



Vive les Irvings!

Story: Alec Bruce

Photos: shipsstarthere.ca

Jim Irving, CEO of Irving Shipbuilding: "To every ... Canadian who put up a lawn sign, put a pin on the electronic map or sent us words of encouragement, we can't thank you enough."

Irving Shipyard workers are all smiles after hearing their employer has won a \$25 billion contract.



The federal government's contract award of \$25 billion to Halifax's Irving Shipbuilding means money. Lots of it. And jobs, just when the East Coast could use them. But what does it mean for New Brunswick, where the billionaire, family-owned conglomerate was born and raised and still employs thousands?

It would be, without question, the most important federal announcement in more than a generation of Maritime industry. A few days before the news in October, it was all anybody along the Port of Halifax could talk about. Would the Irving-owned yards — the last major shipbuilding enterprise in the region — win the lion's share of a \$33-billion contract to supply the Royal Canadian Navy with state-of-the-art warships? Or would it, like so many other players in the high-stakes lottery of "regional industrial benefits", go home a loser from a crooked game of baccarat? Rumour had it that even Las Vegas bookies were making odds.

People who knew anything about Irving and the men and women it hired to go "down to the sea in boats" knew, in their bones, that the commercial behemoth, born of humble origins a century ago, deserved the work. After all, it had built the current fleet of Canadian frigates, and two technologically advanced supply vessels at its old facilities in Saint John, New Brunswick, during the last half of the last century.

But they also knew that life on the hard-scrabble Atlantic seaboard was rarely fair, and that political considerations elsewhere often superseded sound business judgements here. And so, they girded themselves for the distinct

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Stewart McKelvey is proud to congratulate Irving Shipbuilding Inc. on the success of their National Shipbuilding Procurement Strategy bid.

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A group of senior Irving Shipbuilding employees pose for a photo in July 2011. This is a small sample of the more than 200 Irving Shipbuilding employees that worked on the Canadian Patrol Frigate (CPF) program when Irving Shipbuilding built 12 frigates under the program through the 1990s in Saint John, New Brunswick.

possibility that the big money would go to either Seaspan Marine of Vancouver (where the Harper government was hoping to enhance its popularity), or Davie Shipyard across the river from Quebec City (where the Prime Minister's Office was merely hoping to gain back ground lost to the NDP in the last general election).

As matters transpired, however, these gloomy prognostications did not. The news hit the sleet-sprayed coast like an Indian summer: \$25 billion to Irving; \$8 billion to Seaspan; and bupkis to Davie, which had narrowly missed both

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“I stand here as proud a Nova Scotian as you could possibly be,...



bankruptcy and tendering deadlines during the bidding process. Streets from Halifax to northern New Brunswick erupted as much with astonishment as elation.

“I stand here as proud a Nova Scotian as you could possibly be,” Premier Darrell Dexter told a crowd outside the Irving yards. “Today marks the beginning of

a brighter future, a future that sees an entirely new generation of shipbuilders, a future that sees our sons and daughters be able to come home from the west.”

Indeed, the expected economic impact is staggering. The Conference Board of Canada estimates that the work to build 15 surface combat ships and between six and eight Arctic patrol ships over 30 years will boost the average annual value of goods and services in Nova Scotia by \$661 million and maintain 8,400 jobs. During the peak years of 2020 and 2021, the number of workers employed will reach 11,500 and the province’s GDP will increase by nearly \$1 billion.

In the end, the contract will likely generate economic value equal to Nova Scotia’s entire mining and offshore oil and gas sector and far greater than its tourism and hospitality industry. But more than this, declared an editorial in the Halifax Chronicle-Herald, “There’s the psychological boost. Thousands of

Nova Scotians ... believed Irving had the financial and manufacturing strength to do the job and the edge over B.C. and Quebec rivals in warship experience. ...But it was still a heart-pumping shock to have the selection committee confirm it. On the criteria all the bidders agreed to, the Irving bid was the best. It’s fantastic to win a transformational opportunity of this scale. And even better to win it fairly on merit.”

In fact, in the weeks and months that have followed, the award has raised hopes about its broader effects in the Maritimes, particularly in New Brunswick, which had been, until recently, the locus of modern shipbuilding in the region. The Port of Saint John employed more than 3,000 people on the Canadian Frigate Patrol Program in the early 1990s. At the time, the contract was the third-largest public-sector procurement in the country’s history.

Mindful of this, perhaps, Jim Irving, chief of Irving Shipbuilding, told the New Brunswick Telegraph-Journal (a newspaper his family conglomerate owns), “There are about 115 New Brunswick suppliers here with us, helping provide



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goods and services for the (Halifax) yard at the present time. It will grow because this is going to be a long-term contract and the benefit of that is that suppliers will be able to improve their technology, train their people, or find new product lines to help supply these contracts. This should be good for New Brunswick. ...This is bound to benefit New Brunswick."

In fact, more than 30 New Brunswick firms performed work worth \$100,000 or more for Irving Shipbuilding in 2009 and 2010. Of these, eight operated contracts valued at more than \$1 million. According to Conference Board estimates, every \$1,000 invested in the Nova Scotia yard should boost New Brunswick's GDP by \$11, which suggests that businesses in this province could reasonably expect nearly \$300 million in new work over the next three decades. Indeed, said David Campbell, a Moncton-based economic development consultant who conducted a study on the contract's wider implications for Atlantic businesses, "The number of Atlantic firms who benefit should be significantly higher than I originally estimated."

One of these might be Bathurst-based Industrial Rubber Ltd., which provided the rubber coatings that lined the frigates constructed in Saint John. "It would be a good boost to northern New Brunswick and a good boost to our company if we were successful in getting some of these contracts," the firm's president, Barry Kyle told the Telegraph-Journal.

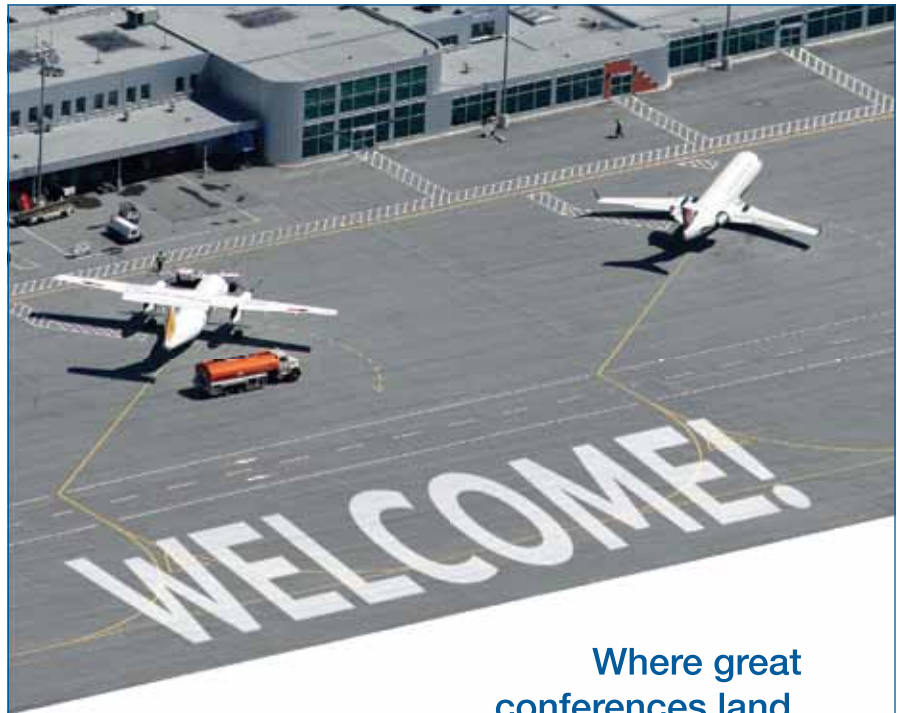
Other firms that stand to benefit include those in the metal-fabrication and welding, transportation, electronics, pipe-fitting and plastic-molding trades. Business development groups point out that New Brunswick's experience in shipbuilding positions many of its industrial sectors to great advantage as long as potential suppliers take care to maintain or upgrade their certifications and trades training programs.

Ultimately, of course, it's too soon to tell how New Brunswick will benefit from this historic contract. Irving has only just established a registry for potential suppliers, and it has announced it will not be hiring personnel for at least a year.

But it's hard not to anticipate the tangible fruits of the shipyard's victory in the province that once hosted its stunning industrial-marine track record, as all anxiously await a rising tide that will float all boats. | ABM

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Premier of Nova Scotia, Darrell Dexter



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