

Canada's Fabricated Metals

In Canada, there are 12,788 business establishments (2005) that manufacture fabricated metal products. About 37 percent of these employ less than 4 employees, about 58 percent employ between 5 and 99 employees and the remaining employ over 100 people.

From an employment level of 117,748 in 1994 to 197,663 in 2003, the sector has grown at an annual compound rate of 5.9 percent. By comparison, the total employment in the entire manufacturing sector showed an increase of 2.1 percent over the same period. Wages and salaries paid to employees increased from \$3.9 billion to \$8.3 billion during the same time frame, or at a compound annual growth rate of 8.8 percent.

The industry's growth is also evident in manufacturing shipments, which increased from \$15.4 billion in 1994 to \$31.2 billion in 2003, at an average compound annual rate of 8.2 percent. Likewise, the manufacturing value-added for the industry increased from \$7.4 billion in 1994 to \$15.6 billion in 2003 (an average rate of 8.6 percent per annum). Total revenues from this industry in 2003 were \$33.6 billion. An overwhelming majority of the exports from this sector are destined to the United States.

METAL FABRICATION INDUSTRY PROFILE

The metal fabrication industry includes primary metals, fabricated metals, metal and service centres and transportation equipment manufacturing sub-sectors. Specifically, metal fabrication involves machining components for industries such as building products (hardware), automotive, agricultural, drilling/mining, transportation, appliances and others. Metal products produced include cutlery, hand tools, architectural and structural metal products, boilers, tanks and shipping containers, hardware, spring and wire products, turned products, and bolts, nuts and screws.

Alberta's Metal Potential

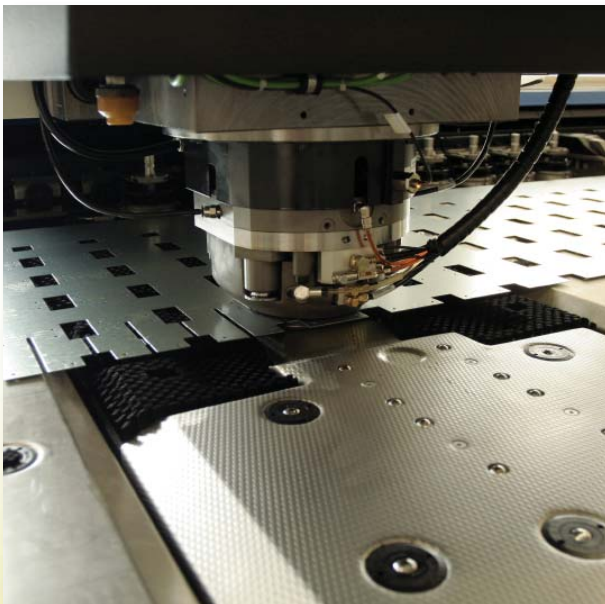
Alberta is third in metal manufacturing in the country, only behind Ontario and Quebec. Alberta's metal fabrication sector generated about \$7.65 billion in business revenues in 2006, and comprised over 30,000 employees and 1,350 companies (85% of which have less than 50 employees). Moreover, the metal products fabrication sector is forecast to generate about \$48 billion in revenues from 2005 to 2010. Over 60 percent of the demand in Alberta is met by imports, and exports amount to 45 percent of production with one-third being bound out of country.

There are four areas within the metal fabrication sector in the province with great potential:

1. **Architectural and Structural Metals Manufacturing** – Accounting for half of the sector's shipments, this area involves building and erecting the structural steel for industrial projects like oil sands plants, refineries, bridges, and commercial and industrial buildings.
2. **Boiler, Tank & Shipping Container Manufacturing** – Used for chemical plants, refineries, bitumen upgraders and gas compression, this area accounts for 25 percent of the shipments.
3. **Coating, Engraving, Heat Treating & Allied Activities** – Plating, dipping, powder coating and painting metal fabricated parts for a wide variety of products as well as heat and cryogenic treatments for metals is the focus of this area.
4. **Machine Shops, Turned Products & Screws, Nut & Bolt Manufacturing** – This area has grown by 18 percent in 2006 alone due to the strong oil and gas sector and involves metal valves, wire and wire rope products, plate work, industrial fasteners and miscellaneous manufactured parts.

In general, the metal fabrication sector is:

- **Skills-Based** – The metal fabrication industry requires highly skilled workforce.
- **Research and Development Driven** with companies in the sector continuously looking for new and innovative practices.
- **High in Potential** from a variety of perspectives:
 - There is significant potential to replace imports within the province.
 - The energy sector relies on the metal fabrication and this sector's growth in the province has increased the opportunities companies have.
- **Supported** by the provincial government through industry development, research and technology, resulting in a positive environment for metal fabrication companies to thrive.
- **Integrated**, serving the oil & gas, construction and environmental products sectors.



Cost of Doing Business in SouthGrow

According to the 2008 KPMG Competitive Alternatives Guide to International Business Costs, Lethbridge, part of the SouthGrow region, has an overall cost advantage of 0.3 percent relative to the United States in the Metal Components Industry:

Lethbridge, AB	99.7
Edmonton, AB	103.6
Calgary, AB	103.6
Saskatoon, SK	100.7
Kelowna, BC	103.9
Brandon, MB	98.4
Boise, ID	102.5
Dallas, TX	96.3
Chicago, IL	103.5
Minneapolis, MN	103.3

NOTE: US=100

SouthGrow Region

Metal manufacturing is a traditional industry in the SouthGrow Region. The sector serves the oil and gas, environmental and architecture, engineering and construction industries in the SouthGrow region. The region's strong residential, commercial, industrial, and institutional activity has provided a base for the sector. The oil and gas sector is serviced by metal fabrication companies for services such as welding and tank management in Taber, Vulcan, Lethbridge and Claresholm. The development of renewable energy systems (i.e. wind turbines) and structures that incorporate environmental designs and products are increasing, contributing to diverse growth in the sector as well.

The region's limited proximity to the oil and gas development may temper the growth in the industry from energy sector related activities. However, areas for further development are anticipated from the development of wind and biofuels projects. In addition, the manufacturing and more specifically the food processing sector continues to improve and refine processing systems in order to reduce costs and create environmental and energy efficiencies. This continuous improvement movement will create opportunities for companies in the metal fabrication industry. With most communities reporting and projecting growth in the construction sector, the metal fabrication industry is sure to benefit.

The SouthGrowN Advantage

- **Logistics** - SouthGrow is located on the major Canadian transportation routes for both east/west and north/south highway routes. It is located on the CANAMEX corridor with close proximity to the United States border, allowing for easy connection to the interstate system to all major US cities.
- **Critical Mass** - There are numerous companies in the SouthGrow region with diverse experience in this industry serving the manufacturing, construction and transportation sectors.
- **Synergy** - Due to lower costs, many companies and trades people are located throughout the region to fully support this sector and enhance its capabilities.
- **Supports** - Lethbridge College has apprenticeship training programs that provide training and development for the skilled workforce in the region.
- **Established Market** - The region has an established market that is growing in all areas: residential, commercial, institutional, industrial, and environmental.
- **Low Cost** - Real estate costs in the region are less than those in other major centres in Western Canada, and other costs of doing business such as facility, labour and taxation are competitive, fueling growth not only in the sector but in the region. Furthermore, there are no capital or payroll taxes, and no provincial sales tax. Albertans also benefit from the lowest overall taxes in Canada.
- **Experience** - Due to the variety of projects that have and are taking place in the region, there is an abundance of experience throughout the region.
- **Population** - There is an increasing population growth with a young and ready supply of trained labour (over 50% have some level of post-secondary education). In addition, growth due to in migration from both domestic and international sources is expected to continue.



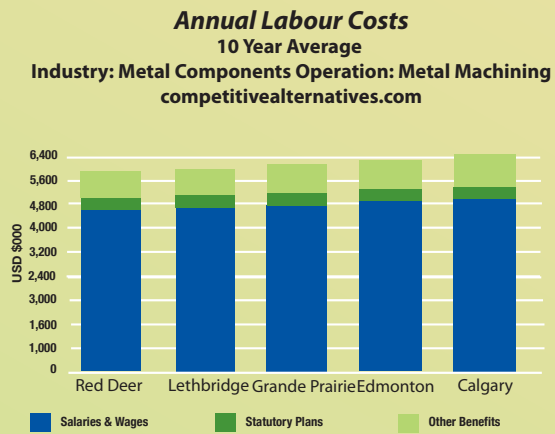
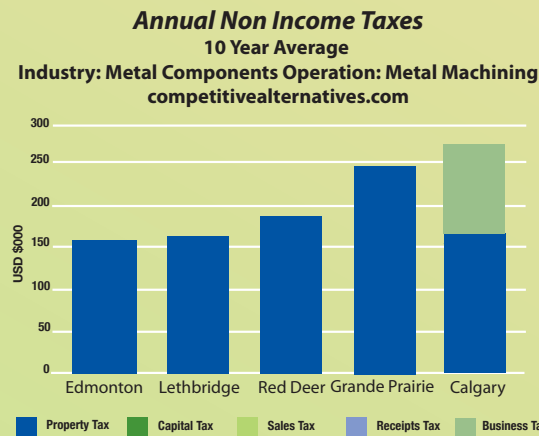
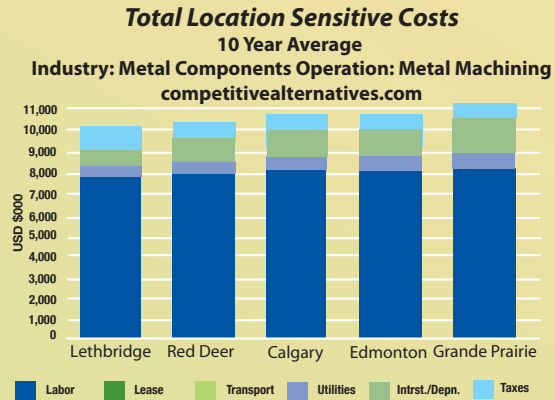
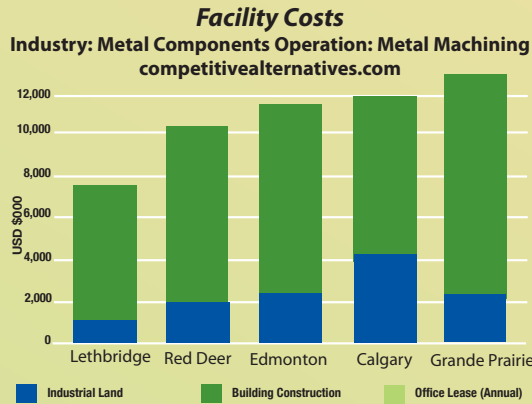
Average Wages

Average wages for selected positions in the sector are:

NOC	Occupational Title	Average Wage /Hour
0911	Manufacturing Manager	\$ 38.82
9612	Labourers in Metal Fabrication	\$ 12.65
7261	Sheet Metal Workers	\$ 21.40
7265	Welders and Related Machine Operators	\$ 18.19
7611	Construction Trades Helpers & Labourers	\$ 14.76

Source: 2007 Alberta Wage & Salary Survey - Lethbridge-Medicine Hat Region

In comparing key cities within the Province of Alberta, Lethbridge is again shown to be competitive and providing overall cost advantages in various key factors of doing business:



SouthGrowN Successes

SouthGrow has many successful companies in this sector:

- Advanced Metal Concepts and Fabrication Ltd.
- Charlton & Hill Ltd. (Lethbridge)
- RCL Metalworks (Picture Butte)
- Wayne's Metal Works Ltd. (Lethbridge)
- Varsteel Ltd. (Lethbridge)
- Altaweld Lethbridge (Lethbridge)
- Bel-Aire Welding (Lethbridge)
- C & A Industries Inc (Lethbridge)
- Lethbridge Millwright & Welding (Lethbridge)
- Liberty Boilers & Mechanical Services Inc. (Lethbridge)
- Wolseley Mechanical Group (Lethbridge)
- Boma Enterprises Ltd.

Industry Supports

- Alberta Boilers Safety Association (ABSA) www.absa.ca
- Alberta Pressure Vessel Manufacturers' Association (APVMA) www.apvma.com
- Canadian Institute of Steel Construction (CISC) www.cisc-icca.ca/content/home/home_student.aspx
- Canadian Manufacturers & Exporters – Alberta Division (CME Alberta) www.cme-mec.ca/ab/template_ab.asp?p=1
- Canadian Sheet Steel Building Institute (CSSBI) www.cssbi.ca
- Canadian Welding Bureau Group (CWB Group) www.cwbgroup.org
- Precision Metal forming Association (PMA) www.metalfforming.com

Opportunities

There are many opportunities in the SouthGrow region for companies specializing in metal fabrication:

- Wind and Bio Fuels Projects
- Manufacturing
- Food Processing Improvement Projects
- Construction



SouthGrow

Regional Initiative

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SouthGrow is Success

SouthGrow Regional Initiative is about creating opportunities ... for and with the twenty-seven member communities in south-central Alberta. The region includes the City of Lethbridge, a regional hub and a key centre on the north/south corridor with air, rail and highway service. In addition to three major highways (3, 4 and 5) that run through the region, the Alberta portion of the CANAMEX corridor which is a twinned highway system that starts in Mexico City and will eventually end in Anchorage, Alaska also runs through the region. Most communities are within an hour of the U.S. border and major 24 hour port of entry Sweetgrass/Coutts, allowing access to all markets. Calgary and Edmonton are 235 km and 514 km, respectively from the centre of the SouthGrow region.

SouthGrow Regional Initiative has unique characteristics that provide the people that live, work and do business in the region with many advantages. We have:

- A strong education and research cluster.
- An entrepreneurial orientation with many successful established companies.
- A varied landscape providing opportunities in traditional industries such as agriculture, manufacturing, and tourism as well as in emerging industries such as biotechnology, energy and distribution/logistics.
- A strong economic base that allows businesses, employees, residents and investors to grow and flourish in the region.
- Varied cultural assets providing a quality of life and opportunity to be enriched through diversity second to none.
- A young population and high quality of life creating opportunities for investors in a variety of industries.
- Trust, respect, and a spirit of collaboration and partnership amongst our members that contributes to the success and sustainability in the region.

SouthGrow Specifics

- **Population:** 148,411 in 2007 (an increase of about 9 percent over 2005)
- **Time Zone:** Mountain Standard Time Zone
- **Climate:** Mild winters and warm summers, with close to 2,400 hours of sunshine per year; 140 crop days annually.
- **Commercial Airport:** Lethbridge County Airport
- **U.S. Border Crossings:** Coutts/SweetGrass (24 hour, 7-day, commercial), Carway/Peigan, Del Bonita, Chief Mountain.
- **Rail Access:** Canadian Pacific Railway with main line and trackage in all four directions at Lethbridge.
- **Major Highways:** #'s 2, 3, 4, and 5
- **Major Source of Water:** Oldman River Sub Basin
- **Air Quality:** Air Quality Index was rated "Good" over 94.7% of the time (2008).
- **Waste Management:** five waste management commissions/authorities in the region.
- **Primary/Secondary Education:** Numerous school divisions providing public, private, and separate (francophone, catholic and alternative) education.
- **Post-Secondary Education:** Lethbridge College and University of Lethbridge.
- **Health Care:** Chinook Health and Calgary Health Region oversees the health care needs of the region's residents.



We Are

City of Lethbridge
 Town of Cardston
 Town of Claresholm
 Town of Coaldale
 Town of Coalhurst
 Town of Magrath
 Town of Milk River
 Town of Picture Butte
 Town of Raymond
 Town of Taber
 Town of Vauxhall
 Town of Vulcan
 Village of Barons
 Village of Carmangay

Village of Coutts
 Village of Champion
 Village of Lomond
 Village of Milo
 Village of Nobleford
 Village of Stirling
 Village of Warner
 Cardston County
 County of Lethbridge
 MD of Taber
 Vulcan County
 County of Warner
 Blood Tribe

SouthGrowN
People, Products, Pride

