February 16, 2018

75 MHCA

The Heavy News Weekly

INSIDE:

Manitoba Infrastructure sets terms for service-delivery review

MHCA President asked to represent heavy construction industry at consultation

Consultations on reviewing Manitoba Infrastructure's service delivery model will begin February 22, with an eye to modernizing provincial procurement and to getting greater value from the renewal and construction of strategic infrastructure.

Those were two objectives of the review of MI, set out in the November, 2017, throne speech. The Pallister government said it wanted to streamline service delivery and get better outcomes.

Draft terms of reference have been shared with a variety of stakeholders, including the heavy construction industry. MHCA President Chris Lorenc will attend the February 22 consultation session.

The session makes good on an announcement by Infrastructure Minister Ron Schuler at the MHCA Awards Breakfast in November, where the minister said everything would be on the table for review. Schuler said his intent is to move expeditiously on the review's recommendations, to come by the end of 2018.

"We asked our members to provide their views on how MI can be structured better," Lorenc said. "We think the provincial government can use its investment strategy and dollars for a greater return, to boost Manitoba's economy."

The MHCA's Executive Committee will consider those suggestions at its meeting next Wednesday, and scope out the industry's contributions to the review.

"This is a really smart move the government has made," Lorenc added. "We welcome this review and believe it could well serve the interests of all Manitobans."

Cities council reports calls for 'urban strategy' for infrastructure funding

Cities need to be able to meet municipal priorities: chambers of commerce

Canada's 8 largest chambers of commerce say Ottawa must adopt a national "urban strategy" that would address infrastructure funding programs that now fall short of meeting the needs of Canada's cities, which are struggling to maintain streets and roads and build new transportation assets required to be globally competitive.

"Over the last quarter-century, city governments, civic leaders and supportive federal officials have pushed for federal aid for cities to address three long-term problems: to compensate for the fiscal weakness of cities when it comes to capital investment, to catch up on years of underinvestment in infrastructure maintenance, and to help our cities become competitive with global cities around the world," says the report released Wednesday by the Canadian Global Cities Council. The Winnipeg Chamber of Commerce is on the council.

"Without a coherent strategy to specifically achieve those goals, federal investment and leadership has not been as effective a catalyst as it could have been to address these challenges."

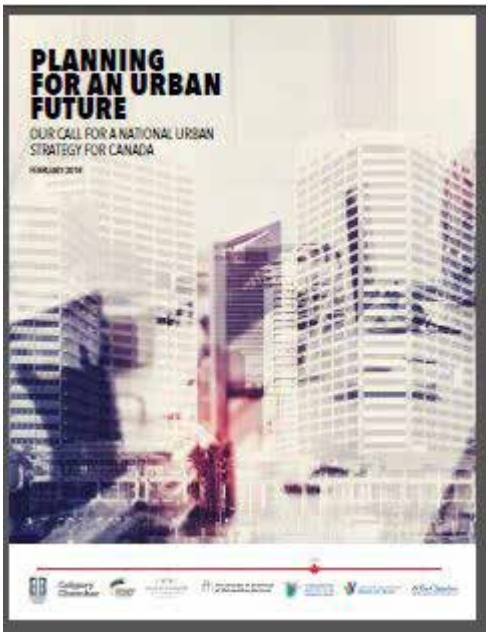
Current funding programs are "top-down", the report notes, and must be applied for and approved project-by-project. The major exception is the gas-tax transfers, but those can also be tied to projects.

The council says cities need an investment strategy that more readily allows them to use financial resources for priorities set by the communities themselves.

"Governments elsewhere are far more prone to organize national investments in cities from the bottom up, based on the identification and prioritization of each city-region's unique needs… In this approach, every major Canadian city or city-region would be expected to have a long-term plan for urban economic and social infrastructure, developed in partnership with the provinces, elected officials from all levels of government, business partners and economic leaders."

The vision for an urban strategy would meet three broad policy changes:

- The federal government would take the lead in measuring infrastructure quality, disseminating best practices and identifying national urban policy goals
- City and city-region leaders would lead the development of long-range priority plans for urban infrastructure
- Federal funding for urban priorities like infrastructure would "fund the plan" with per-capita or near-per-capita grants, rather than funding projects or programs



MHCA President Chris Lorenc said the report speaks to the very real dilemma of Canadian cities, which have neither the revenues, nor the ability to raise sufficient revenues to meet the demands on them. Funding agreements for infrastructure, typically tri-partite in nature, do not consider life-cycle costs and the long-term financial pressures that construction of new assets puts on cities.

"Allowing municipalities to address their infrastructure priorities is one issue," Lorenc said. "The bigger issue, however, is that cities have to be able to find new sources of revenue, to move away from the heavy reliance on property taxes, which is regressive and insufficient."

Has China stopped buying Canadian?

Peter G. Hall, Vice President and Chief Economist

Canada's export sales to China shone in 2017. It was a relief, really, because prior growth hadn't been that great. In fact, China's hunger for Canadian goods all but evaporated in the 2013-16 period, throwing the future with all its aspirations of diversification into serious doubt. Was 2017 just good luck, or are Canada's China-bound exports in for a sustained revival?

Radical growth became a New Millennium norm for Canadian exporters to China. Average annual growth of goods shipments was 16.7 per cent, spread nicely across the industrial spectrum. The great challenge was actually keeping up with this pace. Then with little warning, growth was hacked to 5.7 per cent in 2013, and remained alarmingly slow for three more years. It was yet another series of facts used to illustrate a China that was stumbling and trying to regain a foothold.

For a season, it looked like China was finally joining the swollen ranks of slow-growing post-recession economies – the 'new normal' finally caught up with the Middle Kingdom. There were worries that permanently slower GDP growth would clash with China's over-leveraged financial sector, wreaking havoc not only with its own economic potential, but that of the world as well. Recent stronger growth – aided by the ramp-up of the US and European economies – is challenging that view. Canada's recent export success seems to agree. If so, what really happened during those softer years?

Top Canadian export sales to China have faltered

Canada's export numbers provide an interesting clue. The sharp weakening in our results was split quite dramatically along industry lines. Collectively, mining and energy exports fell outright by almost 13 per cent, with iron ore down 23 per cent, coal off 17 per cent, and oil & gas plunging 50 per cent. This is in large part due to the collapse in prices that began in mid-2014. But what also stands out in the data is that they were starting to tumble ahead of the swoon in prices, indicating something deeper in the economy, like excessive production. The vast accumulation of steel inventories in the post-recession years accounts for some of the fall-off in demand, and surpluses elsewhere in the system stalled the Chinese industrial complex's previously insatiable demand for raw materials.

Top Key industries are bucking the trend

However, at the same time, rapid growth continued in other industries. Agri-food exports as a whole averaged 12 per cent growth annually, and their share of Canada's total global agri-food exports continues to rise steadily. Leading the charge are non-wheat grains, seafood and soybeans, but, as a previous Commentary argues, there is also lots of promise for prepared foods well into the future.

Higher-valued exports also showed impressive gains. Exports of autos and light-duty vehicles have catapulted ahead, rising over forty-fold between 2012 and 2016, and building further on that in 2017. Precious metals were not far behind, on average doubling every year in the same 4-year period. Aerospace products, which are typically volatile, averaged 15 per cent growth in the same timeframe.

These sectors are largely the 'climbers', though, rising sharply but from a relatively low base. Mainstay industries are actually also performing well. The growth path for both pulp and oilseeds (net of soybeans) was a smart 7 per cent annually in both cases. These account for 15 and 12 per cent of total merchandise exports to China, respectively.

Trade with China and Canada is alive and well

Clearly, there is still vibrant trade going on between China and Canada. Those who have sounded the death-knell to the diversification we saw in the pre-recession period are lumping two very different stories together. Diversification to this faster-growing space is alive and well, and that will become all the more obvious when China's inventory overhang begins to melt away. In actual fact, there are clear signs that the thaw is already on: Chinese imports of raw materials are on the up and up again.

The bottom line?

Now is definitely not the time to give up on the China strategy. The Middle Kingdom may have taken a pause in recent years, but there is clear evidence that the page is turning. China's purchasing power remains a powerful force on the world stage, and as it's worth $25 billion annually to Canadian exporters, we would do well to watch – and serve – it carefully.

Canadian Construction Association

Highly anticipated asphalt-quality review released

Angela Gismondi, by ConstructConnect™, Daily Commercial

The highly anticipated findings of a review on asphalt quality issues in Ontario were unveiled by experts recently during the Ontario Road Builders' Association's (ORBA) 91st annual convention in Toronto, providing a roadmap for significant improvements.

In November 2016, Ontario Auditor General Bonnie Lysyk issued a damning report pointing out a litany of problems with roadway procurement including that the pavement on some major Ontario highways had cracked prematurely, with the province paying millions to fix it.

ORBA retained experts David Newcomb, from the Texas A&M Transportation Institute, and Augusto Patmore, from KPMG's infrastructure, engineering and construction practice, in 2017 to conduct an independent examination of asphalt quality and "to provide insight and guidance to the industry," said David Caplan, ORBA chief operating officer as he introduced the speakers at the convention.

"Today is not the final word, it's an update. This is going to be an ongoing conversation as we roll out towards a final version and report," he said.

To date, reviewers have consulted with more than 15 municipalities, four regions, the 407 ETR, contractors, asphalt producers and asphalt binder producers.

"The mandate was to work with stakeholders across the province to identify strategic actions and priorities with the asphalt industry as a whole," explained Patmore.

"We have been informing research on the root cause of poor asphalt quality in the province and premature cracking." KPMG performed jurisdictional research looking at Indiana, Michigan, the U.K. and Australia to compare levels of spending, the percentage of highway distress and the overall condition of the roads.

"Only 14 per cent of our roads can be deemed to be in poor condition, which means exhibiting cracking and signs of distress and potentially needing repairs," said Patmore, adding Indiana has 17 per cent, Michigan 19 per cent, the U.K. has 17 per cent and Australia sits at 20 per cent.

"By and large Ontario is not alone in experiencing these issues. With the leadership of the MTO (Ministry of Transportation), ORBA members and the industry as a whole, I think we're well positioned to address the issues."

He presented nine main findings from the examination based on the input received from stakeholders.

"Most owners are not happy with the situation. They're all experiencing premature cracking on roads that should last 15 to 20 years," Patmore explained.

"The majority of owners attributed the industry's quality issues to the decline in the quality of asphalt cement and hot-mix asphalt production."

One of the key concerns was that the lowest compliant bid procurement model doesn't promote quality.

"Most municipalities lack a rigorous prequalification process," Patmore explained. "This model has driven contractors to find ways to be more cost effective…with additives like REOB (re-refined engine oil bottom) and roofing shingles being overused.

"The use of these additives is not a bad thing in itself, but the overuse of these additives can be detrimental to the quality of the asphalt."

From the findings, a roadmap of considerations for improvement was formed. They are recommendations at this point and have not been finalized.

Increasing asphalt cement content in mixtures must be a high priority in improving pavement performance, Patmore advised, as asphalt cement is the binder or the glue. Overuse of additives needs to be avoided.

"It's critical that there is more collaboration in the industry to drive consistency, a uniform approach. We believe it would be useful to create a leadership steering committee that involves members of ORBA, the Ministry of Transportation of Ontario, the Ontario Good Roads Association and the Municipal Engineers Association to further advance technical research and increase consistency in specifications across the province," Patmore noted.

Furthermore, municipalities need to strengthen contract oversight and enforcement levels across Ontario and owners need to improve quantification of asphalt quality issues in their road networks through a more complete asset management database.

One recommendation suggested ORBA and the MTO enter into a partnering agreement to increase the focus on technical training, develop case studies and, if necessary, agree to modify specifications based on lessons learned.

The roadmap also suggests the development of a Contract Performance Dashboard to track poor quality contracts.

Municipal owners should adopt a more rigorous prequalification process that factors in quality and past performance history, the roadmap indicates.

In addition, it recommends owners consider shifting from pure low-bid procurement to models that factor in lifecycle costs, performance history and technical scores of the bidders.

ORBA needs to reinforce its code of conduct and ensure that any members found guilty of illegal actions face "significant consequences," Patmore noted.

"They need to ensure unethical and illegal behaviour that has been disclosed by some audit reports in the last few years… cannot be repeated, cannot be tolerated by the industry," said Patmore. "This makes the whole industry look bad and is a situation that needs attention."

Trudeau government puts Aecon - CCCI deal under closer scrutiny

MHCA joined letter-writing campaign warning Ottawa against approval of sale

The federal government has ordered a lengthier national security review of the proposed $1.5-billion acquisition of Aecon Group Inc. by the Chinese state-owned CCCC International Holding Ltd. (CCCI).

The decision, announced this week, follows heated opposition and a vigorous lobby effort calling upon the government to reject the deal, citing security concerns. The MHCA joined the Canadian Construction Association in writing to the federal government. Both associations on principle oppose the involvement of state-owned entities in bidding on construction tenders.

Toronto-based Aecon, a construction giant in Canada, said the federal cabinet decided fuller investigation under the Investment Canada Act was needed. A spokesman for Economic Development Minister Navdeep Bains said national security agencies convinced the government there is potential for injury to national security, but would not elaborate.

The deadline for closing the deal, already approved by the Competition Bureau, has been extended to March 30.

MHCA is pleased to announce:

Breakfast with the Mayor

Mayor Brian Bowman has accepted an invitation to be speaker on April 10 at MHCA's first '***Breakfast with the Leaders***' event in 2018.

The Mayor has been asked to give us his prospective look at the city's future, touching upon:

- the role he sees that strategic investment in core infrastructure will play
- the city's fiscal challenges and the potential solutions
- key intergovernmental challenges
- how Winnipeg can advance economic growth and influence
- the importance of thinking regionally and globally (e.g. CentrePort Canada)

This is an important opportunity to listen to the Mayor's reflections in his 4th year of office. We urge you to reserve your seats early as space is limited.

When: April 10, 2018
Where: Madison A & B Room
Holiday Inn Winnipeg Airport Polo Park
1740 Ellice Avenue
Cost: $35/pp (taxes incl.)

Agenda:
7:30am – doors open/registration
8:00am – hot breakfast served
8:20am – Mayor's presentation followed by Q & A

To register, please contact MHCA Operations Manager Christine Miller, by email christine@mhca.mb.ca or by phone 204.947.1379

Event Sponor

MHCA welcomes new member

The MHCA is pleased to welcome its newest member:

Hanover Screw Pile
Hanover Screw Pile is a niche contractor in the steel piling industry, offering both driven steel piles and helical piers. It specializes in larger projects such as MB Housing, agricultural as well as large scale solar installations. HSP uses CCMC piles manufactured by Almita, North America's largest helical pier manufacture. HSP is able to provide a fully engineered foundation or anchoring system for ultimate compressive loads of up to 50K. Using a certified and calibrated computerized torque-monitoring system, HSP provides a precise torque report for each helical pier installed. Our in-house team will design (solidworks) laser cut and fabricate tailor-made mounting systems to connect your project to our piles.

Hanover Screw Pile can be contacted at:

Kevin Druet
Box 863
Niverville, MB R0A 1E0
Ph: 204-388-9037
C: 204-299-6946
E: kevin@hanoverscrewpile.ca

Reminder:
Qualifying for 15% prevention rebate

WORKSAFELY™ Back to You with Don Hurst

This year, qualifying COR™ companies will receive the new 15% prevention rebate on their WCB premiums. This program could return as much as $1.7 million annually to the industry beginning in 2018.

Companies will want to ensure that they provide key pieces of information to WCB in order to qualify for the 15% prevention rebate.

Companies must:

- Be in good standing with WORKSAFELY™ COR™ program for at least one year
- Maintain an active WCB account
- Be free of penalties or convictions under WCB and Workplace Safety and Health legislation for at least one year
- Be free of any investigations for violations under the WSH or WCB Act (the rebate will be held pending the outcome of such investigations)
- Submit 2017 payroll and estimated hours of work to the WCB

It is important to emphasize that the reporting of the total hours worked is a mandatory requirement for companies wishing to qualify for the 15% prevention rebate. In previous years the reporting of hours worked has been optional.

Companies can indicate the total hours worked for all workers on their WCB Annual Payroll Form. The Annual Payroll Form can be completed online or through the paper form. Alternatively, companies can report it to:

SAFE Work Manitoba
email swc@safeworkmanitoba.ca, call 204-957-SAFE (7233) in Winnipeg or 1-855-957-SAFE (7233) outside Winnipeg.

or *WCB Assessments*
email assessmentservices@wcb.mb.ca, call 204-954-4505 in Winnipeg or 1-855-954-4321 (ext. 4505) outside Winnipeg.

KNOW YOUR WORKSAFELY™ TEAM

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 Craig, 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

Gerry McCombie
WORKSAFELY™ Safety Advisor, Western Region
E: gerry@mhca.mb.ca C: 204-720-3362

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

Training Schedule

Construction Safety Excellence™

TO REGISTER, PLEASE CONTACT:
Kristen Ranson
kristen@mhca.mb.ca

WINNIPEG - MHCA Office

3-1680 Ellice Ave.

February 2018

20-21	Traffic Control Coordinator

March 2018

6	Preventing Musculoskeletal Injuries 1/2 day AM
6	Auditor Refresher 1/2 day PM
12-13	**COR™ Leadership in Safety Excellence**
14	**COR™ Principles of Health & Safety Management**
15-16	**COR™ Auditor**
19	Flagperson 1/2 day AM

April 2018

4	Train the Trainer - Facilitation Skills
11	Flagperson 1/2 day AM
11	TDG 1/2 day PM
16-17	**COR™ Leadership in Safety Excellence**
18	**COR™ Principles of Health & Safety Management**
19-20	**COR™ Auditor**
23-24	Traffic Control Coordinator

May 2018

7	Safety Committee/Representative 1/2 day AM
7	Excavating & Trenching 1/2 day PM
11	Auditor Refresher 1/2 day AM
11	Flagperson 1/2 day PM
14-15	**COR™ Leadership in Safety Excellence**
16	**COR™ Principles of Health & Safety Management**
17-18	**COR™ Auditor**
23-24	Traffic Control Coordinator

BRANDON - St. John Ambulance

Shoppers Mall, 1570 18th St.

February 2018

26-27	**COR™ Leadership in Safety Excellence**
28	**COR™ Principles of Health & Safety Management**

March 2018

1-2	**COR™ Auditor**
12	Flagperson 1/2 day AM
12	Safety Committee/Representative 1/2 day AM
19-20	Traffic Control Coordinator
21-22	Train the Trainer – Heavy Equipment Operator

WORKSAFELY MHCA

SAFETY TALK

Fire extinguishers

What's the danger?

Un-serviced or faulty fire extinguishers can present a hazard as they may not work when needed.

Not having the right class of fire extinguishers is dangerous as they are classified according to their capacity to fight specific kinds of fires.

How to protect yourself

Any worker that may be required to use a fire extinguisher must be trained on its use.

Fire extinguishers must be:

- Inspected regularly
- Accessible
- Promptly refilled after use

Fire extinguishers should be located:

- Wherever flammable materials are stored, handled or used
- Where temporary oil-fired or gas-fired equipment is being used
- Where welding or open-flame cutting is being done

Fire extinguisher classifications:

Class A – for fires in ordinary combustible materials such as wood and paper where you need a quenching, cooling effect

Class B – for flammable liquid and gas fires such as oil, gasoline, paint and grease where you need oxygen exclusion or flame interruption

Class C – for fires involving electrical wiring and equipment where you need a non-conductive extinguishing agent

Class D – for fires in combustible metals such as sodium, magnesium and potassium

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

Date: _____ Supervisor: _____

Performed by: _____ Location: _____

Concerns:

_____

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Corrective Actions:

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Employee Name:

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_____

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Employee Signature:

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75 in 2018

The MHCA is 75 in 2018 and we're telling our story. The heavy construction industry has helped build this province, its economy and foundational infrastructure: roads, highways, bridges, and water/sewer. As part of the commemoration, which will include celebratory features throughout 2018, we are asking for your memories, your photos or any archived materials that can help tell this tale in displays at our marquee events.

Do you have something to share? Please email Catherine Mitchell at catherine@mhca.mb.ca

Thank you,

Greg Orbanski
Chair, MHCA

Chris Lorenc
President, MHCA