Groundbreaking MHCA The Heavy News Weekly

WORKSAFELY MHCA July 25, 2013 WORKFORCE MHCA

Detroit, broke? Could it happen to Canada's municipalities?

By Chris Lorenc, B.A. LL.B., President MHCA

Astonished, we learnt last week that Detroit City was broke; and not just broke, but over $18 billion in debt and liabilities. Unfulfilled projects are on the horizon, as is a city with a bleak future. Photos show the slow, pronounced decay of large neighbourhoods of Detroit, making it look and feel like a failed social sciences experiment.

Fire hydrants permanently turned off, streets full of potholes and garbage, homes left to rot like cavities in a sad smile. Detroit is just the latest of a number of municipalities in the United States to admit defeat. How could this happen?

Did no one anticipate these issues, as many other cities and municipalities (and in some cases, even States) have slid down this path in the last number of years? As Garret Harding noted in his smart essay "The Tragedy of the Commons" (Science; 1968) - Who is watching the watchers?

And, to be a tad self concerned about our Canadian friends and municipalities (namely the big seven CMA's {census metropolitan areas} – Toronto, Montreal, Ottawa, Winnipeg, Calgary, Edmonton, and Vancouver), could such a travesty occur here in Canada? Doubtful, say many. But, municipalities must heed the loud warnings concerning pension liabilities and debt servicing costs.

Canada's municipalities are governed by laws that prohibits cities from not running operating deficits, and therefore they are not capable of going bankrupt - technically. That being said, law is only as good as the paper it's written on, the administrators who protect and enforce such laws, and citizens and residents who follow and adhere to such laws.

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How would a Canadian CMA, say Toronto, actually deal with such an economic fallout? We think that we know how it would occur, but reality would be very different.

Lights bulbs would not be replaced, streets would fall further into disrepair, buses would not run, children would not play in parks for fear of harm due to neglect, and malaise and social unrest would creep from neighbourhood to neighbourhood.

Without a long-term national plan and vision, focused on prudent economic growth and strategic investments in things like infrastructure – social and civil alike - being unprepared for disasters and sudden economic swings could create similar conditions that has taken down not only Chicago, but a number of other municipalities, many in California.

At present, the courts have actually refused Detroit's plea for bankruptcy, essentially placing the city in even more precarious limbo, if that's possible. Literally, time is ticking and the city is running on luck, decent residents and some kind of optimism. All of the investments made, over so many decades, have withered and Detroit's future looks very uncertain; where to begin, in repairing or even attempting to turn things around? What can Winnipeg, and other Canadian municipalities learn from this alarming trend?

In our opinion, governments that fail to plan will ultimately plan to fail; the lessons to be learnt from Detroit is that monitoring housing markets and being very prudent about development, property tax revenue and valuation should yield pragmatic growth for cities, along with functional and realistic spending and service delivery. These principles support the laws that prohibit cities from running operating deficits and should allow for good long term decision making.

Planning now to make good economic and social investments in Canada's municipal infrastructure won't necessarily prevent a scenario like the one playing out in Detroit from happening, but will go a long way in maintaining and supporting the economic engine that allows us to have the quality of life we've all come to expect.

Incurring debt for infrastructure projects is a reality most municipalities have to embrace; and while Detroit brings sadness to mind, we all watched Detroit borrow beyond comprehension – with no real plan to address the issues that brought them the misery they now live with. The teachable lesson: plan smart and borrow smarter. Good luck to the Motor City and her residents.

We've updated our logos and we hope you will, too!

Last year, MHCA invested in a new brand identity that you see throughout *The Heavy News Weekly*. If you are a proud MHCA member and wish to download and use our NEW logos for your marketing initiatives, please visit:

www.mhca.mb.ca/media/logos

Groundbreaker - MHCA's new quarterly magazine was recently shipped to our members and key stakeholders.

You can view the magazine online now by clicking the link below!

http://tinyurl.com/c5v74ek

EllisDon co-founder Don Smith passes away

TORONTO *Originally published in DCN NEWS SERVICES*

Don Smith, co-founder of global construction giant EllisDon, passed away at the age of 89 on July 16.

London, Ont. contractors Smith and brother David Ellis Smith began the company on April Fool's Day 1951 with only four employees. The company quickly became the first Canadian contractor to own its own tower crane, in 1956, and the first to fully computerize its accounting and cost systems in 1968.

Accordiing to the EllisDon website, the fully guaranteed $400 million retractable roof SkyDome was Smith's proudest achievement at EllisDon.

Today, the company completes over $3 billion in volume annually, has worked all over the globe on every type of project, and is nearly 50 per cent owned by its 1,600 employees.

EllisDon was just one part of life for Smith, who was a committed philanthropist, raising funds and support for the Boys and Girls Club, Fanshawe College and many other charities and individuals. He also received a lifetime achievement award from the Canadian Council of Christians and Jews for his stands against bigotry and unfairness.

A celebration of Smith's life will be held at the London Hunt Club on July 23 at 3 p.m. In lieu of flowers, 'Don would ask you to multiply that cost by at least 10 and donate it today to your favourite charity," says his obituary.

CCA Seeking Input on Substance Abuse Issues

The CCA Taskforce on Drug and Alcohol Policy is seeking to determine how well-equipped Canadian construction companies are to deal with drug and alcohol issues, and has developed a survey to help gather this information.

Your participation in this survey would be greatly appreciated.

The survey is accessible in English and in French

Welcome NEW MHCA Member!

Lakeview Hospitality

Jan Dowling

Email: jdowling@lakeviewhotels.com

600 - 185 Carlton Street

Winnipeg, MB R3C 3J1

Ph: (204) 885 - 3031

Website: www.lakeviewhospitality.com

Services: Whether for short term or long term, individuals or crew accommodations or family holidays, you will find friendly service, value and quality at every Lakeview Hospitality location.

Stay with us in Brandon, Gimli, Hecla, Thompson and Winnipeg.

2013 MHCA Membership & Services Directory available!

Released annually in spring, the MHCA Annual Directory is the exclusive Equipment Rental Rates Guide in Manitoba. Its 'yellow pages' list companies by areas of service. The 2013 Directory was mailed to MHCA members at the beginning of May.

Non-members can purchase this year's directory by contacting Brenda at 204.947.1379 or brenda@mhca.mb.ca

Public and private sector project owners extensively use the Directory to locate and contact needed suppliers of services, including contractors, materials, equipment, aggregates, oils, design, and engineering — to name a few.

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, a great photograph or a fantastic video or 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 achievement 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!

MHCA
MANITOBA HEAVY CONSTRUCTION ASSOCIATION

Annual Golf Classic

Wednesday August 14, 2013 | Elmhurst & Pine Ridge Golf Courses

REGISTRATION FEE - $225.00 / person + gst

10:30am – registration desk opens

12:00 noon – shot gun start

Four Person Texas Scramble includes:

Green Fees & Motorized Cart
An Assortment of Spectacular Contests
Fabulous Steak Dinner
Bus shuttle between courses
fore/after dinner

Member Company

Invoiced for to

Team Cap

**Email

Other Go

Golf registration is SOLD OUT!

If you have NOT submitted your golfers names, please send them to

Christine Miller: christine@mhca.mb.ca or 204.947.1379

Visa / MC / AMX # _____

Signature _____

Dinner Only ($50.00 / person all inclusive) _____ Invoice Tournament Fees: _____

Submit registrations ASAP by:

FAX: (204) 943-2279 | Email: christine@mhca.mb.ca

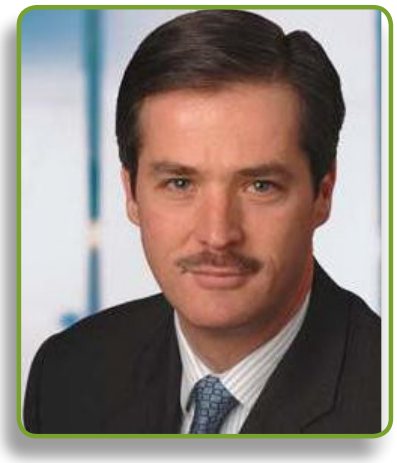
REMINDER:

The MHCA Events Committee will settle course placement by draw on August 7, 2013. All golfers will be notified by fax or email (if you provide one on the registration form) about course location on **August 8, 2013**. **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.

Global Investment: A Setback?

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



Peter G. Hall

Cross-border direct investment flows are a critical ingredient in the modern international trade recipe. These flows provide us with access to key resources and fast-growing markets, and allow for production systems that are better aligned to country or regional economic attributes owing to the efficiencies of global supply chains. As such, it is essential to keep a close eye on global investment movements. What can we say about recent activity?

Global foreign direct investment movements are tracked by UNCTAD, and figures for 2012 were released just three weeks ago. High level numbers point to some surprising movements. For the world as a whole, cross-border investment was down 18 per cent last year, following back-to-back post-crisis gains in 2010 and 2011. Developed markets bore the brunt of the decline in inflows, off 32 per cent from 2011 levels. They also put 23 per cent less on the table for investments elsewhere. At the same time, investment flows to emerging markets were also down, but by a more modest 4.4 per cent – enough to enable emerging markets to surpass developed markets' investment inflows for the first time ever. Emerging markets now account for 52 per cent of global direct investment inflows.

Results across emerging markets are not even. Direct investment inflows were down in all of the BRICS and Mexico. Brazil was the only large market with a modest drop. All the rest excepting Russia sustained double-digit declines in 2012, with South Africa down 24 per cent, India down 29 per cent and Mexico – considered to have been a stable investment zone – saw inflows drop by a shocking 41 per cent, and simultaneously outflows more than doubled. Offsetting these large-market declines were increases – some very dramatic – in a broad variety of less stable emerging markets.

The story for developed markets is negative, with very few exceptions. Inflows to the EU were down 41 per cent in 2012, and outflows were down 37 per cent. Alongside talk of 'reshoring', total US inbound investment was down 26 per cent, and the more substantial outward flows were down 17 per cent. Other OECD nations saw inward investment shrink much more modestly, and thanks to a surge of Japanese foreign investing, outward flows from other OECD countries bucked the trend, adding a further 11 per cent to their post-crisis up-trend.

On balance, the numbers are disheartening, suggesting a debilitating recoil in additions to global production capacity. Taken in context, though, the setback makes some sense. Acute fears of a damaging domino effect in Europe related to the collapse of the Greek government created a 'you-first' mentality among corporations that were generally cash-rich. This was stoked further by fears of a broadly-based slowdown in emerging markets. A more recent rise in consumer and business confidence in the leading OECD nations, coupled with tightening capacity constraints in the US economy, could be indications that in 2013, companies are parting with more of their ready cash.

On an even brighter note, Canada's record in 2012 was very positively off-trend. According to the UNCTAD figures, inward foreign direct investment rose 9.6 per cent, still well off the pre-recession peak, but the third successive increase. Similarly, Canadian direct investment abroad posted an 8.2 per cent gain in 2012, a sign of Canadian corporations' sustained commitment to external markets.

The bottom line?

Global investment can be volatile, and last-year's movement may prove to be an overreactive blip. Investment does follow growth, and recent upward estimates of the latter bode well for a positive investment response. It's nice to see that Canadian investors are ahead of the game.

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