



Report on BC Engineering

May 2015

Analysis of the BC Major Projects Inventory

Highlights

- Total capital cost of major projects reaches new high
- North Coast region and energy most active
- Oil price plunge creates challenges

Summary

Total project capital costs rose to a new record high of \$396.0 billion in the fourth quarter, according to the latest [British Columbia Major Projects Inventory](#). A key contributor was a \$25 billion cost estimate for the proposed WCC LNG project in Prince Rupert. A cost estimate for this project was not previously provided.

The oil and gas extraction sector continues to post the highest capital cost accounting for about 30 per cent of total capital costs reported in the fourth quarter. Energy and related projects such as refineries and pipelines amount to nearly one-half of current total project costs. If energy-related utilities, such as hydroelectric and wind farm projects are included, all energy projects make up more than one-half.

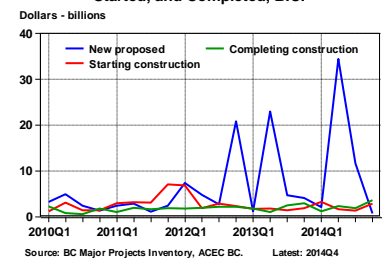
Regionally, the North Coast continues with the highest capital cost followed by the Lower Mainland-Southwest region with its active residential sector.

The negative impact of the oil price plunge and further weakness in natural gas prices is evident in the fourth quarter. Previously proposed projects in the Northeast region shifted to on hold status as did a large residential project in Vernon possibly due to the deteriorating economic situation in Alberta.

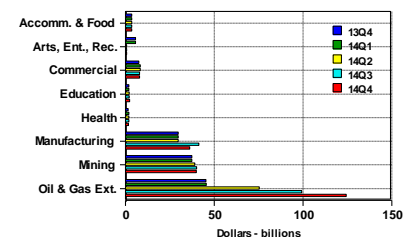
China's economic slowdown continues and will keep metals and metallurgical coal prices low for some time. Policymakers in China are applying stimulus measures to lift growth and these will take time to work through the economy. Most mining projects in B.C. remain in the proposed or on hold stage.

The consensus view is for a modest pickup in the global economy during the next two years, led by the U.S. Energy prices are expected to rise but not sufficiently to support new projects. Further oil supply-side adjustments are likely in the near term.

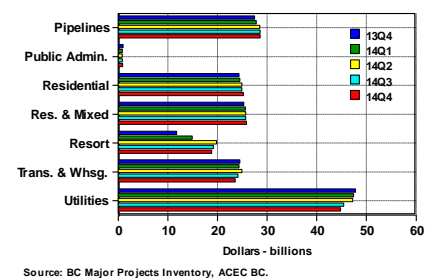
New Major Projects Proposed, Started, and Completed, B.C.



B.C. Major Projects by Industrial Category



B.C. Major Projects by Industrial Category





The longer term outlook for major resource projects in B.C. remains positive because emerging markets in Asia will continue their economic development and expansion increasing their demand for energy and metals. The timing of LNG projects remains uncertain and dependent on securing long-term contracts in Asian markets.

On the domestic front, the outlook is positive with low interest rates providing a lift to residential construction. Non-residential investment spending remains project-specific rather than a market-wide spending resurgence.

Resources Offered by ACEC-BC

Standard Form Agreements

There are a number of standard form agreements that serve as models of equitable, balanced contract language. ACEC-British Columbia strongly endorses the use of the following documents:

- [ACEC-Canada Document No. 31 \(2010\)](#)
- [MMCD Standard Client-Consultant Agreement](#)

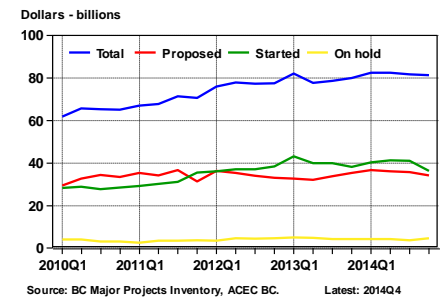
A number of other standard contracts, guidelines and related documents are available on the [ACEC-Canada Publications page](#).

Position Papers on Key Contractual Issues

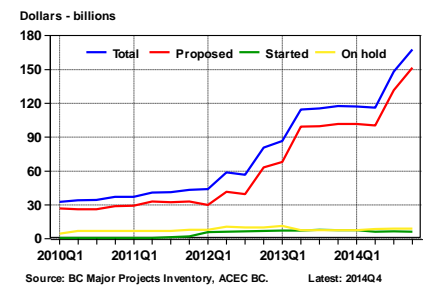
Developed by the ACEC-BC Business Practice Committee, these position papers provide guidance on key contractual issues commonly encountered by consulting engineers:

- [Standard Form Agreements](#)
- [Limitation of Liability](#)
- [Indemnities and Claims Against Individual Engineers](#)
- [Disclaimer Clauses](#)
- [Ownership of Work Product](#)
- [Termination of Contracts](#)

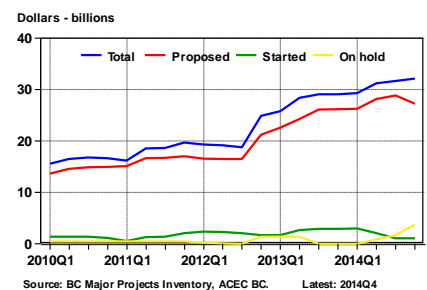
**Major Projects by Project Status,
Lower Mainland-Southwest Region**



**Major Projects by Project Status,
North Coast Region**



**Major Projects by Project Status,
Northeast Region**



Contact ACEC-BC for all the resources you need to engage and work with consulting engineers!

Visit WWW.ACEC-BC.CA and click on "Resources" to view a wide variety of valuable documents and other resources for consulting engineers - as well as clients, government policy makers, and industry partners.

