

**The Conference
Board of Canada**

Value for Money

Economic Impact of the Halifax Shipyard
Under the National Shipbuilding Strategy



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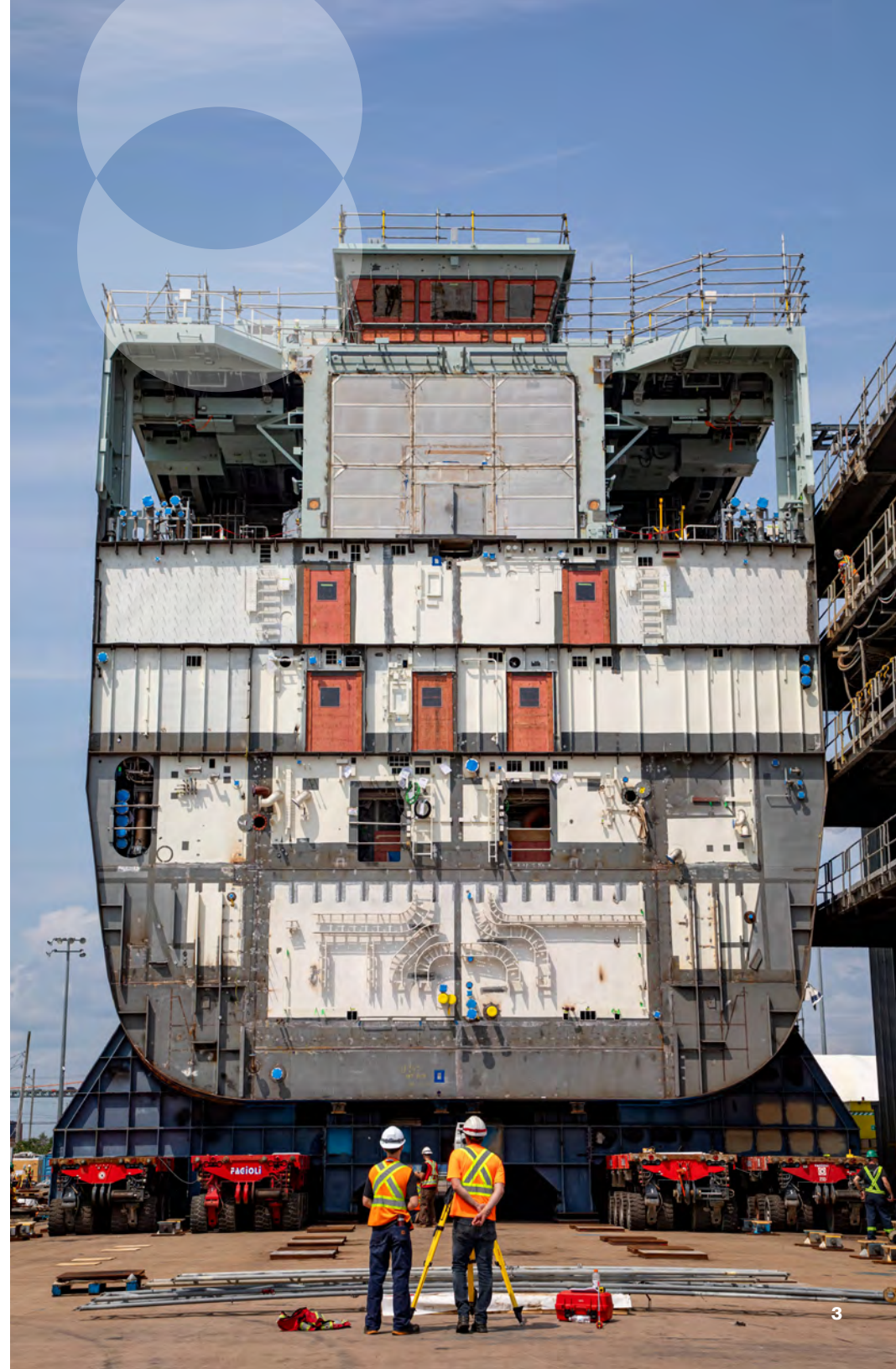
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Key findings

- The National Shipbuilding Strategy is a program to modernize Canada's fleet of combat and non-combat vessels. The combat vessels are being built at the Halifax Shipyard.
- The economic benefits of this program will impact businesses and communities across Canada.
- The project's spending in Canada over the period 2013 to 2026 is expected to add:
 - nearly **\$14.2 billion** to Canada's GDP and almost **\$6.7 billion** to Nova Scotia's GDP;
 - nearly **\$5.4 billion** to government revenues across all levels of government.
- Between 2016 and 2026, the National Shipbuilding Strategy will support an average of **9,400 full-year jobs** annually across Canada, with **4,300** located in Nova Scotia.

The National Shipbuilding Strategy is generating significant economic impact across Canada.



National Shipbuilding Strategy

The National Shipbuilding Strategy is a long-term initiative to renew Canada's existing fleet of combat and non-combat vessels.

Halifax Shipyard is building the combat vessels. This work falls under four areas:



Modernizing the Halifax Shipyard.



Renewing the navy's fleet by replacing the existing Halifax-class frigates with 15 newly built River-class destroyers (RCDs).



Building eight Arctic and Offshore Patrol Ships (AOPS).



Repairing, refitting, and maintaining the existing Halifax Class vessels until they are retired.

For more information on all of the Halifax Shipyard programs please refer to <https://www.conferenceboard.ca/product/value-for-money-the-national-shipbuilding-strategy-at-the-halifax-shipyard>

Keeping the benefits in Canada

Industrial and Technological Benefits Policy (ITB)

The Halifax Shipyard and its trusted partners adhere to the ITB Policy and invest across Canada to compensate for 100 per cent of the value of work done abroad.

Value Proposition

In addition, the Halifax Shipyard has committed to investing **0.5 per cent** of its revenue toward the domestic marine industry in three priority areas:

- human resources development
- technology development
- commercialization



The National Shipbuilding Strategy supports a local workforce



Since 2015, 3,675 employees have been hired.



688 trades apprentices were hired, and so far, 402 have graduated to become Red Seal-certified tradespeople.



95 apprentices came from under-represented groups through the Pathways Program.



Nearly 300 students from across Canada were placed in the co-op program.



\$49 million has been invested in skills training, leadership development, and safety awareness.

Overall spending—over \$12 billion through 2026

Spending commitments are with 678 organizations across Canada.

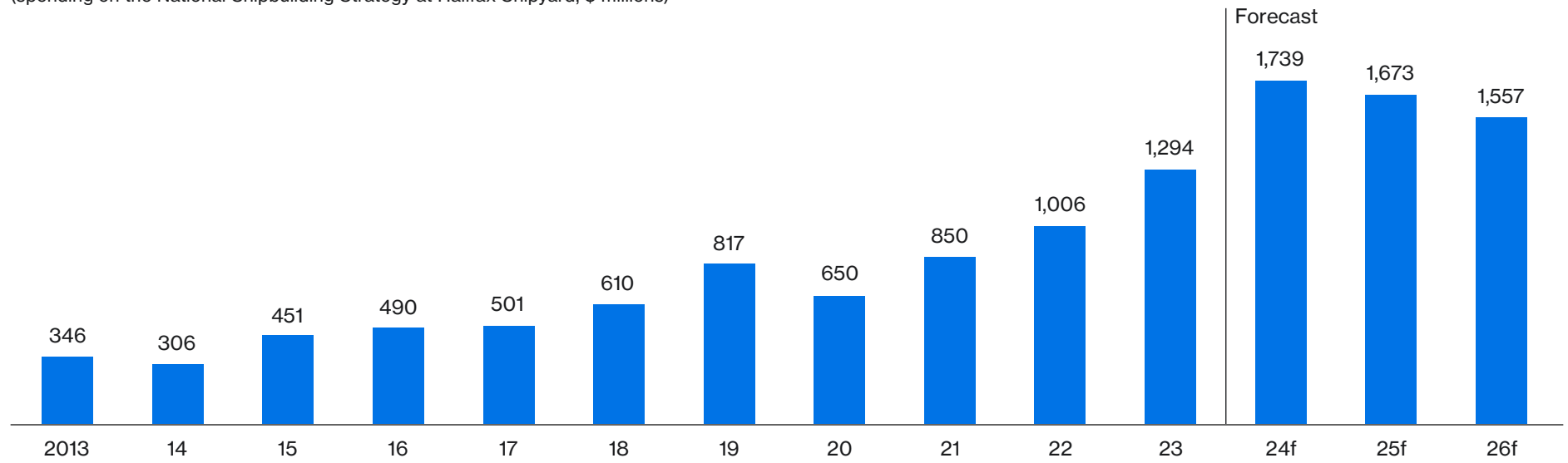


Over **\$7.3 billion** was spent on the National Shipbuilding Strategy from 2013 to the end of 2023, with nearly **\$5.0 billion** projected between 2024 and the end of 2026.

Chart 1

Spending is expected to decrease slightly as the AOPS program winds down, but this will be offset by the RCD program that will go out beyond 2050

(spending on the National Shipbuilding Strategy at Halifax Shipyard, \$ millions)



f = forecast

Sources: Halifax Shipyard; The Conference Board of Canada.

Economic impacts—employment



Almost **\$9.5 billion** in labour income to Canadians is expected to be generated between 2013 and 2026.

Between 2016 and 2026, the National Shipbuilding Strategy will support an average of **9,400** full-year jobs annually across Canada, with **4,300** located in Nova Scotia.

Chart 2

The gains in employment can be observed across industries
(share of Canada-wide jobs by sector, 2016–26)



Note: Percentages may not add up to 100 due to rounding.
Sources: Halifax Shipyard; The Conference Board of Canada.

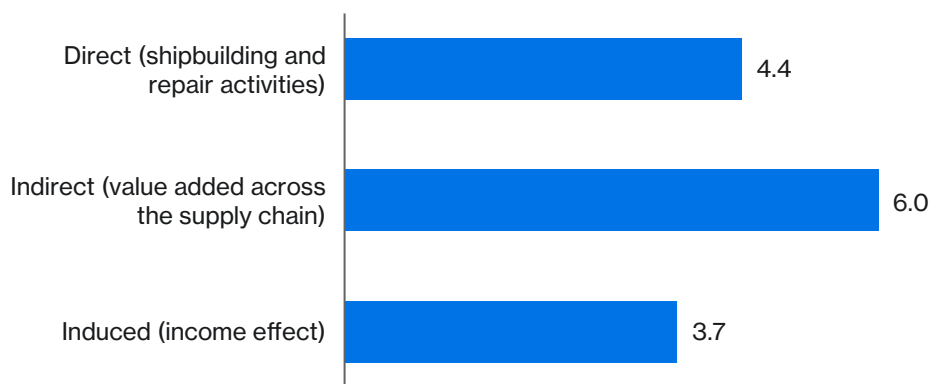
Economic impacts—GDP



Between 2013 and 2026, the programs of the National Shipbuilding Strategy at the Halifax Shipyard are projected to contribute nearly **\$14.2 billion** to Canada's GDP.

Chart 3

Total benefits of the program are bolstered by extensive supply chain and induced spending effects
(GDP contributions, \$ billions, 2013–26)



Sources: Halifax Shipyard; The Conference Board of Canada.

Supporting many sectors

The programs under way at the Halifax Shipyard will add to GDP across sectors and across all regions in Canada.

Table 1

It's not just the manufacturing sector that benefits
(GDP contributions, \$ millions, 2013–26)

Industry	Canada
Manufacturing	6,473
Professional, scientific, and technical	2,673
Finance, insurance, and real estate	1,695
Wholesale and retail trade	1,095
Other business services	908
Construction	440
Transportation and warehousing	284
Information and cultural services	254
Public sector	226
Other goods	120
Total	14,168

Sources: Halifax Shipyard; The Conference Board of Canada.

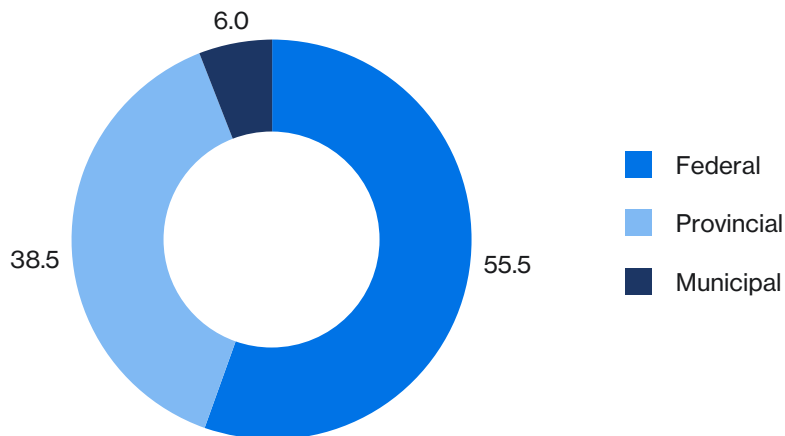
Economic impacts—government revenues



In total, nearly **\$5.4 billion** in taxes, fees, and charges are expected to be collected by all three levels of government between 2013 and 2026.

Chart 4

All three levels of government will see an increase in tax revenue (average share of total revenue collected, 2013–26, per cent)



Note: Percentages may not add up to 100 due to rounding.
Sources: Halifax Shipyard; The Conference Board of Canada.

In 2023, estimated revenues were:

- **\$380.2 million** in federal revenue
- **\$257.9 million** in provincial revenue
- **\$37.1 million** in municipal revenue

In 2026, revenues are expected to be:

- **\$360.9 million** in federal revenue
- **\$247.9 million** in provincial revenue
- **\$38.7 million** in municipal revenue

Nova Scotia's provincial government is projected to receive approximately **\$827.8 million** in revenues from 2013 to 2026.

Appendix A

Economic impact assessment methodology

The economic impact analysis quantifies the economic impacts of work at the Halifax Shipyard, but also the full supply chain across Canada. Data on the National Shipbuilding Strategy spending were provided by Halifax Shipyard.

Economic impacts were quantified using our internal model of the Canadian and provincial economies, which incorporates Statistics Canada's input-output tables. The analysis evaluates the combined direct, indirect, and induced economic impacts:

- **Direct impact** measures the value-added to the economy from the shipbuilding and repair industry that is attributed directly to the sector's employees, wages earned, and firms' profits.
- **Indirect impact** measures the value-added that the "direct impact" firms generate within the economy through their demand for intermediate inputs or other support services. For example, activity in the shipbuilding and repair industry creates demand for architectural, engineering, and related services industries.
- **Induced impacts** are derived when employees of these industries spend their earnings and owners spend their profits. These purchases lead to more employment, higher wages, and increased income and tax revenues, and can be felt across a wide range of industries.



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