March 17, 2017

MHCA™
MANITOBA HEAVY CONSTRUCTION ASSOCIATION
Presence. Profile. Impact.

The Heavy News Weekly

INSIDE

2
MANITOBA'S STRATEGY FOR CARBON PRICING

3
PROVINCE TO KEEP HIGHWAYS CAPITAL BUDGET AT 'SUSTAINABLE' LEVELS

6
PROVINCIAL BUDGET NEEDS CREATIVITY

13
WORKING TO CREATE SAFE ROADS

BACK TO YOU

Meeting with MI minister puts concerns on the table

The MHCA identified areas of concern for the heavy construction industry at a meeting with Infrastructure Minister Blaine Pedersen this week -- highlighting questions about the coming budget (April 11) but also the persistent appearance of 'reprisal clauses' in public tendering documents.

Pedersen met with MHCA Chair Greg Orbanski, who was accompanied by past MHCA Chairs, Colleen Munro, Derek Walker, Gord Lee, Henry Borger and MHCA President Chris Lorenc.

Pedersen reiterated that the government is wrestling with a significant deficit, and moving forward with the kind of budgetary increases seen in the last year of the NDP administration would bump the $900 million-plus deficit beyond the billion-dollar mark. "That can't happen," the minister said.

The MHCA delegation voiced concerns about MI's capital budget, to be revealed April 11. It urged the minister to maintain a funding at $500 million annually, as previously committed to by the Pallister government.

A brief to Pedersen underscored the fact that infrastructure investment has a defined return to the economy, which is critical to boosting Manitoba's GDP -- allowing the government to maintain its funding to social programs and services.

The MHCA delegation encouraged the province to aggressively pursue federal funding to further leverage the value of available MI program dollars.

In addition, the delegation pressed for the elimination of the use of reprisal clauses by public-sector entities. Reprisal clauses effectively eliminate a private company's right to bid for work if it has pursued legal recourse over a contract dispute with a public entity.

Pedersen said his stalwart position is that reprisal clauses have no place in contract or bidding language.

The MHCA also sought the minister's help to clarify jurisdiction as between municipalities and the province, relating to approval for pits and quarries.

The association will pursue further meetings with Minister Pedersen, once the provincial budget is announced April 11.

MHCA current and past Chairs and president, with Infrastructure Minister Blaine Pedersen (third from right) March 14

Manitoba's strategy for carbon pricing

Heavy construction industry expresses concerns to Pallister government's senior advisor

Manitoba's climate change plan is considering a carbon tax -- with 'revenue recycling' and supports to households and sectors that need to adjust quickly -- but a cap and trade system will not work in this province, the Pallister government's senior advisor on the file says. David McLaughlin says he is working to complete his advice to the provincial government.

"Under the federal rules, if you don't do a cap-and-trade (system) then you do a B.C.-style carbon tax," McLaughlin told a gathering of some 30 members of MHCA and other interested partners in the construction industry at a breakfast meeting March 10. (A cap-and-trade system works in provinces that have numerous heavy-emitters -- such as is seen in Alberta in oil and gas, or Ontario in manufacturing.)

Almost 40% of Manitoba's greenhouse-gas emissions, which the climate-change strategy must cut to meet targets the federal government has set, comes from the "transportation" category. Within that category, heavy-duty diesel vehicles account for 28% of emissions.

The MHCA-organized breakfast and Q&A session allowed attendees to delve into the complexities of the strategy, and the implications for the heavy construction industry in Manitoba.

McLaughlin said at present, the Pallister government is concentrating on drawing up a way to position this province in the Trudeau government's edict to all jurisdictions for carbon pricing -- equivalent to $10 per tonne of GHG emissions --to start in 2018. The federal government wants to raise that price by $10/T each year to 2022, where it would sit at $50/T.

Carbon pricing -- putting a price tag on the emissions -- has been recognized as the most effective and efficient way to move businesses, people and industries to change their use of fuels (gasoline, diesel, natural gas etc.) to cut emissions, McLaughlin noted. Every $10/T is equivalent to about 2.6 cents per litre of gasoline at the pump; diesel, because of its greater effect on emissions, would be priced somewhat higher than gasoline.

The Pallister government has not yet decided what carbon tax would be adopted or precisely when.

The MHCA presented McLaughlin with a discussion paper, laying out its concerns and possible implications a carbon tax would hold for the heavy construction industry. Top among those issues is the industry's ability to shoulder the additional immediate costs and to remain competitive. Saskatchewan, for example, opposes a carbon tax and firms from that province compete with Manitoba companies in bids for infrastructure-project contracts.

McLaughlin said a tax at the pump equivalent to $10/T would generate about $100 million. The Pallister government recognizes that revenues can be used to assist industries to adapt, through the adoption of new energy-efficient technologies, for example.

Province to keep Highways capital budget at 'sustainable' levels

Finance minister says deficit battle remains priority of 2017-18 budget

Finance Minister Cameron Friesen was giving away no specifics in a meeting Thursday with MHCA executive members. Friesen said the government's intent is to ensure Manitoba Infrastructure keeps its highways capital budgets at a "sustainable" funding level.

The last year of the NDP's budgeted infrastructure program was unsustainable, the minister stressed. Those spending levels have left his government fighting to get the provincial finances back on track -- which means not just controlling expenditures, but meeting the rising cost of debt-financing payments.

The finance minister met Thursday morning with MHCA past-chair Derek Walker and Executive Committee member Nicole Chabot, along with officials from both finance and infrastructure.
The MHCA presented its pre-budget submission to the minister. The Pallister government will introduce its 2017-18 budget on April 11.

The MHCA pre-budget paper notes that the industry needs predictability. It recognizes that the 2015 MI highways budget was unsustainable.

It also urges the Pallister government to hold to its commitment to maintain funding annually at $500 million. That allows preservation of the integrity of Manitoba's transportation system. It will also continue necessary investment in infrastructure, which has proven returns to the economy.

Friesen noted that funding commitments from Manitoba Infrastructure to date have remained amongst the highest for capital budgets on record.

"We value the work of your (industry). We understand what this (work) means for our province."

Chabot and Walker also raised the issue of how the province collects the PST due to it, on equipment and materials used by out-of-province contractors working in Manitoba. It is important that the PST is calculated and collected appropriately.

Finance Minister Cameron Friesen with MHCA past-chair Derek Walker and executive committee member Nicole Chabot (right).

Upcoming MHCA Meetings

MHCA Events Committee
MHCA Office
March 30 - 12:00-1:30 PM

SAFE Roads Committee
MHCA Office
April 11 - 12:00-1:30 PM

MHCA Executive Committee
MHCA Office
April 20 - 12:00-4:00 PM

MHCA Board of Directors
Location TBD
April 26 - 12:00-4:00 PM

MHCA Executive Committee
MHCA Office
May 17- 12:00-4:00 PM

MHCA Executive Committee
MHCA Office
June 13 - 12:00-4:00 PM

Rental Rates Committee
MHCA Office
August 25 - 12:00-2:30 PM

MHCA Executive Committee
MHCA Office
September 6 - 12:00-4:00 PM

MHCA Board of Directors
Location TBD
September 13 - 12:00-4:00 PM

SAFE Roads
MHCA Office
September 27 - 12:00-1:30

Rental Rates Committee
MHCA Office
October 6 - 12:00-2:30

MHCA Executive Committee
MHCA Office
October 25 - 12:00-4:00 PM

Rental Rates Committee
MHCA Office
November 3 - 12:00-2:30 PM

MHCA Board of Directors
RBC Convention Centre
November 17 - 10:00-12:00 Noon

MHCA Executive Committee
MHCA Office
November 21 - 12:00-4:00 PM

Rental Rates Committee
MHCA Office
December 1 - 12:00-2:30

MHCA Executive Committee
MHCA Office
January 17, 2018 - 12:00-4:00 PM

MHCA Board of Directors
Location TBD
January 24, 2017 - 12:00-4:00 PM

Provincial budget needs creativity

Loren Remillard, WInnipeg Free Press, March 7

Necessity is the mother of invention. Provincially, few things necessitate action more than Manitoba's $1-billion budget dilemma. So, where's the invention?

In place of innovation, Manitoba's budget debate features a pendulum swinging between austerity and largesse — with lots of movement but no advancement. Both approaches have failed to elevate Manitoba to its full potential.

Beyond the impetus of our current budget crisis, Manitoba requires a re-envisioning of government purpose and a reimagining of government as an enabler of service rather than sole provider.

Budget 2017 must mark the start of that creative pathway.

The provincial government is right to pursue efficiencies and cost savings across the board.

Some low-hanging fruit is ripe for the picking, such as the amalgamation of regional health authorities and public school boards. Winnipeg boasts six public school boards, compared with one in Calgary and four in Toronto, both of which have significantly higher populations and, provincially, are achieving stronger educational outcomes.

But these relatively straightforward measures will neither deliver a balanced budget nor create the "Manitoba miracle" championed by the premier at his inaugural state of the province address.

Likewise, the government's review of public-sector collective agreements is merited. However, a preoccupation with salary schedules and benefits could cause someone to lose sight of the forest for the trees.

The greatest issue in those agreements is their rigidity. They lack the capacity to enable a new model of public services, one marked by creative modes of service delivery where results — not the machinery of government — become our defining metric of success.

That's where our opportunity for invention sits.

In 2014, the Organization for Economic Cooperation and Development published a paper on public-sector innovation, noting: "The development of new sets of organization forms, governance structures, funding mechanisms, policy approaches, partnerships and accountability structures blur traditional distinctions between public and private to look for novel solutions… At the same time, technological progress is advancing at a speed never seen before, opening great opportunities for governments to incorporate new tools and approaches."

Manitobans don't have to look far to catch a glimpse of more evolved, efficient service delivery.

In his Feb. 27 op-ed (*Social solution to budget woes: A job instead of prison*), Shaun Loney articulates the transformative power of social enterprise as an alternative model that government can embrace in meeting citizens' needs.

The social enterprise sector receives $6 million annually from Manitoba Housing to deliver programming and support, generating an economic return of $1.70 for each dollar of public support.

Loney adds: "Manitoba's social enterprise community has offered to partner with the government to increase jobs fivefold, reaching 1,000 within just five years. This strategy would dramatically lower costs in many areas of government, most notably justice and social assistance."

Last week, Telus's Josh Blair addressed a Winnipeg gathering of community groups during which he noted the impact of Telus Health in British Columbia.

Through a partnership with government involving post-care for heart attack patients, the integration of Telus Health technology and support resulted in public savings of $17,000 per patient.

Remarkably, the partnership also delivered a 76 per cent reduction in participants' post-care visits to emergency facilities.

These two examples of the social sector and private sector engaged in service delivery — to tremendous effect — are just the tip of the iceberg.

More exist in other jurisdictions; still more exist here in our province, waiting to be born in this moment of necessity.

Manitoba's budget deficit is a symptom of the problem, not the problem itself.

It's time Manitobans from all sectors see themselves not only as funders and users of public services, but also as essential inventors and drivers of more effective public services.

If we embrace this mentality and the innovation underpinning it, we'll stop the budget pendulum and move Manitoba forward.

Loren Remillard is the president and CEO of the Winnipeg Chamber of Commerce.

Top 10 Risks

Peter G Hall, Vice President and Chief Economist

EDC

Last June's Brexit decision and the US presidential election result came as shocks to businesses around the world. However, since those developments, markets have generally moved on and up with the Dow Jones reaching historic heights and London's FTSE 100 climbing well above pre-Brexit levels. Is the bullish outlook warranted? While we forecast accelerating global growth in 2017, we are concerned that the equity market uptrend is obscuring a difficult political backdrop. Our list of Top 10 country risks therefore seeks to highlight sources of volatility that would affect Canadian companies.

Risk 1: Fortress America - This scenario captures the risk of a trade dispute erupting between the US and China or Mexico. It also includes the possible implementation of a border tax that would impact exporters to the US. In its most extreme form, this scenario would see attempts by the US to materially renegotiate parts of NAFTA beyond minor "tweaks" – a low probability but high impact event.

Risk 2: Global Protectionism - Our Global Protectionism scenario, up from ninth place in 2016, envisions the spread of the fortress mentality. Under this scenario, countries around the world slow down trade negotiations and erect more tariff and non-tariff barriers to trade. As a nation whose trade accounts for nearly two thirds of GDP, Canada would be vulnerable.

Risk 3: Quasi-Sovereign Default - In addition to risks posed by trade restrictions, financial conditions in other countries could also emerge as challenges. Easy lending conditions have allowed state-owned enterprises (SOEs) in emerging markets to accumulate high external debt levels in recent years. As rates rise, companies could default on debt and fail to honour amounts outstanding to Canadian and other suppliers.

Risk 4: China Credit Bubble - Another financial risk involving SOEs is the risk posed by financial imbalances in China. The Chinese banking sector is heavily exposed to over-leveraged SOEs. While not our base case, a financial sector crisis due to bad debts would lead to a widespread economic slowdown and reduced demand for Canadian commodities.

Risk 5: Japanese Debt Crisis - At about 250 per cent of GDP, Japan's public debt is unsustainable. If the government's borrowing costs increase suddenly, this could lead to a full blown financial and fiscal crisis. Given Japan's place as the third largest economy in the world and one of the top export destinations for Canada, a crisis in Japan would be felt here and abroad.

Risk 6: Eurozone Collapse - Europeans are increasingly skeptical about traditional centrist governments, as evidenced by growing support for populist parties. A victory by a radical party in the upcoming Dutch, French, German and possible Italian elections would likely upend the political unity and financial sustainability of the euro area, putting at risk the gains Canada hopes to achieve from the landmark Canada-EU Comprehensive Economic and Trade Agreement (CETA).

Risk 7: Terrorism 2.0 - The expanding reach of terrorism is another factor that has the potential to sap economic confidence. Non-state actors such as ISIS are increasingly likely to use sophisticated technology such as drones or cyber warfare to sow fear.

Risk 8: European Sovereign Debt Crisis - The risk of a sovereign debt crisis in Europe is back. Two scenarios are envisioned: a default by Greece due to renewed disputes with its international creditors; and a risk event in France should Front National leader Marine Le Pen be elected and cause France to abandon the Euro. The implication for Canadian exporters would be similar to that of a Eurozone Collapse.

Risk 9: Italian Banking Crisis - Italy's banking sector stands out as one of Europe's most pressing economic challenges. If not resolved effectively, the Italian banking system's massive bad debt burden could threaten Italian banks and other vulnerable European banking sectors. Canadian exporters would feel the impact as a result of worsening prospects in Europe.

Risk 10: Inter-State War - Inter-state war risk rounds out our Top 10 list and remains a low probability that could nevertheless deal a major shock to the global economy. This entry includes such scenarios as a confrontation in the South China Sea, on the Korean peninsula, or in Eastern Europe. The impact on Canada would be a general decline in economic confidence that would hurt global demand for our exports.

The bottom line? Political developments are driving economic risks to a degree not seen in the recent past. Exporters should take heed of growing popular disenchantment with free trade and open economies. The Country Risk Quarterly will continue to cover political and economic risk to allow Canadian companies to prepare themselves to navigate this turbulent environment.

Canada Prompt Payment Act undergoes final review at Senate

DCN News Services, March 13

OTTAWA — The Canada Prompt Payment Act, Bill S-224, will be undergoing a final review by a Senate committee before a vote is taken to send the bill to the House of Commons.

The bill has been the subject of rigorous review at the Senate Standing Committee on Banking Trade and Commerce since Feb. 2 and is ready to undergo a clause-by-clause review before the vote, explains a release from the National Trade Contractors Coalition of Canada (NTCCC).

Supporters of the bill have sent thousands of letters to senators and members of parliament to demonstrate the need to address payment delays in Canada's construction sector with enforceable legislation, states the NTCCC, which has appeared before the committee to speak in favour of the bill.

Over the course of this study, criticisms have arisen from general contractors about the implementation of federal legislation on top of legislation currently being developed in Ontario as a result of the Construction Lien Act Review, which was undertaken by Bruce Reynolds and Sharon Vogel.

Many NTCCC members are also members of Prompt Payment Ontario and have expressed their support for the Reynolds and Vogel report. Bill S-224 was drafted prior to the release of the report and it is appropriate to review the bill in light of the extensive work and consultation that have gone into the recommendations stemming from that review, adds the release.

"Our members have reviewed the concerns of the general contracting community brought forward to the Senate committee and made many suggested amendments in line with what they are calling for," said John Galt, chair of the NTCCC, in a statement. "We agree with them that the Reynolds and Vogel report has earned multilateral support and should be the template for prompt payment legislation."

At a committee hearing Feb. 9, Aecon's senior vice-president and deputy general counsel, Yonni Fushman, said, "If you give us Reynolds (referring to the report of Reynolds and Vogel), the general contracting community will be supportive."

The NTCCC has worked with senators to encourage those changes.

According to the release, the parliamentary secretary to the minister of public services and procurement Canada appeared before the committee on Feb. 8 to express the government's concern for the "need to be mindful of forcing the Crown into a relationship with subcontractors and into new responsibilities where none was designed to exist."

Louis Davis, senior counsel for the constitutional, administrative and international law section for Justice Canada, stated that in this matter "the Government of Canada has no relationship with the subcontractors."

"This legislation is too important to be voted down because of crossed wires," said John Blair, executive director of the Canadian Masonry Contractors Association. "The bill does nothing to force the Crown into any different relationship with subcontractors than what already exists. We will work with government to rectify any confusion about the intent of this bill and the applicability of contract law."

Other comparator nations that have prompt payment legislation at the federal level include the United States, the United Kingdom, Ireland, Australia and New Zealand.

"We want the Government of Canada to take a leadership role and pass prompt payment legislation in respect to work on federal projects," said Galt. "The government can show Canadians that it values paying people who do good work in a prescribed amount of time. It would result in a more proportionate and equitable distribution of risk and would benefit taxpayers at no cost to the government."

Get Gold Seal Certified

CANADIAN CONSTRUCTION ASSOCIATION
CANADIENNE DE LA CONSTRUCTION

Since 1991, the Gold Seal Certification program has set the Gold Standard in the management of construction. Today, more than 8,000 construction professionals have been recognized as Gold Seal Certified.

What Is Gold Seal Certification?

The Gold Seal Certification program is a nationally recognized certification for project managers, superintendents, estimators, construction safety coordinators and owner's project managers in the Canadian construction industry involved in:

- general contracting
- electrical contracting
- mechanical contracting
- road building and heavy construction
- specialty trades.

Gold Seal Test Dates

April 21, 2017
Application submission deadline March 10, 2017

October 20, 2017
Application submission deadline September 8, 2017

goldsealcertification.com

What Are the Benefits of Gold Seal Certification?

Whether you are a construction professional, a contractor, project manager, or an owner of a construction project, Gold Seal Certification can help you set a higher standard—the gold standard—on any construction project.

There are many benefits to Gold Seal Certification.

For individuals

Gold Seal Certification offers opportunities to improve skills, advance careers, and provides recognition for years of experience and education.

For contractors and subcontractors

It signifies a commitment to excellence in the management of construction, shows that your organization values professionalism and ongoing education. As well, Gold Seal Certified employees provide a competitive advantage on tenders.

For owners

Gold Seal Certification is an investment in quality, best practices, and ensures excellence in the management of a construction project.

Gold Seal Intern GSI

Gold Seal Certified GSC

Professional Gold Seal Certified P.GSC

WORKSAFELY MHCA

SAFETY TALK

Loading/transporting equipment

Loading and transporting equipment is a common, overlooked cause of injury and equipment damage.

What's the danger

Equipment that has been improperly loaded or secured could shift or fall. This is a potential injury to workers, a danger on roadways and can cause equipment damage or loss.

Equipment that is being transported on unsuitable routes can come in contact with hydro lines, causing a potential injury to the truck driver.

How to protect yourself

- Always conduct a pre-trip inspection on both your equipment and vehicle
- Ensure chains are not cracked, bent, twisted or stretched
- Ensure the equipment is balanced and properly secured
- Keep chains straight and tight
- Be sure to flag the equipment if it exceeds the width requirements for transporting
- Confirm all appropriate persons have been informed and permits have been acquired when moving large equipment
- Always know your route
- After beginning a trip, re-check all load-securing devices and make necessary adjustments
- Be aware of other vehicles on the road
- Look up, and make overhead safety a priority!

Print and review this talk with your staff, sign off and file for COR™ / SECOR audit purposes.

Date: _____ Supervisor: _____

Performed by: _____ Location: _____

Concerns: _____

Corrective Actions: _____

Employee Name: _____

Employee Signature: _____

Working to create SAFE Roads

WORKSAFELY™ Back to You with Don Hurst

SAFE Roads is a community initiative led by 16 key public and private stakeholders committed to educating and encouraging Manitoba motorists to engage in respectful and safe driving practices - protecting the safety of construction, utility and service personal and others who work on or adjacent to our roadways.

The SAFE Roads message, "This is my workplace. Slow down." is used to remind the public that they need to be considerate and understanding of road workers and their designated work zones.

Coming this spring, the SAFE Roads campaign will launch again, coinciding with the start of spring road construction and continuing throughout the 2017 construction season.

If you are interested in learning more about SAFE Roads and its initiative, you can contact Katie at 204-947-1379

KNOW YOUR WORKSAFELY™ ADVISOR

Don Hurst, B.A., M.A. (Econ.)
Director, WORKSAFELY™ Education and Training
E: don@mhca.mb.ca T: 204-594-9051 C: 204-291-4740

Ed Gregory, NCSO, OH&S Cert.
WORKSAFELY™ Safety Advisor, Southern Region
E: ed@mhca.mb.ca T: 204-594-9058 C: 204-227-6932

Randy Olynick, CRSP
WORKSAFELY™ Safety Advisor, Eastern Region
E: randy@mhca.mb.ca T: 204-594-9057 C: 204-295-3876

Trevor Shwaluk, B.P.E
WORKSAFELY™ Safety Advisor, Central Region
E: trevor@mhca.mb.ca T: 204-594-9061 C: 204-871-0812

Dave McPherson
WORKSAFELY™ Safety Advisor, Northern Region
E: dave@mhca.mb.ca C: 204-271-2088

Phil McDaniel, OH&S Cert., P. GSC, NCSO, CRM
COR™ Program Development & Quality Control Advisor
E: phil@mhca.mb.ca T: 204-594-9059 C: 204-997-5205

Jackie Jones, CAE
WORKSAFELY™ COR™ Program, Education and Training Advisor
E: jackie@mhca.mb.ca T: 204-594-9054 C:204-509-0384

Sarah Higgins, OH&S Cert.
WORKSAFELY™ Client Services Advisor
E: sarah@mhca.mb.ca T: 204-594-9060 C: 204-979-3971

Kristen Ranson
WORKSAFELY™ Administrative Assistant
E: kristen@mhca.mb.ca T:204-594-9056 C:204-330-3520

To contact your WORKSAFELY™ advisor assigned to your area, please see mhca.mb.ca/worksafely/know-your-advisor