

To capture opportunities presented by offshore oil and gas development, within the range of the demand situation illustrated (Table 3), a Department of Industry, Trade and Commerce supply-demand analysis suggests that the industry would have to expand 20%, excluding any expansion to permit building of the very largest vessels.

The pace of offshore oil and gas development and the willingness of project sponsors to place definite orders with shipyards have a bearing on the resolution of shipbuilding firms to expand. The innovative arctic vessels may present some difficulties for expanding existing shipyard facilities, which may best be met by new facilities. Future expansion opportunities also present increased risks relating to the technical demands of building these innovative ships and the boom-bust cycles of activity in the energy resource field.

Over the next five years, nevertheless, the Department of Industry, Trade and Commerce has estimated that \$650 million could be invested for expansion to pursue new business and \$700-800 million for new facilities, the latter depending largely on the timing of Beaufort Sea Region development. To realize expansion potential, major capital investments by Canadian shipyards would be necessary to increase capacity. Existing shipyards need to be upgraded, and at least one new shipyard needs to be developed in order to meet the large-vessel demands of arctic transportation. There is also an urgent need for ships to be designed, and prototypes to be built, in Canada.

The Committee recommends:

That immediate consideration be given to developing a Canadian large-vessel shipyard capability to supply not only all vessel requirements for arctic development but also to compete for similar undertakings abroad.

4. Northern Benefits

In our [Dome] operation, initially we started out with fewer than 100 northerners, who were essentially all in non-skilled jobs. Part of our affirmative action program was a target of getting no less than 50% of the local people into skilled jobs. We have achieved that objective, and our northern work force now approaches 400 people. It includes such categories as pilots, radio operators, secretaries, computer operators and so on. (Mr. M. Todd, Dome, Issue 21:102, 31-3-1982)

Over the past two decades, the petroleum industry has added a third dimension to the Beaufort Sea Region's economy which was previously based on resource harvesting and government.

According to a Northwest Territories Government study (*NWT Data Book*, Outcrop Ltd., 1981), over the period 1976 to 1980, Dome directly accounted for some 390 man-years of employment and \$8 million in wages and salaries in the Northwest Territories. Since Dome's base of operations is in the Beaufort Sea Region, most of the benefits would have been felt there. The company purchased some \$65 million worth of local goods and services which in turn contributed to 600 man-years of indirect employment and nearly \$12 million in wages and salaries for territorial residents. Northern business benefitted in the form of purchase orders and contracts. Similarly, Esso has provided annual employment averaging approximately 70 man-years and has also contributed \$36 million in the form of goods and services between 1978 and 1981 to the economy of the Beaufort Sea Region.