



Canada's New Defence Procurement Strategy

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Overview

On February 5, 2014, the Government of Canada (GoC) announced the launch of Canada's new [Defence Procurement Strategy](#) (DPS) that focuses on three main components:

- Delivery of right equipment to the Canadian Forces and the Canadian Coast Guard in time
- Leverage purchases of defense equipment to stimulate Canada's economic growth
- [Streamline defense procurement processes](#).

[Implementation](#) of the new DPS will take effect immediately and through a phased process to be applied to several procurements through industry consultations. [Industry Engagement Sessions](#) on the new DPS are currently taking place across Canada, and outreach sessions are being advertised at www.buyandsell.gc.ca

The new DPS announcement also highlights the release of an annual Defence Acquisition Guide to be released on June 2014 outlining DND's procurement priorities.

Decision making under the new DPS will take place under a new Defense Procurement Secretariat within Public Works and Government Services Canada (PWGSC) with engagement from the Department of National Defence (DND), Industry Canada (IC), Department of Foreign Affairs and Trade Development (DFATD), and Treasury Board. The Defense Procurement Secretariat will establish an independent, third-party challenge for military requirements lead by DND, and an independent [third-party Defence Analytics Institute](#) to support the objectives of the DPS.

The New Value Proposition and Industrial and Technological Benefits

The new DPS introduces the [Industrial and Technological Benefits](#) (ITBs) to replace the Industrial and Regional Benefits (IRBs) program. ITB will now use a [Value Proposition](#) (VP) system to assess defense procurement bids. Bidders' proposals will now be scored based on a best industrial plan for Canada, with a default overall evaluation score of 10%, and with the actual percentage to be determined on a procurement-by-procurement basis. Defense bids will need to include economic benefits to Canada. Contract awardees will be required to reinvest work in Canada equivalent to 100% of the contract value.

Procurement Value	Assessment by Industry Canada will Require:
Between C\$25,000 and C\$20 million	Review of economic potential, and the revised Canadian Content Policy will be applied to realize this potential
\$20 million and above	Review of a Value Proposition as part of the bid application
\$100 million or more	Review of a Value Proposition as part of a comprehensive ITB plan.

With Canada having more than 650 firms operating in the defense sector and generating C\$9.4 billion in revenue, DPS will strongly focus in aligning the CF needs with Canada's current [Key Industrial Capabilities](#) (KICs) towards enhancing Canada's defense industrial base. KICs will be an essential evaluation component when assessing and selecting procurement projects in the areas of:

- Cyber-Security
- Command and Support
- Protecting the Soldier
- Arctic and Maritime Security
- In-Service Support (ISS)
- Training systems

Public Works and Government Services Canada's Approach to Evaluating Bids under the New Value Proposition and Industrial and Technological Benefits

The following are recent examples of how the GoC intends to evaluate upcoming defense procurement programs in the context of the newly introduced Value Proposition and the KICS:

- 1) [Canadian Coast Guard \(CCG\) Medium Helicopter Project](#) (Refer to amendment #2).
- 2) The working group under the [Canadian Surface Combatant](#) (CSC) package at PWGSC issued on March 24, 2014 a questionnaire developed to collect the perspectives of firms interested in participating in the CSC procurement. The document applies to firms either headquartered outside of Canada who are interested in participating in the CSC procurement, and to firms headquartered inside Canada. Questions are focusing on three areas for the CSC procurement:
 - a. Naval Repair and Maintenance;
 - b. Naval Ship-borne systems and components and
 - c. Simulation systems and components.

For more industry outreach information on the CSS program visit: www.buyandsell.gc.ca

Upcoming Events

- [Webinar: Defense Research Opportunities in Canada](#) - April 29, 2014
- [Webinar: Canadian Maritime Opportunities by Chantier Davie Inc.](#) – May 6, 2014
- [CANSEC 2014](#), May 28-29, 2014 - Ottawa, ON
- U.S. Pavilion at [DEFSEC Atlantic 2014](#), September 3-5, 2014 - Halifax, NS (Shipbuilding focus)

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