

ARHCA

2007 Chief Executive Officer's report – Gene Syvenky B Sc, MBA

To say that the road building sector continues to be very upbeat is an understatement.

Precipitated by the realization that we have severely under invested in infrastructure for the last ten years and also with the activity generated by the energy sector, commercial development and upgrader plans Alberta's capital investment potential is nearing 200 billion dollars.

This in itself is a remarkable goal but when you also consider the significant capital development occurring in the world it is no wonder that we are experiencing an economy at a pace we have never felt in the past.

This pent up demand has impacted on the ability to prioritize projects, has heightened the expectation for immediate results, has changed the supply chain curve and the costs impacting on the projects, and has even tested the notion of industry capacity to deal with these burgeoning demands. With the abundance of opportunities in parallel industries contractors are picking and choosing projects that best meet all their requirements. As an industry we have to be vigilant that we don't alienate the various levels of government we have worked very collaboratively with over the years and be very cognizant of their needs and plans for the future.

In 2007 we focused on improving the quality and content of information we provided to the membership. Specifically we originated the industry tracker vehicle so that we could provide some feel to the significant changes that are occurring in the costs of materials used in heavy construction and road building. One of the significant triggers to this costing is obviously global supply and demand but also the correlation to crude oil pricing. It is our intent to continue with this report so that we can build a reliable data base of economic information as it relates to our industry.

We also continued working on our other major strategic goal and that is the need for ensuring that the industry has access to a skilled labor force. We participated with the provincial government and other industry associations in a mission to South Korea to ascertain the potential for employing skilled workers. Some of our learning's and recommendations are:

Some changes that are required:

- Integrate more services so that the immigrant can satisfy a number of issues with one visit
- ESL – training + incentives to the employers to continue this training
- More use of interpreters (or staff with this capability) recognizing that in the years to come, global recruitment and employee transfer will become more common
- Language assistance (or interpreters) so that immigrants can comfortably enroll their children in appropriate schools
- Provide incentives for employers in industries that have marked employee shortages so that immigration of foreign workers becomes a natural part of their recruitment policy
- Encourage employers to recruit more than one employee, so that socialization of the individuals is mitigated
- Canada needs to modify its immigration policy, so that it becomes an effective tool for recruitment, rather than the hurdle it is today
- Alberta needs to allow the LMO to be managed by an industry association so that the flexibility becomes inherent to the industry

Careers: The Next Generation continues to expose high school students to our industry, and brings interested students together with ARHCA members through an internship program. This program also includes safety training on the Roadbuilders Safety Training System (RSTS), and the completion of the Road building and Heavy Construction Training Program (RHCTP). We are working with NAIT in re doing the RHCTP program so that it is now in module form & it should be available for study and application in 2008.

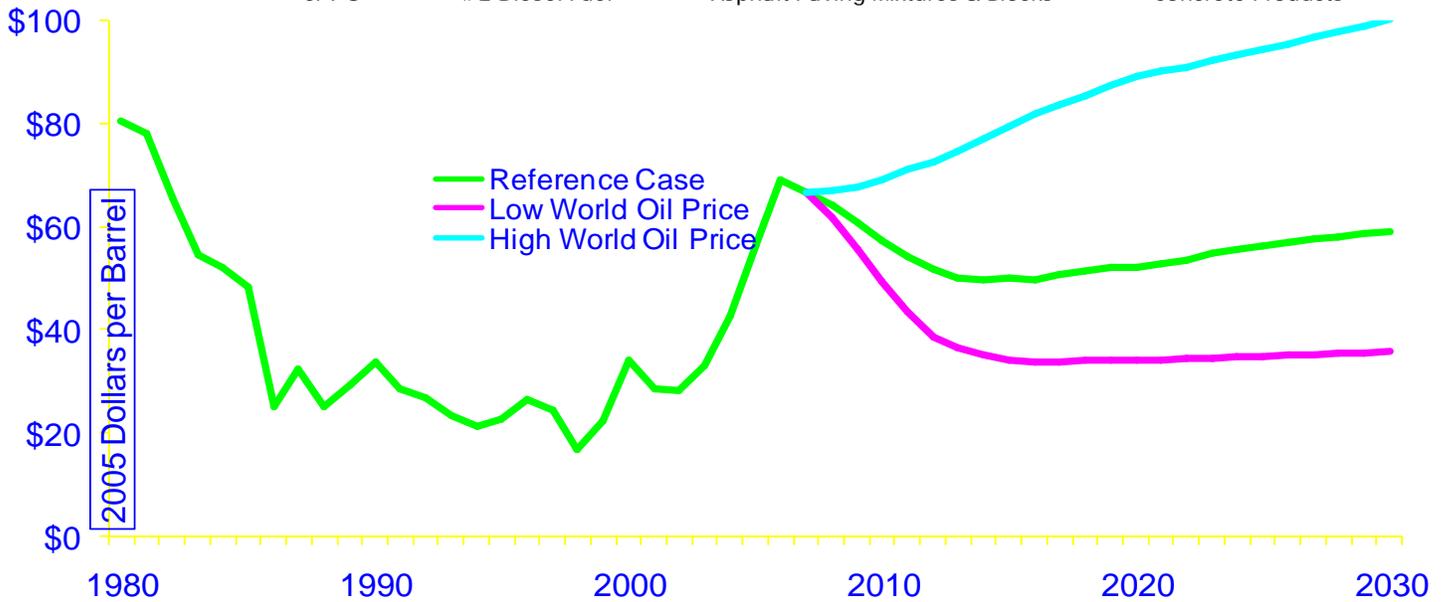
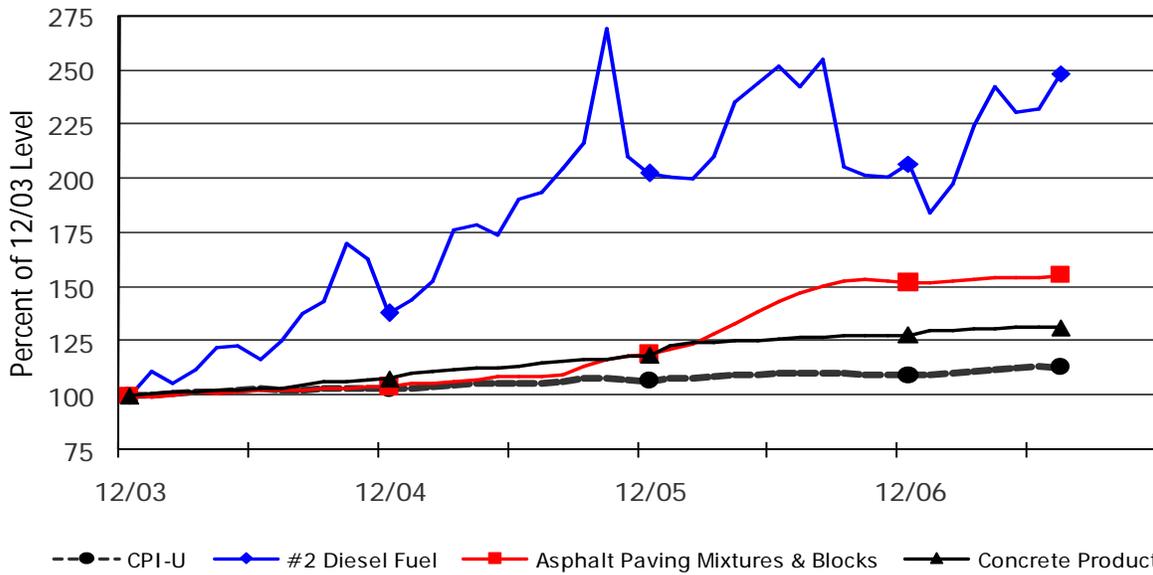
Another strategic priority for 2007 was to continue to raise the awareness of the importance of transportation infrastructure. One of our primary vehicles to address this priority is the Alberta Transportation Awareness Partnership (ATAP). This is an Alberta “membership organizations” group, each of which has a strong interest in Alberta's transportation infrastructure system. Participating organizations include: Alberta Motor Association, Alberta Urban Municipalities Association, Alberta Association of Municipal Districts and Counties, Alberta Motor Transport Association, Alberta Chambers of Commerce, Alberta Urban Development Association, Alberta Chamber of Resources, Alberta Construction Association, the Consulting Engineers of Alberta, and the Progressive Contractors Association of Canada.

A new initiative for ARHCA in 2007 was the CEO breakfasts. I travelled to a number of communities to hold informal feedback sessions with the membership. They have proven to be very popular and provide a great means of interaction and means of gaining valuable regional perspective and issues.

Another initiative the association undertook was the recruitment of a policy analyst. This position is the key to being on the forefront of anticipated regulatory and policy changes within government that may affect our industry.

The association continues to grow and gain new members as the value it creates becomes more known. Our membership numbers continue to set new records now being over 700 members!

2008 will continue to be very fast paced with a backlog of infrastructure needs, new projects, more road rehab and paving and competing commercial projects. Costs will continue to climb in correlation to the crude oil prices, but may not be a precipitous as previous years.



But as you can see from the above graph the volatility of crude oil pricing and the challenges to refining capacity that exist in the world today, it is very difficult to define and predict accurately what will happen relative to costs in construction and road building materials. At best we will monitor these trends and apprise our stakeholders and constituents on a timely basis.

We continue with our mission of providing a sound base of industry data and information for our members; and also creating a database of information that is of equal value to our stakeholders. These provide a compelling value to our membership and are one of the reasons we are seeing good membership growth.

At the end of the day our role is to ensure that everyone realizes that transportation is also an essential service!