Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA)
"Committed advocate for economic and industry growth."

2014 Year in Review Reports

Dwayne Berlando, P.GSC.,
2014 WCR&HCA Chair

2014 Year in Review Reports

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WCRHCA
WESTERN CANADA ROADBUILDERS & HEAVY CONSTRUCTION ASSOCIATION

Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA)
"Committed advocate for economic and industry growth."
2014 Year in Review WCR&HCA Chair's Report

As outgoing Chair, I am very pleased to submit the *2014 Year in Review* report of the activities of the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA)[1].

WCR&HCA PRIORITIES FOR 2014

The WCR&HCA is respectful of the challenges, both fiscal and political, that face national, provincial and municipal governments.

It strives to advocate the need for sustained and strategic investment in public infrastructure and its linkages to economic growth. Its priorities centre around our mission being a *'committed advocate for economic and industry growth.'*

Keeping the above in mind, the WCR&HCA priorities for 2014 were as follows:

1. Continue to advocate linkages between sustained and strategic infrastructure investment and the nation's economic health and social well-being;

2. Support the development of a report by the Canada West Foundation (CWF) which addresses strategic infrastructure investment approaches to grow municipal economies within large urban centres such as those represented by the Big Cities Mayors' Caucus cities.

3. Establish ongoing relationship and presence between the WCR&HCA, the Provincial Municipal Associations and Western Big City Mayors' Caucus to explore all aspects of sustained and predictable infrastructure investment strategies.

4. Advocate the principles underpinning the New West Partnership which support inter-provincial cooperation on economic development, as worthy of application in the context of strategic infrastructure investment approaches.

5. Encourage the Canadian Construction Association (CCA) to develop an *Indigenous Peoples Best Practices Guideline*. Its purposewould be to establish benchmark best practices which in a transparent manner, truly assist Canada's Indigenous peoples meaningful entry into mainstream construction industry commerce in ways, means, and with practices which focus on objective, deliverable engagement and community benefits.

Those benefitswould include but not be limited to: education & training, mentoring, hiring practices, cultural awareness, business development, joint venturing, partnering, contract language and related.

The existing practices do not achieve but rather often mask through public announcementscontinued failure to achieve results and prolong dependence which is ultimately to community, country and industry disadvantage.

[1] See background information about the WCR&HCA at the end of this report.

6. With respect to the Annual WCR&HCA Conventions -- *'Where the West Meets'* -- the most important priority is to continue approaches to attract more contractors and further expand the business program.

OUTCOMES

The WCR&HCA speaking for the four western provinces, is successful because it networks first amongst the four western heavy civil associations to try to ensure a consistent message is developed, shared and supported from western Canada.

The priorities, views and positions are then advanced through the collaborative efforts at the Canadian Construction Association (CCA).

Such is the case with most of the 2014 priorities.

The CCA messages associated with infrastructure have changed to reference benefit to the economy because of the work of the four member associations in the WCR&HCA. And make no mistake, that change in messaging has resonated not only federally, the principle area of WCR&HCA activity, but provincially and increasingly so at the municipal level.

The Canada West Foundation reports initiated by efforts of the WCR&HCA: February 2012 *'At the Intersection'* and November 2014 *'Building on Advantage: Improving Canada's trade infrastructure'*, collectively speak not only to the benefits of infrastructure investment in terms of fuelling growth, but now advance the linkages between trade enabling infrastructure investment and economic growth.

A third report currently being researched by the Mowat Centre for Public Policy, is also an outcome of successful, work through the WCR&HCA. This third and last in a series of reports, will focus on identifying ways and means of harmonizing federal, provincial and municipal investment policies in trade enabling infrastructure.

The rational is quite simple. Without a growing expanding economy, generating investment, jobs and new opportunities, there will be no revenue capacity for governments upon which to fund our cherished quality of life programs.

Aboriginal Engagement is another important area of national policy which will have an effect on provincial and municipal practices.

The WCR&HCA was instrumental in convincing the CCA to fund the research and writing of an Aboriginal Engagement Best Practices Guide. Engagement was strategically inserted into this effort. It has a far deeper and more profound meaning than 'procurement.' Engagement is what is required.

The task force will attempt to ensure from the outset of its work that key Aboriginal subject matter experts are engaged to ensure that the product is written through the eyes and perspectives of both the Aboriginal and main stream commerce perspective to have any effect. Is there a one size fits all? No, but this is an important step which will assist the CCA, its member associations, contractors, the provinces and communities across Canada to engage in a far more instrumental discussion than what now currently exists.

Relationships with municipal governments are key. They are important partners in the process of developing long term sustained and strategic investments in municipal infrastructure. The two reports plus the awaited third to which reference was made earlier, are key instruments which are and will continue to help influence and shape discussion with the municipal governments across Canada.

There is an emerging recognition that infrastructure should not be fixed just for the sake of fixing it, but that there should be underlying principles associated with these investments. That is the type and nature of relationship which the WCR&HCA is and will be striving to advance with municipal governments across western Canada and Canada through our participation in both the WCR&HCA and CCA.

This is and will be a long process, but the WCR&HCA and CCA by extension are best positioned to influence its development.

The above highlights just some areas of priority attention.

WCR&HCA CONVENTIONS

One area which slips under the radar all too often, is the value and importance of the WCR&HCA Conventions.

Held annually within the first two weeks of February, these are very important opportunities not only to hear keynote speakers, attend great business sessions, be entertained and entertain, but they are venues of networking, connection, an important opportunity to discus and advance what industry supports going forward.

We have created a permanent convention committee with representation from each province to ensure consistency. We are soon going to be able to announce three to four years out where they will be hosted.

The 2015 convention has presented some *'once in a lifetime'* unforeseeable challenges with which we had to deal. While initially we were going to Cabo San Lucas, Mexico, the hurricanes of September 2014 destroyed much of Cabo including the host hotel. So in mid October 2014 we had to regroup, find and contract with a new location. Remarkably, within a four (4) week period we did - the *Hapuna Beach Prince Resort* on the Big Island of Hawaii.

A special message to contractors....our suppliers are very generous in their sponsorship of these conventions. These conventions are key to enabling our ongoing advocacy success. The suppliers expect contractors to attend.

Heed the call, recognize the importance of the WCR&HCA and these conventions and attend.

CONCLUSION

At the end of the day, *without contractors and suppliers* supporting a contractor driven organization, our capacity to shape, lead, influence, direct the evolution and shaping of public policy, which recognizes the imperative linkages between investment in infrastructure and our economic and social well being, will be lost.

We urge all contractors and suppliers to reflect, remember and be mindful of the simple fact, that influential associations such as the WCR&HCA and its four member associations, representing industry, advocating policies consistent with the public's best interests, have materially shaped emerging, ever more buoyant infrastructure budgets. Budgets developed not just for the sake of budgets, but to support sound public policy underpinned by recognition that growing the economy is job one, which enables all else.

I wish to conclude by expressing my sincere thanks to the Board and the four member associations of the WCR&HCA for their support of our collective mission, and for the privilege of having chaired our Board.

Thank you!

Dwayne Berlando, P.GSC.
2014 WCR&HCA Chair

WCR&HCA BACKGROUND

INTRODUCTION - WHO ARE WE

Founded in 1943 in Regina, Saskatchewan, the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA) headquartered in Winnipeg since 1995, consists of four member associations which represent Western Canada's heavy construction and related industries. The members are:

- Manitoba Heavy Construction Association (MHCA)
- Saskatchewan Heavy Construction Association (SHCA)
- Alberta Roadbuilders & Heavy Construction Association (ARHCA)
- British Columbia Roadbuilders & Heavy Construction Association (BCRB&HCA)

OUR MISSION STATEMENT

The WCR&HCA mission is to advocate the need for strategic investments in Canada's core infrastructure and transportation networks to help grow Canada's economy.

Its work is guided by the WCR&HCA mission statement: *"Committed advocate for economic and industry growth."*

OUR STRUCTURE & AFFILIATIONS

The WCR&HCA is governed by a Board of Directors made up of two Directors and the Chief Operating Officers from each of the four member associations. The Chairman position transitions *'westward'* annually by province.

The WCR&HCA and its members network and advocate broadly with key public and private stakeholders, the media, public and governments in western Canada and nationally.

In particular we are active within the Canadian Construction Association (CCA) including its Board, the CCA Civil Infrastructure Council (*the national lobby arm of our activities*), the CCA Business Development & Marketing, and Industry Regulatory & Advocacy Affairs Committee.

For more information about your association visit the WCR&HCA website at: http://www.wcrhca.org

BC ROADBUILDERS AND HEAVY CONSTRUCTION ASSOCIATION
YEAR END REPORT
January 2015

The big news for 2014 is the value of all "major" capital projects that are planned or underway in BC sits at a whopping $344 billion.

As part of the $344 billion projects with some residential component is approximately $60 billion. Also part of the $344 billion, the estimate for LNG plants and related pipe lines is just over #90 billion and Mining projects approximately $40 billion.

There is little activity in manufacturing projects with the exception of the Rio Tinto Kitimat Smelter Project, already underway, valued at $4.8 billion.

The BC Liberal Government has now approved the construction of a third dam on the Peace River "Site C". This 8 billion dollar project is to start in July or August is expected to create 10,000 direct construction jobs. This announcement boosts BC Hydro's aggressive capital spending program to over $21 billion.

Some of the major projects may ultimately not proceed and the capital spending program for 2015 will be muted due to the 2016 start dates of many of the listed projects. Also muting 2015 is the soft global economy and week commodity markets although these are offset somewhat by a week Canadian dollar. The fact is that we would find it impossible to manage if all the planned construction were to go ahead in 2015 and hope that the construction will get spread out over the next 10 years

In BC the future is full of opportunity

After six years the BC Road Builders have been successful in getting government to include roadside workers in the "Slow Down / Move Over" legislation. This legislation requires motorists to reduce speed and if on a multilane road, to move to the far lane when passing stopped vehicles with flashing red, blue or yellow lights.

Silica dust exposure has become a hot issue with our Workers Compensation Board. Working with WorkSafe BC and our construction safety association BC Road Builders have gotten a 1 year delay in the implementation and enforcement of the new regulations that would require testing for silica dust before conducting any operations that may lead to silica dust exposure. We will use the one year moratorium to develop a catalogue of common operations that may cause silica dust to be released with a description of the best practices that can be used to mitigate any negative effects on our workers.

The overall "Injury Rate" for the heavy civil sector continues to fall, the cost driver today is "Injury Duration" a cost to our members that has doubled in the last ten years. This may be a common issue that we may be able to work on together.

BC is still advocating for legislated "One Call" and are somewhat pleased with the Senate Committee's "Digging Safely" report.

A developing challenge involves acquiring "social license" to move forward with new projects. Nimbys, so-called environmentalists, and anti-change crusaders are effectively using social media and the courts to put the brakes on any new development, big and small. Efficient modern core infrastructure is the foundation for building a strong economy, without a strong and growing economy governments will be unable to deliver the important services such as healthcare, education and the critical social services we need and demand.

The BC Government is going to put in place regulations that will require businesses, bidding on capital projects, to hire apprentices. We have been able to mitigate the damage that quotas would cause by agreeing that the apprenticeship requirements would apply only to projects over $15 million and companies with more than 20 employees. Also the apprentice(s) need only be working for the company not necessarily on a specific project.

BC Road Builders were concerned about an impending shortage of skilled workers, but with the price of oil dropping, slowing down in oil-sands expansion there will most likely be a delay any pending shortage.

BC Road Builders, for the first time, got involved in Municipal elections with letters, pamphlets and radio ads urging voters to vote for candidates who support sustained investment in core infrastructure. We tried to help the public connect the dots between efficient infrastructure and economic growth and the government's ability to fund healthcare, education and social services.

Privilege Clauses and Municipalities Self-performing work remain a strong concern to BC Road Builders members.

The BC Road Builders and Heavy Construction Association had a strong year with record high turnouts at all our events.

In January the Board held their annual planning retreat and the Report on our GOALS and GOVERNMENT ASKS will be available at the conference

Kevin Higgins, BCRB&HCA Maintenance Director, WCR&HCA Board Representative
Stan Weismiller, BCRB&HCA Past Chair, WCR&HCA Board Representative
Jack W. Davidson, President BCRB&HCA

BC Road Builders and Heavy Construction Association

2014 Chief Executive Officer's report – Gene Syvenky B Sc, MBA

As the chill of winter hits us in the face every morning, the highway maintenance sector is already prepared to ensure that everyone's winter travels are safe and sound. Even as the season is winding down, the industry has its eye on 2015 already. Will the GOA maintain its budget for rehab of $265 million? Will the preponderance of attention to the declining quality of infrastructure and the realization that continual underinvestment in maintenance is a bad thing finally resonate with political leaders?

The political landscape in Alberta may be a little more stable now with the PC's choosing a new leader, who quickly announced a slate of Ministers, and ultimately won 4 by-elections to bring these folks into the house. This has since been followed by a massive defection from the Wildrose once again putting the ruling PC's in firm control of the legislature.

In fact, one might posit that since Jim Prentice took responsibility of Premier the political moves coming from that office seem to have dampened the amount of verbal rhetoric and inventory of mud available for use by opposition parties and the media. Perhaps as a province we can now focus on the economic challenges presented by declining energy prices, escalating populace demands, and the rising costs of maintaining the level of healthcare in the Province. We have a population growth in Alberta over 3%, and the infrastructure requirements for this increase in population is staggering. In fact, these population increases are equal to a city the size of the metro area of Red Deer, on an annual basis. This requires a plan for investing in infrastructure, a review of funding models and requirements, and ultimately some tough decisions relative to good governance versus good politics.

CPI in Alberta at the end of October 2014 was 3.0%, a result primarily of rising costs of fresh meat, fruit and vegetables, and surging natural gas prices. In the last 60 days crude oil has declined to $48.00, the GOA is predicting huge budget difficulties, and the overall mood of the business community is now one of concern and caution. You know you're not in Kansas Toto, when you hear politicians discussing sales tax, modifying the flat tax regime and potential cutbacks to service programs (In Alberta!). Will the GOA finally make decisions to mitigate the cyclicality of resource revenues? Or is this just Groundhog Day?

The Canadian View

Consumer price inflation sat at 2.0% at the close of November. While most of the developed world is concerned about a slowdown in inflation following the recent collapse in global commodity prices, particularly oil, Canada is in the unfamiliar position of exceeding its inflation target. Consumer prices accelerated across the board in October, with the quickest growth in shelter (supported by a 20% rise in natural gas prices) and food (driven up by higher prices for meat). Gas prices have dropped significantly since October.

Nevertheless, inflationary compression should dissipate in the coming months as poorer global oil prices reduce transport and winter heating costs. To supplement, there is little indication of the economy overheating; the BOC governor, Stephen Poloz, said in a recent speech that it will take "around two years" before Canada's output disparity closes and its economy is back to operating at full capacity.

The most recent economic data seem to support Mr. Poloz's claims. Real GDP languished in July and tightened in August. There are, however, some signs that the economy is set for a more robust run in the coming months. The unemployment rate dropped from 7.1% in June to 6.5% in October. Meanwhile, US demand for Canadian exports will be heightened by the exceptional performance from south of the border (and by the depreciation of the Canadian dollar against the US currency), and lower oil prices will soon permit greater household discretionary spending. The unemployment picture in Canada has been exacerbated by the announcement of the closure of all the Target stores in Canada, putting around 18,000 people out of work.

The BOC remains assured that there is still abundant slack in the economy and, at the start of November, Mr. Poloz said that be considers low inflation would be more problematic for policymakers than high prices. There is no indication that the acceleration in inflation will spur the BOC to lift interest rates any sooner than previously expected.

The Canadian dollar (CAD) is currently around 0.83 USD.

The World View

According to the Intelligence Unit of the Economist, reasons for optimism about the outlook for the global economy remain scarce and fleeting as 2015 begins, with considerable downside risks involving most of the world's largest economies. Only in the US and the UK, among developed nations, does the path of economic recovery feel firm under foot, following a harrowing month in Japan and additional poor data from Europe. The Economist Intelligence Unit anticipates the divergence between the US and the UK and the rest to become more conspicuous in 2015‑16, once the Federal Reserve and the Bank of England begin to raise interest rates, while the Bank of Japan and the European Central Bank (ECB) continue to run ultra-loose monetary policies.

Evolving markets are performing better than Europe and Japan, but have their own sets of worries. China remains a global star, but the government is trying to squash the froth from the financial system without causing growth to slow too much. Over-regulation and meddlesome economic policies have crippled Brazil, and Russia, already weakened by Ukraine-inspired sanctions, will almost certainly face recession because of falling oil prices. India's new pro-business government is off to a slow start. Most of the rest of the emerging world is struggling to increase exports because of weak demand from Europe and China. (EIU, 2014).

Global growth in 2015 should receive some support from the substantial decline in the international oil price since mid-2014, which has seen dated Brent Blend fall from US$105‑110/barrel to $50 USD a barrel.

The US continues to be contentedly the best-performing of the advanced economies. Real GDP grew by 3.5% in the third quarter, after growing at a blistering rate of 4.6% in the second. Employers have created more than 200,000 jobs in each of the last ten months, which is proving a catalyst for other improvements: consumer spending is nearly 70% of US GDP, so when more jobs are created, more income is available to be spent. This in turn gives businesses the confidence to invest and leads to more hiring. Consequently, consumer confidence in November was at its highest level since 2007, and applications for unemployment benefits are at multi-year lows. Federal, state and local governments, which spent little during the depths of the slowdown, are allocating money again for roads, schools and defence (EIU, 2014).

Europe, by contrast, remains the sick man of the global economy. The ECB cut its main interest rate in September and began an asset-purchase program - measures that could help the economy around the edges but will not be game-changers. The Eurozone grew by 0.2% quarter on quarter in July-September, narrowly avoiding recession. Europe's banking system is on the slow road to recovery, but lending is still falling in annual terms. Debt levels remain high, budgets are strained and the political mood is sour almost everywhere. The Russia-Ukraine crisis has badly damaged investor sentiment in northern Europe, which has drained some of the life out of the German economy (EIU, 2014).

Recent economic indicators in Japan have been rather dismal. The economy shrank by 0.4% quarter on quarter in the third quarter, extending a slump generated by a rise in the consumption tax. Real GDP growth in China slowed fractionally in the third quarter, to 7.3% year on year, from 7.5% in the second. This meant that average growth for the first three quarters of 2014 was 7.4%, in line with the government's target of growth of "around 7.5%" for the year. Importantly, the economy has not reached this level autonomously. After a mildly disappointing first quarter, the government unveiled a series of "mini-stimulus" policies, such as additional spending on social housing and a minor loosening of monetary policy in order to meet its target.

The Indian economy looks more robust now than it did a year ago, when it was buffeted by capital flight and a collapse in the rupee. At 5.7% year on year on a factor-cost basis, growth in April-June was the fastest for nine quarters, albeit still poor by pre-global crisis standards. It’s expected a revival of large infrastructure projects to contribute to GDP growth of 6% in 2014/15 (EIU, 2014).

The Ukraine crisis dominates the outlook for the Transition region, hitting investor sentiment and consumer confidence. Western sanctions imposed on Russia have weakened that country's sluggish economy. It is estimated that Russia will grow by just 0.4% in 2014, and, as it accounts for one-half of the region's GDP, this will depress the aggregate. Despite the ceasefire and peace plan agreed by Ukraine and pro-Russian separatists in September, the most likely outcome in eastern Ukraine is a "frozen" conflict. Under this scenario, the Ukrainian economy will experience only a weak recovery in 2015, Russia’s economy will contract, hit by lower oil prices and foreign sanctions, and growth will limp to 1.5% in 2015, from an estimated 1.1% in 2014.

Latin America experienced another year of sub-par growth in 2014, slowing to 1.4% from 2.6% in 2013. The regional aggregate is being held down by Brazil, the region's largest economy, where growth of just 0.4% is expected for the full year, and only a modest rise, to 1.4%, in 2015.

Political unrest and violence will continue to undermine growth in the Middle East and North Africa, but 2015 might prove a better year than 2014, despite the decline in oil prices. Elsewhere, the non-oil sectors of the UAE and Qatar are showing strength and will help to support regional investments.

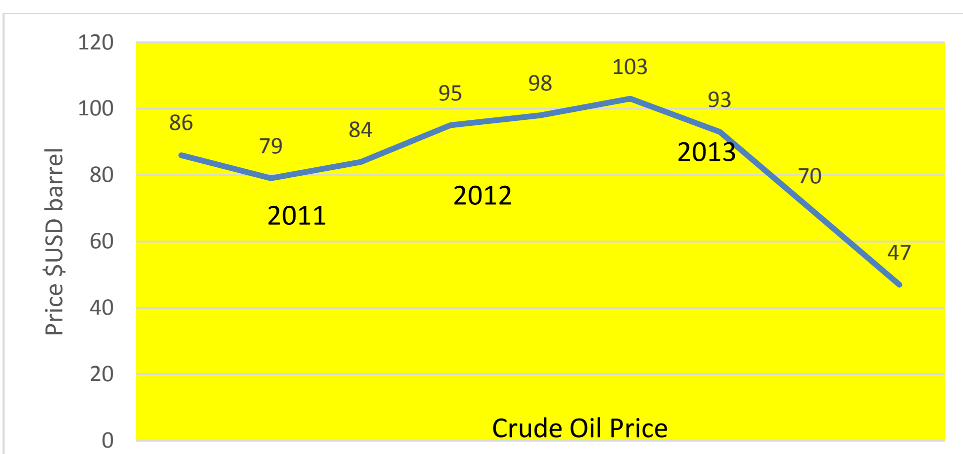
The US dollar continues to soar against almost every currency, the result of surging US growth, the end of the Fed's quantitative easing programme and softness in other economies. The nominal trade-weighted value of the US dollar has climbed by 6% since July to its highest level since April 2009. Meanwhile, the euro has depreciated by 10% against the dollar since May, reflecting the very different outlooks for the two economies. The euro zone is growing, but only just, and the ECB has introduced a series of measures to loosen monetary policy and fight deflation.

Workforce Issues

The issue of future workforce in Alberta is going to become a significant hurdle for economic activity in the near future. This has been somewhat delayed by baby boomers hanging on for a few more years, but within the next 18 to 24 months even this labor pool will be dry.

The workforce shortages for Alberta while near and dear to every business heart in the province pale when the topic reaches a national discussion. The political view of this problem is very regional, and given all the press relative to TFW's, this will not be an acceptable option for business either. The challenge for the government will be how they can incent people to leave Ontario and Quebec and move west to where the jobs are.

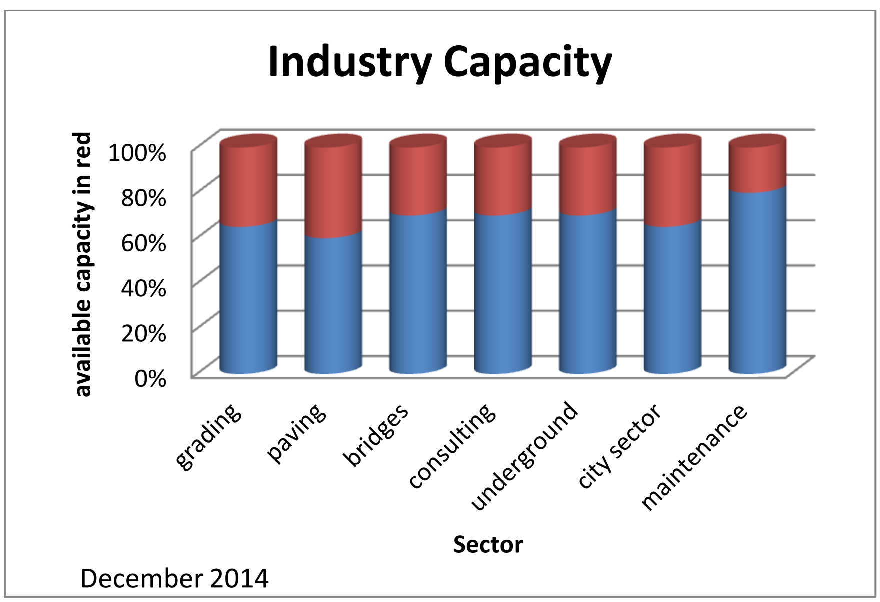
The unemployment picture in Canada has been exacerbated by the announcement of the closure of all the Target stores in Canada, putting around 18,000 people out of work. This is in addition to some of the recent layoff announcements from the energy sector, especially contractors providing service, exploration and distribution services.

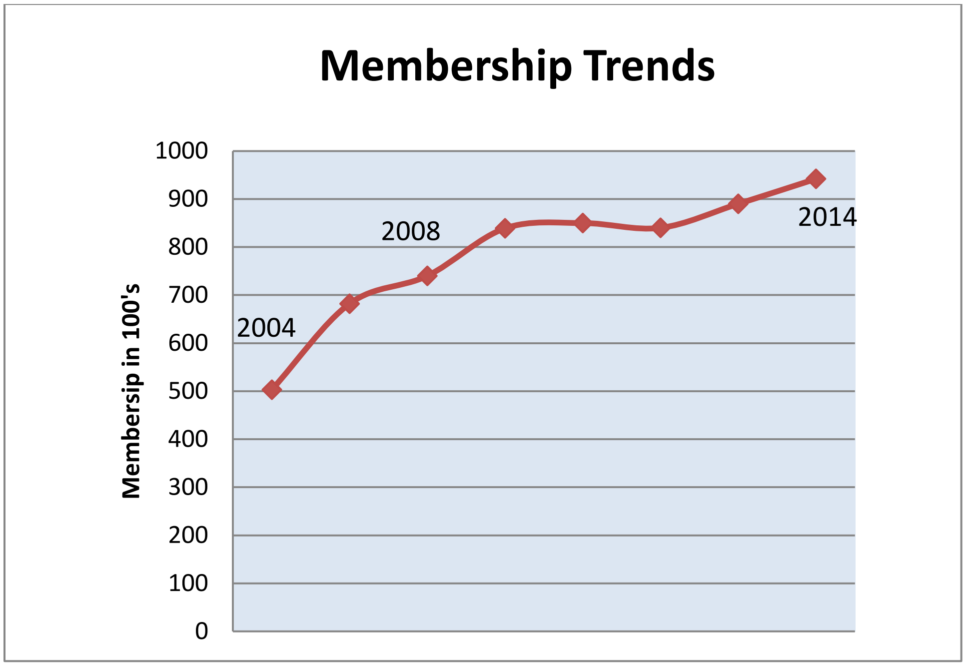


Transportation Infrastructure Debt in Alberta

A significant initiative over the last year was the development of a white paper dealing with the issue of transportation infrastructure debt in Alberta. The white paper was distributed to all the MLA's, mayors and reeves in the province, as well as our stakeholders. Key findings in the white paper:

- The transportation infrastructure debt in the province of Alberta today is somewhere between $2 billion and $16 billion.
- Governments generally in Canada spend 16% of the total investment in transportation on rehab and maintenance
- 80% of all traffic - human, freight and other is by road
- Governments need to do a better job of managing these assets, and in fact even having an asset management program
- Governments need to look at investments in transportation infrastructure as economic decisions
- Alberta has over 225,000 km in roads and highways, some paved and significant amount in gravel
- Is transportation a public good, like health care and education from which we all benefit and for which we all ought to pay, or is it a market commodity, something that we ought to pay for based on how much we consume, like electricity (Ryan, 2012)? That question has profound philosophical implications about how we fund transportation infrastructure because there are only two ways to pay for it. We can fund it from the revenues generated by taxes, or we can charge user fees. There is no magic.





Our membership continues to make us the pre-eminent roadbuilder association in Canada. Our goal is to ensure that we keep our fees lower than other roadbuilder associations, and grow our membership by providing timely information and services. An example of information available to member companies is the Industry Trend Watch, a quarterly blend of economic data, construction trends, and input costs as they relate to the industry

All of this support allows ARHCA to be the singular voice of the heavy civil construction industry in Alberta. Our responsibility is to provide a means for our member companies to acquire the knowledge and skills so that they can plan for the uncertainties we all face, by providing strategic and timely information.

Respectfully submitted,

Gene Syvenky B Sc, MBA
ARHCA Chief Executive Officer

SHCA Saskatchewan Heavy Construction Association

Annual Report to Western Canadian Roadbuilders & Heavy Construction Association
Hapuna Prince Hotel, Kona,Hawaii, February 12, 2015

2014 was a year of ups and downs for the members of the Saskatchewan Heavy Construction Association. Members were once again afforded the benefit of working within the country's strongest economy however, what started out as a banner year for construction soon disappeared as we encountered yet another season of record flooding.

The provincial picture saw employment grow by 15,300 jobs (2.8 percent) in the first 11 months of 2014, of those 15,000 jobs 3500 can be attributed to the construction sector. We posted the lowest unemployment rate in the country for two consecutive years, which can be attributed to Saskatchewan's large and diverse resource sector. The manufacturing sector continues to hold strong, so much so the Saskatchewan Ministry of the Economy is investing $500,000 to establish a Manufacturing Center of Excellence. The main focus of the center will be productivity improvement, innovation and workforce development.

Our year kicked off nicely in the spring when the Ministry of Highways and Infrastructure's 2014-15 Budget announced a budget total of $664.5 million to build, maintain and operate Saskatchewan's infrastructure, an increase of about 88.5 million from 2013.

The budget highlights included repaving of 300 km of highway and renewing bridges and culverts; equipment; accommodations and, other minor capital projects; and $31.4 million allocated for partnership programs including $25.5 million for the Municipal Roads for the Economy program.

In September 2014, the Ministry of Highways and Infrastructure released the first round of the 2015 highway projects that were set to include approximately 80 contracts ready to begin this spring, however, the recent fall in oil prices now has the provincial government warning of cut backs, a hiring freeze and a hold on tendering any projects prior to approval. The province has also indicated they may take a look at re-evaluating the revenue sharing agreement they currently have in place with municipalities. Saskatchewan municipalities were set to receive approximately $247 million in revenue sharing dollars for their municipal infrastructure projects, so to nobody's surprise we are once again faced with the realty of being a resource based economy and subjected to the government budgeting cycle leaving SHCA members unable to plan for the coming 2015 season.

In the early spring of 2014 CBC News Saskatchewan released a story highlighting the growing percentage of government projects not being completed by the contracted completion date. This news story sparked debate inside the provincial legislature about the industry's capacity to get work done and brought to light the larger issue of the government's outdated policies, lack of internal capacity to properly manage their projects and the inexperience of engineering companies contracted to represent the owner. The result was a new minister and the establishment of a tri-party steering committee comprised of SHCA members, Ministry of Highways and Infrastructure Senior Executive Staff (including representation from the Minister's office), and the Association of Consulting Engineers of Saskatchewan.

This Tri-Party steering committee will be tasked with addressing concerns regarding project design, contract administration and enforcement, dispute resolution, tender scheduling and payments.
In June of 2014 the government of Saskatchewan expanded its crown organization SaskBuilds charged with procuring P3 projects to include a division called "Priority Saskatchewan. Priority Saskatchewan was created in response to Saskatchewan businesses push back of the New West Partnership agreement. Priority Saskatchewan will be responsible for ensuring Saskatchewan businesses are being treated fairly when bidding on government and Crown contracts.

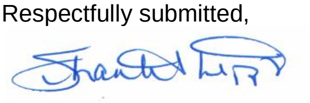
The province's first horizontal P3 project – The East Regina Bypass moved into the (Request for Proposal) stage in August of 2014. Three teams were chosen, and they are: Queen City Infrastructure Group, Wascana Development Partners and SaskLink Global Transportation. The teams were given approximately a year to submit their proposals, and construction is expected to begin in the summer of 2015 with a completion date slated for the fall of 2018. The Regina Bypass project is being built to include 40 kilometers of four-lane highway, more than 10 overpasses for service roads, and twinning of five kilometers between Highway 6 and the new bypass, and is the largest construction project the province has ever seen.

In December 2014, a task force on Northern Business Development produced a report presenting twelve recommendations to government aimed at finding creative solutions to accelerate northern Saskatchewan's economic and social development. The northern arm of the province has immense untapped potential the recommendations brought forward include increased efforts for energy efficiency, better monitoring and evaluation of ice-road closures (to reduce transportation costs and expand business opportunities), increased development of all weather roads in the north, expansion of career opportunities, and a review of the northern electricity rate code. In the coming months the SHCA will be working with the Saskatchewan Chamber of Commerce and other partners of the report to lobby for an expansion of road construction to the north.

At the association level, we have had another successful year. Membership continues to remain steady at 210 members. In the spring of 2014 we resurrected our urban and rural infrastructure working committees, since that time both committees have been busy dealing with a variety of municipal infrastructure issues. One of our recent challenges has been with the City of Regina wanting to compete with the SHCA members by producing and selling their own asphalt and other recycled materials.

Our social media page and publications continue to be tools in helping us voice the value of the industry. In the coming months we will also be looking at several potential affinity programs that will provide additional value to the SHCA members.

Respectfully submitted,



Shantel Lipp, President
Saskatchewan Heavy Construction Association

MANITOBA HEAVY CONSTRUCTION ASSOCIATION
Groundbreaking

MHCA Year in Review 2014

The below provides a highlight summary of 2014 MHCA activities and projected priorities for 2015.

Municipal Infrastructure Investment Strategy

After the fall 2014 decision to increase Manitoba's PST from 7% to 8%, the Manitoba Heavy Construction Association (MHCA) played a key role in encouraging the provincial government to allocate all of the PST increase revenue into strategic and sustained core infrastructure investments.

Stewarding the decision, the MHCA advocated support for the below four point **Municipal Infrastructure Investment Strategy** with the provincial government, to best leverage all revenue raised from the PST increase to begin addressing Manitoba's roughly $14 billion infrastructure investment deficit:

First ...Adopt six organizing principles to underpin steps going forward which are:

1) Create a permanent program
2) Focus investments on growing the economy
3) Embrace innovation
4) Harness partnerships with the private sector
5) Dedicate a revenue stream with which to fund the program, and
6) Perform annual reviews for adjustment

Second ...Implement the 2011 Infrastructure Funding Council (IFC) Report recommendations in those areas within municipal government competence.

Third ...Build upon the '*Dedicated Regional and Residential Streets Reserve Accounts*' strategy adopted by Winnipeg City Council, to transparently dedicate revenue streams to incrementally address the almost $8 billion infrastructure investment deficit facing Winnipeg.

Fourth ...Petition the Premier of Manitoba to strike the task force recommended in the IFC Report; the Task Force mandate would be to review the fiscal sharing arrangements between municipalities and the province and recommend a balanced and responsibly shared Manitoba Municipal Infrastructure Funding Agreement.

The Government of Manitoba has, to date, adopted many but not all of the above four strategies; continued work is required to advance the Second and Fourth strategy points. To support the government and economy adopting all of the points would augment continued growth of Manitoba's economy. Steady growth has occurred in construction, manufacturing and warehousing – traditional Manitoba economic strengths.

Annual & Three Year Strategic Plan

During 2014 the MHCA adopted an Annual and Three Year Strategic Plan which identifies the below seven strategic priorities along with measurements of success:

1) Governance
2) Corporate Social Responsibility (CSR)
3) Presence, Profile and Impact
4) Advocacy
5) Membership Growth
6) WORKSAFELY™, Education and Training Excellence
7) Fiscal & Organizational Accountability

Activity highlights reflecting the above priorities include:

- There are more candidates aspiring to our Board than there are vacancies to fill.
- The MHCA and its President are regularly approached by governments - elected and administrative branches - all provincial political parties and municipal officials for advice on policy and process matters.
- The MHCA regards Corporate Social Responsibility (CSR) seriously and is actively involved in leading and developing engagement strategies with First Nations communities at the national and provincial levels.
- The MHCA hosted EXPO North in Thompson, Manitoba as a means of educating and training Manitoba's northern workforce. It also hosted EXPO South in Winnipeg, which provided 70 plus quality education sessions. Both EXPOs allow professionals to obtain maintenance certification points for Gold Seal, Construction Safety Officer, and for Canadian Registered Safety Professional designations.
- MHCA President is Chair, SAFE Roads Committee a group of 16 stakeholders whose mandate is to educate the public about the imperatives of safe driving habits through and adjacent to public rights of way.
- The MHCA advanced relationships with partners and stakeholders, to advocate its infrastructure messages including support for CentrePort Canada, Canada's first inland port enabling expansion of Manitoba's domestic and global trade role.
- MHCA President was named by the Manitoba government to Chair a new, Infrastructure Innovations Council (IIC) and to chair the Capital Region Transportation Master Plan Task Force.
- Our marketing and communications footprint continues to expand through the *Heavy News Weekly*, our quarterly magazine - the *Groundbreaker*, our annual *Equipment Rental Rates & Membership Directory*, and our social media platforms (Twitter, Facebook, YouTube and other related media outlets).
- The MHCA is active with the Canadian Construction Association (CCA) and the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA)
- The MHCA is engaged in the Canada West Foundation Trade & Infrastructure and Mowat Centre for Policy Municipal/Provincial/Federal trade investment harmonization reports. Such reports bolster arguments to support additional strategic and sustained infrastructure funding. To stretch these reports, the MHCA ran a 2014 public awareness campaign **fixmyinfrastructure.com** to help shape the 2014 Manitoba Municipal civic election discussion around the importance of investing in core infrastructure; infrastructure was number one priority for public across Manitoba.
- The City of Winnipeg's 1% + 1% dedicated infrastructure funding injects historic hig levels into Winnipeg's regional and residential street system. The investment strategy was advocated by the MHCA.
- Anchoring increased activity in infrastructure investment is the MHCA's successful WORKSAFELY™ education and training Program which champions COR™ Certification and support career and vocational training for new and existing employees in our sector

MHCA 2015 PRIORITIES - HIGHLIGHTS

1. Championing adoption and implementation of the flour point Municipal Infrastructure Strategy referred to above;

2. Continue to deliver quality safety services though our WORKSAFELY™ Program to assist improving workplace safety and declining WCB premiums;

3. Begin delivering, in partnership with the Manitoba Construction Sector Council (MCSC) and the Manitoba Institute of Trade & Technology (MITT), entry, skilled labourer and heavy equipment operator certification programs to help train new and existing employees;

4. Influence public opinion by pressing the public, government and media, through collaborative work with stakeholders

5. Actively support the growth of CentrePort Canada, to drive growth of Manitoba's capital region and enhance Manitoba's role in global economic trade and transportation.

6. Influence regional and national infrastructure policies through participation with the WCR&HCA and the CCA.

7. Expand our marketing and communications footprint through our multi-channel communications tools.

8. Grow MHCA's Membership base through solid membership value.

CONCLUSION

The MHCA is determined to press for sound public policy, legislation and regulation on all fronts. We are not standing still. Each of the priorities listed above will help our economy grow and with that, help grow our industry.

We sincerely thank our nearly 400 members for the opportunity of leadership and for vesting with the MHCA confidence in its leadership capabilities.

'Groundbreaking' presence, profile and impact will continue to be the MHCA's ongoing objectives.

Respectfully submitted,

Henry Borger, MSc., MBA
MHCA Chair 2012-2104