

Jubilation greets \$8-billion shipbuilding contract for B.C.

Seaspan to build seven non-combat vessels, creating up to 4,000 jobs

By Jonathan Fowle and Peter O'Neil And Brian Morton, Vancouver Sun; With Files From Carla Wilson, Postmedia News October 20, 2011



Victoria Shipyards workers wait to hear the news Wednesday before Seaspan was awarded an \$8 billion federal shipbuilding contract. British Columbia emerged as one of

two big winners in an historic shipbuilding announcement Wednesday, as the federal government awarded North Vancouver-based Seaspan Marine Corp. an estimated \$8-billion contract expected to create as many as 4,000 jobs in B.C.

Photograph by: Lyle Stafford, timescolonist.com

British Columbia emerged as one of two big winners in an historic shipbuilding announcement Wednesday, as the federal government awarded North Vancouver-based Seaspan Marine Corp. an estimated \$8-billion contract expected to create as many as 4,000 jobs in B.C.

Irving Shipbuilding Inc. of Halifax got the richest slice of the \$33-billion federal program, winning the right to construct at least 21 military vessels.

Seaspan got the smaller piece of the pie, meaning the B.C. company will build seven noncombat vessels: one major icebreaker, two naval support ships, three fisheries vessels and one oceanographic vessel.

Wednesday's announcement was billed by Ottawa as the largest-ever federal procurement program.

Davie Shipyards of Levis, Que., failed in its bid, but will get the opportunity to vie for \$2 billion in contracts to construct more than 100 smaller vessels for the defence department and the Canadian Coast Guard. Both Irving and Seaspan are excluded from those contracts.

News of the Seaspan contract was met with immediate exuberance across British Columbia Wednesday, with politicians and shipbuilders alike joining in celebration.

"Eight billion dollars is huge," said Premier Christy Clark immediately after the announcement.

"At a time like this, when the world is experiencing all this economic uncertainty, it is going to be big."

New Democratic Party leader Adrian Dix was equally exuberant.

"It's really good news," he said. "Obviously, it's the second-biggest contract today. Nova Scotia won the biggest contract, but these are significant jobs and to that extent, obviously it reflects the hard work we've been doing on it and that others are doing on it."

Seaspan CEO Jonathan Whitworth said he was "incredibly excited."

Provincial officials said that when combined with other operations at Seaspan, Wednesday's multibillion-dollar contract could create an annual average of 4,040 direct and indirect jobs in B.C. over a period of eight years.

Construction on the new vessels is not expected to begin until late 2012 officials said, although economic activity will start almost immediately as the company needs to build more than \$150 million in new infrastructure.

The mood had been tense at Seaspan headquarters in North Vancouver Wednesday morning as Whitworth and his team waited for a decision - one they all knew could either make or break the shipbuilding industry in B.C.

The answer came in a 12: 14 p.m. call from Ottawa.

After one ring, Whitworth snatched up his phone, listened for a few minutes, his face impassive. The others in the room barely breathed.

Finally he smiled, saying: "We are extremely happy and proud to be chosen on the non-combat package."

He jumped to his feet, exclaiming, "We won" and danced on the spot while Seaspan officials hugged and congratulated each other.

A similar scene played out in Victoria, as Clark and her B.C. Liberal caucus gathered to watch the announcement on TV. The room broke out into cheers as the bid was announced and Clark began circulating to hug her colleagues.

"What this means is we will see thousands of jobs come to British Columbia as a result of this federal money - thousands of high-paid jobs, people who are going to be able to support their kids," Clark told reporters, who were let into the room only after the news was made public. "I'm absolutely delighted."

Moments after talking to the media, Clark spoke to Whitworth.

"I'm absolutely thrilled," she said into her cellphone. "It was great working with you on this. I'm glad we were successful together."

Later in the day at a news conference with Clark, Whitworth told reporters that two years ago, many thought the B.C. shipbuilding industry was on its last legs.

"Today is living proof that sometimes that scrappy dog catches the bumper of that car," he said, adding he believes the process was fair, open and transparent.

Whitworth added that the jobs this contract brings to B.C. will be high-paying ones, with annual salaries ranging from \$40,000-\$50,000 up to \$120,000.

Whitworth also said he was not disappointed at not being awarded the larger contract for military vessels.

He said the non-military contract is the largest federal procurement package ever awarded in B.C., adding that the money allocated to shipyards for the military contract also includes money to purchase weapons and communications systems.

As well, he said, the federal government has plans for another 17 vessels which should fall under the non-combat sector that are not part of the package awarded Wednesday.

In the end, Irving beat Seaspan for the combat work with a score of 82.8 to Seaspan's 74.9. That took Irving out of the running for the non-combat package. Seaspan earned 76.8 points on the non-combat package, a significant spread over Davie's 63.2 points.

Kyle Washington, chairman of the board of Seaspan Marine Corp., had adjusted all the blinds in the office while waiting for word. The news was a "goosebump," said an ecstatic Washington after the announcement.

The win is "substantial, monumental, company-changing, industry-changing," Washington said.

Seaspan will build the ships in North Vancouver and they will then be towed to Victoria for finishing. On Wednesday, Whitworth said about 80 per cent of the new jobs will be created in North Vancouver, and 20 per cent will be in Victoria.

At the Seaspan yard in North Vancouver, workers were ecstatic.

Welding supervisor Surjit Parmar said the feeling is "just great. It means we have a job for the next 15 to 20 years. You can start your career here, and end it here. Everybody is jubilant."

Parmar, 62, who has worked with Seaspan for 37 years, said losing out on the larger contract is not an issue, because "this is one of the biggest orders we've ever had at Vancouver Shipyards."

Alan Cail, day shift supervisor for machinists, mechanics and pipefitters, just started with Seaspan six months ago.

"I'm in the right spot at the right time. Timing is everything," he said.

Public Works Minister Rona Ambrose said on Wednesday that Canada was the only member of the 28-state North Atlantic Treaty Organization that didn't have a "strategic alliance" with its shipbuilding industry.

"This is truly a win for Canada because we are revitalizing our shipbuilding industry and making it internationally competitive like never before," she told reporters. "This innovative strategy

brings predictability to federal ship procurement and eliminates cycles of boom and bust, providing benefits to the entire marine industry."

The federal government has been desperate to avoid any repeat of the Mulroney government's 1986 decision to award the CF-18 fighter maintenance contract to a Montreal firm even though a bid from Winnipeg was technically superior.

That decision helped Alberta populist Preston Manning launch the Reform party with the help of his young policy adviser Stephen Harper, leading to destruction of Mulroney's old Progressive Conservative party. The Harper government, known for putting a political spin on the most mundane government decisions and announcements, went to unusual lengths to avoid any hint of political favouritism.

Four senior bureaucrats were put in charge of evaluating the bids, but they assessed the information on a "blind" basis. In other words, the documents state that the proposals are coming from "Company A, Company B or Company C," an official said earlier this week.

The Harper government also brought in outside consultants, including the British consulting firm First Marine International, to review the capabilities of the three shipyards.

And the accounting firm KPMG was hired to ensure the selection process was fair.

jfowlie@vancouver.sun.com

poneil@postmedia.com

bmorton@vancouver.sun.com

© Copyright (c) The Vancouver Sun

Read more:

<http://www.vancouver.sun.com/business/Jubilation+greet+billion+shipbuilding+contract/5578584/story.html#ixzz1hD5fABE9>