July 14, 2017

MANITOBA HEAVY CONSTRUCTION ASSOCIATION
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The Heavy News Weekly

INSIDE:

City makes pitch for New Building Canada funding; seeks province's approval

The City of Winnipeg has asked the provincial government to approve its strategy for a multi-year funding commitment out of Ottawa's New Building Canada Fund for regional road works, starting next year. The application would see a total of $182 million flow over six years.

The idea, to go formally to council July 19, was unveiled last week. The city's administration told the executive policy committee on Wednesday it has sent letters to both provincial and federal officials, seeking their buy-in to the plan. If approved, the funding would augment city and provincial investment, for a total $546 million for 2018-23.

Some $527 million of Manitoba's allotment of the 2014 New Building Canada Fund remain unallocated. The Trudeau government has said that any funds not committed toward approved projects by March 31, 2018, will be transferred to the gas-tax fund for municipalities.

The city notes the plan would not require additional provincial funds, above the current projected investments. "The current proposal, if approved, will result in a maximum federal contribution of 50% of the combined provincial and city contributions toward regional street renewals," the administrative report notes.

MHCA President Chris Lorenc said it is understandable that the city is looking to access the NBCF money, as it needs some certainty to budget for its road renewal program. Regional roads, key to trade and economic growth, should qualify for federal investment through the Building Canada Fund.

"This is a reasonable, stop-gap measure, given the city's requirement to present five-year forecasts in its budgeting," Lorenc said. "Long-term, however, what municipalities really needed is a new fiscal arrangement, to enable them to make progress on infrastructure investment deficits.

"We encourage collaboration between Manitoba and Winnipeg to access these funds, mindful of the best interests of taxpayers, who continue to cite infrastructure as their top priority."

Infrastructure report outlines federal investment shortfall in Manitoba

Another report of the Senate committee on infrastructure reiterates the chamber's earlier call for a national infrastructure investment strategy, and also points out Manitoba falls short on making full use of the funding available to it under national programs.

The committee's second interim report, released last week, reveals that as a measure of total and per capita contributions, Manitoba lags in the country when it comes to federal funding for infrastructure. Between April 1, 2016 and May 5, 2017, Manitoba had $226 million in "approved and underway" federal funding for infrastructure projects, ranking it ahead of just PEI, Nunavut, Yukon and NWT. Saskatchewan had $312 million in approved -and-underway projects in that time period.

In per-capita ranking, Manitoba was second last, just above Quebec, with its much larger population. The analysis for the Senate committee included infrastructure funding from across federal departments, for a total commitment of $13 billion, with just more than $5 billion of that in projects underway.

A report earlier this year noted that of Manitoba's share of the New Building Canada Fund alone, some $500 million in federal cash remains on the table. If the province does not apply for and receive project approval under the fund by March 31, 2018, the Trudeau government has said it will distribute any remaining cash to the municipalities via the gas-tax fund.

"It's good to have a clearer accounting from the Senate of how federal infrastructure dollars have flowed to Manitoba, against the take-up by other provinces," said MHCA President Chris Lorenc. "And it's clear that this province is lagging behind the investment seen in other jurisdictions. Manitoba has to step up, to start chipping away at the infrastructure investment deficit here."

The City of Winnipeg announced last week it is asking the province to join in application to the New Building Canada Fund for some $182 million in federal funding, to flow over six years for the regional street renewal program. (See HNW story City makes pitch for New Building Canada funding, Page 1.)

Upcoming MHCA Meetings

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
MHCA Office
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

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Is inflation back?

Peter G Hall, Vice President and Chief Economist

Prices are rising again in a way we haven't seen for years. That's usually enough to set off groans all over. After all, inflation is one of the two ingredients of the 'misery index', generally regarded as an economic no-no. We've been without it for so long that the word itself had all but dropped from the vernacular. But its absence brought no joy; it was missing for all the wrong reasons – weak demand, structural challenges, uncertainty on multiple fronts. So if it's back, should we be ecstatic, relieved or worried?

Recent history serves up a good answer. Prices rose sharply in 2008 as demand pressed the limits of productive capacity the world over, and concern mounted. Recession fixed that: consumer prices plunged, tumbling onto the red in the US, Canada and Japan, and getting close to negative numbers in Europe. But the movement didn't calm concerns, it exacerbated them. Inflation is bad, but deflation is worse. Perplexity turned into panic as job 1 became stabilization. Considerable efforts paid off: prices did revive, meandering in a slow-growth range for about 5 years. We still weren't happy, though, as prices were reflecting stubbornly sluggish demand. Then in mid-2014, panic 2.0: prices slumped again, sparking fears that even the meager growth we were seeing was faltering.

Those worries lasted about a year. Then, in late 2015, prices found their feet again, and rose, although growth was quite modest. We still weren't happy. It seems that at long last, the world swung into gear in mid-2016. Since then, prices in most of the developed world have climbed up into target range, and in some cases, above target for brief episodes.

Are we happy yet? Not exactly; the speed of the price updraft has ignited concern that the ultra-loose monetary policy of the past 7 years will send prices skyward. Monetary authorities are all talking tightening, including plans for a balance sheet normalization that will see the mopping up of excess liquidity, first by the Fed, and then others in sequence. Their worry is that they'll get behind the curve; given the lags in the monetary transmission mechanism, they need to act on inflation 12-18 months ahead of its onset to achieve stability. Seeing this, businesses are keen to know how to arm themselves for higher borrowing costs, and consumers, well used to cheap money by now, are concerned about the impact on their finances.

The worries are well-founded. Years of sub-par growth have stanched investment and hiring. Now, nascent growth is putting pressure on the tightly-managed capacity in place. Broad evidence of pent-up demand suggests that there's lots of growth still coming. If anything, price pressures are going to be with us in the coming months. It's key to know that this new price spurt – obvious in North America, Western Europe and even Japan – is happening for good reasons, conditions we have longed for since the recession. In that sense, a little inflation is not a bad thing. But as it occurs, the greater worry is managing price expectations. If those get out of hand, they're difficult to control without tough monetary medicine.

Canada's recent experience is similar to everyone else's, although the context for us is a bit different. Where others are seeing pent-up demand, Canada's internal fundamentals are more frothy. Consumers are carrying outsized and growing debt loads, making them more acutely sensitive to interest rate hikes. The housing market is in bubble territory, and also vulnerable to monetary tightening. But the irrepressible intensity of domestic activity together with recent red-hot export growth now has the Bank of Canada in rate-ratchet mode.

The shift is a key challenge not only for Canada but for monetary authorities everywhere. What we are witnessing is a welcome but worrisome regime shift, from ultra-loose financing to what we used to know as normal. Step-wise moves are necessary to avoid disrupting growth, but choosing the appropriate tightening path is not for the faint of heart. What is clear is that there is now less uncertainty about the need to move; even the 'doves' are thinking they need to be faster rather than slower.

The bottom line? It seems like when it comes to demand conditions, we have what we all wished for. But we're still not happy. Realizing our dreams comes with a price tag that these days seems to be changing rapidly. Buckle up for the ride!

Canadian Construction Association

Liberals tap former RBC exec to be chairwoman of infrastructure bank

The Canadian Press, July 6

OTTAWA - The federal government is hiring the former chief financial officer at one of Canada's largest banks to help oversee its new infrastructure-financing agency.

Janice Fukakusa is being named the new chairwoman of the Canada infrastructure bank.

Fukakusa retired in January from Royal Bank after a 31-year career at the bank.

She will now have a role in selecting the remaining members of the board of directors that will oversee the agency's operations, as well as the chief executive.

The Liberals plan to have the new agency up and running by the end of the year.

Ottawa is planning to infuse the new institution with $35-billion hoping to pry three or four times that amount from the private sector for large-scale projects.

But the projects have to generate revenue, meaning they would result in new toll roads or bridges where user fees finance the construction costs.

The Liberals have faced questions about how much risk taxpayers will take on in projects that the bank funds, and how much independence the chief executive officer and the bank's board will have in investment decisions.

The government's designs for the bank will give the ministers overseeing it the ability to approve or reject projects for funding. Cabinet will also be able to easily hire and fire the chief executive and board chair.

A Senate committee report released Thursday called on the government to ensure the independence of the board by drawing on Canadian and international best practices in governance.

The report also raises concerns that the bank could find itself in competition with other Crown corporations, despite testimony from government officials that no federal entity currently fills the role set out for the new agency.

Private investors can't access the investment tools the bank will use to help them jointly invest with the public sector on infrastructure projects, senators on the committee were told by both Infrastructure Canada and the bank's transition office.

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WORKSAFELY™ has been working with other jurisdictions to ensure that we are equipped to assist our companies when working in other provinces and to minimize any barriers that may exist. This week we held our first Safety Excellence Leadership course, which is required to work in Saskatchewan.

So if you are planning on working or bidding in other jurisdictions, please contact Phil McDaniel at 204-947-1379, who can assist you in navigating the reciprocity process.

KNOW YOUR WORKSAFELY™ TEAM

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TO REGISTER, PLEASE CONTACT:
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Training Schedule

WINNIPEG - MHCA Office
3-1680 Ellice Ave.

JULY 2017

17 - 18 **COR™ Leadership in Safety Excellence**
19 **COR™ Principles of Health & Safety Management**
20 - 21 **COR™ Auditor**

August 2017

14 Flagperson 1/2 day AM
14 Committee/Representative training 1/2 day PM
15-16 Traffic Control Coordinator
17 Excavating & Trenching 1/2 day PM
21-22 **COR™ Leadership in Safety Excellence**
23 **COR™ Principles of Health & Safety Management**
24-25 **COR™ Auditor**
30 Train the Trainer

September 2017

7 Transportation Dangerous Goods 1/2 day AM
12 Flagperson 1/2 day AM
12 Committee/Representative training 1/2 day PM
14-15 Traffic Control Coordinator
18-19 **COR™ Leadership in Safety Excellence**
20 **COR™ Principles of Health & Safety Management**
21-22 **COR™ Auditor**
25 Excavation and Trenching 1/2 day AM
25 **COR™ Auditor Refresher (no charge) 1/2 day PM**

BRANDON – ST. JOHN'S AMBULANCE
1570 - 18TH Street

JULY 2017

11-12 Traffic Control Coordinator
24 Flagperson 1/2 day AM
24 **COR™ Auditor Refresher (no charge) 1/2 day PM**
25 Train the Trainer

August 2017

There is currently no training scheduled for this month.

September 2017

There is currently no training scheduled for this month.

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MHCA SUMMER OFFICE HOURS

Effective May 15 until September 1, 2017

Monday: 7:45 am - 4:30 pm
(lunch 12:00 pm-12:30 pm)

Tuesday: 7:45 am - 4:30 pm
(lunch 12:00 pm-12:30 pm)

Wednesday: 7:45 am - 4:30 pm
(lunch 12:00 pm-12:30 pm)

Thursday: 7:45 am - 4:30 pm
(lunch 12:00 pm-12:30 pm)

Friday: 7:30 am - 12:00 pm

Closed Saturday and Sunday

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