

## Western Innovation Forum 2016

President's Message

November 8th, 2016 08:45, Vancouver, British Columbia

### Check Against Delivery

Good morning everyone and thank you for joining us for this the third annual Western Innovation Forum. It's an honour to be here in Vancouver once again as we open this premier event for western Canada's most innovative defence, security, marine and aerospace companies. I'm thrilled to see so many familiar faces in the audience but even more thrilled to see so many new faces. I trust that the newbies will become regulars once you see the important connections and knowledge-sharing that will result from our rich two-day program.

I would like to highlight our lunchtime speaker today, Mr. Peter Scaruppe from the NATO Communications and Information Agency. Mr Scaruppe, who has flown in all the way from Brussels, is a reminder that there are important international business opportunities available with NATO. And Canadian companies have had some successes in this environment. But I know we can achieve much more.

This year's event and program is presented in participation with Western Economic Diversification Canada and continues our fruitful collaboration with the Canadian Commercial Corporation and Mitacs, all working together to create and deliver the most successful WIF to date. I would like to take this opportunity to thank these organizations for their support this year and for years to come.

I would also like to thank our MC today, Scott Dewis, CEO and founder at RaceRocks 3D and of course, proud CADSI member. We are hoping that you find this a little less nerve-racking and more relaxing than your acceptance speech at the Emmys. It's a grueling task keeping us on time and we appreciated your efficiency and eloquence.

As one final bit of housekeeping I would also like to thank OSI Maritime, our Marketplace sponsor. They are a long time CADSI member and have been making waves over the last few months resulting in some exciting successes. OSI Maritime has just secured significant support to upgrade its integrated navigation solutions for naval operations so it is NATO compliant and we offer our congratulations. This is exactly the type of success that we look forward to showcasing on Made Across Canada.

For those of you who aren't familiar with Made Across Canada, just take a look on the screens behind me--it's a special website and social media campaign launched in the spring to build the knowledge-base of parliamentarians and key government decision makers on our industries. This fall we launched the second phase of this project with the help of some innovative CADSI members. Every few weeks throughout the fall we share success stories from our CADSI members. Snippets of the innovative technologies, services or products our members are developing, the employees who make all the magic happen and how they have helped the men and women in service of our country.

These stories not only support us as we share our messages with government, but also help put faces and names on all the work we do. Thank-you to those members who have helped us go from idea to reality. We are still welcoming more stories for anyone interested.

This campaign is an important part of our efforts to share our knowledge with government decision-makers.

The Trudeau government is now one year into its mandate. They have been conducting two large policy reviews that are particularly important to the defence and security industries--the Defence Policy Review and the Innovation Agenda--both of which will culminate in and around Budget 2017.

For our part, CADSI has been drawing the link between these two initiatives to demonstrate how government and the defence industry can work together to drive innovation-led growth all across the country.

Why do we need to do this? What are we trying to solve?

For nearly a generation, Canada has followed the standard policy menu to stimulate innovation. Governments have reduced marginal tax rates on businesses and workers. They have invested in university-based research, post-secondary education, training and skills development, and infrastructure. They have opened Canada's markets to international trade and investment. They have even provided generous R&D tax incentives.

These are all good things and one could argue that Canada's economic situation today would be much worse without these initiatives. However, clearly they have not been enough to make Canada an innovation leader. Our productivity growth, which is highly dependent on strong innovation performance, remains stagnant, at about 1 per cent a year. The OECD recently downgraded Canada's GDP growth to 1.2 per cent down from its June estimate of 1.7 per cent.

More of the same is not going to cut it. We need to turn what we are doing on its head and think about the problem differently.

What if, as a nation, we clearly signaled where we wanted to drive innovation? Yes, it would mean stating industrial policy objectives. What if we rallied around our unique areas of technological leadership? What if we aggressively marketed them to the rest of the world? What if we introduced more balanced risk sharing in government programs? What if these changes stopped allowing the dreaded ROI calculator to excessively damper business discussions around innovation? What if we better used all the tools at our disposal to create leading-edge technologies that we promote and trade with the rest of the world as high-value assets? What if the government made a commitment to test and buy what it funded through the various R&D programs and what if those programs were connected to those goods and services Canada exports? Through being more precise about our industrial objectives and less risk-averse, we can achieve a higher success rate.

It is time to separate out the signal from the noise. It is time for Canada to signal what's important; to articulate the common threads that will piece everything together in a coherent whole; to seize an opportunity of a generation as we re-capitalize the Canadian Forces; to create a Made in Canada Defence Industrial Policy.

What do we mean exactly by a Made in Canada Defence Industrial Policy? Much of the details would have to be worked out within government, in partnership with Canadian industry. Nevertheless, there are some

essential elements.

- o It means the government would need to set goals and priorities for defence-sector growth in areas of key industrial capabilities. These capabilities could be ones at which Canada already excels, or that could provide major economic returns to the country. Or, they could be ones that are judged important to Canada's sovereignty and security.

- o It means driving toward those goals through better coordination and connection of existing policies, programs and instruments scattered across the federal government such as Industrial and Technological Benefits/Value Propositions, the Canadian Content Policy, IRAP, the Build in Canada Innovation Program, National Security Exceptions and the Strategic Aerospace and Defence Initiative. And in some cases providing export supports like the Canadian Commercial Corporation.

- o It means considering Canadian prime contractors more strategically in procurements for major capital projects.

- o It means incentivizing intellectual property transfer and long-term sustained footprint growth from foreign primes when they bid for our procurements.

- o It means incentivizing foreign primes to include Canadian suppliers in their global value chains.

- o It means that Canada is the first buyer where practical and possible.

- o It means keeping up our industries' export success--currently at 60 per cent of all revenues--with trade supports, many of which, like the Trade Commissioners' Service and the Canadian Commercial Corporation, have been essential for us to achieve these impressive results.

Now we aren't starting from scratch. The National Shipbuilding Strategy, or the NSS as it is called, is an early example of a promising industrial strategy aimed at one important segment of our industry, though it is still in the initial phases with many important decisions still ahead and many lessons-learned to incorporate. The NSS, which we see taking shape not far from here through the important work Seaspan is undertaking on Non-combat vessels, has the potential to achieve important objectives for both our industry and the government.

There is still much to be done to see a Made in Canada Defence Industrial Policy come to fruition but we need to ask ourselves are we going to "go big or go home" on this one.

And on a final note, I urge you to continue listening, networking, and sharing over the next two days. Shake things up, make new business connections, challenge ideas you hear, do things that will lead to the great innovations we know our industries are more than capable of bringing to the forefront.