

Dear CCI Members:

On May 24<sup>th</sup>, the Federal Government launched the **Supercluster Initiative** (announced in Budget 2016 and re-announced with details in 2017) which will grant \$950 million dollars over a five-year period to “promising clusters that can *supercharge their innovation ecosystems and accelerate economic growth*”. The government will select up to **five consortia from the following sectors**: Advanced manufacturing, agri-food, clean technology, digital technology, health/biosciences, clean resources, as well as **infrastructure and transportation**. *Infrastructure and Transportation* provides an opportunity for CCI to compete for a Supercluster.

On Friday, June 9<sup>th</sup>, the **CCI Board of Directors** discussed this opportunity while considering the following **three options**:

### **Option 1. We do not pursue this initiative**

The danger with option 1 is that a successful competing consortium could benefit from all the necessary funding to undertake projects that would compete with CCI. The following areas of activities, highlighted in the program guide, are deemed to be preferred *eligible activities*:

- **Technology leadership**: Activities that directly enhance the productivity, performance, and competitiveness of Member firms
- **Partnerships of scale**: Activities serving a target group of cluster firms to enable their growth including by increasing domestic demand for cluster products and services or by facilitating expansion
- **Skilled talent pool**: Activities that enhance labour force skills and capabilities and that address industry needs for talent
- **Access to innovation**: Investing in and providing access to assets, services, and resources that benefit cluster firms (e.g.: installation of and access to dedicated laboratory or cutting-edge equipment - acquisition and assertion of jointly held intellectual property)
- **Global advantage**: Activities and initiatives that position the cluster and its strengths as world-leading enable firms to seize market opportunities, and attract international investments and partnerships

### **Option 2. We pursue this initiative**

This option will require significant resources at a cost not captured in our budget. A lot of work will also be needed to enlist participants in our consortia from both the infrastructure and transportation sectors. If successful it will completely transform CCI into a much larger organization.

### Option 3. We join under consortia/clusters

It could be that there will be no consortia responding to this opportunity. CCI will need to investigate and perhaps joint-venture with others. It could also be that CCI could join other clusters in the other sectors identified by the government: clean technology, digital technology, clean resources.

### Process

The application process consists of **two phases**. **Phase 1** consists of a detailed letter of intent that needs to be submitted by **July 21, 2017**. From there, a shortlist of applicants will be invited to prepare a full application (**Phase 2**).

Each business-led consortium must commit to **matching dollar for dollar** the amount it is requesting under this initiative. It should be noted that 25% of the amount can be in the form of in-kind services. Also, 75% of the operating costs of the cluster will be covered by the government. The Superclusters' requests are expected to range from **\$125 million - \$250 million over five years to be matched by industry**. Under the Superclusters program, the majority of both industry and matching funds will be directed to Research and Development projects and the creation of new Intellectual Property that will be used for the benefit of Supercluster members.

### Requirements

**Phase 1** requires the consortium to include **Partner Applicants** consisting at a minimum of **four (4) private sector enterprises, including:**

- **Two (2) large firms (500 employees or more)**
- **One (1) medium enterprise (100-499 employees)**
- **One (1) small enterprise (1-99 employees)**
- **One (1) post-secondary institution.**

Partner Applicants **are defined as committed participants** of the applicant consortium and proposed members of the Supercluster Entity. They must provide industry matching funds or in-kind contribution.

Partner Applicants representing the private sector will need to **provide Letters of Commitment demonstrating their cash and/or in-kind contributions.**

Post-secondary institutions involved as Partner Applicants must also provide a Letter of Support explaining their role within the Entity, involvement in its activities, and, if applicable, any financial or in-kind contributions.

### Unique conditions pertaining to the Infrastructure-Transportation Sector

Given that *Infrastructure and Transportation* is a sector that was **added in the Budget 2017**, the applicant (unlike other ecosystems that have been preparing for the launch of this program for many months) is now compelled to meet the **same application deadlines and criteria contained** in the *Application Guide*.

Unlike other sectors where the main beneficiaries are those directly or indirectly involved in the Superclusters, the beneficiaries in the *Infrastructure and Transportation* sector are the **public buyers of construction services who own the assets**. These owners **do not qualify as participating organizations able to provide matching funds**. These funds must be provided **by industry alone**. Furthermore, the construction sector is a service industry, other sectors are commodities with end-products satisfying their private needs.

## CCI Board Position

With the aforementioned information at hand, the Board **unanimously** approved the following motion:

*« THAT, CCI proceed with the Letter of Intent and lobby for government funding to be eligible for matching funds. »*

## Next Steps

- ❖ Immediately after the Board approval, CCI will begin developing its Phase 1 letter of intent submission
- ❖ CCI needs **four Applicant Partners** as mentioned above (*See 'Requirements'*). These partners will need to provide individual **letters of commitment** (their role within the Supercluster and financial commitment -- cash or in-kind). It is our goal to dramatically exceed this number of applicant partners.
- ❖ CCI needs to identify a **post-secondary institution** to also provide a letter of support.
- ❖ CCI needs to identify other participating organizations to demonstrate it has a critical mass for the Supercluster.

CCI supporters and members **are asked to confirm their participation** in this initiative. We see the Supercluster to be the CCI ecosystem we have built plus other partners from **municipal and provincial governments, manufacturers, and suppliers**. We recognize that this is a short notice to ask for your commitment, but it has been made clear that the construction sector must show its engagement in the **Phase 1** Letter of Intent. The Supercluster process will be challenging as other sectors have had over a year of planning time, knowing they were candidates. As we develop our application, we know we have the support of the members of CCI who share in our vision.

Please see attached a **form for you to confirm your involvement** with a suggested approach to your commitment which will help demonstrate our sector engagement.

Thank you.



John Bockstael  
CCI Board Chair