

**Final Evaluation of the Structured Financing Facility Program
Management Response
February 18, 2008**

General Comment

The SFF program has been renewed for a period ending March 2013, with initial funding of \$50 million allocated to March 2011. With the exception of reviewing SFF funding cycles, the recommendations of the final evaluation can be integrated into this renewed program.

Recommendations and Management Responses

1. *SFF funding cycles should be reviewed in conjunction with an “approval in principle” mechanism developed to respond to production cycles in the shipbuilding industry where development from the bid process to launch could take up to four years.*

Management Response

There are two recommendations here: one regarding reviewing SFF funding cycles and one regarding developing an “approval in principle” mechanism.

Regarding SFF funding cycles:

Agree that flexibility in budget management is desirable to adequately respond to production cycles in the shipbuilding industry.

Follow-up Action: This recommendation will be taken into consideration when developing future policy options for the program.

Timeframe: In the policy review cycle for the possible next iteration of the SFF.

Regarding “approval in principle” mechanism:

Agree that ship owners and shipyards require timely responses to SFF applications. However, an “approval in principle” mechanism cannot replace the requirement to perform a reasonable level of due diligence.

Follow-up Action: Allow for a fast-track consideration of applications that have short lead times. This process involves extensive and on-going communication with the applicant such that both parties, applicant and the SFF office, are fully aware of their respective processes and time-lines. Develop a critical path, executing those areas of due diligence that are possible while waiting for the

clarification of other project parameters from the applicant as his negotiations or bid process continues.

Timeframe: On-going.

2. *Communications with the shipbuilding and ship owner representatives should be undertaken on a regular basis to communicate the benefits and limitations of the program and provide information on complementary programs offered by other government organizations.*

Management Response

Agree.

Follow-up Action: As part of its marketing plan, SFF officers will visit provincial representatives in key provinces (Atlantic Canada, Quebec, Ontario, British Columbia) to discuss shipbuilding support. SFF officers will also participate at trade shows and routinely include visits to neighbouring shipbuilding and ship owner representatives when conducting due diligence and monitoring SFF projects. These meetings will be used to exchange information about the SFF program and about complementary programs offered by other government organizations.

Timeframe: Will be part of directorate business plan for fiscal year 2008-09 and subsequent fiscal years.

3. *The Aerospace, Defence and Marine Branch should establish baseline data and ongoing performance indicators/criteria to assist in measuring longer-term outcomes for the SFF.*

Management Response

Agree.

Follow-up Action: An integrated RMAF/RBAF (Results-Based Management and Accountability Framework/Risk-Based Audit Framework) has been completed and it includes a performance measurement plan. Key to this plan is the capture of baseline data and ongoing performance data.

Timeframe: The directorate business plan for fiscal year 2008-09 will include funding to develop a shipyard data capture system and to implement this system on a trial basis.