



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

Canada

ITB Policy

2020 Annual Report

Economic and Innovation
Impact Analysis



Context

- The Industrial and Technological Benefits (ITB) Policy* leverages major defence and Coast Guard procurements to **create jobs, drive innovation** and **foster economic growth** in Canada
- **ISED publishes two reports each year** in an effort to be **transparent** about the **results and status of the ITB Policy**

1) *ITB Annual Report*

Highlights the economic and innovation impact of the ITB Policy

2) *Report on Contractor Progress*

Demonstrates contractors' progress in meeting their ITB obligations

*ITB's predecessor, the Industrial and Regional Benefits (IRB) Policy, is included in the analysis on the ITB Policy.



Presentation Overview



Economic Impact



Obligation Progress Report



Value Propositions



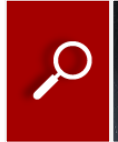
Commitments by Industry



Scaling Up SMBs*



Academic R&D and Skills



Key Findings



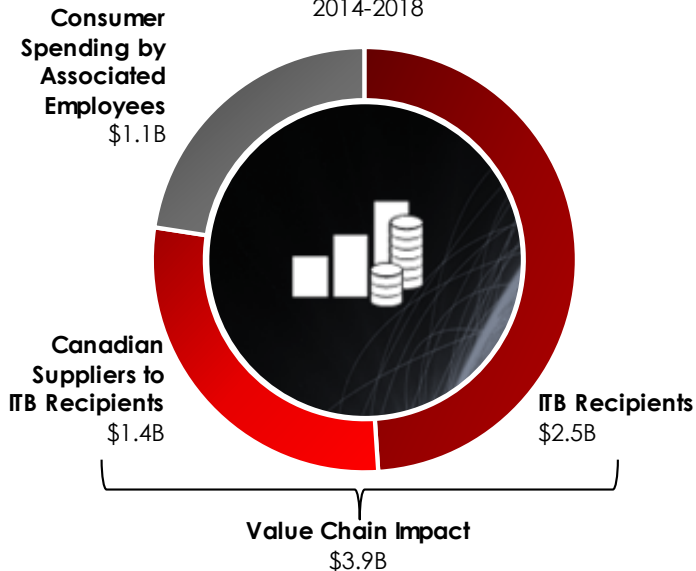
Annex – Economic Impact Methodology Principles



The ITB Policy is estimated to contribute close to 46,000 jobs and more than \$5.0B to Canada's GDP annually

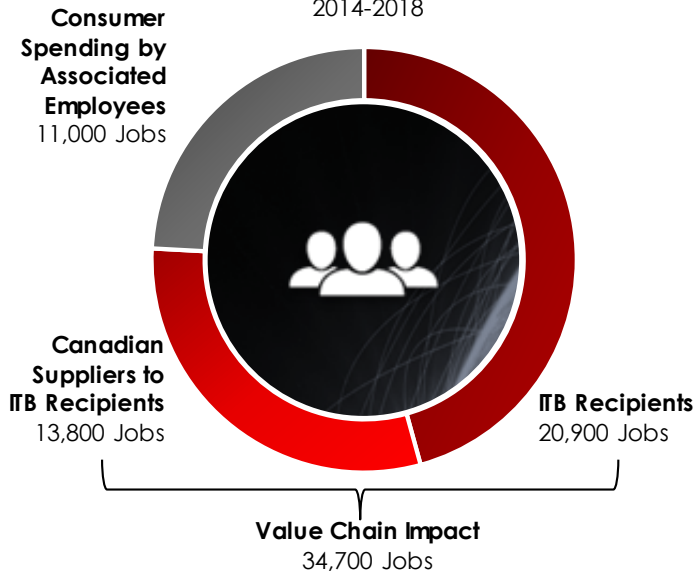
GDP Economic Impact

Annual Average*
2014-2018



Jobs Economic Impact

Annual Average*
2014-2018

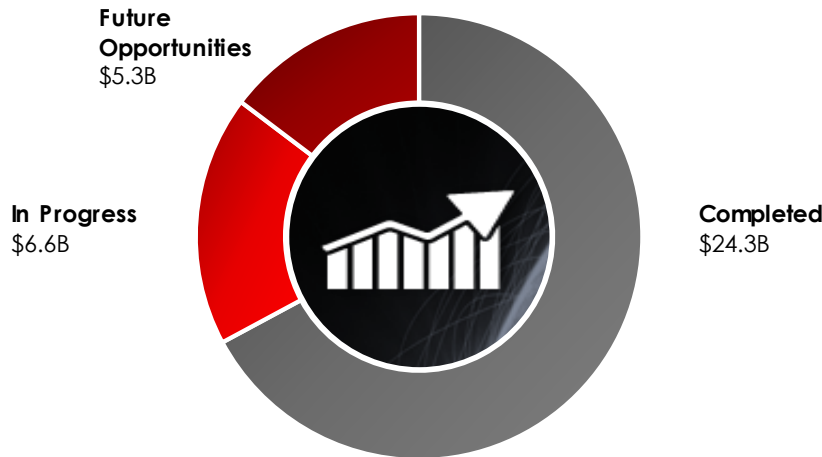


Source: ISED economic modelling based on the ITB administrative database (ITB Policy (2014), ITB Policy (2014-2018)), 2020; Statistics Canada's Input-Output multiplier (2016), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.
*5-year annual average economic impact analysis based on latest ITB identified credits during the period of 2014-2018.



There are 101 active ITB projects resulting in ITB economic obligations of \$36B

Current Economic Obligations*



- **More than 600 Canadian organizations** are benefitting from active ITB projects
- There is **over \$5.3B of future opportunities** for Canadian companies to develop informed partnering strategies

Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2018)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

*Further details are available in the *Report on Contractor Progress* which can be found on ISED's ITB website.



10 new projects were awarded in 2019, adding over \$2.3B in ITB economic obligations

Awarded Contracts in 2019

Resulted in significant commitments in:

- **Defence Sector**
- **Supplier Development**
- **R&D**

Included:

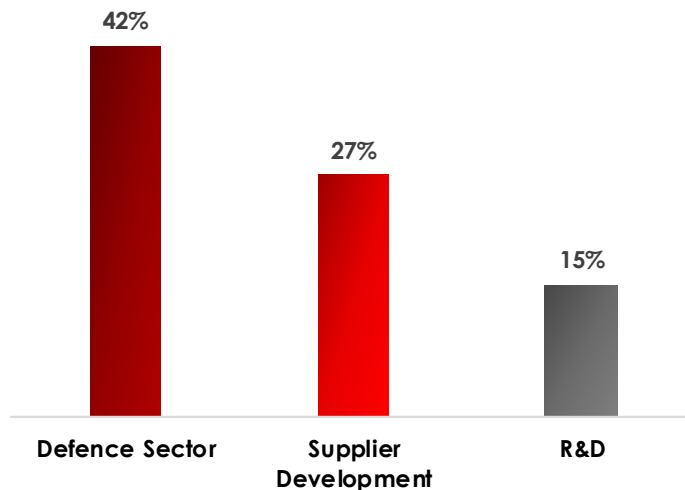
- **Export plans to attract global mandates**
- **Export opportunities for SMBs***

Introduced:

- **Key Industrial Capabilities (KICs)**
- **Skills Development and Training**
- **Gender and Diversity Plans**

Value Proposition Commitments Breakdown**

2019 Awarded Contracts***



Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

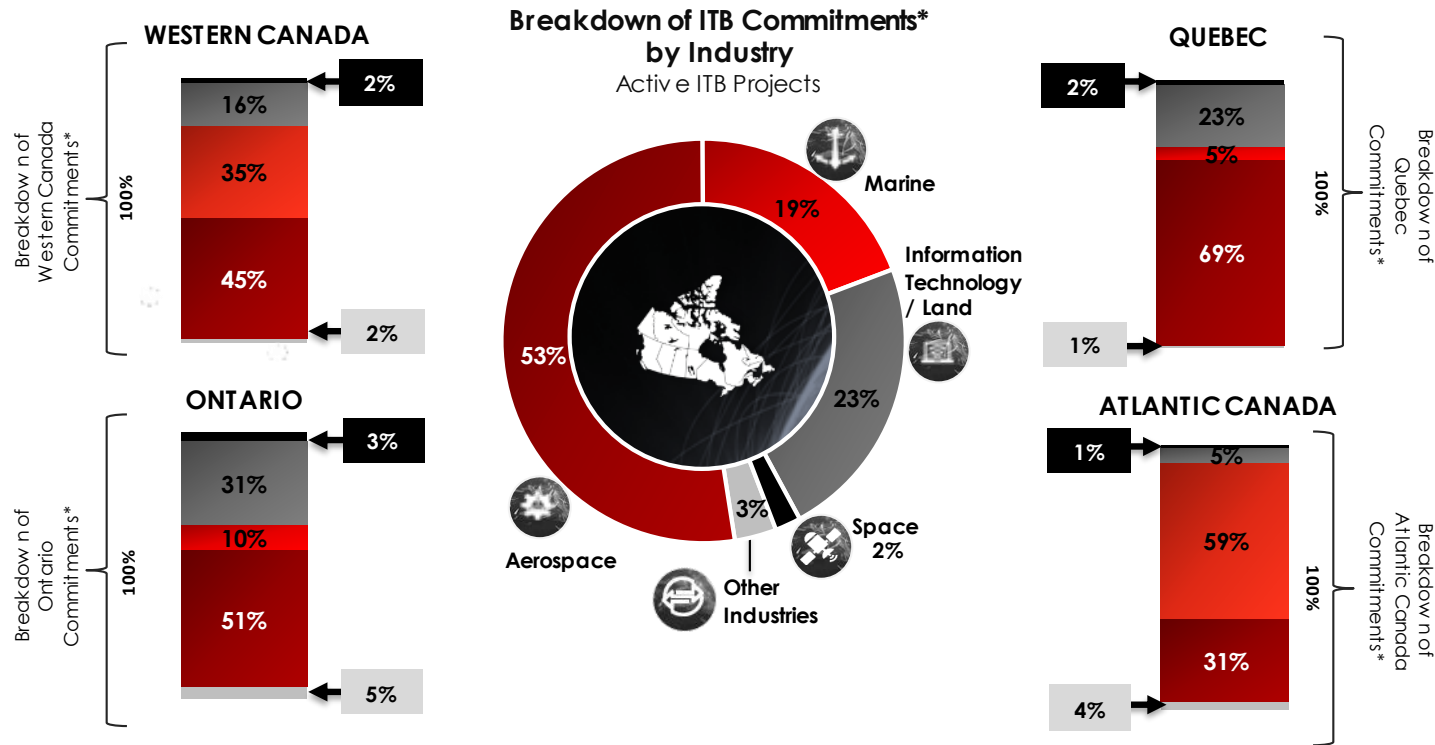
*Small and Medium-Sized Businesses (SMBs) are defined as firms with 249 or less employees.

**Amounts can be used on multiple Value Propositions. The numbers presented in the above graph are not distinct to one Value Proposition.

***Breakdown reflects 2019 contracts where Value Propositions were applied.



ITB commitments align closely with regional industrial strengths



Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

*Breakdown based on 2014-2018 ITB credits and 2019-2030 ITB commitments. Amounts with unidentified sectors were excluded from the breakdown.



More than 400 SMBs* are leveraging over \$3.4B of ITB commitments as a result of active contracts



Over 360 Canadian SMBs are scaling up through **supplier development**



Over 220 Canadian SMBs are supplying **goods and services directly related to the procurements**



Over 25 Canadian SMBs are **innovative** as a result of ITB investments with a focus on collaborative practices

ITB SMB Innovation Activity Breakdown**

Active ITB Projects



Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

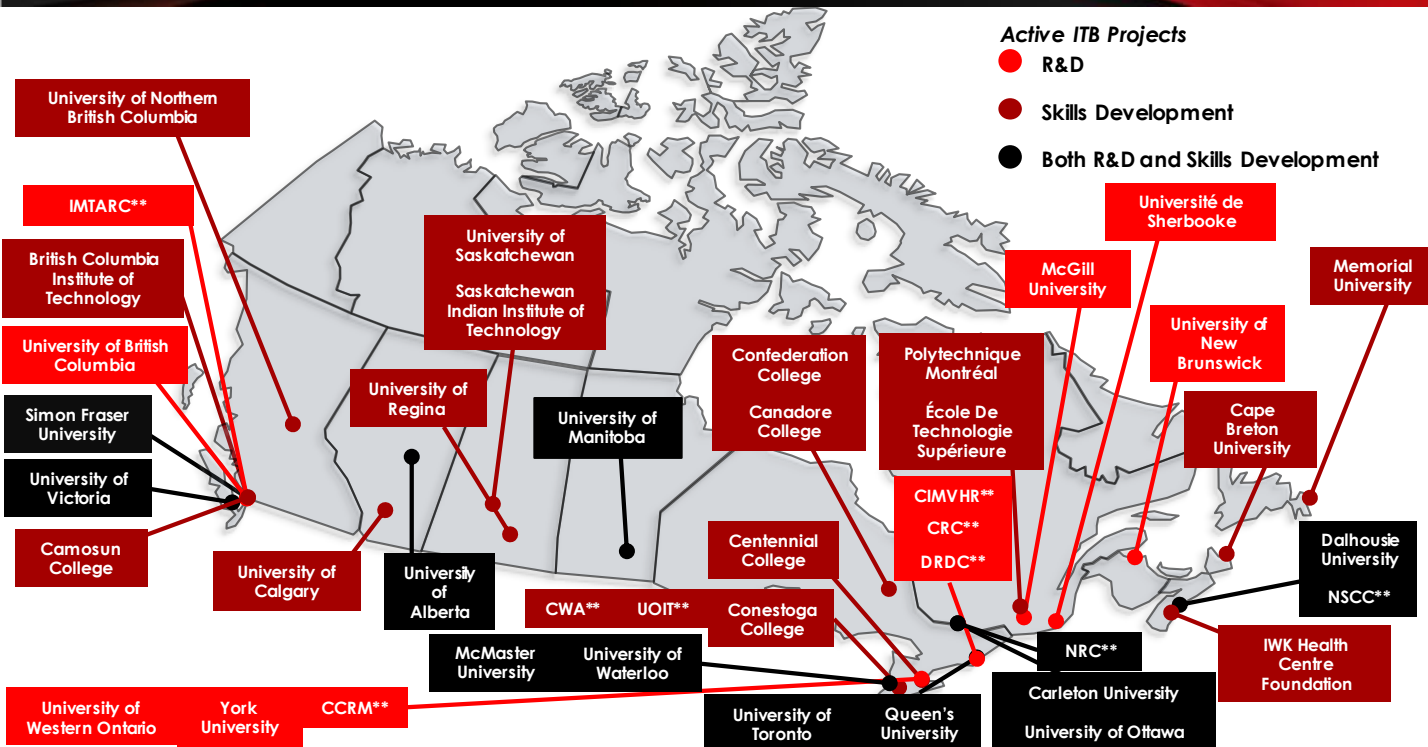
*Small and Medium-Sized Businesses (SMBs) are defined as firms with 249 or less employees.

**Breakdown based on 2014-2018 ITB credits and 2019-2030 ITB commitments.

***R&D Networks based on IRB Consortium and Post Secondary activity. R&D Investments from prime contractors and tier 1 suppliers based on IRB Investment Framework activity.



Over 40 academic and research organizations are benefitting from innovation and skills commitments*



Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

*Academic and research organizations benefiting from 2014-2018 ITB credits and 2019-2030 ITB commitments.

**CCRM: Centre for Commercialization of Regenerative Medicine; CIMVHR: Canadian Institute for Military and Veteran Health Research; CRC:

Communications Research Center; CWA: Canadian Welding Association Foundation; DRDC: Defence Research and Development Canada; IMTARC: Industrial Marine Training and Applied Research Centre; NRC: National Research Council; NSCC: Nova Scotia Community College; UOIT: University of Ontario Institute of Technology



In conclusion, the ITB Policy is creating jobs, driving innovation and fostering economic growth in Canada



Jobs: **46,000 jobs***



Future Opportunities: **\$5.3B**



Supplier Development: **+400 SMBs****



Innovation and Skills : **+ 40 research organizations*****



Exports: **attracting global mandates + opportunities for SMBs**



New Features: • **Key Industrial Capabilities (KICs)**
• **Skills Development and Training**
• **Gender and Diversity Plans**

*5-year annual average jobs economic impact analysis based on latest ITB identified credits during the period of 2014-2018.

**Small and Medium-Sized Businesses (SMBs) are defined as firms with 249 or less employees.

***Academic and research organizations benefiting from 2014-2018 ITB credits and 2019-2030 ITB commitments.



Annex: Economic Impact Methodology Principles

- Methodology concepts are informed by subject matter experts from the Organization for Economic Co-Operation and Development and Statistics Canada.
- Foundation data is based on ITB credits and commitments over the period of 2014-2030 as specified on each slide.
 - Annual average economic impact analysis is based on the ITB credits over the period of 2014-2018, 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 ITB activity has been linked to the latest (2016) and most relevant economic impact multiplier.
 - All values 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 2016 dollars.
 - I/O multipliers have been adjusted to reflect the ITB 100% Canadian content requirement wherever applicable.
 - Job and GDP impact is reported on an annual average basis.
 - Job impacts are measured in terms of full-time equivalent (FTE) employment.
 - 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 credits and commitments to date.
 - Economic impact estimates are reported at the national level and cannot be broken down at the regional level.
 - All totals are in Canadian dollars. Foreign currency amounts were converted to Canadian dollars using the Bank of Canada's annual average exchange rate for 2019.

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