



**MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)
2011 Annual Report to the
Canadian Construction Association (CCA)**

MHCA activities are grounded in our Vision Statement, which speaks to promoting economic growth through sustained investment in infrastructure to benefit our province and country, each in a manner consistent with broad public interest.

I am pleased to report that in 2011, the MHCA continued to be involved in a wide variety of activities flowing from our Vision Statement. This included messaging during the 2011 provincial election, supporting a 'Manitoba Bold' initiative which challenged Manitobans to 'think outside the box', as well as leading the Infrastructure Funding Council's report on municipal infrastructure funding strategies.

While these annual reports to the Canadian Construction Association (CCA) ask for a provincial and national perspective, the MHCA's primary message for 2012 relates to the imperatives of the CCA broadening its messaging to include a focus on Canadian economic growth strategies in order to better position and further broaden its presence, profile and impact at the national level.

Accordingly this report will begin with our views related to that important national issue. See Appendix 'A' for the MHCA 2012 priorities report.

CCA Audit of its Advocacy Program - CCA: The National Industry Champion for Economic Growth

The CCA is the national advocacy body on behalf of the construction industry in Canada which we unequivocally support.

We respectfully submit however, that the CCA should broaden its advocacy program to position itself as the national industry champion for Canadian economic growth, and that the CCA Savannah Conference should launch a review in support of such a direction.

We applaud the CCA for having undertaken an audit of its advocacy program and circulating the 'CCA Advocacy Environmental Scan Report' ('the Advocacy Review Report'). We undertook a similar review at the MHCA and have used its findings to our advantage.

For many years, the MHCA has advanced the view that the CCA's Vision Statement should really be summed up with two very important and powerful words, namely: *'Build Canada.'* These two words symbolize not only what we do as industries associated within the CCA, but what we want to support accomplishing.

In order to achieve that vision, we must be seen and heard participating in the shaping of public policy that *'grows the economy.'* Canada's economy is incredibly dependent upon trade for its growth - five times more so than that of the United States. Accordingly, a focus - though not exclusively - for public policy input is supporting initiatives which enhance Canada's internal trade efficiency and therefore our global trade profile.

In that context, there are policies such as Asia Pacific Gateway & Corridor Initiative (APGCI), the National Framework on Trade Gateways and Corridors, the Economic Stimulus Program, the Borders & Crossings Program, the Build Canada Fund and now its evolving successor and others which position the CCA to articulate the importance of trade and transportation to support economic growth. *An important fact is that none of these aforementioned programs promote 'infrastructure' per se, yet each rely for their success upon investment in infrastructure.*

It is clear through any observation of current political policy discussion, that growing the economy (and trade facilitated growth in that context) is the first of two priorities for the federal government.

Priority one for Prime Minister Harper's economic agenda is seeking new markets for Canadian exports, chasing new trade deals to expand the customer base, and keeping costs low to attract investment. In February 2012 the Prime

Minister was in China on a mission to increase Canada's access to its growing economy and increasingly prosperous population.

In addition, the PM is pushing hard to get a new oil pipeline built to the west coast to increase oil shipments to Asia; he has confronted the U.S. over its political fiddling with the Keystone Pipeline project; and he is expected to announce talks on a new free trade agreement with Japan.

Priority number two for the PM is pursuing budget deficit-cutting as announced by Finance Minister Flaherty, and reducing government expenses where they can be found as led by Treasury Board president Tony Clement.

Given the above context, what do we find in the Advocacy Review Report referenced above?

Pages 5 & 6 reflect some Members of Parliament (MPs) perspectives which include:

- "No MP was able to provide accurate specifics on the size and scope of the association, but almost all MPs made a reference to the importance of the sector **to the economy and their riding.**" (Emphasis mine)
- "I think of them as a key player for our **Economic Action Plan**"(Emphasis mine)
- "They are a very important stakeholder **in the economy**" (Emphasis mine)
- "I believe they are critical for **delivering our stimulus spending** and for shovels in the ground." (Emphasis mine)

On page 9 there is a very important comparator observation:

- "**Political decision makers** have a general sense of the importance of the construction industry but lack specifics on what the industry needs in order to be successful." (Emphasis mine)

On page 11 it is suggested *by the consultant* who authored the report, that the CCA should publish an Annual or Quarterly Economic Updates, "**to build on the construction industry's massive impact upon the Canadian Economy**". (Emphasis mine)

Each of the above, and from the various perspectives interviewed (MPs, senior ministerial exempt staff, senior parliamentary staff and even our consultant) are important to our collective success, speak to the importance to government, to MPs and to the general policy development environment, of seeing and hearing the CCA associated with messages supporting strategies to grow the economy, to be synonymous with economic advancement.

This does not mean that the CCA needs in house economists. There are plenty of reports - World Economic Forum, Chief Executive Officers of Canada, Canadian Chambers of Commerce, Conference Board of Canada, TD Economic Group, Conference Board of Canada to name but a few which speak to the pillars upon which to foundation economic growth. These reports are annual and provide a wealthy source of information.

We know, appreciate and understand that the CCA partners with and helps shape the positions of some of the above and should continue to do so.

But what the CCA does not visibly do, is speak to economic growth as a priority with the enabling characteristics of infrastructure. The CCA should therefore be seen and heard repeating and emphasizing the importance of economic growth, and reminding that growth objectives are made possible with strategic, sustained investments in infrastructure - hard and regulatory - which include, but are not limited to:

- **Transportation:** seamless multi-modal systems, northern trade gateways, inland ports, regional multi-modal transportation systems, efficient border crossings;
- **Regulatory:** harmonization of internal trade regulations, environmental assessment, foreign trade zones, competitive taxation;
- **Human Resources:** Streamlining immigration to assist admission of temporary and skill foreign workers, immigration etc.

The economic argument and position, platform a broad versus narrow trade interest role for the CCA. A broader, more present economic growth message associated with the CCA enhances our national presence, profile and impact. That is why we exist.

This broader view is also endorsed by the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA) which at its February 15, 2012 Board meeting, unanimously supported a number of priorities for the CCA's consideration, one of which is as follows:

"The WCR&HCA is pleased that the CCA has well established itself as a major stakeholder and influence in public policy infrastructure development and should so continue.

The WCR&HCA should support and encourage the CCA to position itself as a public policy 'go to' national champion of economic growth for Canada, including becoming a major voice on the need to enhance productivity in Canada (not just our industry), competitiveness (not just in our industry) and international trade.

All of the aforementioned cannot occur without a solid foundation (i.e. state-of-the-art public infrastructure). CCA's role should be to speak to the larger economic issues and national concerns that shape Canada's overall economic future beyond those that simply have a direct impact on the construction industries it represents."

The above speaks not to abandoning the positions taken by the CCA for industry, but rather broadening its scope which ultimately enables the narrower issues to be more easily attained and achieved.

We have a timely opportunity to add to our national profile and impact, to reflect in public policy that we are all about - growth - and we should seize and shape our national messages and approaches accordingly.

As for the recommended action steps on pages 10 and 11 of the Advocacy Review Report, those will be shaped and dependent upon what it is we wish to message and be heard about, and will require further consideration. Appropriate resources, staffing and related allocation decisions would necessarily flow from those decisions.

CONCLUSION

Our success in achieving national objectives largely depends upon an overall appreciation of, and commitment to, addressing the growth of our national economy and the pivotal role that infrastructure plays in supporting existing and new economic activity. All other decisions are enabled by and flow from this simple principle.

We therefore respectfully submit that the following resolution be considered at the CCA Savannah Convention:

"That a task force be struck by the Industry Advocacy and Regulatory Affairs (IARA) Committee to review the Advocacy Environmental Scan Report and its recommendations in the context of broadening CCA's advocacy program to include championing economic growth strategies. It should report back to the Committee with its recommendations addressing specific measurable goals including consideration of the human and financial resources required to attain those goals."

We would happily volunteer to be involved with the above and in any follow up discussions or initiatives to further explore and lead to the above noted objectives.

Respectfully submitted,



Bob Reidy, P.Eng.,
Chair MHCA
March 2012

APPENDIX “A”

MHCA PRIORITIES 2012

MHCA priorities for 2012 are both ambitious and necessary:

Grow the Economy

No investment or spending objectives are achievable without a growing economy which funds government revenues. A focus on growing the economy is an imperative.

It is also clear that investment in infrastructure fuels growth of the economy and those messages need to be advanced with opinion leaders and key stakeholders.

It is important that we network in support of sustained investment in infrastructure, trade & transportation in areas supporting economic growth with entities including but not limited to:

- The Business Council of Manitoba
- Canadian Construction Association (CCA)
- Economic Development Winnipeg
- Premier’s Economic Advisory Council (PEAC)
- University of Winnipeg
- The Winnipeg Chamber of Commerce and the The Manitoba Chambers of Commerce
- CentrePort Canada
- Winnipeg Partnership Committee

Manitoba Infrastructure & Transportation (MIT)

Relations with MIT are greatly improved but topics that require continued, ongoing attention include:

- a. Rolling Budget/Carry Forward Capital Expenditures
- b. Timely Payments
- c. Early Tender Practices
- d. Annual and Five-Year Capital Budget
- e. Annual MIT/MHCA Program Review
- f. Annual MIT Budget Review

Municipal Infrastructure Funding

MHCA President Chris Lorenc chaired the Infrastructure Funding Council (IFC) in 2010-2011. It was tasked by the Association of Manitoba Municipalities (AMM) and Winnipeg’s Mayor Sam Katz to objectively make recommendations on what internal and external strategies municipal governments in Manitoba might consider to address the municipal infrastructure-funding deficit along with an implementation strategy.

The IFC’s report ‘*New Relationships: A New order*’ (see full report at: www.mhca.mb.ca) released in May 2011 offered 17 recommendations separated into three distinct groups, namely: those which can be acted upon by municipalities; ones which require provincial support; and recommendations to pursue federal government participation.

An outcome is emerging discussion around the following assumptions:

1. The municipal infrastructure deficit is real and current revenue sources available to municipal governments insufficient to the task.
2. The infrastructure deficit must be reduced in part by new transparently dedicated revenue streams.
3. There is a balanced and shared role for all three levels of government proportionate to their respective capacities and responsibilities.
4. Consideration of the following Provincial/municipal practice and revenue options:
 - a. Municipal governments must make internal adjustments ranging from maximizing own source revenues and borrowing authorities, introducing organizational efficiency changes and implementing related best practices.
 - b. Manitoba should enable a provincial 2% Municipal Infrastructure Levy (MIL) collected over and above the PST dedicated through legislation to municipal infrastructure (1% MIL = \$239 million annually)
5. Manitoba, municipalities and stakeholders should urge the federal government to implement a national infrastructure strategy whose elements could include:
 - a. A permanent transfer to municipalities of the current \$2 billion annual federal Gas Tax Fund with annual increases indexed to a minimum of the annual rate of inflation and population growth.

- b. Over three years, transition the remaining portion of federal gas tax revenues (additional \$3.2 billion) to municipalities using the existing Gas Tax Agreement framework.
 - c. Transition an increase in the GST by up to 2 points, dedicated by legislation for investment in Canada's municipal infrastructure deficit.
 - d. Continue tri-level government infrastructure funding agreements to address emerging infrastructure needs and shared priority investment opportunities.
6. Public education and advocacy is critical to shape a public consensus and public policy.

The above will be pursued by the MHCA with key public and private stakeholders.

Heavy Construction EXPO

In March 2012, the MHCA will launch and host an annual three day 'Heavy Construction EXPO: Building WORKFORCE Excellence.' EXPO will be the heavy construction industry focused venue to help attract new, train, educate and retain existing workers.

WORKSAFELY™ Program

The MHCA's WORKSAFELY™ Program will continue to provide effective leadership, build and motivate a talented high caliber safety team, develop and provide quality safety materials and programs, and deliver superior high standard safety services for industry.

WORKFORCE™ Program

We will enhance the profile and importance of WORKFORCE - our vocational and career training initiative – to create greater awareness of the specialized services and programs that WORKFORCE can offer industry in response to growing requirements for heavy equipment operator including support for the Aboriginal Pilot Program which is providing heavy equipment operator training for 16 Aboriginal persons training.

Northern Manitoba

The MHCA will develop a greater presence in northern Manitoba to ensure a more visible profile and 'go to' reputation as a contributing partner to resolving education, training and partner needs. Communities include First Nations, educational institutions, Churchill and the East Side Road Authority.

Aboriginal & First Nations

It is a priority of the MHCA to establish, firm, solid partner relations with key stakeholders within the Aboriginal and First Nation communities.

Manitoba Construction Sector Council (MCSC)

The MHCA is a founding member of the MCSC, whose mandate it is to identify and facilitate filling education and training gaps in the construction industries in Manitoba. Gord Lee, past Chair of the MHCA, is current Chair of the MCSC. A key initiative includes finalizing a funding application for heavy equipment operator training simulators.

Membership: What's In It for Me?

We attracted 39 new members to the MHCA in 2011 and will continue to strive not only to attract more, but ensure member satisfaction with the MHCA. To that end, all activities, events, publications, programs, services will be reviewed to ensure that there is a resonating answer to the fundamental question existing members and new potential members will/may ask, namely, 'What's in it for me?' In order to answer this, we also have to ensure that we collectively 'listen' to our members and industry.

While this question is intuitive and has driven our directions, it will be the framework and parameters all of our activities and strategies to ensure brand reputation, member loyalty, enhance ability to attract new and retain existing members to the MHCA.

REGIONAL/NATIONAL PRIORITIES

On the Regional and national fronts, we offer the following:

Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA)

The WCR&HCA Board of Directors (which I have the privilege of chairing in 2012) met on February 15, 2012 at the WCR Convention in Hawaii. At its meeting the Board considered a number of priority areas it felt should be addressed by the CCA:

i) National Infrastructure Summit (NIS) Regina, Saskatchewan, September 2012

The second NIS is taking place in Regina, Saskatchewan in September 2012. It is designed to further the debate and move public policy support for sustained investment in municipal infrastructure across Canada.

The WCR&HCA will support the NIS in ways and means which enable advocacy of our message(s) collaborating/coordinating with the CCA. This may mean sponsorship, seeking presentation opportunities, participating in the shaping of the program and the promotion of the event, and position the WCR&HCA to be a visible, credible, contributing and supporting partner.

ii) National Infrastructure Accord (NIA)

The WCR&HCA working with the CCA and related stakeholders, pursue support from the Council of the Federation, the Big City Mayors Caucus and the Federation of Canadian Municipalities (FCM), in urging the federal government to implement a National Infrastructure Accord (NIA) whose elements could include:

- a. A permanent transfer to municipalities of the current \$2 billion annual federal Gas Tax Fund with annual increases indexed to a minimum of the annual rate of inflation and population growth.
- b. Transition an increase in the GST by up to 2 points, dedicated by legislation for investment in Canada's municipal infrastructure deficit.
- c. Continue tri-level government infrastructure funding agreements to address emerging infrastructure needs and shared priority investment opportunities.
- d. As part of the above, strategically encourage and support public education and advocacy which is critical to public policy evolution.

iii) CCA - An Industry Champion for Economic Growth

The WCR&HCA is pleased that the CCA has well established itself as a major stakeholder and influence in public policy infrastructure development, and should continue to do so.

The WCR&HCA would support and encourage the CCA to position itself as a public policy 'go to' national champion of economic growth for Canada, including becoming a major voice on the need to enhance productivity in Canada (not just our industry), competitiveness (not just in our industry) and international trade.

All of this cannot occur without a solid foundation (i.e. state-of-the-art public infrastructure). CCA's role should be to speak to the larger economic issues and national concerns that shape Canada's overall economic future beyond those that simply have a direct impact on the construction industries it represents.

iv) Immigration

Citing the success of the Provincial Nominee Programs (PNP), the WCR&HCA supports greater latitude being given to the provincial government by the federal government in the management of immigration to facilitate more efficient access to foreign workers, whether temporary or permanent, to fill the skills gap needs of the heavy construction industry.

v) Environmental Assessments

The WCR&HCA supports the concept of "one project, one environmental assessment" to eliminate jurisdictional duplication and project environmental approval delays.

CONCLUSION

The above are some of the key messages and priority policy commitments the MHCA is aspiring to achieve with all levels of government, the media, public and stakeholders.

Respectfully submitted,
 MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)
 March 2012