



Western Canada Roadbuilders & Heavy Construction Association British Columbia 2013 Activity Report

ECONOMIC OUTLOOK

Economic growth in the province should gain a bit of momentum over the course of 2013. However, overall economic conditions won't feel that different from 2012 as the province's economy slowed in the latter part of the year. Consumer spending flattened out, employment growth stalled, and residential real estate activity turned down. The good news is that we are expecting some positive economic developments over the next 12 months, with a projected real GDP growth of 2.3 % exceeding last year's 1.9%.

Job growth across BC industries has been uneven. Gains were recorded in manufacturing and primary resource industries while the number of people working in construction declined. A slowdown in the provincial housing market is clearly underway. The number of homes sold (MLS) is down 25% from a year ago and the average price is off by 9%. Tighter mortgage rules, home prices, and related affordability issues are keeping some buyers out of the market.

Robust non-residential construction investment and continued strength in the transportation infrastructure and logistics sector will underpin BC's economic growth for the next two years. BC's exports also ran into a pothole patch last year but there are reasons to look for some gains in 2013. The economic outlook for China has improved in recent months, and the ongoing rebound in US home construction promises to boost BC's forestry sector.

Non-residential construction is the main area of economic strength in BC and should continue in 2013/2014. Resource industry projects, new infrastructure development, expansion of some existing infrastructure assets, and a stepped up pace of commercial development in some urban areas are all supporting higher levels of non-residential construction activity. Transportation and energy are the key areas of strength for capital spending featuring a number of liquefied natural gas projects with related pipelines and more oil and gas industry pipeline projects.

In BC, a variable that is working to temper economic growth is slower population growth. Net interprovincial migration for BC is now negative as more BCers move to Alberta as well as Saskatchewan (i.e. Geroy Simon).

The current BC government is committed to balancing the budget in 2013/2014, which signals spending restraint and most likely some revenue measures in the pre-election budget in February. The provincial election in May introduces a degree of uncertainty

around our future as the current opposition is making promises to the Unions and won't commit to supporting continued investment in strategic core infrastructure.

2012 BC ROAD BUILDERS' SIGNIFICANT ACCOMPLISHMENTS

Provincial Government

- ✓ Government recognition that infrastructure investment is critical to building a strong economy as demonstrated by Premier Clark's "Jobs Program"
- ✓ Raised P3 threshold to \$50m
- ✓ Municipal Auditor General appointed - will be able to look into municipal tendering practices
- ✓ Government support for BC One Call
- ✓ Tentative government support for recognition under Slow Down Move Over Legislation

Ministry of Transportation & Infrastructure

- ✓ Rehabilitation budget increase
- ✓ Reactivated regular Construction Sector meetings
- ✓ Major Works Contracts updated
- ✓ 75% Early Tenders
- ✓ Implementation of EPS paving specifications
- ✓ Developed SS 505 RAP use
- ✓ Maintenance contract extensions

WorkSafe BC/BC Construction Safety Alliance

- ✓ Refocus the winter preparedness campaign
- ✓ 5 Year Transition to 50/100
- ✓ Reversing for Cone Pickup
- ✓ Develop checklists of hazards for Work of Brief Duration
- ✓ WSBC developing a guide to assess their Bill 14 risk and best practices guides to prevent injury caused by Bill 14 risks and to manage Bill 14 stress claims
- ✓ WSBC developing early return-to-work scenarios to help mental stress injury workers return to work as quickly as possible

Environment & GHG Emission Reduction

- ✓ Carbon Offset Aggregation Co-op - Joint Emissions Reduction Best Practices Handbook

HR & Skilled Worker Supply Programs

- ✓ Supervisor/Foreman Self Training Guide
- ✓ Heavy Equipment Operator program update underway
- ✓ Asphalt Paving / Laydown Technician program approved

Association Operations

- ✓ Delivered quality events throughout the year

2013 BC ROAD BUILDERS' GOALS

Improve Worker Safety and Reduce Injury Costs

- Support the BC Construction Safety Alliance and work with them to reduce injury duration by developing injury management programs, best practices and “back to work” programs
- Develop worker wellness “fit to work” programs and best practices

Improve Worker Safety In Construction Zones

- Participate in the MOTI’s re-write of their “Traffic Control Manual for Work On Roadways” - ensure the BC Road Builders wording for “emergent work or work of short duration is included in the new edition
- Advocate for traffic control costs to be included in MOTI construction tenders as a “provisional sum”

Advocate for Sustained Investment in Transportation Infrastructure

- Participate with the Business Council of BC and the BC Chamber of Commerce to deliver a province-wide program “to improve the public’s economic literacy”
- Develop and distribute a “summary” of the UBC and the Canada West reports on infrastructure and economic growth
- Develop and distribute a key messages card for members’ employees that highlight the importance of investment in transportation infrastructure, growing a strong economy and protecting jobs

Improve Membership Communications and Services

- Improve communications to members and opportunities for member input to influence Association direction and goals
- Investigate education and personal development opportunities as expanded member services programs. (i.e. “Lunch & Learns”)
- Continue to find ways to provide members with access to important decision makers

Continue Activities to Develop a Skilled Workforce for our Industry

- Work with transCDA to ensure training and educational programs are producing workers with the competencies needed for our industry (include an educational section on the basics of how business works)
- Continue to work with First Nations to recruit and train their members for carriers in road and heavy construction

Build Cooperative Relationships with Industry Stakeholders

Ministry of Transportation & Infrastructure

- Advocate for: Sustained Investment in Construction, Maintenance and Rehabilitation, Limits on Day Labour projects, Inclusion in Slow Down Move Over legislation, Legislated participation in a “One Call” program

BC Hydro

- Develop a joint event (working session) to bring BC Hydro field supervisors/project managers together with construction members to discuss and become familiar with the new contract language and expectations
- Work with BC Hydro to develop short term goals for moving the new contract implementation and cultural change forward
- Start a review of BC Hydro's Tender Documents

Municipalities & Regional Districts

- Establish contact and build a relationship with Union of British Columbia Municipalities (UBCM)
- Communicate regularly with municipal & regional governments including their engineering departments
- Strengthen the BC Road Builders' relationship with the BC Public Works Association
- Strengthen the BC Road Builders' relationship with the Master Municipal Contract Documents Association
- Continuously advocate municipalities and regional districts for open tendering, contracting-out, not competing with private sector contractors, and common contract language

Federal Government

- Advocate for a strong, long term (10 yr) "Build Canada II" Infrastructure Investment Program
- Advocate for an "indexed" or increased gas tax being returned to the provinces

Other Owners

- Provincial Government Officials & MLAs, Federal Government MPs, Transportation Investment Corporation, Port Metro Vancouver, Vancouver Airport (YVR), TransLink, BC Ferries, and Railroad Corporations

BC ROAD BUILDERS' SUPPORT THE FOLLOWING CCA/CIC CURRENT ADVOCACY ISSUES

Support of a New National Long-term Infrastructure Plan

The current Building Canada Plan, is set to expire in 2014. BC Road Builders, CCA and its partner associations have requested that a new plan be developed and that the new plan be flexible, be strategic, include the maintenance and management of existing assets, promotes open and fair tendering practices and prohibits public entity construction projects (public works departments or government-owned businesses) from accessing LTIP funding.

Research and publish information on the link between infrastructure investment and economic growth

The Canada West Foundation has released a report on the link between infrastructure investment and economic growth. BC Road Builders, CCA and its partner associations must disseminate and highlight these findings.

Canadian Environmental Assessment Act

BC Road Builders, CCA and its partner associations must continue to push the Federal and Provincial governments to avoid duplicate environmental assessments and to better focus assessment resources on projects with greater environmental repercussions. The result should be more predictable and timely assessments with reduced inter-jurisdictional overlap.

CCA Looking at Incomplete Design

BC Road Builders, CCA and its partner associations will, through the CCA Standard Practices Committee, develop a discussion paper examining the causes, problems and issues associated with incomplete design documents.

Permanent Municipal GST Rebate

Make permanent the rebate of the GST paid on all municipal purchases.

Increase Gas Tax To Municipalities

Increase from \$2 billion to \$5 billion annually the amount transferred to municipalities under the Gas Tax Program.

Link Infrastructure Funding and Productivity

Further research and publish the links between infrastructure funding and productivity.

Job Creation Tax Credit

Make the credit offered in the Apprenticeship Job Creation Tax Credit a true incentive.

Increase the Capital Cost Allowance Rate

Increase the capital cost allowance rate for equipment, to 50 per cent and depreciable on a straight-line basis.

Tax deferral on Sale of Investment Properties

Permit tax deferral of capital gains on the sale of investment properties if the proceeds are re-invested.

Innovative Infrastructure Funding

Work on developing new innovative ways to fund public infrastructure.

Tendering Best Practices

Develop a list of standard tendering best practices & a standard documents marketing program for use by Association Partners.

Communications & Partnership

Work with and through partner associations to strengthen effectiveness of communications to members. Enhance the relationship with partner associations by enhancing communications of partner association executives and boards and by strengthening COO participation in CCA direction.

Membership Retention

Coordinate membership drive with partner associations. Work with COOs to develop and share best recruiting and retention practices and successful programs.

Advanced Business Practices

Communicate new business trends and help partner associations advance new business practices.

Operations/Capacity

Freeze membership dues and increase non-dues revenues.

Hours of Service

BC Strategy - push for new definition of national carrier. E.g. more than 25% of trips must be out of province.

Electronic On-Board Recorders

BC Road Builders, CCA and its partner associations must advocate the position that EOBRs should be introduced gradually and that short-haul carriers should be given until 2020 to comply.

Canadian Infrastructure Report Card

BC Road Builders, CCA and its partner associations should support the next iteration of the Report Card that will likely be published in the fall of 2014 and may include data covering additional asset classes, such as bridges, overpasses, public transit and other municipal assets.

Public Sector Incursions into the Private Sector Construction Market

BC Road Builders, CCA and its partner associations must work together to produce an information piece for elected municipal councillors to help them ask the right questions when staff are proposing city crews do construction work.