

# CONSTRUCTION MONITOR

The BC CONSTRUCTION MONITOR is an ICBA publication providing ahead-of-the-curve information and statistics on the BC construction industry and issues relevant to it.

The Monitor draws on analyses and outlooks from various sources, and provides current and substantive insight. This regular publication is intended for industry executives, government decision makers, journalists and other opinion leaders.

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## Future at risk in May election



Philip Hochstein

British Columbians face a stark choice when they head to the polls on May 14.

Is our province ready to once again trust the NDP with the levers of power? Polling for many months has suggested it's a distinct possibility. In part that's no doubt

a function of leader Adrian Dix's success in distancing himself from his own track record, and in putting a moderate spin on his party's plans.

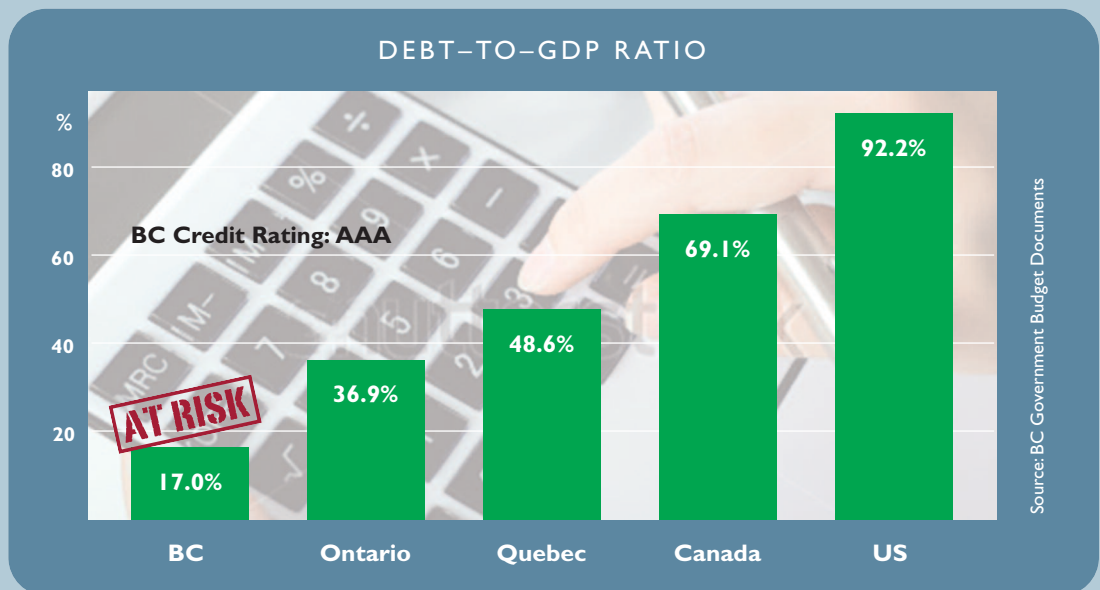
At the time of writing, the NDP had yet to release a detailed platform. But there are plenty

of commitments and clear signals on the record – more than enough for a good picture to emerge of the direction an NDP government would move BC.

Whether we consider resource development, managing the public books, training tomorrow's workforce, taxation or labour policy, it looks like an all-too-familiar direction. In this *Monitor*, we've sifted through the party's public statements and track record to offer our take on what an NDP win would end up costing our province.

It's insight we think all British Columbians should have heading towards May 14, and we hope you'll share it widely in your communities and among your colleagues and friends. After all, a lot is at risk.

## Living within our means



British Columbia is the envy of the world when it comes to keeping its debt at a manageable level relative to the size of the economy, even in the wake of a major recession. But that's clearly at risk when you consider the long list of items the NDP has said it wants to spend more on. By one tally last year, new NDP spending commitments had already hit at least \$6.8 billion annually – enough to boost total provincial debt by more than 10 per cent.

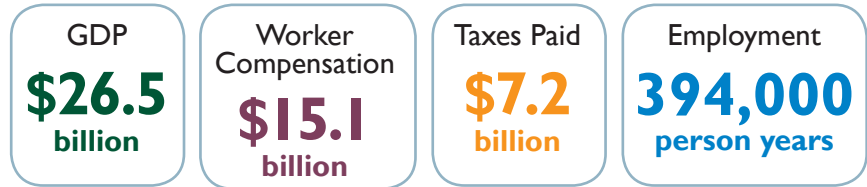
# WHAT'S AT STAKE

**AT RISK**

## Job-creating investments

The NDP has been hostile to energy-related projects that are vital to unlocking our natural resources. The NDP quickly rejected the Northern Gateway pipeline without even waiting for the ongoing project review. And it will likely impose a moratorium on run-of-river hydro projects that are key to energy self-sufficiency and carbon-reduction goals. All of this means thousands of jobs won't be created as investment dries up.

### BENEFITS FOR BC, THREE PIPELINE PROJECTS



Source: Canada West Foundation, "Pipe or Perish", 2013; projects are Trans Mountain expansion and construction of Keystone XL and Northern Gateway; projection period runs through 2035

**AT RISK**

## Level playing field for government work

The NDP remains as linked to labour as ever, and has a track record of giving the building-trade unions privileged access to taxpayer-funded work. The Island Highway in the 1990s favoured union contractors, which drove up the cost of that major project dramatically. Studies of such arrangements have confirmed they result in 12-18% construction-cost escalation – and higher costs lead to lower investments and less work for everyone.

"Union-Only"  
Cost Increase for  
Island Highway

**\$73**  
million

Impact on  
Project  
Labour Bill

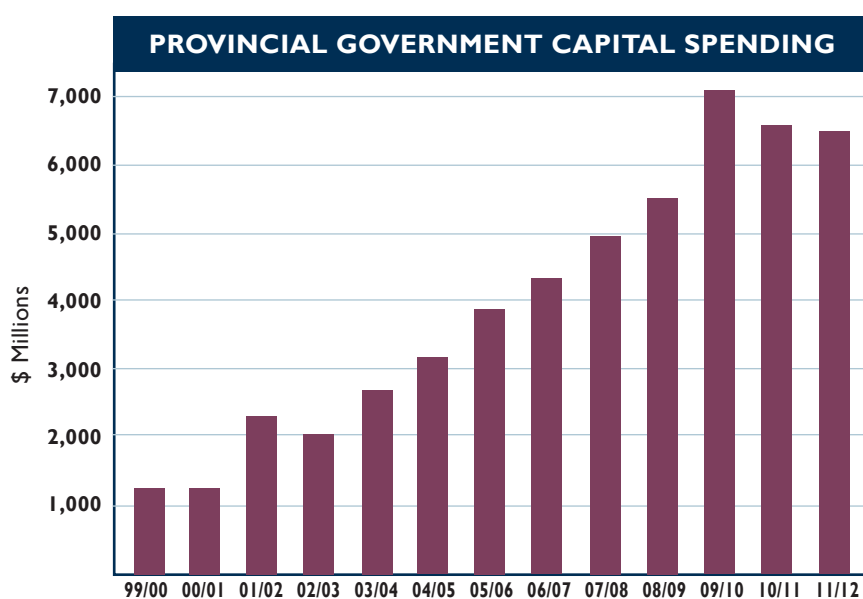
**↑ >37%**

Source: BDO Dunwoody

**AT RISK**

## Investing in the future

Strong fiscal management is about keeping overall expenses in check, and making sure available money has the biggest impact. There's been a significant step up in recent years in provincial infrastructure investments – in areas such as education, transit and energy – which have big economic and quality-of-life benefits. This focus on long-term investment with clear paybacks contrasts with the operational spending priorities of the NDP.



Source: BC Government Budget Documents

**AT RISK**

## A fair balance of worker and employer rights

The NDP has given strong indications that it would end the democratic vote on joining a union. This strips workers of a process that gives a true reflection of their desire to join – or reject – a union. Employers can also likely expect more extensive and intrusive regulation, undermining an estimated \$10 million reduction in the cost of regulation in this province between 2005 and 2012.

### FEWER CERTIFICATIONS WITH SECRET BALLOT

Certification Attempts

**↓ >50%**

Certification Success Rate

**↓ 20%**

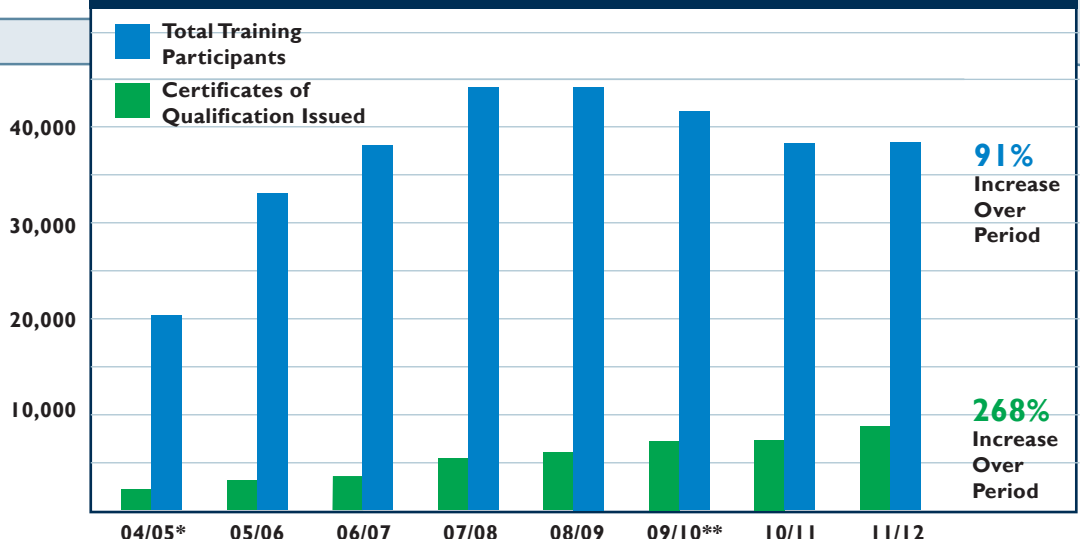
Source: Montreal Economic Institute, "Union Certification: Developing a Level Playing Field for Labour Relations in Quebec", 2009; citing BC research

**AT RISK**

## Skills training for all

By opening up the trades training system, BC is graduating record numbers of skilled workers. Yet the NDP is likely to shackle the training system with a return to failed approaches that limited access and graduated a quarter of the skilled workers. This threatens to increase the labour shortage – driving up costs and slowing the economy.

### APPRENTICESHIP TRAINING IN BC



\* New and current training system established \*\* Participation impacted by recession

Source: Industry Training Authority of BC

# The 1990s in Facts and Figures

Who to support in an election is a forward-looking decision. But it's also important to look at track records – since they reflect fundamental party beliefs in action. Here then are some hard data on the state of affairs in the 1990s – the last decade when the NDP was in government in this province.

**\$750 million** 

Loss in mining exploration spending (1992-2001) due to NDP policies

**\$3,272**

Provincial income tax paid by family of four earning \$60,000 when NDP left office

**\$1,302**

Provincial income tax paid by family of four earning \$60,000 in 2011

**400/  
YEAR**

Average number of regulations passed by NDP



**\$1 BILLION**

Estimated added forest industry costs due to NDP regulations



**1999**

Year in which BC became a "have-not" province



**56,190 people**

Net population loss to other provinces, 1998-2002

**8 of 10** 

Years in which BC housing starts growth under-performed rest of Western Canada (1992-2001)



**3.1%**  
**41.2%**

Growth in BC non-residential building permits 1998

Average growth in rest of Western Canada



**\$70 million each**

Stated cost of three Fast Ferries

**>\$150 million each**

Actual cost

**\$6.5 million each**

Sale price

**8.8%** BC unemployment rate 1998

**5.7%** Average rate in rest of Western Canada



**10 of 10**

Years in which BC had highest unemployment rate in Western Canada (1992-2001)



Sources: Mining Association of BC, Canadian Taxpayers Federation, BC Government Caucus, PricewaterhouseCoopers, Auditor General of British Columbia, CBC News, Statistics Canada.



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