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BRITISH COLUMBIA ANNOUNCES FORCED UNIONIZATION ON PROVINCIAL INFRASTRUCTURE PROJECTS

Province resurrects Crown infrastructure agency to set pay rates, enforce rules

B.C. Premier John Horgan this week announced his government will insist all workers on provincial infrastructure projects join unions and be paid wages reflecting union rates, starting with the construction of Metro Vancouver's new \$1.4-billion Pattullo Bridge and the expansion to four lanes of the Trans-Canada Highway, from Kamloops to Alberta.

The new rules of the government's "community benefit agreements" will promote hiring locally, apprentices, women and Indigenous people.

Further, British Columbia will create a Crown corporation — B.C. Infrastructure Benefits Inc. — to hire the project's construction workers and manage payroll and benefits.

"Within 30 days of employment on the job site, any non-union worker or a worker from another affiliation will be required to join the union for work specific to the project," the B.C. government said in a statement.

The development came under fire immediately, and sparked concerns that other governments may follow suit. The Trudeau government now requires that provinces undertake a 'community benefits' commitment when signing infrastructure funding agreements in the Investing in Canada program, but that relates primarily to hiring workers identified as 'target groups.'

"The announcement of union-only workers in publicly funded infrastructure projects in B.C. should be cause for alarm across Canada," MHCA President Chris Lorenc said Thursday. "We fought a similar battle in Manitoba during the floodway expansion project."

Lorenc said the heavy construction industry has worked with public project owners to engage local communities to ensure legacy benefits, such as employment and skills. However, he stressed, mandated unionization and union pay by fiat in public infrastructure projects distorts the market, and predictably impairs the value of the public investment.

"All Canadians should worry when a government decides it can do a better job than the private sector in managing construction projects. Those concerns go well beyond return on public investment and reach into verifiable, lasting legacies of education, training and skill development — all of which are fundamental to sustained employability."

But Premier Horgan said the government infrastructure agency will work with the trade associations to reduce labour shortages in the province, keeping and developing the skilled labour required by the province.

"Community benefit agreements ensure projects will be on time, on budget, fair wages are paid to everyone and importantly that legacy of new workers for the future," said Horgan.

The Alberta Roadbuilders and Heavy Construction Association has written to Alberta Premier Rachel Notley, asking it to back away from what it understands is the government's intention to offer B.C. contractor Emcon a series of highways maintenance contracts, once held by Carillion Canada but renegotiated with more favourable terms.



Collapse of Carillion puts \$110 million in annual maintenance contracts in question

U.K.-based parent construction company — Carillion PLC — went insolvent in January. Carillion Canada later filed for creditor protection in an Ontario court. Carillion held \$110 million worth of highways maintenance contracts with the Alberta government and, as financial turmoil erupted, received repeat bailouts from the provincial government earlier this year.

ARHCA posted on its website this week a letter sent by the association's lawyer to Notley warning that, should those contracts be renegotiated for Emcon, such a move would be contrary to the province's obligations under trade agreements and its own procurement practices. If the contracts' terms are amended, they should be tendered publicly in an open, competitive bid process, ARHCA says.

"However, confronted by Carillion's failure, the Province has apparently decided, rather than engaging in an open, competitive, and transparent tendering process for Carillion's contracts — in which competent service providers from Alberta and other provinces or states would be able to participate — to assign all, or substantially all, of Carillion's contracts to a British Columbia company, Emcon," the ARHCA letter to Notley notes.

"We further understand the contracts being proposed for assignment to Emcon are to be amended to, in part, in-

crease prices, in order to make them more favourable and lucrative to Emcon (the "ReNegotiated Contracts"). While the ARHCA is sensitive to the difficult situation the Province faces, it has profound concerns as to how this matter is being addressed, especially given the existence of numerous qualified and competent contractors in Alberta (and neighbouring provinces and states)."

ARHCA wants the issue of the Alberta roads maintenance contracts to be resolved prior to the case being heard.

Handing Emcon renegotiated contracts is unfair, discourages competition and does not protect taxpayers' interest in that an open bid process would have ensured best value for public funds, the association points out.

"While we are well aware of the legal distinction between an assignment of an existing contract and the awarding of a new contract, we consider the distinction largely falls away when, as is the case here, an assignment includes substantive variations to the contract being assigned."

ARHCA posted the letter publicly after delivering it to Notley's office last week. It has asked for a meeting with the premier.

Ontario's new government faces infrastructure challenges

Bruce G. Matthews, *Rock to Road*, July 11



Photo: Bruce G. Matthews is the CEO at Consulting Engineers of Ontario

Good infrastructure is that which delivers the best life-cycle value to those who depend on it and those who have to pay for it. Good infrastructure can only be accomplished by sound planning and consistent investment, both in the context of new construction and in support of maintenance and refurbishment.

This is true regardless of whether we are talking about clean water supply, wastewater treatment, transit, or, of greater interest to readers of this publication, roads and bridges.

A few years back, Ontario's infrastructure deficit was estimated to be in the neighbourhood of \$100 billion as a result of years, if not decades, of chronic underfunding. It was only in the past couple of years that Ontario established a long-term infrastructure plan that included funding contributions from the federal government. While much of the plan was back-end loaded, it was good to see a commitment to stable, long-term infrastructure investment.

But it's a new day in Ontario — with a new government and new leader coming from a very different place on the political spectrum. The campaign platform of the Progressive Conservatives included substantial spending on infrastructure, but largely focused on transit issues in the GTHA. The question remains: Will the new government honour the long-term plans and commitments made by the previous government, or will we see changes reflecting their specific priorities?

Good transit is necessary in order for people to be able to commute and reduce congestion in urban centres, but good roads and bridges are essential to the movement of raw materials and manufactured goods to and from all corners of the province. As such, good road infrastructure becomes a powerful catalyst for economic growth, job creation and prosperity. During the election campaign, the new Premier of Ontario lamented the decline in manufacturing jobs and activity in Ontario during the tenure of the previous government. While that decline can be attributed to a multitude of policy decisions, actions or inactions during that period — a "death by a

thousand cuts", as it were — there is now an opportunity to turn that around. Good investment in road and bridge infrastructure should be the foundation upon which future growth and prosperity is achieved.

At Consulting Engineers of Ontario (CEO), we advocate for a life-cycle perspective on infrastructure projects — recognizing that design and construction are a small part of the overall costs of an infrastructure asset. Operating and maintenance costs over the life of the asset will typically dwarf the initial design and construction costs. Decisions made during design can have a significant impact on those future costs. As such, CEO is also concerned about the approach to procurement and contracting for the professional engineering design services that lead to the construction of new roads and bridges and the refurbishment of existing ones. Our message here is that "lowest price" does not equate to "best value." For too long, professional engineering services have been undervalued and viewed as a commodity — with the same attitude being taken as if buying aggregate, sand or asphalt. The fact is that our member firms employ talented professionals who apply their knowledge, skill and creativity to be problem solvers and enablers of positive change for their clients.

CEO supports and promotes Qualifications-Based Selection (QBS) for engineering design services. Selecting the best-qualified firm and then refining project scope and negotiating price is the best way to mitigate risks during project execution, and maximize innovation, creativity and life-cycle value. A price-based approach to the procurement of engineering services has the effect of stifling creativity and innovation, resulting in greater project risk and poorer value in the long term. Research has shown that QBS results in a measurably lower risk of cost overruns and schedule delays during construction.

CEO and its member firms will continue to engage and work with government, at both the provincial and municipal levels, to address infrastructure deficits. We will also continue to help guide them in making good decisions with respect to infrastructure priorities, investment and procurement.

Bruce G. Matthews is the CEO at Consulting Engineers of Ontario.

Federal cabinet shuffle shifts infrastructure, trade files

Manitoba's regional minister gets international trade assignment

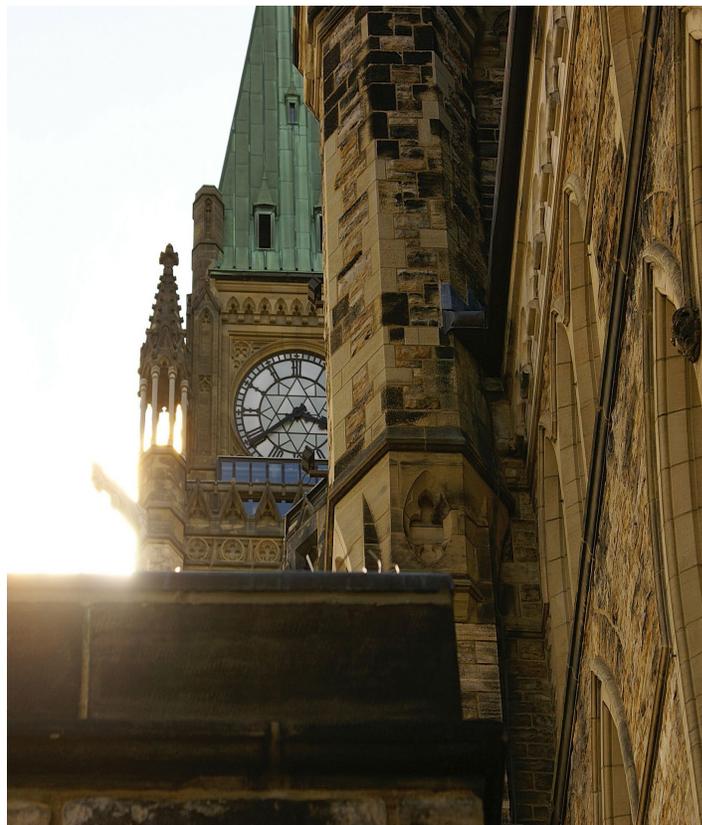
Prim Minister Justin Trudeau has shifted two key senior ministers and expanded cabinet to make room for a new department and new faces at the table.

Notably, the infrastructure file will now be led by Francois-Philippe Champagne, a Quebec MP, who until Wednesday was minister of international trade. His former post now goes to Manitoba's Senior MP, Jim Carr.

Carr has been Trudeau's lead on the contentious energy file as natural resources minister. His new portfolio is officially called international trade diversification, reflecting the need to develop stronger global relationships amid the tumult enveloping NAFTA and threatening ties with the U.S., our largest trading partner.

Champagne succeeds Amarjeet Sohi, who moves out of infrastructure and into Carr's old job. The shift to natural resources means Sohi, an Alberta MP, will helm the Trudeau government's efforts to secure the expansion of the Trans Mountain pipeline to get greater volumes of Alberta oil to port in southern British Columbia.

Trudeau's shuffle gave new portfolios to six ministers and promoted five MPs.



Winnipeg City Hall to help local businesses compete for tenders

Mayor Brian Bowman and his council colleagues approved on Thursday an administration plan to assist small businesses in the city compete for tenders, including with better communications and advertising of those opportunities.

City council voted unanimously to accept as information the document prepared by the administration, in response to a 'buy local' motion tabled by council earlier this summer. In response to the motion, community, business and industry groups were invited to consultations with Public Works department staff where suggestions were offered on how procurement documents, language, contract scoping and communications could be improved to help smaller and local businesses compete on city tenders.

Bowman called the administration's plan "a very thoughtful approach."

The MHCA was among those invited to give input to the planning sessions.

"Our association was glad to have been part of the discussion on how Winnipeg's procurement policies, efforts and communications can be strengthened to assist local businesses," MHCA President Chris Lorenc said. "We are happy that the City of Winnipeg remains open for business, with a fair and competitive bid process."

Report: Contract disputes are getting longer, more complex

Kathleen Brown, *Construction Dive*, July 18

Dive Brief:

- Construction contract disputes across the world are getting longer, more complex and more expensive, according to the Global Construction Disputes Report 2018 from design and consultancy firm Arcadis. The value of North American disputes — or total costs added to a project for the additional work being claimed — dropped for a fourth consecutive year to \$19 million in 2017, compared with the \$43-million global average, the report found. Meanwhile, the average length of North American disputes increased from 15.6 months in 2016 to 17.7 months last year, exceeding the global average of 14.8 months.
- Contract errors and/or omissions were the top cause of disputes in North America last year, followed by poor contract administration, which was trailed by failure on the part of an owner, contractor or subcontractor to understand or comply with contractual obligations. Social infrastructure and the public sector collectively saw the most disputes while the transportation sector saw the second most.
- Contract and specification review was the most effective technique for claims avoidance in 2017, the report found, while an owner or contractor's willingness to compromise was most critical for mitigating or resolving disputes early on. Further, the report found that project teams that use early resolution techniques reach a settlement with 82% success.

Dive Brief:

The larger the scope and price tag of a project, the more possibilities there are for disagreements and misunderstandings between contracted parties.

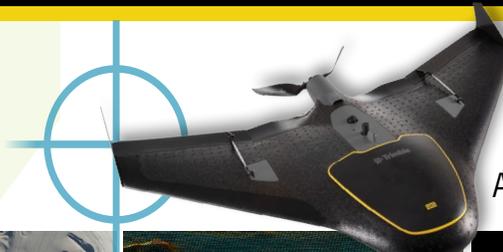
U.S. Infrastructure projects, specifically, are trending larger and more complex as state, local and private entities ramp up their improvement plans ahead of President Donald Trump's \$1.5 trillion spending plan, on hold until November. And multibillion-dollar projects in this category can be wracked with contractual challenges and project delays.

For example, the Massachusetts Bay Transportation Authority fired lead contractor consortium White-Skanska-Kiewit (WSK) from Boston's delay-plagued \$2.2 billion Green Line extension in 2015 due to a mishandled contracting process. The authority cleaned up its contract management process prior to awarding the Fluor-led GLX Constructors a \$1 billion contract in November. The project nearly collapsed during the 2015 contract disputes, the Boston Globe reported, but after a fourth ground-breaking ceremony, it now looks to open December 2021.



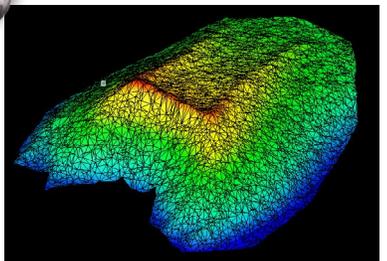
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Wednesday, August 15, 2018 | Elmhurst & Pine Ridge Golf Courses

REGISTRATION FEE: \$260 / person +GST

9:30 a.m. - Registration desk opens
11:00 a.m. - Shot gun start

FOUR PERSON TEXAS SCRAMBLE INCLUDES:

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- Delicious steak dinner
- Bus shuttle between courses before/after dinner

The MHCA Board has unanimously determined that to enable as many MHCA member companies to participate in the golf tournament the following registration policy will apply -

- member companies with no affiliates will be each entitled to a max of two (2) teams.
- member companies with affiliates will be entitled to one (1) team per parent company and one (1) team per affiliate company.

All companies must be MHCA members in good standing.

Pace of play will be addressed to further improve the game day experience. We appreciate your cooperation

MHCA Member company to be invoiced: _____

Team Captain's name: _____ Phone: _____

Email: _____

THE MHCA GOLF CLASSIC TOURNAMENT IS FULL.

Team Manager Name: _____

ATTENTION ALL TEAM CAPTAINS!

PLEASE SUBMIT THE NAMES OF THE GOLFERS ON YOUR TEAM ASAP
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MSA Safety released an updated safety advisory on July 17th 2018 concerning field reports that some MSA Green Coloured V-Gard Protective Caps (i.e., hard hats) are cracking.

If you have MSA Green Coloured V-Gard Protective Caps, they may be susceptible to cracking. You are encouraged to read the advisory put out by MSA Safety and/or contact them directly at 1-866-672-0005 or by email at ProductSafetyNotices@MSAsafety.com for further information



Workplace Safety & Health inspections: What to expect

Don Hurst
Director of WORKSAFELY™
Education and Training

Most companies have experienced a WSH inspection. Because we work on all main roads and streets in the province, our worksites are visible and can often be subject to inspections. With COR™ certification, you already have the tools to prepare for a visit.

Your company can ensure an inspection goes smoothly by knowing what happens during a WSH inspection. The following is a description of how you can ease the inspection process.

Before WSH arrives, establish a procedure you will follow if an officer shows up. Your plan should identify a person at your company, such as the safety manager or the owner, who will be responsible for escorting the officer. Additionally, select a space for opening and closing meetings to take place.

Have a 'Plan B' in place, in the event your designated person is not at the worksite the day an officer visits.

KNOW YOUR WORKSAFELY™ TEAM

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That plan includes training an alternate employee on your procedures.

At the beginning of this visit the officer should explain what prompted the inspection.

While the inspector is with you, they may:

- Ask you about your workers and what they do
- Look at possible safety and health risks in the work you are doing
- Look at any machinery or other equipment onsite
- Ask to see records or other documents, such as your health and safety policies, and training records
- Take photographs

Remember, inspections are an opportunity to put your COR™ certification to work.

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



SAFETY TALK

Working in remote areas

Working in remote areas presents a wide-ranging and unique set of safety concerns that may not be present in urban or rural environments.

What's the danger?

Hazards and concerns include:

- Working alone or in isolation preventing immediate medical aid
- Communication concerns between workers or emergency services in poor cellular service areas
- Rough terrain creating driving hazards and worker transportation issues in an emergency
- Biological hazards such as wildlife, plant life and insects that can cause harm to workers
- Severe weather conditions impacting work processes and evacuation concerns
- Lack of worker knowledge in emergency preparedness and response

Protect yourself

- Review the company working alone plan
- Establish effective communication system between workers (radio, cellular, GPS, sat phone)
- Ensure workers are trained on use of all-terrain vehicles and driving in rough terrain
- Be aware of what wildlife, plant life, and insects are in the work area and take necessary precautions
- Be prepared for changes in weather conditions and severe weather (spare clothes, bottled water, etc.)
- Ensure workers are trained in first-aid/CPR and carry necessary kits
- Have an effective emergency response and evacuation procedure in place for a variety of situations and conduct drills

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:



Training Schedule

Construction Safety Excellence™

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

WINNIPEG - MHCA Office 3-1680 Ellice Ave.

July 2018

30-31 Traffic Control Coordinator

August 2018

- 8 Flagperson 1/2 day AM
- 8 Safety Committee/Representative 1/2 day PM
- 15 Building a Harassment Free & Respectful Workplace 1/2 day AM
- 20-21 COR™ Leadership in Safety Excellence**
- 22 COR™ Principles of Health & Safety Management**
- 23-24 COR™ Auditor Refresher (1/2 day PM)**
- 28 Train the Trainer – Facilitation Skills

September 2018

- 11 Flagperson 1/2 day AM
- 11 Safety Committee/Representative 1/2 day PM
- 17-18 COR™ Leadership in Safety Excellence**
- 19 COR™ Principles of Health & Safety Management**
- 20-21 COR™ Auditor Refresher (1/2 day PM)**
- 24 Transportation of Dangerous Goods 1/2 day AM
- 24 COR™ Auditor Refresher (1/2 day PM)**
- 25-26 Traffic Control Coordinator

BRANDON St John Ambulance

August 2018

- 20-21 COR™ Leadership in Safety Excellence**
- 22 COR™ Principles of Health & Safety Management**
- 23-24 COR™ Auditor**



Are inflation fears a risk to growth?

By Peter G Hall, Vice President and Chief Economist

Inflation fears are back. Dormant for well over a decade, prices again seem to be on the rise. Past episodes of inflation have done everything from aggravating analysts, politicians and the general public to inciting full-blown panic at times when the beast was out of control. These moments are etched on our collective memory, and we seem to have instant recall when there's a whiff of inflation in the air. We can now sniff the scent again, and the fearmongers are stirring things up. Do they have a point, or are today's jitters premature?

IS INFLATION BACK?

What are the numbers saying? In the US economy, the most visible measure is the consumer price index (CPI). On a year-to-year basis, the CPI has been creeping up, and is now above the Fed's target mid-point at 2.9 per cent. Core inflation — the measure that strips out the more volatile food and energy sectors — is more tame at 2.2 per cent, but still above that sensitive mid-point, and has also risen sharply in the past four months.

Western Europe is also seeing upward movement. All-items CPI across the region jumped to the 2 per cent level recently after drifting around the 1.5 per cent level for a year or so. Measures of core inflation are still well contained, but the movement has grabbed the attention of the more inflation-averse Europeans.

Central banks in both economic areas have been responding. The Fed's

rate-tightening program is now into its 30th month. Europe is the laggard here, but the ECB has signalled the wind-up of its quantitative easing program by year end, with rate hikes now forecast for mid-2019. These moves are intended to accommodate the recent up-shift in growth, gently nudging the economy to keep prices at bay. The worrywarts aren't convinced. They fear central banks are behind the curve.

PRICE INCREASES LOOK SCARY

Are they right? Not from a commodity price perspective; things are pretty tame on that front. But other headline numbers suggest they are. Official unemployment rates are either at or fast converging on cyclical low points, typically a harbinger of wage inflation. Also, capacity is tight on the industrial front, suggesting that final prices are in for a bout of unusual upward movement. Adding to the uncertainty are the possible cost increases arising from anti-trade measures — tariffs and the like.

Delve into these measures a bit deeper, though, and a different reality emerges. These 'tight' numbers have been generated by a period of growth that most agree has been sub-standard. In fact, they are artificially tight. On the labour front, the lack of job opportunities drove millions from the labour market, conveniently dropping them from the official count. Roll them into the numbers, and the stats don't look quite as hot. The same is true with the capacity figures. They are artificially low due to abnormally sluggish investment — again, suppressed by weak performance. Nascent growth is now reviving both the labour and investment markets, and both are discovering that the market has far more capacity than headline numbers suggest.

TODAY'S INFLATION: GOOD NEWS

Here's the rub: if there is indeed capacity to grow sustainably at a higher rate than in the entire post-recession phase, then the inflation we are seeing is maybe not the economy hitting some kind of capacity wall. It may well be the signal that is trying to jolt us out of our post-recession slumber, a marker that's actually saying that it's time to get back to that pre-recession reality — the old normal, where growth was enough to truly fully employ the economy's resources.

If this is true, then it has lots to say about the conduct of monetary policy. It vindicates the gentle policy pursued to date by both the Fed and the ECB, which is just enough, it seems, to keep the economy from over-growing as it's finding its feet again. Policy that is more aggressive might dull the 'jump-start' signal, and condemn us to the trepid performance that has given rise to so much political unrest. With today's price movements, it's going to take a lot of patience and nerve to steer the ship steadily.

THE BOTTOM LINE?

Prices are indeed on the rise again. Unlike past scary episodes, this price pop is not a sign that the economic cycle is tapped out, but that a reset to a higher growth trajectory is now underway. In this case, a little inflation is not a bad thing.



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