

BC ROAD BUILDERS AND HEAVY CONSTRUCTION ASSOCIATION 2011 Provincial Report

THIS YEAR, 2010, has been an incredible year for British Columbia and the BC Road Builders

This has been the Ministry of Transportation and Infrastructure's biggest construction year ever. This year they completed almost 400 projects and with additional stimulus funding invested more than \$2 billion in BC's infrastructure. In total more than 60 bridges were replaced or rehabilitated and more than 1,500 lane kilometers of highway resurfaced. And on top of that there are two major P3s underway, South Fraser Perimeter road increasing access to our ports, and the Highway1 Port Mann project designed to lessen congestion on Vancouver's main freeway.

Our message that funding transportation infrastructure is key to building a strong economy has been heard and even more important is now a critical part of BC's fiscal policy.

We started the year with the Vancouver Winter Olympics. The BC Road Builders did more than their share to make it happen. There wasn't a lot of publicity in it for us, we pitched in because it was the right thing to do and BC Road Builders are proud of our part in hosting the most successful Winter Games ever held.

This year we have been recognized for all our work in building a safety culture within the Construction industry.

On Tuesday November 23rd BC Road Builders were presented with **THE LIEUTENANT GOVERNOR'S AWARD FOR PUBLIC SAFETY** for organizations who have contributed to public safety through exceptional leadership, achievements and innovation in the promotion of safety in BC.

One final great event, the BC Road builders played a critical roll in honouring the premier at the Builder of the Decade Award ceremony.

More than 800 people came out for the event, mostly from the construction industry. The BC Road Builders has a very strong presence by putting together nine of the 13 sponsor tables and raising over \$40,000 for trades training throughout BC.

Our goal is to be an asset that contributes directly to the profitability of each of our members; to be an organization you can depend on and an organization worthy of your support.

BC - LOOKING AHEAD

Based on a consensus of forecasts (average of the 5 banks)

- BC's economic growth is projected to be 2.7% in 2011 and 2.9% in 2012. This is a reasonable pace (just slightly above the historical average) but a bit on the slower side given the magnitude of the recession
- Compared to other provinces, BC growth will be in the middle of the pack in 2011. Alberta, Sask, Man and Nfld are all expected to see stronger growth while growth in central Canada will be weaker
- Growth in 2010 was quite strong in BC. According to the consensus outlook, BC estimated growth in 2010 (3.3%) was second only to Newfoundland.

Employment

- The job market is improving in the province, but unemployment is still relatively high (7.6%) and total employment is still a bit below its pre-recession level.

Retail spending

- Consumer spending has recovered from the downturn, but in general retail sales have been quite flat over the past 10 months.

Exports

- BC's export sector is improving
- Growth in exports to China is very strong, lumber exports to China are growing rapidly
- Mineral and coal exports are very strong
- Starting to see some recovery in US lumber exports and lumber prices, but recovery in US market will be slow

Non-residential building permits

- In the second half of 2011 non-residential permits pick up
- Suggests that business investment is starting to improve and will help drive the expansion this year and in 2012
- BC's "Major Projects Inventory" is the highest it has ever been

Housing starts

- We expect housing starts to slow slightly this year in the face of a significant slowing in housing sales.

Transportation Infrastructure

- Depends on who our next premier is
- Ex Minister of Transportation Kevin Falcon is one of the front runners
- Without a meaningful increase in private sector projects it will be a very tough year for BC constructors.

BC – POLITICS

This has been the best Christmas ever for the local political junkies.

Who's resigning? Who's running? Who's going to win?

BC Road Builders believe that the promotion of infrastructure investment is still the best way to grow the economy, and should remain a top priority.

Today both provincial and federal governments are trying to claw their way out of the recession and any talk about more stimulus spending and industry bailouts is no longer popular.

Karen Renkema, ORBA Director of Government Relations writes, “For far too long our industry has depended on short term funding and plans that last hardly more than a year. And now we are working towards an October 31 deadline without any promise of sustained investment beyond that date.

While it would be easy to repeat the recession message that got us the stimulus money, that is not necessarily the message that governments need to hear. Our message needs to be readily understood in political terms. That is, how will it affect the average voter’s decision at the ballot box? There is one issue that will be top of mind for all voters – JOBS.”

BC Road Builders will be asking the question of every level of government: if infrastructure investment effectively ceases October 31st, what will be the job implications, what will that mean for all those employed in our industry, and how will a sever cutback in our industry affect other industries? Recent employment numbers clearly demonstrate that construction has been one of the largest contributors to employment growth. What will happen when investment drops off after the 2011 construction season?

For every full time job we provide an additional five are created to service our business and our employees