

Shipbuilding Sector Profile

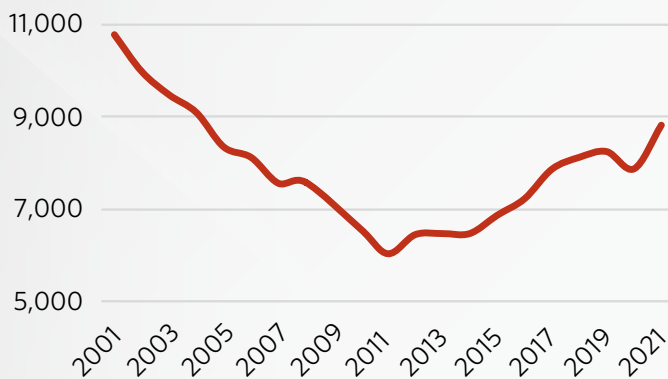
Sector Facts and Figures

Total GDP <i>Share of Canadian GDP</i>	\$0.9 billion 0.04%
Exports	\$0.4 billion
Imports	\$1.9 billion
Foreign Trade Balance <i>5-year change</i>	-\$1.5 billion -15.8%
Total Employment (2021) <i>Change since 2011</i>	8,800 +46.0%
Real wage growth (2011-2019)	+14.4%
Labour Productivity (2019)	\$47.8/hr
Average Work Hours/Week (2019)	37.8
Greenhouse Gas Emissions (2019) <i>Change since 2009</i> <i>Share of Canadian industry total</i>	35kt -2.8% 0.01%
Union Coverage Rate	40%
Unifor Members in the Industry	1,350
Share of Total Unifor Membership	0.4%

Current Conditions

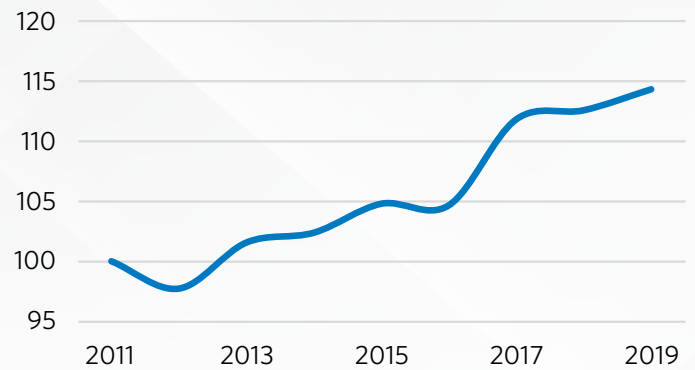
In 2010, the federal government launched the National Shipbuilding Strategy. The strategy was aimed at revitalizing Canada's diminishing shipbuilding industry, by creating a long-term plan (20 to 30 years) to renew aging fleets for the Canadian Coast Guard and Royal Canadian Navy. The strategy is comprised of three components: construction of large vessels; construction of small vessels; and vessel repair, refit and maintenance. Some of the ships to be constructed include arctic patrol ships, heavy icebreakers, fisheries and oceanographic science vessels, joint support ships and surface combatants.

Ship building employment, 2001 - 2021



Currently, two Canadian shipyards - Irving Shipbuilding in Halifax and Seaspan Shipyard in Vancouver - have been selected by the government as the main vessel manufacturing sites, with an additional third shipyard to be chosen soon.

Ship building: Real wages (2011=100)



The strategy has already yielded significant economic benefits with even more anticipated as further vessel projects get underway. It has been estimated that project spending between 2013 and 2024 will add \$9.8 billion to the country's GDP and over \$2.9 billion to government revenues - at all levels. Nova Scotia alone will see approximately \$560 million in revenues between 2013 and 2024. In addition, the strategy is contributing to the development of a highly skilled workforce. Since 2015, 316 skilled trade apprentices were hired at Irving Shipbuilding and 185 have gone on to become Red Seal-certified tradespeople. Irving Shipbuilding has also launched an innovative 'Pathways to Shipbuilding Program', which aims to increase job opportunities in the shipbuilding industry for Indigenous and workers of colour. This program runs parallel to the 'Pathways to Shipbuilding Women Unlimited' program that aims to train more women to enter into the skilled trades.

Overall, total employment in the sector has increased by 46% since 2011, totalling 8,800 jobs. Wage growth has increased by over 14% between 2011 and 2019 - more than double the national rate.

Unifor in the Shipbuilding Industry

Select Unifor Employers	Approx. # Members
Irving Shipbuilding	1,100
Kiewit Offshore Services	150
Marine Fabricators	60
Shelburne Ship Repair	50

Unifor represents roughly 1,350 workers in shipbuilding, representing 0.4% of all Unifor membership. The majority of

membership is localized in the province of Nova Scotia, where members work at Irving Shipbuilding. Unifor members can also be found in Newfoundland Labrador at Kiewit Offshore Services, specializing in offshore and underwater construction projects.

Members work in a variety of skilled trades, including electricians, millwrights, machinists, crane operators, welders, and pipefitters.

Moving Forward: Developing the Shipbuilding Industry

A significant concern regarding the National Shipbuilding Strategy is the ballooning public costs and delays in getting vessel construction projects off the ground. This has been flagged recently through reports by Canada's Auditor-General and the Parliamentary Budget Officer. For example, the original government estimates for constructing 15 new Canadian Surface Combatants for the Royal Canadian Navy was pegged at \$14 billion, with the delivery of the first ship slated for 2025. The revised cost estimate for these ships have now increased to \$77 billion, with the first ship to be completed by 2030-31. However, rebuilding an entire national industry requires time and resources. Other advanced economies that have undertaken

similar military procurement projects, such as the U.K. and Australia, have also experienced construction delays and budget revisions. Even the Auditor-General's report acknowledged the complex nature of shipbuilding that needs to be factored in when considered overall costs.

In addition, the economic impacts of the COVID-19 pandemic, including lockdowns, labour shortages and supply chain disruptions, have also contributed to project construction delays.

There have also been issues raised regarding transparency around the National Shipbuilding Strategy, with accusations that government officials have not been disclosing key information around costs, project dates, or vessel information to the public, media or other industry officials. Some shipbuilding companies have also made allegations surrounding conflict of

interest and unfair practices surrounding the RFP process and contract selections. It is critical that government improve transparency and accountability around its shipbuilding strategy. Considering the scale of public investments being made, as well as the substantial economic benefits and thousands of jobs that are dependent on the plan being successful over the next few decades, the strategy will be crucial in ensuring that Canada is put back on the map as a nation with a world-class shipbuilding sector.

Finally, a key component of the federal shipbuilding strategy is to support local job creation and build a highly skilled workforce in Canada. As such, companies must be prohibited from contracting out good union jobs to non-union sites, or to countries where workers can be easily exploited for lower wages. Government construction contracts must enshrine labour protections and local labour force development as a fundamental requirement for receiving public procurement projects.

Major Sector Development Issues

- The union continues to ensure that shipbuilding jobs remain in Canada and that work is not contracted out.
- Escalating project costs and lengthy vessel construction delays are increasingly coming under public scrutiny.
- Greater political transparency and accountability is required to ensure the ongoing integrity of the National Shipbuilding Strategy.