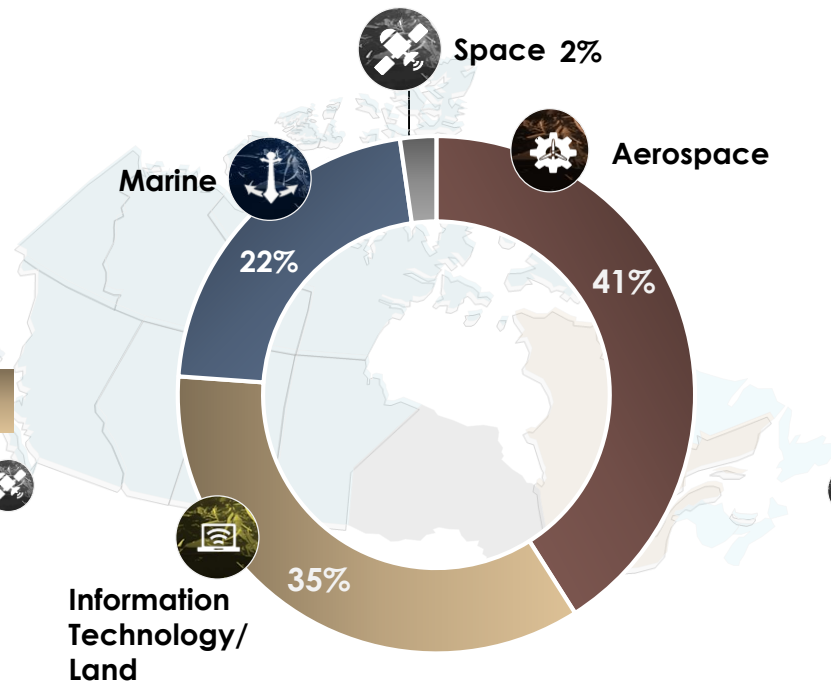


# ITB investments map closely with regional industrial strengths

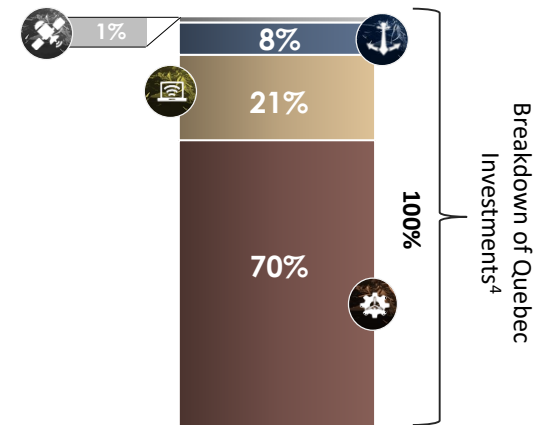
## WESTERN CANADA



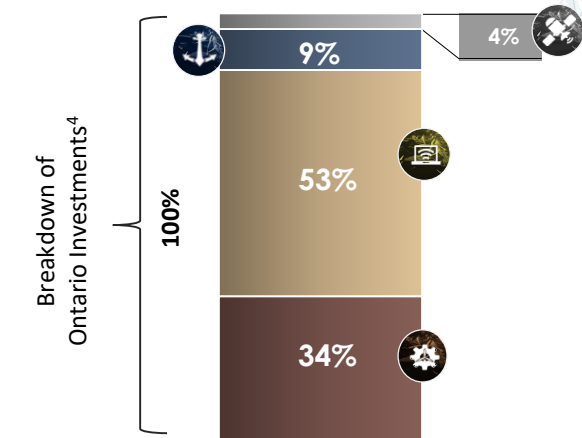
## Breakdown of Investments by Industries and their Value Chain 2013-2017



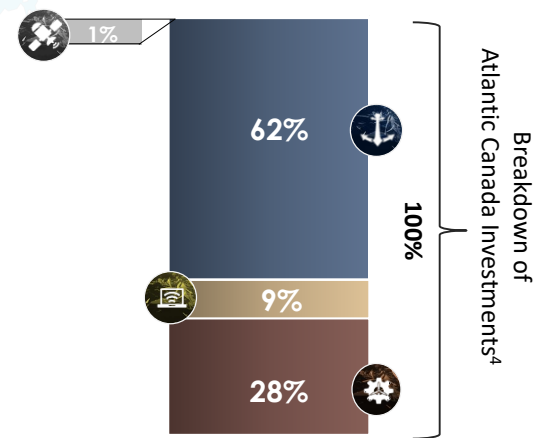
## QUEBEC



## ONTARIO



## ATLANTIC CANADA



Source: ITB investments administrative database (IRB Policy (2013-2014), ITB Policy (2014-2017)), 2019; ITB investments are based on Canadian Content Value credited according to the ITB Policy before credit multipliers are applied

<sup>4</sup> Breakdown based on 2013-2017 ITB investments



# The ITB Policy is supporting the scaling up of close to 450 SMBs<sup>5</sup>

## WESTERN CANADA

- Alpine Aerotech
- Computer Modelling Group
- Corvus Energy
- Enduron
- Norsat International
- TEKTELIC Communications

## Featured SMB<sup>1</sup> Recipients benefitting from 2013-2017 ITB Investments



## QUEBEC

- Alta Precision
- Apollo Microwaves
- Bronswerk Marine
- Estampro
- Haivision
- Mannarino Systems and Software

## ONTARIO

- Acculogic
- Contextere
- Edgewater Computer Systems
- Exactearth
- Gastops
- Nanowave Technologies

## ATLANTIC CANADA

- Bluedrop
- Genoa Design International
- Metamaterial Technologies
- Nautican
- Solace Power
- Virtual Marine Technology

- **Over 700 companies of all sizes** across all regions of the country are benefiting from ITB business investments

Source: ITB investments administrative database (IRB Policy (2013-2014), ITB Policy (2014-2017)), 2019; ITB investments are based on Canadian Content Value credited according to the ITB Policy before credit multipliers are applied

<sup>1</sup> Small and Medium Business (SMBs) are defined as firms with 249 or less employees

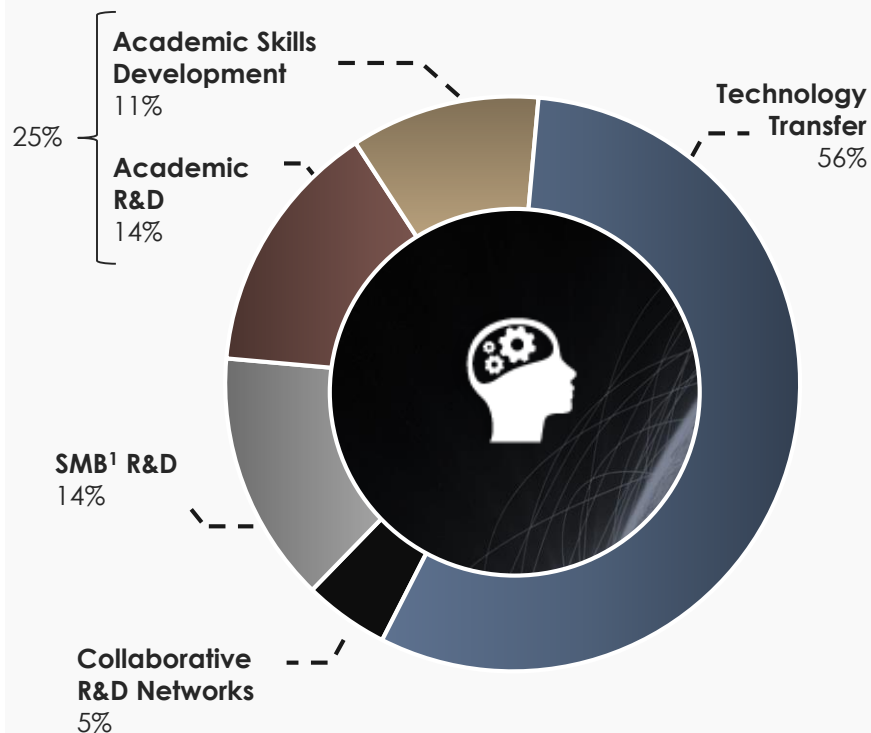
<sup>5</sup> SMB recipients benefitting from 2013-2017 ITB Investments



# Close to \$250M was invested in collaborative R&D and skills development between 2013 and 2017

## ITB Collaborative R&D and Skills Development Investments

% Share, 2013-2017



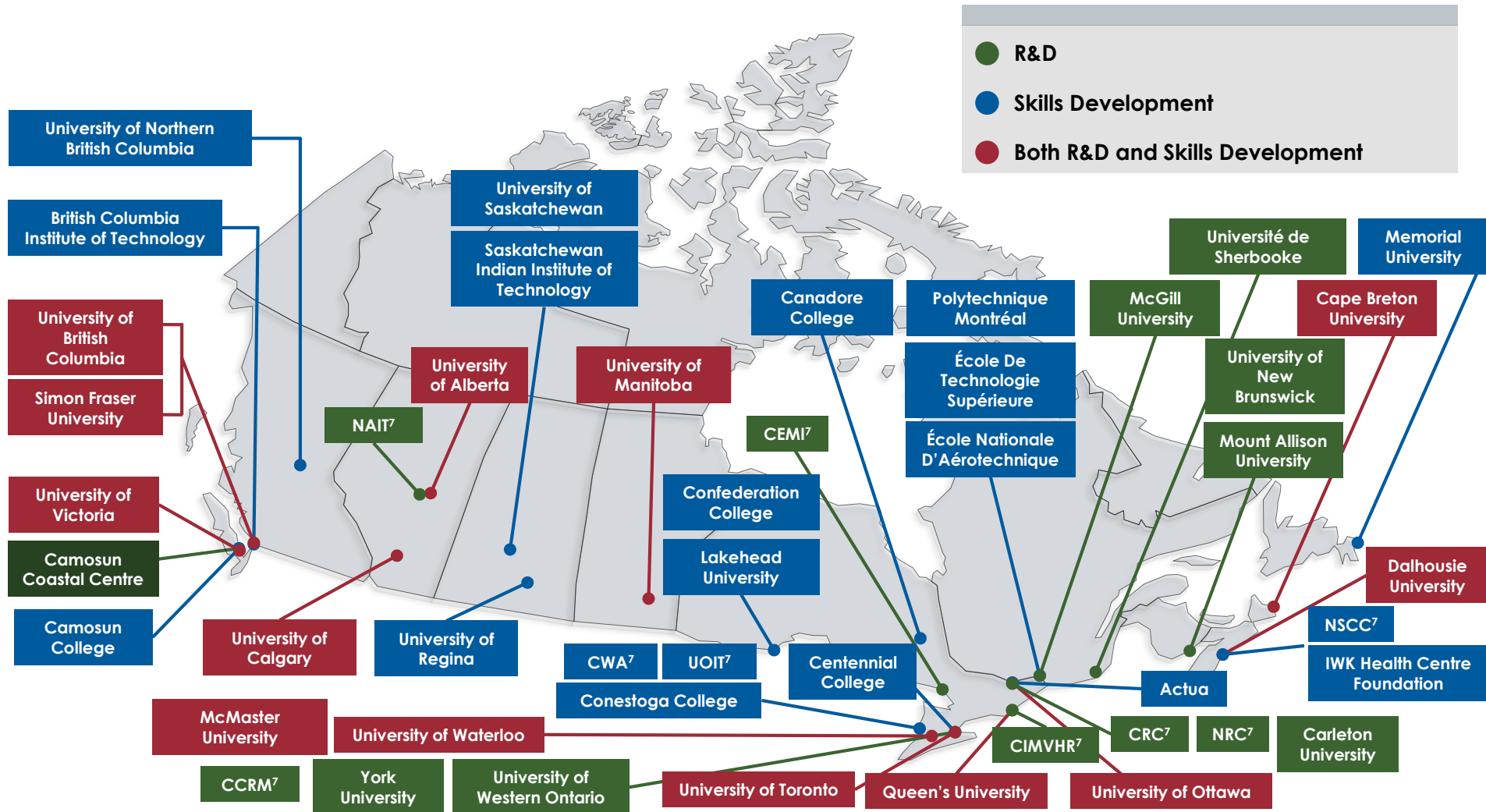
Featured Canadian SMBs<sup>1</sup> benefiting from ITB collaborative R&D investments:

- Contextere
- Edgewater Computer Systems
- Gastops
- Mannarino Systems & Software
- Metamaterial Technologies
- Nanowave Technologies
- PAL Aerospace
- QRA Consulting
- Solace Power
- Swiftsure Spatial Systems





# Close to 50 academic and research organizations are benefitting from ITB innovation and skills development investments<sup>6</sup>



Source: ITB investments administrative database (IRB Policy (2013-2014), ITB Policy (2014-2017)), 2019; ITB investments are based on Canadian Content Value credited according to the ITB Policy before credit multipliers are applied

<sup>6</sup> Academic and research organizations resulting from 2013-2017 ITB Investments

<sup>7</sup> CCRM: Centre for Commercialization of Regenerative Medicine; CWA: Canadian Welding Association Foundation; CEMI: Centre for Excellence in Mining Innovation; CIMVHR: Canadian Institute for Military and Veteran Health Research; CRC: Communications Research Center; NRC: National Research Council; NSCC: Nova Scotia Community College; NAIT: Northern Alberta Institute of Technology; UOIT: University of Ontario Institute of Technology





Since the launch of the ITB Policy, the value proposition resulted in over \$2 billion of export opportunities

## The ITB Policy...

- **Enables SMBs<sup>1</sup> to access the Global Value Chains of multinational firms**

### Featured SMBs benefitting from exports opportunities:

➤ Alta Precision   ➤ Gastops   ➤ Metamaterial Technologies   ➤ Nanowave Technologies

- **Creates export opportunities in multiple KICs areas**

KIC Area		Featured Export Opportunities
Training and Simulation	➤ CAE	Flights simulation for <b>Brazil, India, and Vietnam</b>
Space Systems	➤ MACDONALD DETWILER AND ASSOCIATES CORPORATION	Design, Fabrication, Assembly, and Test of the antenna equipment for the <b>OneWeb satellite constellation</b>



# Defence contracts awarded in 2018 have resulted in...

- **10 new projects<sup>8</sup>** in the ITB portfolio
- **\$894 million** of additional ITB obligations<sup>9</sup>
- **More than 85%** of the work relates **directly** to the projects
- **Close to 60%** of proposed ITB investments relate to supply chain activities with **SMBs<sup>1</sup>**
- Significant ITB investments in R&D and KICs, such as
  - Cyber Resilience
  - Marine Ship-Borne Mission and Platform Systems

Source: ITB investments administrative database (IRB Policy (2013-2014), ITB Policy (2014-2017)), 2019; ITB investments are based on Canadian Content Value credited according to the ITB Policy before credit multipliers are applied

<sup>1</sup> Small and Medium Business (SMBs) are defined as firms with 249 or less employees

<sup>8</sup> Includes all awarded contracts (announced and unannounced) and new and/or extended procurement projects

<sup>9</sup> Planned direct and SMB investments are based on contracts awarded in 2018 over the lifespan of the project; All totals are in \$CAD



# The ITB Policy continues to contribute to jobs, innovation, and economic growth

The ITB Policy is...

- Contributing to an economic impact of **close to 46,000 jobs** and **more than \$4.7B to GDP** annually<sup>3</sup>
- Enhancing investments across Canada that align with regional industrial strengths
- Expanding its impact in SMB<sup>1</sup> supply chain participation
- Significantly increasing **collaborative innovation** at **post-secondary institution, SMBs**, and in the area of **technology transfers**
- Providing more than **\$2 billion** of **export opportunities**

Going forward, the ITB Policy will continue to motivate the Canadian defence industry by fostering **Gender and Diversity Plans, Skills Development and Training**, and investments in **Key Industrial Capabilities (KICs)**

Source: ITB investments administrative database (IRB Policy (2013-2014), ITB Policy (2014-2017)), 2019; ITB investments are based on Canadian Content Value credited according to the ITB Policy before credit multipliers are applied; All totals are in \$CAD

<sup>1</sup> Small and Medium Business (SMBs) are defined as firms with 249 or less employees

<sup>3</sup> 5-year Annual Average Economic Impact Analysis based on latest ITB identified investments during the period of 2013-2017



# Annex 1: Methodology Principles

- Methodology concepts are informed by subject matter experts from the OECD and Statistics Canada
- Foundation data is based on ITB investments over the period of 2013-2017
  - Annual average economic impact analysis is based on the ITB Investments over the period of 2013-2017, with adjustments reflecting the intangible investments and ITB Policy credit multipliers to evaluate the Job and GDP impacts
- Economic model is based on Statistics Canada Input-Output (I/O) multipliers:
  - Each investment activity has been linked to the latest (2014) and closest related economic impact multiplier
    - All values of the investments have been adjusted for inflation based on the Consumer Price Index (CPI) as well as the Bank of Canada's target CPI of 2% and are expressed in 2014 dollars
  - I/O Multipliers have been adjusted to reflect the ITB 100% Canadian content requirement investment obligation wherever applicable
  - Job and GDP impact is reported on an annual average basis
  - Job impacts are measured in terms of full-time equivalent employment (FTE)
    - Jobs cannot be additive as they are maintained for an extended period after creation
  - Total economic impact includes the activity that occurs within ITB recipients, Canadian value chain, as well as consumer spending by associated employees across the Canadian economy
  - All project analysis are based on investments to date
  - Economic impact estimates are reported at the national level and cannot be broken down at the regional level
  - Totals may not add up to 100% due to rounding



Canada