

BUSINESSES & COMMUNITIES WIN WHEN WE BUILD NEW BC FERRIES IN BC

Issue

BC Ferries is about to embark on a major capital program to revitalize much of B.C.'s ferry fleet. Their *New Major Vessels Program*¹ includes seven new ferries. BC Ferries is currently developing the Request for Proposals (RFP) for the vessel program which it plans to release in June 2024.

Currently, BC Ferries' RFP has no significant factors valuing the benefits of local B.C. or Canadian² involvement. It could lead to a decision based on lowest cost alone and means a foreign shipyard will certainly win the competition. This will result in a lost opportunity in BC and Canada for the broad economic benefits such as tax revenue, supply chain development, innovation, green technology, and the associated local jobs in communities throughout BC.

A bidding process that prioritizes B.C. companies and recognized the local economic benefits will mean that local shipyards and supply chain partners will have the opportunity to participate in the largest shipbuilding procurement in B.C.'s history.

Background

We have the local skills and capacity to build the vessels needed. Over the last decade, British Columbia's marine sector has re-established Canada's large shipbuilding capability on the Pacific coast- a development that has created thousands of high-skilled jobs and economic opportunities for hundreds of companies in our province. Under the National Shipbuilding Strategy, B.C. companies are now delivering the largest and most complex vessels that have ever been built in Canada.

Local shipyards, workers, unions, and the diverse B.C. marine business supply community across the province want the opportunity to help build these vessels. This presents a once-in-a-generation opportunity to build ferries in B.C. and support high-value jobs, local business development and economic growth.

The Government of British Columbia has a mechanism and a track-record of providing funding above and beyond its annual service fee to BC Ferries. In late 2023, the Province of BC announced it had renewed its service contract with BC Ferries for a four-year term and invested additional funds of \$500 million to allow BC Ferries to continue with its longer-term capital plans to improve capacity and reliability without increasing fares.³

¹ 1. BC Ferries New Major Vessels program: <https://www.bcferrries.com/in-the-community/projects/new-major-vessels#:~:text=We're%20building%20up%20to,nearing%20their%20end%20of%20life.>

² <https://www.timescolonist.com/opinion/letters-feb-20-where-bc-ferrries-should-be-built-private-development-wont-fix-housing-8328538>

³ [B.C. invests in affordability of safe, reliable coastal ferry service | BC Gov News](#)

Proven BC expertise in large vessel shipbuilding.

The B.C. shipbuilding sector is currently delivering the largest and most complex ships ever built in Canada.

Under Canada's National Shipbuilding Strategy, the B.C. sector is building more than 20 large, complex vessels for the Royal Canadian Navy and Canadian Coast Guard. This includes the Royal Canadian Navy's Joint Support Ship that will be delivered in 2025, which is both longer and heavier than the BC Ferries New Major Vessels.

B.C.'s shipbuilding industry now involves more than 500 local companies, the majority of them small and medium-sized enterprises; thousands of skilled-trade employees; and the largest, most sophisticated marine design and engineering capability in Canada. Existing local BC expertise and capacity exists like no time in recent history.

A "Low-Cost" bid process ignores benefits & value of local bidders.

B.C. shipyards have a higher cost structure, primarily due to skilled workers' wages. A low-cost bid project, with no incentive, points or value for the use and benefits of local B.C. workers and suppliers, ensures that much or all of the work will be conducted in low wage nations, with low environmental, safety and employment standards.

Domestic content requirements are a common practice in procurements across Canada and in many other countries, recognizing the strategic and economic benefits that can result. The proposed buy-local approach would be consistent with international and domestic trade agreements.

Strong Economic Benefit & Support Across BC - Local ships, local jobs

Shipbuilding is a major employer and economic engine for B.C. The industrial marine sector contributes about \$6.8 billion annually to B.C.'s economy and employs approximately 22,000 people.

A recent, independent economic analysis conducted by noted B.C. economist Teresa Watts demonstrated the additional economic value of building ferries in B.C. over a nine-year production period. Her report stated that the work would result in significant benefits of up to:

- 9,800 jobs
- \$1.7 billion in associated wages
- \$234 million in income tax revenues to the province
 - a \$1.1 billion contribution to Canada's GDP

Suppliers to the sector represent businesses from many communities across the coastal regions of the province and beyond – Aldergrove, Burnaby, Chilliwack, Coquitlam, Delta, Fanny Bay, Gibsons, Halfmoon Bay, Langley, Maple Ridge, Mission, Nanaimo, New Westminster, North Saanich, North Vancouver, Port Coquitlam, Richmond, Surrey, Vancouver, and Victoria.

Strong support for BC participation spans across local marine industry, unions and the BC public.

There is a broad consensus and support for the inclusion of local BC shipbuilding sector in this BC Ferries New Major Vessels program.

Industry Support

Build Ferries BC⁴ is a group of more than 80 B.C.-based marine suppliers, local companies, business associations and B.C. unions calling for the BC Ferries' bidding process to prioritize B.C. companies.

Union Support

The group is backed by seven B.C. trade unions:

- BC Federation of Labour
- UA Local 170 (The United Association of Journeymen and Apprentices of the Plumbing & Pipefitting Industry)
- Local 506 Marine & Shipbuilders
- International Association of Machinists and Aerospace Workers
- IBEW Local 213 (International Brotherhood of Electrical Workers)
- BC Building Trades
- BC Ferry & Marine Workers' Union

Public Support: A recent poll showed that 80% of British Columbians believe ferries should be built in B.C., and 90% want to see the creation of long-term jobs for B.C. residents and to ensure that B.C. shipyards and their suppliers have fair opportunity to bid on the BC Ferries work. A letter writing campaign by Build Ferries BC has generated more than 10,000 letters to B.C.'s Premier and MLA's and represents support from 86 out of the 87 electoral districts in the province.

British Columbia and the business community win when ships are built locally. A build-in-B.C. approach would protect local jobs and maximize the economic opportunity for North Vancouver and the entire province.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Direct an approach to procuring BC Ferries' New Major Vessels that enables a build-in-BC component and all the jobs, economic opportunities and innovation that would result for our province.
2. Building on the *BC Maritime Industries Strategy*, develop and implement a broader strategy that supports the growth and innovation of an ongoing, long-term shipbuilding industry in BC

Submitted by the North Vancouver Chamber

Supported by: Esquimalt Chamber of Commerce, Burnaby Board of Trade, Surrey Board of Trade, Tri-Cities Chamber of Commerce

⁴ Build Ferries BC campaign: <https://www.buildferriesbc.ca/>