MHCA MANITOBA HEAVY CONSTRUCTION ASSOCIATION

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THE Heavy News Weekly

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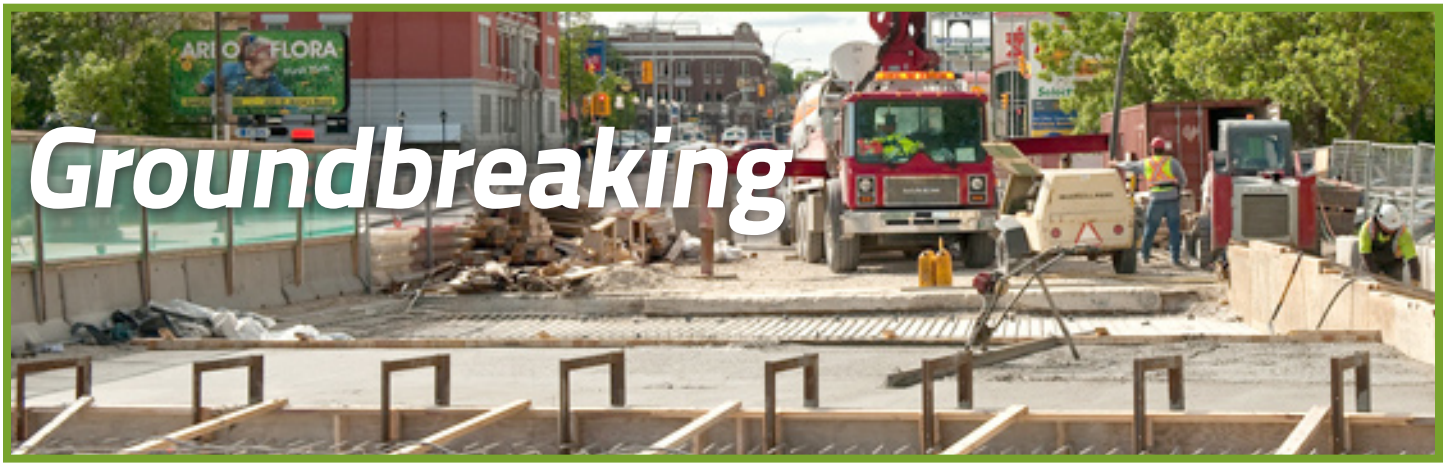

Selinger odd man out on tax

Editorial - The Winnipeg Free Press (May 31, 2012)

The gathering consensus on the need for urgent and immediate action on Manitoba's infrastructure problem is now nearly unanimous.

Business groups, municipalities, think-tanks, commissions of inquiry and advocacy groups have been demanding for at least a decade that the province hand over new revenue tools to urban centres, particularly Winnipeg, so that they can rescue their crumbling roads, bridges and sidewalks, but their pleas have been rejected.

Now, however, organized labour -- the NDP's traditional ally -- has added its voice to the debate.

The Manitoba Federation of Labour [sponsored] a resolution at [last] weekend's NDP convention calling for a one-point increase in the provincial sales tax, with the funds dedicated to infrastructure renewal. The Business Council of Manitoba, which represents the province's top firms, made such a recommendation a year ago, a significant endorsement since corporations never like tax increases.

It's less unusual that a labour group would support a tax increase, but the MFL is clearly bucking the entrenched position of the Manitoba NDP, which has been very kind, indeed, to its members.

It would have been more helpful if the powerful labour organization had spoken up prior to the recent civic and provincial elections, but at least they have joined the discussion. MFL president Kevin Rebeck says the idea of tax increases is not a winning strategy during elections, but the NDP has had no problem raising the gas tax and fees for other services since then.

With roughly three years before the next election, this weekend's convention (the MFL also plans to discuss it at its annual meeting later in June) is a good place to renew this critical discussion.

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The question of decaying infrastructure is usually posed as a consumer issue only. Motorists complain about broken front ends, damaged tire rims and spilled coffee, while others fuss about leaking roofs in community centres or cracked sidewalks and decrepit back lanes.

The significance of the decay, however, is much deeper, which is not to understate the impact of lumpy roads on citizens.

The Conference Board of Canada, the country's foremost independent, not-for-profit applied research organization, says in its latest report, The Role of Canada's Major Cities in Attracting Foreign Direct Investment, that healthy, vibrant cities (with smooth roads and sidewalks, among other things) are vital to success in today's global competitive environment.

As national borders have become more porous and less important for investors, global competition today is being waged not so much among countries, but between cities, the conference board says, echoing earlier studies on the importance of municipalities in economic growth.

The conference board surveyed executives at foreign multinationals to get their perspective on what they look for when choosing where to invest. It found investors had serious criticisms of Canada, including the poor physical infrastructure of our cities, which was identified as a key consideration for investment.

"The importance of cities," the board concluded, "is more than the sum of their GDP." When cities succeed, so do the surrounding communities, the provinces and all of Canada.

A city with decaying and rusted infrastructure tells visitors it may not be a good place to invest and not even a good place for a vacation.

That's why the debate on infrastructure spending is not merely about quality of life or bumpy car rides, but also about the ability of Winnipeg to compete with other cities in the world. In the end, it's about the bottom line and the ability of the community to grow and prosper.

This weekend's discussion ought to restart a debate that Premier Greg Selinger has too easily and casually dismissed.

Municipalities mobilize to meet looming 2014 funding expiry

Federation of Canadian Municipalities (June 3, 2012)

With the March 2014 expiry of critical federal infrastructure funding agreements looming, and the federal government now working on a plan to replace those programs, the Federation of Canadian Municipalities (FCM) is mobilizing its members to make sure their priorities are reflected in any new funding agreements.

The Federation launched Target 2014: Building our future at its annual conference in Saskatoon. FCM hopes to mobilize the 2000 municipalities and thousands of local officials that make up its membership to remind MPs of the importance of vibrant cities and communities to economic growth and prosperity.

"The last few years have seen important federal investments in our communities that have helped slow the rate of decline and given us hope for our future," said FCM President Berry Vrbanovic. "But now as March 2014 approaches Canada is at a tipping point; either we continue moving forward with the job of re-building or we fall further behind as crumbling roads, traffic gridlock and sky-high housing prices cost our economy jobs and growth."

The federal government last year committed to developing a long term plan for infrastructure funding. [Last week], federal Infrastructure and Communities minister Denis Lebel, spoke to delegates and reaffirmed the government's plan to put in place this new strategy before existing programs expire. He also announced a series of roundtable consultations to get input into his plan.

Vrbanovic says the FCM campaign will serve to showcase the importance of continued investment in the real needs of cities and communities and mobilize municipal and community leaders to participate in the federal consultations.

"We need the federal government to continue building on the foundation of partnership and collaboration that served our country well during the recession and work with us to develop a long term plan that reflects the real needs and priorities of our cities and communities," said Vrbanovic.

The campaign is designed to encourage municipalities to tell the stories about the state of their communities and the important role that federal funding has played and must continue playing in their development.

The campaign, which is set to run from now until the spring of 2013, will leverage both traditional as well as social media to encourage residents, businesses and organizations to also get involved. That is when FCM expects the next federal budget to spell out the government's thinking in relation to federal-provincial funding agreements.

Have a story for us? We'd love to hear about it!

The MHCA is only successful thanks to our strong membership roster that continues to grow, and now we want to hear from you!

We want to hear about a success story and anything you want to share with us and the rest of the MHCA membership!

We'd like to hear from our members on things such as:

- A New Exciting Construction Project your company is involved with
- A Recent Successful Completion of a Construction Project
- A success story or acheivement for your company or staff member(s)

Feel free to submit your idea or story to **media@mhca.mb.ca**

We will contact you for more information or details on your story, and then have it ready for a future issue of the Heavy News Weekly!

Experts urge feds to charge road tolls, user fees to pay for infrastructure

JORDAN PRESS, Post Media (June 6, 2012)

It's time for the federal government to start making Canadians pay user fees to pay for infrastructure upgrades and renewal, a new report urges.

The controversial concept from a group of academics at the University of Calgary is effectively advocating for a pay-as-you-go system to pay for renovations to infrastructure such as roads, bridges, ferries and rail.

Currently, tax dollars or some user fees cover the costs of replacing or repairing local, provincial and nationally controlled infrastructure, but the backlog of repairs is so vast — estimated to be in the billions of dollars — that taxes alone may not be enough to pay for it all.

Convincing Canadians to start paying user fees will be a "phenomenally difficult political economic exercise," Brian Flemming, a transportation expert from the university's school of public policy, writes in the report released Wednesday morning.

A successful pitch, he said, will require governments to be open and transparent with their plans — a tall task for what Flemming describes as "the most secretive and controlling government in Canadian history."

The need to charge user fees is being driven by the retreat of the federal government from stimulus spending as Ottawa attempts to get its fiscal house in order and cut the federal deficit over the coming three years.

Flemming argues user fees, and an even more controversial concept — public-private partnerships including allowing people to invest their pensions in infrastructure projects through "infrastructure banks" — are one way to fill the financial gap left by the end of stimulus spending.

A second driver is climate change.

Although the report questions the exact cause of climate change, Flemming argues more green technologies in vehicles that decrease the need for oil will, eventually, dry up the one line of infrastructure financing the federal government provides to cities: the gas tax.

"The shrinking of the gas tax base is being recognized everywhere, even by states and the federal government in the United States," Flemming writes. "That decline is already pushing people in other parts of the world towards other revenue sources, such as road pricing, more sophisticated tolling or congestion charging."

Charging tolls or road fees has become a norm in other countries, such as the United States and in Europe, including Britain where cars entering downtown London are charged a congestion fee to enter the core.

"Only some form of road pricing will fill the coming shortfall in funding," Flemming said.

"This means something far beyond mere traditional tolling of roads and bridges. It means creating a system whereby those who use infrastructure will electronically have to pay small and sophisticated fees or this use."

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Wednesday June 13, 2012 | Assiniboia Downs
Reception – 5:30pm ▪ Dinner – 6:00pm ▪ Live Racing – 7:00pm

SEATING IS LIMITED. TO ORDER TICKETS, FAX FORM BACK TO 943-2279. **TICKETS: $75.00 + GST.

Company: _____

Number of tickets (tables of 8): _____Contact person:_____

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Invoice: _____ Visa/MC/AMX #: _____ Exp: _____

Signature: _____

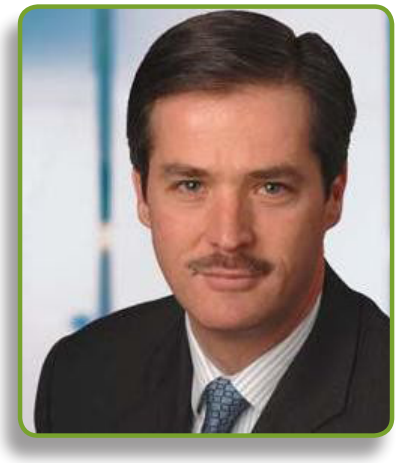
For more information please contact Christine at the MHCA office by phone: 947-1379, fax: 943-2279 or by email at christine@mhca.mb.ca

As per MHCA Board Policy, only registrations cancelled 72 hours prior to the commencement of this event will be refunded.

Groundbreaking MHCA

US Economy: Running on Empty, or Going Strong?

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



Peter G. Hall

The debate is intensifying. In spite of a second-round recession and a new volley of bad news from the Euro Area, slowing emerging markets and persistent pessimism, key US indicators continue to put on an impressive show. Is current US momentum just another false start, or are there good reasons to believe that more is in store for the world's top economy?

Those in the positive camp are quick to point out that current US growth is broadly-based. New data releases in the housing sector confirm that the market is reviving. Auto sales may fluctuate from month to month, but trend growth remains strong. Although they are still deleveraging, consumers are now able to maintain surprisingly strong retail sales growth. Momentum may have eased somewhat in the industrial sector, but factory orders are steadily rising, and surveys indicate no imminent decline.

It's hard to dispute these facts, but others worry that global headwinds will initiate a quick about-face. Conditions in Europe have prompted a backlash against austerity plans, throwing the sovereign debt situation back into a crisis that has renewed fears of contagion beyond the periphery. Access to financing remains tight. Concerns about slowdown in the BRIC nations are swirling. Global policy options are getting thinner. Many doubt that the US can dodge the repercussions on world demand.

Which side is right? Both make compelling arguments, but what the upbeat side has in its favour is growth potential. For all the recent growth, homebuilding is still far below the population's basic requirements for new dwelling units. Despite strong auto sales, there remains an unusually high ratio of aging clunkers on US streets that need to be replaced. There is strong evidence that years of suppressed activity have created substantial pent-up demand across the lower 48.

There's another key source of potential that has raised eyebrows through the economic downturn. At the onset of recession, US non-financial corporations were quick to conserve cash. Since then, the cash pile has grown by about $1 trillion, currently adding up to over $2 trillion. Given that annual US GDP is about $15.5 trillion, the corporate cash-stash is a huge source of economic firepower. And that's not all – at the same time, these same corporations have an additional $2.4 trillion of trade receivables. Converting this to cash doubles this already-substantial economic arsenal.

Will the money actually be spent? Politicians have long been frustrated at corporate reticence. But their hesitation is typical of all economic cycles. Corporations don't ever spend until there is a true need, and the substantial spare capacity created by recession precluded any widespread need to expand or modify operations. That has changed in the past few months. Steady growth has soaked up that spare capacity, and the manufacturing sector is now within a hair of the pre-recession peak of capacity utilization. The construction sector may soon be on the same path. If history repeats itself, that reservoir of corporate cash is on the verge of being unleashed into the US economy, a grand private-sector stimulus program with the promise of igniting a true and long-awaited recovery.

The bottom line? On its own, current US momentum is likely not enough to withstand key global headwinds. But the potential energy in the vast storehouse of corporate US cash is on the verge of becoming the kinetic energy of investment spending, with far-reaching economic benefits.

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Self-Teach Manuals / e-Learning
CSO Designation
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Safe Roads/Winter Roads
Safety Consulting Services
Audit Readiness Services
Gold Seal Certification
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