



## Groundbreaking

### CCA develops key messages in support of LTIP

As the construction industry across Canada prepares to lobby in support of a federal Long Term Infrastructure Program (LTIP), the **Canadian Construction Association (CCA)** has drafted a number of key messages to ensure consistency across jurisdictions. Prepared in consultation with MHCA President, **Chris Lorenc**, the messages are to be referenced as consultations with government and industry stakeholders will begin soon.

Messaging focuses on an LTIP **overview** including, appreciation that governments have made to the modernization of Canada's infrastructure over the past seven years. According to Infrastructure Canada, these actions have enabled combined government and industry infrastructure investments of approximately \$30 billion since 2009 and the construction or rehabilitation of more than 6,400 projects across Canada. Furthermore, Canada should build on the successes achieved in previous programs by committing to the development of a sustained LTIP and must be flexible and provide governments with the latitude to direct funding to support local or regional priorities within the broader context of the program.

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**CCA messaging continued from page 2...**

The CCA's messaging suggests a number of projects that should be considered for infrastructure funding that includes, trade corridors, gateways, ports, airports, inland ports, rail terminals, border infrastructure crossings and seamless multi-modal transportation systems; civic projects, such as convention centres, universities and colleges, teaching hospitals, research facilities; public transit projects and enabling infrastructure, such as highways and roads into remote areas and supporting infrastructure such as electrical grids and power production facilities. Additionally, funding for projects that are tendered through an open and competitive process should be a stipulated requirement.

Other messaging themes to support LTIP include an emphasis on **consultation** (where federal, provincial and municipal infrastructure priorities are identified early and shared with stakeholders), **principles** (collaborating with all levels of government and industry is crucial to the continued success already experienced through the Building Canada and Economic Action Plan), **program design** (adequate, sustainable and predictable long-term federal infrastructure funding to create stability and allow governments and

industry to manage their human and capital resources to help ensure high-value returns for funds invested).

A key element of LTIP's program design should be an emphasis on strong support for early tendering and contract award practices to extend the construction season. This initiative will help maximize the economic impact of the LTIP and reduce seasonal worker reliance on EI benefits.

The final key theme addressed in the LTIP messaging is **process** (focus on projects that have the highest economic or social benefits for the country; and streamline and eliminate duplication of the regulatory approvals process - including environmental - to enable timely construction after contract awards; plus, develop a consistent approach to fair and transparent tendering across all levels of government.



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## Charter challenge filed by construction companies

(June 27, 2012)



A number of local construction workers are taking Manitoba Hydro to court over an agreement they believe strips them of their rights guaranteed under Canada's Charter of Rights and Freedoms. The legal action, filed this week in the Court of Queen's Bench, follows a decision by **Manitoba Hydro** preventing employees from obtaining work on large-scale projects such as the Bipole III, unless they join designated trade unions, and pay union dues.

"As a condition of receiving work, Hydro's Transmission Line Collective Agreement requires all employees to join a union and pay union dues," said **Harvey Miller**, executive director of **Merit Contractors Association of Manitoba**, an organization representing approximately 4,600 workers and more than 200 Manitoba companies. "We believe this violates fundamental Charter rights guaranteed to workers including the rights to freedom of expression and association."

Miller said Canada remains one of the last democratic countries to still allow legislation and collective agreements requiring mandatory unionization as a condition of employment. This follows a 2007 ruling by the European Court of Human Rights making mandatory unionization illegal in the EU's 27 countries and in all 47 countries in the larger Council of Europe. "These workers are fighting for their guaranteed Charter rights," said Miller, "and the ability to make a decent living in Manitoba without being forced to join a union or pay union dues in order to get work from their own government."

The legal action will ask the Court to declare as null and void, provisions of the Manitoba Hydro Contracted Transmission Line Collective Agreement and of the Burntwood/Nelson Agreement relating to forced unionization/payment of union dues. It will also argue that:

- » The requirement to join a designated trade union in order to work on a project and/or remit dues to that union, whether or not the employee wishes to be a member of that union, violates their freedom of association under Section 2(d) of the Charter;
- » Having compelled the employee to join a union and remit dues, the employees' freedom of expression, protected by Section 2(b) of the Charter, is violated by the unions' public support for political parties or policies that the employee does not support and by the use of the employees' compelled union dues to provide financial or political support to parties or politicians that the employee does not support.

"We believe these Charter violations are unjustified in a democratic society," said Miller adding the government enforced a similar policy agenda during the expansion of the Floodway, a move that cost taxpayers unnecessary millions. Fuelling further concern is how pervasive this practice has become with agreements in place for Manitoba Hydro generating stations, the East Side Road, and the Bipole III transmission line.

Miller said the industry is perplexed by these government edicts given that open-shop companies continue to pay prevailing wages, offer competitive benefits and meet all provincial labour and safety standards.

"Manitoba has an outstanding history of labour relations within the construction industry," Miller said. "Major projects like the MTS Centre and Hydro Headquarters have been completed without master agreements or mandatory unionization. Such measures are clearly not necessary or justified. It is unfortunate that this mattered has been forced to the courts."

## Board appointments



Chris Lorenc

MHCA President, **Chris Lorenc** has been unanimously appointed the Chair of the **CentrePort Canada Governance and Nominations Committee**. The role of the Committee develops systems and procedures in a number of areas including, examining human resources, setting objectives, reviewing the CEO's performance standards and benchmarks.

In addition to a number of governance responsibilities, Chris will oversee the board's calendar of events, review the annual report, assess board remuneration and ensure compliance with respect to corporate policies and public disclosure statements or documents. Chris succeeds **Eugene Kostyra** who was the Board's first Governance and Nominations Committee Chair.

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## Welcome new MHCA members!

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## MCSC releases annual report

The Manitoba Construction Sector Council (MCSC) has released its annual report reflecting on a successful 2011 – 2012. The Council is well-positioned to achieve the educational and training objectives it has been tasked to deliver for industry this coming year and those following it led by MCSC's new Executive Director, **Maria Gill** and MCSC Chair, **Gord Lee** – also a past MHCA Chair.

In addition, the MCSC has exceeded projections for training new and existing workers in the construction industry, have increased our overall revenues and have added staff with better depth to enable the Council's mandate to be delivered on a wider array of educational opportunities for the industry overall.

A number of other notable MCSC benchmarks were achieved this year including, a new strategic plan was developed; the Council's website was re-designed **www.mbcsc.com**. Additionally, initiatives to work closely with the Aboriginal Community were put into motion including, an Aboriginal Advisory Committee, visits to northern high schools to promote the construction industry, as well as a new position for a full-time Aboriginal Liaison Officer, was put forward.

The MCSC has begun the development of a two part youth recruitment strategy to reach Manitoba's youth with information about the benefits of a career in construction.

The MCSC's report also reflected on its major review of the Building Supervisors of Tomorrow (BST) program. Working with content experts from the construction industry, the BST curriculum was revised to ensure that new supervisors received instruction that could immediately be applied in the workplace. In 2011-2012, the MCSC provided training to over 680 individuals, many of whom were participants in the BST program.

MCSC also ran two pre-employment programs, sponsored by the Government of Manitoba and delivered at Winnipeg Technical College. These programs included training in essential skills, employability skills, power and hand tool training, safe work practice, and on site work experience designed to prepare individuals for employment within the industry.

## MHCA Executive Committee Report

MHCA Executive Committee  
(June 20, 2012 MHCA Boardroom)

### Meeting Highlights

MHCA President, Chris Lorenc, reported on the following:

- » Discussed the request from the Canadian Construction Association (CCA) that Chris Lorenc edit a document to be used nationally in lobbying efforts to support a Long Term Infrastructure Program (LTIP) **(see page 1)**
- » Reported on the May 2012 CCA meetings in Jasper, AB. A number of initiatives, led by MHCA, were agreed upon including a letter **(see page 6)** to the Prime Minister and copied to the Canada's premiers suggesting economic growth and cost cutting measure could be addressed by the federal government encouraging early tender practices.
- » Reviewed MHCA's recommendations on Bill 34 (Public Private Partnership Transparency and Accountability Act). The full document can be viewed on **www.mhca.mb.ca**
- » Summarized notes from a meeting with MIT in April 2012 to review the MIT Highways Construction Program and the concern the increase in fuel taxes preserved what likely would have been more severe cuts and provides a base upon which to build the program in the future.
- » Management reports were submitted from MHCA managers: Worksafely & Workforce reported that the recruitment of two new safety advisors was underway; Events and Membership reported 36 new members have joined MHCA this year, June 2012's MHCA Spring Mixer was the most attended to date and that August's Golf Classic sold out in just four business days; and Marketing and Communications reported on a communications audit is underway including a review of MHCA's website and supporting marketing tools and a social media plan was presented to position the Association online with social media.

Canadian  
Construction  
Association



Association  
canadienne de  
la construction

June 20, 2012

The Right Honourable Stephen Harper  
Prime Minister of Canada  
Langevin Block  
80 Wellington Street  
Ottawa, ON K1A 0A2

The Honourable Darrell Dexter  
Premier of Nova Scotia  
Vice Chair of The Council of the Federation  
PO Box 726  
Halifax, NS B3J 2T3

Dear First Ministers:

On behalf of the more than 17,000 member firms represented by the Canadian Construction Association (CCA), we are writing to respectfully suggest a change in government practice that could reduce employment seasonality within the construction sector and decrease the need of industry employees to access Employment Insurance (EI) benefits.

The proposed EI system reforms have generated considerable discussion within the construction industry, particularly with those contractors engaged in seasonal construction. These heavy construction contractors who work principally in the field of road and underground utility construction are already experiencing labour shortages and are concerned the proposed reforms will discourage new employees from pursuing a career within the sector, or will drive existing employees toward less seasonal industries. Should this happen, labour and project construction costs would rise as the industry is forced to offset workforce losses with less skilled spot labour or temporary foreign workers.

While climate will always be a challenge governing practices within the heavy construction sector, the adoption of early tenders and long-term multi-year capital budgets could help extend the construction season, thereby shortening industry furloughs and the reliance of its employees on the EI program. In fact, short of laying asphalt and pouring concrete in road works, the adoption of early tendering practices could keep most of the heavy construction industry – particularly underground utility works – busy throughout the year if not for a full calendar year.

The decision, however, to extend the season is one outside the control of the industry as project terms, timeframes and tendering practices are the purview of public owners. Without changes to these practices, the industry will remain seasonal in nature, and much of its workforce will remain dependent upon government support programs during the offseason months, especially in areas of high unemployment.

Current tendering practices vary widely between jurisdictions and lack predictability, with tenders often carried out late into the construction season. In part, this is due to the appropriations process for capital budgets, which varies year-to-year and fluctuates depending on economic conditions. Not only does this shorten the construction season, but since these tenders are often published during periods of peak construction demand, project pricing is less competitive than it would be if pursued during periods of lower demand.

The adoption of early tendering practices, namely tendering between October and December for the ensuing season and the establishment of long-term multi-year capital budgets for infrastructure construction and maintenance would significantly improve workforce and project management within the industry and help reduce or eliminate employment seasonality. The result would be longer annual workforce employment, more competitive pricing for public projects, higher incomes, and, in a growing number of circumstances, reduced or eliminated reliance on EI

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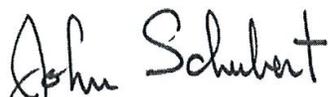
Construction remains the bedrock of Canada's economy. Collectively, the industry employs nearly 1.3 million Canadians and accounts for seven per cent of the country's gross domestic product. It is a significant direct contributor to the prosperity of Canadians, and as an enabler of growth in other sectors, construction helps drive our economy forward.

As an industry, a significant amount of time and resources are dedicated to employee recruitment, training and professional development. Our skilled workers are in short supply and are critical to the industry's overall success. As such, while the industry supports the goal of governments to reduce seasonal employee reliance on the EI program, we believe these changes should not be implemented in isolation and that governments should work with industry to overcome the challenges that create seasonal working conditions.

The federal government will shortly be consulting with stakeholders on the development of a Long-Term Infrastructure Plan (LTIP). We believe these consultations provide a unique opportunity for governments to work with our industry to overcome both industry and public sector policies that contribute to industry seasonality. The adoption of early tendering practices and long-term capital budgets are just two measures that we believe must be a component of the LTIP as these measures would help reduce construction seasonality, which would be in the best interests of our workforce, the economy, and ultimately, all Canadians. This change, however, will only be possible if First Ministers exercise leadership and work to implement these policies within their respective governments and across all levels of government in Canada.

The Canadian construction industry remains committed to working with your respective governments to meet the challenges confronting our economy today and in the future, and we look forward to your reply to our suggestions.

Yours sincerely,



John Schubert  
CCA Chairman



Michael Atkinson  
CCA President

- |     |   |   |
|-----|---|---|
| cc: | The Honourable Christy Clark<br>Premier of British Columbia             | The Honourable Alison Redford<br>Premier of Alberta           |
|     | The Honourable Brad Wall<br>Premier of Saskatchewan                     | The Honourable Greg Selinger<br>Premier of Manitoba           |
|     | The Honourable Dalton McGuinty<br>Premier of Ontario                    | The Honourable Jean Charest<br>Premier of Quebec              |
|     | The Honourable David Alward<br>Premier of New Brunswick                 | The Honourable Robert Ghiz<br>Premier of Prince Edward Island |
|     | The Honourable Kathy Dunderdale<br>Premier of Newfoundland and Labrador | The Honourable Darrell Pasloski<br>Premier of the Yukon       |
|     | The Honourable Robert McLeod<br>Premier of the Northwest Territories    | The Honourable Eva Aariak<br>Premier of Nunavut               |



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Wednesday August 8, 2012 | Elmhurst & Pine Ridge Golf Courses

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**REMINDER:**  
 The MHCA Events Committee will settle course placement by draw on August 1, 2012. All golfers will be notified by fax or email (if you provide one on the registration form) about course location on **August 3, 2012**. **All team captains are responsible for notifying the rest of their team of course placement.**

Use this form to enter as many golfers as you wish. If you are not registering a full team, the extra spaces will be filled by the tournament organizers. As per MHCA Board Policy, only registrations cancelled at least 72 hours prior to the commencement of this event will be refunded.



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From Left to Right, Clinton T. Cannon, Lucia Cabral & Trevor King



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## Lucia Cabral

Territa Corporation - Environmental Services

## Trevor King

Borland Construction Inc.

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- Practical knowledge in the health and safety skills combined with field experience as it pertains to the work in heavy construction.

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## Oil to the rescue?

Peter G. Hall, EDC Vice-President and Chief Economist



Peter G. Hall



Few economic indicators grab the attention like oil prices. Large swings in recent years have led to statements in the popular media that in retrospect are comical. The upward run of prices between January and April led some to label this the greatest threat to continued world growth. They might have been right, but the recent plunge should quell those fears. Instead, other worries predominate. Should they, or are lower oil prices a hidden elixir for the world's woes?

Crude oil's recent wild ride in the past year is easy to forget. World weakness weakened WTI crude to the mid-US \$80 per barrel range last summer. Accelerated growth moved prices up to the US \$100 per barrel level in the fall, gaining an additional 5 per cent earlier this year. Since early May, prices have sunk back close to US \$80 per barrel. The same goes for Brent crude - it has shed US \$25 per barrel over the same period.

Gasoline prices have responded, most notably in the US. Just in time for the critical driving season, pump prices are down a substantial 24 per cent to US \$2.50 per gallon. Declines are less dramatic in most other markets, where prices are either more heavily managed or blurred by significant taxation. Even so, the stimulative effect on the global macroeconomy cannot be denied.

How significant is it? The US Energy Information Administration estimates that a \$20 drop in oil prices adds roughly 0.4 per cent, or \$60 billion, to US GDP. Other rules-of-thumb suggest that a 50-cent drop per gallon in gasoline prices adds \$70 billion to the economy, making the recent price drop a \$100 billion windfall, almost 0.7 per cent of GDP. Given recent strength in US consumer spending, it's not hard to imagine the early-summer bonus having an impact at the till in the coming weeks.

So far, there's not much sign of enthusiasm. To date, US retail sales haven't reacted, and confidence has been battered on both sides of the pond by concerns about Europe. Those concerns may initially lead consumers to save a greater share of the oil-price windfall, but even the muted boost is likely to prompt greater use of the spare cash as the year wears on.

OECD nations should generally show positive spending impacts in the second half of this year. But the effects aren't limited to the largest economies - fuel costs are significant in emerging markets, although translation to consumers is dampened by subsidies that in many cases are a substantial share of the total cost. But on the flipside, lower prices will ease the burden on public finances, creating room for other avenues of government spending.

Oil producing nations aren't as happy. Russia in particular has an expensive set of stimulus measures that will take \$120 oil to pay for - but it's likely an exception. Most oil plays make good money at prices well below current world rates. As far as we can tell, most if not all Canadian producers are still making money at current prices, although profits will take a big hit.

The bottom line? Bad news sells, and it's currently carrying the day. Ironically, the effect of this on crude prices could be a key factor that perpetuates the world-leading momentum in the US economy. Lower oil prices could be the biggest upside surprise to hit the world in the second half of 2012.

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## Should we implement a municipal sales tax?

Dave Angus - CEO and President, Winnipeg Chamber of Commerce



Dave Angus

In the last CEO Confidential, I outlined a series of issues related to the nature of the overall Municipal infrastructure deficit. The conclusion was made that we can't ignore the significance of the gap any longer and a long term solution is required that will involve a new form of revenue to municipalities. In this edition of the CEO Confidential, I would like to propose a potential solution that The Winnipeg Chamber has put on the table for discussion through our Manitoba BOLD platform.

On July 31, 2012, the citizens of Atlanta will be going to the polls to determine whether they will agree to a 1% City Sales Tax over 10 years to fund \$8.5 billion in targeted infrastructure projects that will greatly enhance their quality of life and competitiveness. The Atlanta Chamber of Commerce is leading the campaign because their City has reached a crisis and the investment is absolutely necessary in order for them to sustain their economy. Many of the elements that we believe make this a potential option for Winnipeg are in play and I would like to take this opportunity to articulate the reasons why we believe a Municipal Sales Tax for Winnipeg should be seriously considered.

**Reducing Reliance on Property Tax:** Countries in the commonwealth are far more reliant upon property tax as a form of municipal taxation. That reliance has created challenges due to its relatively stagnant nature. Consumption tax, which is less complicated to administer and is more progressive, has proven to grow more consistently with the economy. The lack of growth tax at the municipal level leaves cities with limited tools to address the escalating cost of infrastructure.

**Ease of Administration:** Since the provincial government levies a sales tax already, it would be easy to just "piggy-back" onto that tax, which would provide a seamless and cost effective way to collect a Municipal Sales Tax.

**Voter Approval:** Responsibility and decision-making ability is left in the hands of the voters through a referendum. This will initiate significant public discourse and, just like in the Atlanta model, the investment of the new tax revenues will be fully transparent and accountable.

**Earmarking:** The assignment of revenue to a particular package of projects will ensure that the public can make a decision on specific improvements to their community that they may or may not want to invest in. This will also ensure that it will not displace existing infrastructure investment whether municipally funded or resources that come from the other two levels of government. The notion of a Municipal Sales Tax is to ensure incremental investment is applied to the problem and it isn't used to take pressure off other resource areas. A system that allows taxpayers to clearly see the incremental value of a specific investment has many advantages and that is why 75% of all referendums for Municipal Sales Tax initiatives get approved in the United States.

**Sunset Provision:** Taxpayers are much more likely to accept a new sales tax if it has a beginning and an end with the opportunity for renewal at the end of a certain period based on a whole new set of projects. The Atlanta example is typical of major infrastructure projects that run a 10 year time frame.

**Rebate Excess Revenues:** Should the economy grow over the plan period faster than expected and there are excess revenues, these revenues can be rebated back to the taxpayers.

**Annual Reporting and Autonomous Delivery:** The best models have an arms-length body (an authority) that will be publicly accountable for the implementation of the infrastructure plan. An annual report that will account for investments made and projects completed or in process is the level of transparency that is often missing in our current system.

The Municipal Sales Tax model offers many advantages. Currently the City of Winnipeg Act and the Municipal Act limit municipalities to their current revenue model. The Province would be required to enact enabling legislation for municipalities to pursue this course. The thought of our community having a broad and thorough conversation about the current and future state of our infrastructure through a referendum excites me. Whether approved or not we would be in a much better position to make an informed decision on this critical issue facing our community.