July 2, 2015

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The Heavy News Weekly

WORKSAFELY MHCA™

Making the most of a wealth of infrastructure finance. Spending money, not raising it, is the biggest problem when it comes to financing infrastructure."

Originally published by McKinsey Report June 2015 - written by Tyler Duvall, Alastair Green, and Mike Kerlin

The world will need to spend almost $57 trillion on new infrastructure over the next 15 years, according to the McKinsey Global Institute. That's an enormous sum, but contrary to popular belief, there is no shortage of capital; in fact, there will be more than enough as both governments and investors increase their focus on infrastructure.

The past five years, for example, have seen a steady rise in the number of institutional investors allocating assets to infrastructure, as well as the establishment of infrastructure as an asset class in its own right.

At the same time, thanks to an increased appetite for direct investing by limited partners and the entrance onto the scene of giant sovereign-wealth funds, more money is in play. Meanwhile, multilateral and development-finance institutions are stepping up their efforts.

The pool of capital available is deep. Across infrastructure funds, institutional investors, public treasuries, development banks, commercial banks, corporations, and even retail investors, we estimate that more than $5 trillion a year is available for infrastructure investment.

In This Edition:

While capital is, of course, necessary, it is not sufficient to ensure success. The money has to be focused on the right projects and then spent judiciously. Here are five principles that can help infrastructure providers make good choices.

1. Establish realistic revenue streams to encourage private financing.

There are two primary sources of revenue for investors in infrastructure. The first is public funds and the other is revenue streams in the form of charges, such as tolls, paid by end users. Historically, government has assumed most of the burden, particularly in emerging markets. But the scale of infrastructure required makes attracting private investment critical.

To do so, projects in difficult-to-finance areas such as roads and water should take their cue from telecommunications. This sector manages to attract investors even in capital-poor countries because it offers a clear return on investment and predictable cash flows.

In many cases, particularly in developing countries, people have become accustomed to paying little or nothing for water or roads. But they do, of course, derive benefits, economic and otherwise, from such projects; moreover, there needs to be a way to pay for maintenance. If charging users offers a realistic prospect of covering capital or operating costs, then doing so makes sense, assuming this arrangement makes provisions for low-income users, ensuring they are not overburdened.

To replicate the telecoms model for other kinds of infrastructure, governments should ensure that charges reflect the economic costs. Even a well-structured project will fail to attract private financing if prices are set too low; in that case, the public sector will be forced to cover all the costs.

The roads sector illustrates the difficulty of setting appropriate prices. Drivers in many countries are unaccustomed to paying for using roads and therefore resist such efforts; for example, violence and mass boycotts arose in response to efforts to introduce charges for heavy-goods vehicles in France and urban tolls in South Africa's Gauteng Province.

Moreover, persuading treasury departments to set aside toll revenues for road improvements is difficult. Tolls can be insufficient, and there is always a temptation to divert them elsewhere. Because of these factors, we expect around half of all proposed road projects to go unfinanced and thus unbuilt in the years ahead. That adds costs with respect to congestion and the difficulty of moving goods.

The same is also true of wastewater; the beneficiaries of sewage systems, meaning everyone, often do not contribute to the cost of cleaning up the water. This is particularly true of developing markets, due to the inability to impose and collect charges. In too many cases, that means wastewater is left to pollute the landscape or, worse, seep back into the water supply.

However unpopular doing so may be, governments need to set prices for such projects so that investors can earn a reasonable financial return. Otherwise, the systems will not get built.

Once governments have structured projects to provide stable and appropriate revenue streams, they can begin to figure out which ones to do first. Setting priorities is important, particularly in developing countries that have severe fiscal constraints. South Africa's National Development Plan contains dozens of road, port, and rail projects, including both public and private financing. Its Department of Public Enterprises has flagged several components, including a new coal terminal and a container port, for private investment. These represent investments that would be attractive to private firms.

One way of making investments attractive is to package smaller projects together; pooling project revenues and risks in this way can attract major investors who might otherwise see the individual projects as too small to bother with. The Metropolitan Waterworks and Sewerage System in Manila used this approach to partition and privatize its two water-service areas. The 1997 privatization resulted not only in significantly improved access for the city's population, but also in healthy local-currency returns for the corporate owners of the Manila Water Company.

2. Focus on finding the right types of capital.

Having a lot of capital available for infrastructure doesn't mean the right type of money will be there.

Privately financed infrastructure projects require both debt and equity to manage risks and satisfy debt investors, who typically take the lion's share of project costs. We forecast Brazil to have a surplus of debt for infrastructure in coming

years but a shortfall in equity financing, due to public indebtedness, a devaluing currency, and highly leveraged corporate balance sheets. And Brazil is not alone. Consequently, many projects will fail to find financing simply because there isn't enough equity to attract the debt required to complete the transaction.

Development banks can help to fill the equity gap, and in fact, many are scaling up their commitments. For example, the World Bank Group's International Finance Corporation invests more than $1 billion per year in infra-structure equity and has increased its firepower in recent years by launching a global infrastructure equity fund alongside private-sector investors. In October 2013, the effort successfully completed a $1.2 billion fund-raising, well above the $1 billion target.

Capital is also flowing from nontraditional sources. Some countries require their mandatory pension funds to invest part of their resources domestically. This has helped generate a pool of resources suitable for domestic infrastructure investing. In the small town of Glyncoch, Wales, local crowdsourcing finances construction of a new community center without formal government support. Eliminating the legal barriers to crowdsourcing could ensure that personal, not just institutional, capital can help to build the future.

3. Encourage investors to consider emerging markets and greenfield assets.

A sophisticated understanding of countries, regions, and projects is necessary to match capital from investors, developers, and government sponsors alike with the infrastructure projects that need it. Simply put, investors need to deal with each emerging market individually and to harness local knowledge on the way.

That may sound obvious, but it needs to be said. The fact is, many investors (or their limited partners) restrict themselves to Organisation of Economic Co-operation and Development (OECD) or investment-grade countries. Others will not take on "greenfield assets"—new-build infra-structure projects where investors must take on the risk of development and construction. Instead, they prefer to focus on already-built brownfield assets. But as more money flows into brownfield OECD markets (industry data provider Preqin has estimated that the number of institutional investors in the sector more than doubled between 2011 and 2014), heightened competition is placing pressure on returns. Although measuring precise changes in such investments is difficult, many institutional investors with long track records are looking beyond brownfield OECD infrastructure assets in response to rising prices.

Investors who want to consider these types of opportunities should be aware that doing so could mean taking calculated risks in emerging markets; adopting a country-by-country approach to risk assessment is important. In addition, those investors would first need to ensure that limited-partner agreements allow them the flexibility to invest in what may be considered riskier countries, as long as these markets meet certain criteria.

For instance, if investors consider a country like Croatia, they would find that although the three major rating agencies rate the country as subinvestment grade, Croatia has an attractive public–private partnership (PPP) regime. The Economist Intelligence Unit rates it well ahead of its peers in southern Europe in many ways, and it has a more favorable legal and regulatory profile than a number of countries that do better at attracting capital. Infrastructure projects in countries like Croatia that fall just outside investment grade (rated BB+ through BB- by Standard & Poor's) account for $4 trillion of infrastructure needs over the next five years.

Smart investors will deploy a variety of tactics—such as assessing the risk profiles of potential investments and partnering with local sponsors and development-finance institutions—in order to pursue high-growth projects where fewer players are at the bidding table.

4. Realize value from cash-generating assets.

Many governments, particularly in developing markets, are missing the chance to tap a viable source of cash in the form of generating value from existing assets. The world's infra-structure stock is valued at an estimated $48 trillion. Some of these assets are already profitable, while others could turn a profit if operations improved and subsidies declined. There are examples at hand. Greece's government recently agreed to sell a network of 14 regional airports to a consortium, and in 2013, the Brazilian government sold for nearly $800 million a 30-year concession to operate Confin Airport in the state of Minas Gerais.

Reforming or privatizing state-owned infra-structure presents challenges, of course. An asset may operate at a loss, have a difficult labor situation, or need to be untangled from other businesses unsuitable for privatization.

Despite these complexities, purchasing these assets can yield greater returns from selling assets or turning money-losing

assets into profitable ones. For example, Jordan's Queen Alia Airport once required a government subsidy to operate; a private-sector operator not only has invested in its expansion but also makes enough money to pay fees back to the government.

5. Deepen partnerships among infrastructure-finance players.

The infrastructure-finance market is plagued by a lack of information. Governments and businesses aren't in the habit of sharing best practices or benchmarks with each other, much less the details of what went wrong (or even right).

Governments, investors, developers, and operators alike would benefit from sharing more information and in more structured ways. Many governments recognize that developers can be a valuable source of ideas—for example, about which projects would have the best economic returns or how to attract private investment. Early evaluation of project plans can help prospective bidders warn governments if the project looks unviable.

One way to take advantage of the ideas and expertise of private-sector developers is to allow them to submit unsolicited proposals for infrastructure projects to government. Brazil and Colombia, which are two of the busiest and most promising infrastructure markets in South America, all accept such proposals. Other entities are seeking to open new channels of communication. For example, the Port Authority of New York and New Jersey has invited private investors and developers to share their perspectives on how to develop the region's infrastructure. Tanzania's government uses "delivery labs" of public, private, and social-sector experts to set infrastructure-investment plans. Chile has developed a way of evaluating PPP projects that rewards developers for proposing low-cost solutions to national-infrastructure problems. As each of these approaches becomes successful, private players become more comfortable and more willing to participate, and the public sector becomes more willing to pay attention.

It's common today to hear that too much capital is chasing too few infrastructure assets. But the problem is not a lack of worthy projects; it's a lack of expertise and, perhaps, daring.

Investment opportunities need to be appraised and prepared properly, and investors need to educate themselves. Marrying investors to assets will require more effort, more innovation, and more thoughtfulness on the part of government and business, but this is vital in order to ensure that there is sufficient investment in infrastructure to support global growth.

About the authors

Tyler Duvall is a principal in McKinsey's Washington, DC, office, where Alastair Green is an associate principal; Mike Kerlin is a principal in the Philadelphia office.

MHCA Board of Directors Meeting Highlights

The MHCA Board of Directors met on June 24, 2015 and the following points are highlights of matters that were discussed:

Aggregate Producers Committee – James Kaskiw
The committee chair reported that the RM of Springfield had contacted the MHCA regarding establishing an aggregate task force. A long and significant list of issues was raised. The President has had a number of email exchanges with the acting CAO.

Municipal representatives have suggested that the committee be comprised of two RM reps, two citizens, two local aggregate producers, one Mines Branch representative and one Department of Environment representative. Based upon election, James Kaskiw and Chubb Chabot will represent the aggregate producers.

Education, Training, Gold Seal Committee – Nicole Chabot
The committee chair reported that the next meeting is scheduled for July 7, 2015. The committee will address setting the direction for EXPO South 2016. It will also conduct a needs assessment.

Events Committee - Mickey Stanley
The committee chair reported that the Spring Mixer went well. Attendance numbers increased and overall comments received, about the meal and event in general, were positive. He also reported that the upcoming Golf Classic sold out in an hour and a half. Members asked if companies had multiple registrations. It was suggested that in future it might be limited to one team per company until those trying to register on the first day are accommodated. The committee will meet again prior to the tournament.

Equipment Rental Rates Committee – Greg Orbanski
It was noted that the directories have been published and circulated. Megan Funnell will be coordinating production of the next directory. Should any members have questions about the rates they should contact Greg Orbanski.

Highways Committee – Jack Meseyton
The committee chair reported that a meeting had been held. He reported that no one stepped forward to chair the specifications subcommittee. It was determined that issues will be handled on a case by case basis. The Chair noted that end product specifications on remote stockpiling jobs are becoming an issue.

Membership Committee – Bob Reidy
It was noted that invitation for MHCA Membership letters, addressed to all COR™ Certified/non-MHCA member companies, will be mailed within the next week.

Northern & Aboriginal Committee – Pat Turner
The President noted that meetings with Manitoba Hydro representatives are to take place on July 22, 2015. The topics to be raised were the subject of a circulation to the Board and are as follows: Public Tendering Principles; Open / Closed / Employee Association; Community Benefits; Contract Bidding Disqualification.

Winnipeg Committee – Henry Borger
The committee chair reported that no meetings have been held. Major issues have been referred to the Executive committee. An RFP for Rapid Transit is pending. There have been no major specification issues. Snow removal and street sweeping issues are being addressed. A meeting may be held in the fall. Issues between consultants and industry remain a concern.

President's Report - Chris Lorenc
The President reported on a number of matters including the following:

Marketing & Communications
With the current position vacancy in marketing, the office is taking stock of all marketing and communications approaches and methods for effect and future direction. In addition, we are reviewing the type of skill sets required for the entire operation. Is it pure marketing and communications? Is there a public policy research and writing angle that needs to be filled? Is it a blend? We expect this process may take three months.

In the meantime, Megan Funnell has accepted marketing and communications coordination responsibilities at the office and will be assisted by a collective office effort pending decisions.

Canadian Construction Association (CCA) - Spring 2015 Meeting Highlights
The MHCA is a member of the CCA, which represents the vertical and horizontal construction sectors across Canada - addressing all aspects of advocacy related to legislation, regulation, policies related to economic growth (e.g. infrastructure investment, immigration, trade) and taxation - to name only a few - of the federal government.

There is great value in belonging to and participating in the CCA structure where the MHCA is well represented. MHCA Chair Derek Walker, Henry Borger, Bob Reidy and Barry Brown are all members of the CCA Board of Directors. In addition, each is member of the Civil Infrastructure Council (CIC), the Business Marketing & Development Committee (BMDC) and the Industry Advocacy & Regulatory Affairs Committee (IARA). Henry Borger serves as Vice-Chair of the CIC and Barry Brown is chair the National Gold Seal Committee. MHCA President Chris Lorenc serves on all of the above named committees, chairs the Heavy Civil COO Council and attends the CCA Board of Directors meetings.

The CCA Board and all of its standing committees meet in March at its Annual Conference; in the spring (May/June); and fall (September/October) to consider a broad range of national topics raise either by member associations of the CCA or through the various CCA committees.

What follows below are highlights of deliberations of the Civil Infrastructure Council (CIC) and the Industry Advocacy & Regulatory Affairs Committee (IARA) meetings held May 31, 2015 in Prince George, British Columbia.

Presided over by Vice-Chair Henry Borger, the Civil Infrastructure Council ('Council') considered work undertaken related to the CCA Energy Efficiency and GHG Emissions Best Practices Guide and noted that the results will be available to CCA member associations for use should they decide to proceed with development of a best practices guide.

Council agreed to fund from the CIC account a new Canadian Chamber of Commerce report exploring the ongoing needs of the Canadian economy related to trade-enabling infrastructure. MHCA President Chris Lorenc was appointed to work with Bill Ferreira on the Chamber's steering committee.

The Council also agreed to explore ways it can become more directly involved in the Transportation Association of Canada (TAC) which influences the setting of provincial and municipal specifications and operations policies. A briefing by the CCA representatives currently on TAC will take place at the next meeting of Council in Thunder Bay.

Two Council funded reports are expected to be released:

- The Mowat Centre report to be released in mid-June deals with the role municipal governments can play in supporting the development of Canada's trade-enabling infrastructure assets; and
- The second Canadian Infrastructure Report Card, notionally slated for release in September before the official start of the Federal Election campaign.

The CIC also turned its attention to the matter of Prompt Payment. There was widespread agreement that payment terms are deteriorating and that 30 days is now the exception rather than the norm. However, at this time Council opposed a legislated approach. Although there was no consensus on a solution, members agreed to consult with their respective associations and report back views to the CCA for further consideration at the fall 2015 meetings.

The Industry Advocacy & Regulatory Affairs Committee (IARA) chaired by Ron Smith (SK) was provided an update on the BC Government request for an exemption from the application of the Canadian International Trade Tribunal's ruling on January 9 to impose tariffs on the import of Chinese, Korean and Turkish rebar.

CCA President, Michael Atkinson, also updated the Committee on CCA efforts to shape the development of the Federal Apprenticeship Measures, Federal Industrial Security policy and the development of a revised Federal Integrity Framework.

In addition to these issues, CCA staff provided Committee members with an overview of its Election 2015 website, as well as a short presentation on the items contained in Budget 2015 of greatest relevance to the construction industry.

MCC Dinner with Deputies

MHCA President Chris Lorenc; MHCA Chair Derek Walker, and MHCA Executive Committee members' Greg Orbanksi, Henry Borger, Nicole Chabot and the undersigned represented the Association at the Dinner with Deputies, on May 19, 2015 - hosted by MCC Chambers and sponsored by MHCA.

There was a robust number of deputies present and a sold-out crowd, consisting of business people that represented a broad cross-section of the economy, offering ample opportunities to mix and mingle.

The President was given an opportunity at the microphone to champion themes associated with promoting Trade Transportation Prosperity linked to the six organizing principles namely: permanent program; focus on economic growth; harnessing partnerships with the private sector; embrace innovation; allocation of dedicated funding; annual review for adjustment. This message was very well received amongst audiences.

Canada must do more to keep cities moving, executives say

Originally published by The Globe & Mail and featured in CCA's Gold Seal Certification newsletter

Canadian Construction Association

Strong municipal infrastructure is critical to attracting people to our economic hubs, improving the quality of life for our work force and remaining globally competitive. However, according to this quarter's C-Suite survey, Canada is only partly succeeding in addressing these needs, despite a growing focus by all levels of government on this backbone of our economy.

The majority of executives interviewed believe our major cities' airports, electrical grids and telecommunications infrastructure is stable, but they felt transportation was lagging, needing significant improvements to roads, bridges, transit and highways. Moreover, most indicated that their businesses would benefit if such investments were made.

There's no doubt that Canada's municipalities are on board with the need to improve infrastructure. Our cities and governments are looking at ways to address transit and transportation issues that increasingly threaten to affect the economy. Toronto, for example, despite its ongoing efforts to address transit and traffic issues, still has the longest commute times in North America next to New York.

Why are some areas doing better than others? And what can be done to balance investment and results? Telecoms and airports are private or quasi-private entities and have benefited from ongoing spending over time. But in predominantly public assets, such as highways and transit, decades of underinvestment, combined with increased population density, is placing great strain on the infrastructure that is necessary to support the economic aspirations of our communities.

Governments have a number of options. On the financing side, public-private partnerships allow them to simultaneously transfer project risk and access private sector capital. New sources of revenue are often required and while never popular, several alternatives have proved very effective both here in Canada and abroad – including taxes (property, payroll, gas); congestion pricing (downtown vehicle access fees); and direct user fees, such as tolls.

The number of toll roads is on the rise, with governments hoping to use the funds raised to invest in new and existing infrastructure. Another option is to monetize existing assets and invest the money in infrastructure, as is being considered across the country and around the world.

Governments at all levels are making infrastructure, and in particular investment in transit, a priority. Earlier this month, Ottawa announced details of its public-transit fund that was created in order to reduce congestion and travel times, while supporting economic growth in the country's largest cities. The evidence from our survey is clear – Canada's C-suite strongly supports this kind of investment, with 62 per cent feeling the sector remains underfunded.

Government is beginning to focus on the issue, to ensure the growing infrastructure needs of our communities are met, enabling economic growth for generations to come.

Welcome new MHCA Members!

The Manitoba Heavy Construction Association is proud to welcome its new Members **Explorer Software** and **Larsen Contracting Ltd.**

Explorer CONSTRUCTION MANAGEMENT SOFTWARE

Explorer Software is a supplier, based out of Chadwick Court in North Vancouver, BC, that is the leading provider of job cost accounting and project management software for Canadian construction. Their flagship product is a fully-integrated browser-based solution that offers over 30 modules so users can manage jobs, maintain equipment, dispatch technicians and manage their documents in one place. **For more information, contact Elle Shum at elle.shum@explorer-software.com or visit www.explorer-software.com.**

Prairie Ag Air Ltd. is a supplier, based in Elkhorn, MB, that provides the following aggregate services: Pit run, screened gravel, sand, rock; Tandem dump trucks, semi-end dumps, semi-belly dump; Dozer, Excavator and Loaders; Supply and haul product and will put trucks on with other companies. **For more information, contact Terry Paull at terry@prairieagair.ca or visit www.prairieagair.ca.**

And Larsen Contracting Ltd. is a contractor, based in Woodlands, MB, that works primarily with sand & gravel via general contracting or involving sewer water. **For more information, contact Jeff Larsen at Jlarsen328@hotmail.com.**

WORKSAFELY MHCA

SAFETY TIPS

Safety Tips during Thunderstorms

Lightning kills more Canadians than hail, wind, rain and tornadoes combined, making lightning an important safety consideration. This fact is especially true for people who make a living working outdoors. While the odds of getting struck by lightning are less than one in a million, Environment Canada says lightning kills six to twelve people every year in this country and seriously injures another sixty or seventy people.

- If you're on a roof or a ladder and you hear a storm coming, get down to the ground.
- Count the time difference between seeing the lightning and hearing the thunder. Every second represents about 300 metres. So, six seconds is about 2 km. Lightning can reach you even if the storm is 16 km away and there's a clear sky above you.
- Use the 30-30 rule: seek shelter when lightning is 30 seconds away or closer. Stay inside until 30 minutes have passed since you last hear thunder or see lightning.
- When inside, stay away from windows or doors and avoid contact with electrical equipment, metal walls, and other conductors.
- If you're out in the open and you can't get inside, stay away from trees, hills, and water. Make yourself as small a target as possible but never lie down on the ground. Instead, crouch down in a baseball catcher's stance, put your hands on your knees, and duck your head.

For more tips, tricks, and valuable resources on effective workplace safety and health practices, visit mhca.mb.ca/WORKSAFELY

Training Schedule

TO REGISTER, PLEASE CONTACT:
Sarah Higgins
sarah@mhca.mb.ca

July

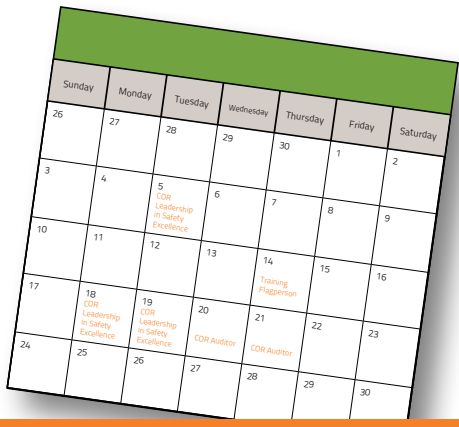
Train the Trainer	July 6 - 7	MHCA Office
WHMIS (1/2 day AM)	July 8	MHCA Office
TDG (1/2 day PM)	July 8	MHCA Office
Committee/Representative Training (1/2 day AM)	July 9	MHCA Office
Flagperson (1/2 day PM)	July 9	MHCA Office
COR™ Leadership in Safety Excellence	July 13 - 14	MHCA Office
COR™ Principles of Health & Safety Management	July 15	MHCA Office
COR™ Auditor	July 16 - 17	MHCA Office
Traffic Control Coordinator	July 22 - 23	MHCA Office

August

Flagperson (1/2 day AM)	August 10	MHCA Office
COR™ Leadership in Safety Excellence	August 17 - 18	MHCA Office
COR™ Principles of Health & Safety Management	August 19	MHCA Office
COR™ Auditor	August 20 - 21	MHCA Office
Train the Trainer	August 24 - 25	MHCA Office
Excavating and Trenching (1/2 day AM)	August 26	MHCA Office
Committee/Representative Training (1/2 day PM)	August 26	MHCA Office

September

Flagperson (1/2 day PM)	Sept. 8	MHCA Office
Traffic Control Coordinator	Sept. 10 -11	MHCA Office
COR™ Leadership in Safety Excellence	Sept. 14 - 15	MHCA Office
COR™ Principles of Health & Safety Management	Sept. 16	MHCA Office
COR™ Auditor	Sept. 17 - 18	MHCA Office
WHMIS (1/2 day AM)	Sept. 21	MHCA Office
TDG (1/2 day PM)	Sept. 21	MHCA Office
Excavating and Trenching (1/2 day AM)	Sept. 22	MHCA Office
Committee/Representative Training (1/2 day PM)	Sept. 22	MHCA Office
Train the Trainer	Sept. 23 - 24	MHCA Office



For the full calendar of upcoming training schedules, visit www.mhca.mb.ca/worksafely

India's Movement

By Peter G. Hall, Vice President and Chief Economist

Post-crisis views of emerging economies are confusing. Initially they were touted as the engines of the world economy, and that the 'pivot to Asia' was the remedy for sluggish growth. Now, they seem to be faltering, and the cracks are being exposed. No longer are they the solution, but are now being called a source of softness. Such diametrically opposed views, and all in a six-year space? If there's a flaw in the forecasts, it's succumbing to the urge to isolate economies from the global machine. Clearly the world economies have rocked emerging markets, initially with a positive response, and now with a negative. But if the planet's high-wire act is coming to an end, giving way to stronger growth, what's the outlook for emerging markets – and in this case, one of its key monoliths, the Indian sub-continent?

Like most emerging economies, India fared well in the frenzied global growth that preceded the crisis. Its job was to build capacity to accommodate global demands on its outputs. In a departure from historical growth theory, its service sector surged as the skill-stifled world tapped into India's particular capabilities. The heavy need for supporting infrastructure created investment momentum that carried the economy through the worst moments of the crisis, and the season of stimulus that followed stretched out the streak. Infrastructure initiatives and key reforms then began to slip, and growth edged back, creating concern about India's overall model. That has reversed course, with hopes that the new government will re-energize India's economic renewal.

Throughout these ups and downs, India's potential growth has remained solid. Its vast population is a key asset. Many in the labour force population are unemployed, even more are underemployed – a black mark on the economy's past, but a storehouse of growth for the future. Investment is bringing technology that is leap-frogging the antiquated systems embedded in OECD markets, and the $1 trillion infrastructure program is renewing and creating the means of moving people, goods and services more efficiently. This, in turn, is enhancing the country's productivity. Estimates peg long-run annual growth potential as high as 8 per cent, leading some to call India the next growth's cycle's China. Is this at all possible?

Indeed it is – but there are some key 'ifs'. First, India has a massive infrastructure gap. Current estimates peg it at $1.7 trillion. The Global Competitiveness Report ranks India's infrastructure 90th of 144 nations in its annual survey. Filling that gap is an ongoing problem for India, as intergovernmental squabbles often inhibit programs that would vastly improve commerce and overall welfare.

Secondly, there's the population. Studies claim that there are 600 million Indians that depend on agricultural systems that are in many cases centuries out of date. Upgrading this system depends on a system of land tenure that currently confines farming to small-scale operations. If there were some way to break through this significant logjam, and if those labourers were re-deployable in higher-valued activities, it's hard to add up the positive impact this would have on world growth.

Is that likely? Last time I looked, the rest of the world's population was aging rapidly. The current growth cycle is vastly short of labour – skilled labour, unskilled labour, and everything in between. Economies planet-wide will be looking for sources of additional labour, and there's no greater source than in India.

Hopes are high that India will resume its pre-crisis path of reform and construction that will create, as much as possible, an environment that will attract the interest of the rest of the world. In many ways, this is India's moment. But to capture the moment, there is an obvious need for speed. That hasn't always been India's strong suit, and poses a threat to this golden opportunity – increasing the importance of current-day policy actions and announcements.

The bottom line? In many ways, this is India's moment. It's possible for the subcontinent to seize the moment, and the signs are encouraging. It is unlikely to miss the moment, though; it is such a key piece of the global growth story that we may all have to wait for – or to somehow help – things to come together.

The Manitoba Water Services Board

Sealed tenders, marked as follows will be received by the undersigned at The Manitoba Water Services Board, Imperial Square, 2010 Currie Blvd., Box 22080, Brandon, Manitoba, R7A 6Y9, no later than 11:00 a.m., prevailing Brandon time on:

July 10, 2015

for the following works:

The supply and installation of approximately 26,500 metres of pressure pipeline, 22 service connections, and related appurtenances all located in the Rural Municipality of Westlake-Gladstone.

MARKED

M.W.S.B. No. 1215
R.M. of Westlake-Gladstone Water Pipeline Extensions 2015

Tenders will be publicly opened and read at the location, time and date specified above.

Each tender must be accompanied by a fully executed BID BOND on the form provided and in favor of the Minister of Finance for the amount shown on the Tender. Under NO CIRCUMSTANCES will a certified cheque be accepted in lieu of a Bid Bond.

Tender documents may be obtained by provincially registered companies on or after **June 22, 2015** at 2010 Currie Blvd., Brandon, MB. Contact us at (204) 726-6076 to request the documents in PDF digital or hard copy format.

The lowest or any tender may not necessarily be accepted.

Manitoba

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July 10, 2015

for the following works:

The supply and installation of approximately 2,700 metres of 250mm raw water line, gate valves, air release valves, flushouts and other miscellaneous appurtenances, for the Municipality of Russell - Binscarth.

MARKED

M.W.S.B. No. 1226
MUNICIPALITY OF RUSSELL - BINSCARTH
WATER SUPPLY UPGRADING PROJECT
CONTRACT 1 – RAW WATER SUPPLY LINE

Tenders will be publicly opened and read at the location, time and date specified above.

Each tender must be accompanied by a fully executed BID BOND on the form provided and in favor of the Minister of Finance for the amount shown on the Tender. Under NO CIRCUMSTANCES will a certified cheque be accepted in lieu of a Bid Bond.

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