PERSPECTIVES

2012 ANNUAL MAGAZINE

Municipal Infrastructure: Moving Forward

How to help our Municipalities in the Infrastructure Crisis

Pennies for our Cities

Is this the solution to Canada's Infrastructure Woes?

Manitoba's North

Ideas and Strategies for Investment Beyond the 53rd Parallel

MHCA

MANITOBA HEAVY CONSTRUCTION ASSOCIATION

Inside:

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- CCA News & Views
- WORKSAFELY Year in Review

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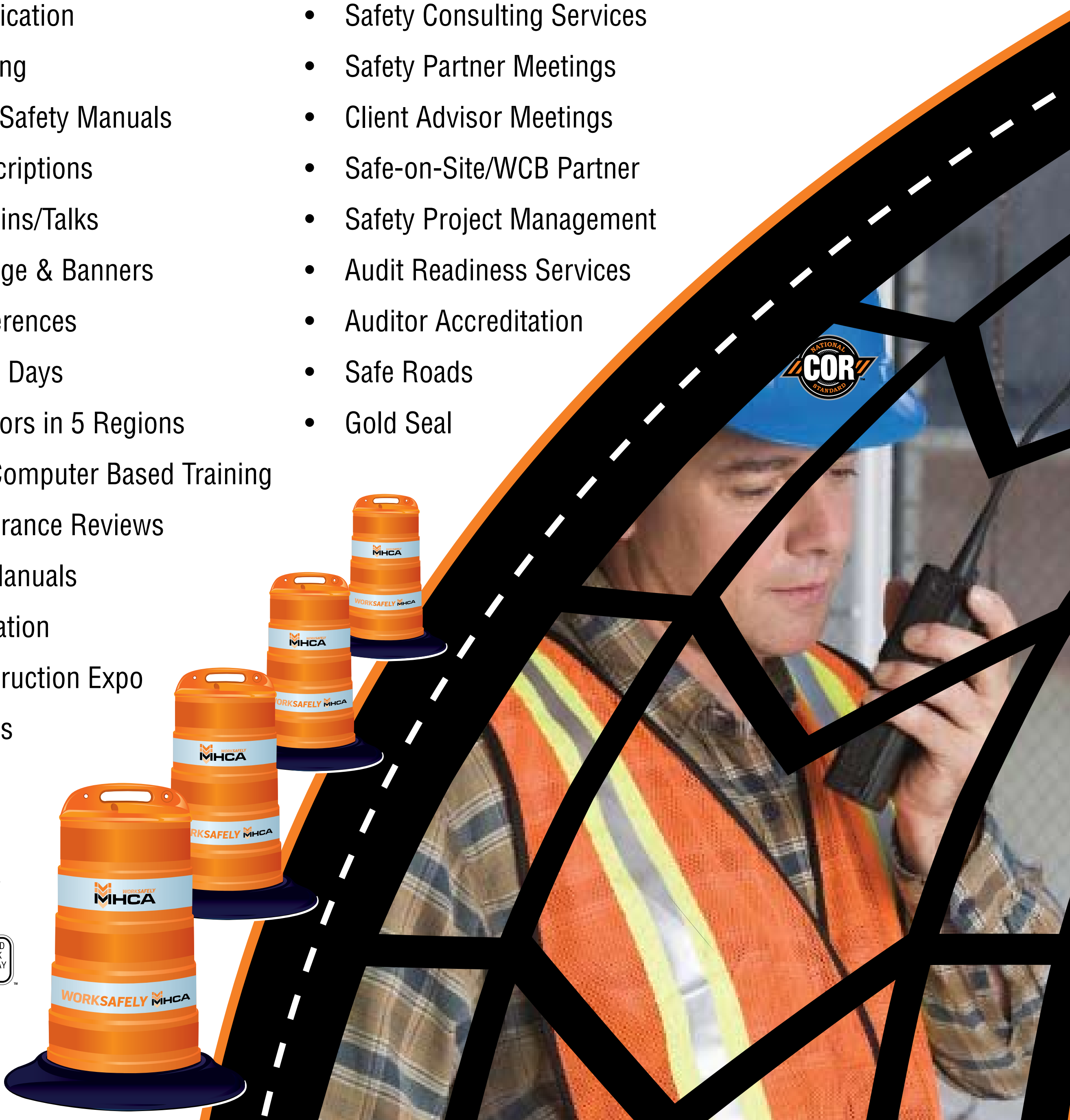

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Chairman's Message — Bob Reidy

As the new Chair of the MHCA's Board of Directors, I am looking forward to the year ahead and all of the challenges that come with it.

In recent years, the Association has made great strides in all areas - from offering high-quality safety and health training and creating an exceptional heavy equipment operator program, to lobbying governments at all levels for increased funding and support for transportation and infrastructure.

I am also pleased at the work the MHCA has done over the past year. As you may have noticed, we've gone through a rebranding process that was completed and launched at our last Annual General Meeting.

The MHCA Safety Program, now re-named the WORKSAFELY program, is focused on better serving its clients and making sure they all achieve their COR certification and continue to ensure everyone goes home safely at the end of the work day.

Above all, the MHCA is recognized for taking principled positions in public policy, which easily demonstrate alignment of its positions with the best public interests.

'Groundbreaking' - well deserved and earned through the hard work of my predecessors and successive Boards of Directors.

I look forward to another exciting as your Chair, and welcome any comments or concerns you may have.

President's Message — Chris Lorenc

I am excited and pleased to see our 2012 Perspectives annual magazine has covered many thought provoking issues which are impacting our industry today.

This year we wanted to focus on some of the major issues facing our province and country as it relates to our infrastructure deficit. As you will read, it is not only a problem in our major cities, but province-wide in our municipalities as well.

I invite you to read the many interesting articles, ranging from how we can fund municipal infrastructure, the challenges we face in the industry, and how we can continue the momentum of having infrastructure funding a key issue in Government as we go forward into 2012.

We're also excited about our safety program, now called WORKSAFELY, which is committed to better serving our clients achieve their COR status, and continuing on a path to excellence in safety in our industry.

We are grounded by a vision and mandate that challenges us to champion public policies, and develop innovative programs that produce groundbreaking results for members and industry.

Our new motto, 'Groundbreaking', reflects our ability to deliver these positive and innovative outcomes, which are achieved through constructive partnerships and proactive engagement with membership, government, media, and the general public.

Thank you for your continued support, as it is integral in making us more than simply a trade organization, and allows us to have the success we have had over the years working for you and for industry.

As always, we look for improvements to our Association, so if you have any suggestions, I welcome them directly to my email address which is clorenc@mhca.mb.ca.

Enjoy the read and enjoy Perspectives 2012.

PERSPECTIVES 2012

FEATURES

DEPARTMENTS

Printed by Premier Printing

Annual membership fees of the MHCA include a copy of this publication.

Undeliverable mail return to:
Manitoba Heavy Construction Association
Unit 3 - 1680 Ellice Avenue, Winnipeg, MB R3G 0Z2

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FEATURE

FUNDING MUNICIPAL INFRASTRUCTURE:

Why it's time to put Communities first

DOUG DOBROWOLSKI

THIS PAST JUNE, THE ASSOCIATION OF MANITOBA MUNICIPALITIES (AMM) LAUNCHED A CAMPAIGN CALLED "PUTTING COMMUNITIES FIRST". The purpose of this campaign was to send a strong message to all parties running in this year's provincial election. That message was this: Our infrastructure deficit is crippling our communities, and downloading from other orders of government is just making matters worse.

Manitoba communities are struggling to meet a growing list of new responsibilities and challenges, including local healthcare services, affordable housing and fixing our crumbling infrastructure. The AMM has long believed we need a new financial arrangement with the provincial government to meet these responsibilities. So our focus over the past several months has been to remind candidates and voters of the importance of meeting the urgent and growing needs in our communities. And the only way our communities can meet these needs is with a steady, predictable revenue stream.

The campaign was very successful. It received a great deal of media attention and, I believe, was heard loud and clear by party leaders and their candidates. But, this article is not about our campaign, the activities we took on, or its outcome.

What it is about is how we got here.

It is a fact that today's municipal governments are facing a new reality. We all remember the days where "the municipality" simply plowed the streets and picked up the garbage. Well, today's elected officials are doing everything from recruiting doctors from around the world to providing capital funding for daycares…along with cleaning the streets and collecting the garbage. The workload – and expense – of the services municipalities are expected to provide had increased so dramatically that these communities are now experiencing serious consequences.

And it is not only citizens demanding more and better services from their local government. It is other orders of government. Municipalities must then try to balance these demands with existing priorities and scarce revenues. The current challenges facing municipalities are overwhelming.

One of the most pressing issues is the municipal infrastructure deficit. Simply put, municipalities are facing enormous infrastructure challenges. Drive through any Manitoba community and you will see roads that are crumbling and nearly impassable due to potholes, closed bridges resulting in detours, and drafty recreation centres with leaking roofs.

And these are just the visible signs of the infrastructure deficit. What we don't see – and what is even more serious – is what is unseen: century old water and sewer lines constantly in need of repair, water and wastewater treatment plants operating far above capacity, and tap water that is undrinkable. This is not the picture of a healthy, prosperous community.

For Manitoba communities to thrive in the future, these infrastructure challenges must be addressed, and the numbers are staggering. In Canada the municipal infrastructure deficit is over $123 billion dollars for current needs, a figure that has doubled over the last five years. And, this only represents the money needed for the upgrade and repair of current municipal infrastructure. Another $115 billion is required for new infrastructure.

These national trends hold true for Manitoba as well. The City of Winnipeg's infrastructure deficit is $3.8 billion for existing infrastructure and $3.6 billion for new infrastructure. Historically the municipal infrastructure deficit outside of Winnipeg has been double that within Winnipeg, meaning the deficit outside Winnipeg can be pegged at over $7.5 billion. This puts the total municipal infrastructure deficit in Manitoba in excess of $11 billion dollars.

To put that figure into perspective, the total municipal taxes levied in 2007 were just over $730 million. There is no way municipalities can tackle this deficit on their own.

What some don't realize is that adequate infrastructure is needed for economic development and unfortunately it is greatly lacking in many communities. Inadequate infrastructure for housing means people cannot move into a community and have a positive economic impact on that community because there is simply no place to live. During a recent tour of Manitoba, I heard a recurring story. Communities want to grow, people want to invest in those communities, and developers are ready to build the needed housing…but the infrastructure is simply unable to support new development.

Meanwhile, municipalities are busy repairing 50-100 year old water and sewer lines. One public works employee told me their staff responded to eight water main breaks in one day. This occurred in a town of 5,000 people.

What we often forget is that dedicating money to municipal infrastructure is not a drain on provincial or federal coffers. It is in fact a necessary component for our economy to grow. According to the Federation of Canadian Municipalities, an increase in municipal infrastructure spending of $1 billion dollars would increase the size of the real economy by roughly $1.3 billion dollars. The resulting investment would also add thousands of new jobs.

But, of even greater concern is the very real impact this infrastructure deficit is having on the people who live in Manitoba. Numbers this big are abstract concepts. What is really at issue is how this infrastructure deficit is affecting our people.

Manitobans now have longer commutes to work either because of impassable roads or slower speeds. We also spend more time travelling to neighbouring communities to access recreation opportunities. Many have seen the out-migration of neighbours and friends who tire of dealing with these daily challenges. Close to 100 communities in Manitoba still have boil water advisories, meaning in 2011, thousands of Manitobans do not have access to safe drinking water when they turn on the tap.

How are municipal councils to create vibrant, welcoming communities given the state of infrastructure today?

Taking advantage of every grant, fund, and program available is a given. Federally, municipalities have benefited from a GST rebate, the sharing of the federal gas tax and the Building Canada Fund as well as Stimulus Funding. Provincially, municipalities have benefited from the sharing of provincial income tax, the Building

…continued on page 8

Manitoba Fund, and support in several other areas. Tri-partite arrangements with the other two orders of government make many municipal projects possible. The only catch is the fact that most times, the demand for funding far outweighs the supply of dollars, leaving many municipalities out in the cold.

I have always maintained that municipalities must do what they can first, before looking for a handout. And Manitoba communities are indeed doing that.

Some have tried to take advantage of provincial legislation within The Municipal Revenue Act to impose taxes on various things like accommodations, meals, alcohol and land transfers. The City of Thompson, for example, proposed a 2 per cent tax in each of these areas only to have the Province of Manitoba approve only the accommodation tax. The City then negotiated that tax up to 5 per cent and now applies 60 per cent of that revenue directly to municipal infrastructure projects.

Others have entered into public-private partnerships (P3s) to help fund new municipal buildings and services and implemented user fees or "pay as you go" programs on things like solid waste collection. Many have looked at regional projects to gain efficiencies. And others have raised property taxes and maxed out their borrowing ability to the point where they simply cannot access any new funds.

The effort is there, but the bottom line remains that municipalities need access to new revenue sources.

That is why the AMM has pushed the Province of Manitoba for a one per cent share of the existing PST to be dedicated to municipal infrastructure, on top of the existing funding municipalities currently receive. Not the repackaging of programs that add up to one per cent announced in the last provincial budget – although this was certainly a step in the right direction as it now ties those programs to a growth tax.

A one-cent municipal tax, allocated to municipalities for infrastructure and split equally among municipalities on a per capita basis, would provide over $240 million dollars a year on top of current funding.

Rather, a one-cent municipal tax, allocated to municipalities for infrastructure and split equally among municipalities on a per capita basis, that would provide over $240 million dollars a year on top of current funding.

For a community of 1,000 people, this means roughly an investment of $195,000 in their local infrastructure. For 2,000 people it would mean $390,000 a year. A community such as Thompson could see over $2.5 million, while Winnipeg would expect to see over $123 million dollars.

Although this funding alone will not erase the infrastructure deficit in Manitoba, it would be a positive – and much needed - first step.

So would rebating municipalities their portion of the Provincial Sales Tax, because let's face it - it is patently unfair for one order of government to tax another. Currently, municipalities don't even get their full one-third share of tri-partite project funding as they are required to turn around and pay seven per cent P.S.T. on those projects.

Given today's economy, asking the Provincial Government to provide additional revenues to municipalities is a hard sell. What we must remember, however, is the positive impact infrastructure investment would have for the provincial and national economy.

On the other hand, delaying investment in these critical infrastructure projects will have serious long-term consequences for Manitoba's economy, and for the people who make up our province.

Doug Dobrowolski is the President of The Association of Manitoba Municipalities. For more information, visit their website at www.amm.mb.ca

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FEATURE

PENNIES FOR OUR CITIES:

A Fresh Approach to Boosting Public Investment in Western Canada's Civic Infrastructure

CASEY VANDER PLOEG

THE CHALLENGE

The infrastructure "funding gap" reported by Canadian cities—the shortfall between needed infrastructure investments and the funding dollars available—is immense and there is evidence to suggest that this gap continues to grow. In early 2011, the Canada West Foundation reviewed the capital budgets and plans of the West's seven largest cities (Victoria, Vancouver, Edmonton, Calgary, Saskatoon, Regina and Winnipeg) and estimated that the combined infrastructure funding shortfall in these cities over the next ten years is $41.5 billion ($4.2 billion annually).

The infrastructure challenge remains despite investments that have been ramped up considerably over the last ten years, whether through expanded federal and provincial capital grants, new federal and provincial fuel tax-sharing with municipalities, several tri-partite national infrastructure programs in the mid-1990s, a full rebate on the GST paid by municipalities, and more recently, billions of dollars in new capital funding under the national economic stimulus program.

There is also no small degree of risk going forward. The federal and provincial governments are currently running sizeable budget deficits. Sooner or later, the federal and provincial books will have to be drawn back into balance. Historically, capital investment has always served as one of the first targets for reduced spending when budgets are tightened. Thus, there is the potential for recent progress on the infrastructure front to stall. Now is the time to consider creative and innovative funding options to keep critical urban infrastructure investments flowing.

THE PENNY TAX

The idea of a small locally-levied sales tax is an innovative option that would enable western Canadian cities to get a better handle on their infrastructure funding challenges. Viewed simply, the tax would amount to a small 1% value-added local sales tax piggy-backed off the federal GST. Since the tax rate is often fixed and capped at one cent on each dollar subjected to the tax, this type of levy is often called the "penny tax."

While the notion of a broad-based and locally-levied sales tax may be somewhat foreign in the Canadian municipal context, other nations around the world have effectively introduced similar taxes. The US experience is particularly instructive. In the 1970s and 1980s, a number of US states enacted property tax limitations following passage of California's Proposition 13 in 1978. These limits restricted the amount by which property taxes could be increased, and this eventually caught local governments across the US in a revenue squeeze. Rather than remove the property tax limits, local governments in many states were provided with access to some sales taxes. Today, local governments in 36 US states levy some form of local sales tax.

Undoubtedly, attempts to introduce any type of new tax run the very real risk of evoking considerable public reaction—much of which will be negative if not overtly hostile. Some rather heavy girders are needed underneath any penny tax proposal—a set of specific features that make the idea acceptable, if not attractive. A local penny tax for infrastructure must incorporate a number of unique features that would increase acceptability and legitimacy of the tax, and make it an attractive option that enjoys popular support (see Figure 1 on page 11). If implemented, these features would result in Canada's most accountable and transparent tax. As such, they are non-negotiable.

MAKING THE CASE

The critical rationale for supporting a penny tax option over other infrastructure financing tools lies in understanding the larger fiscal and policy context of cities.

Fiscally, a more diverse municipal tax system that included a local penny tax would result in better revenue growth for cities. Unlike the property tax, which attaches only to one aspect of the economy - real estate - a small local sales tax casts its net across the full range of goods and services in the local economy. A penny tax will allow cities to capture the effects of inflation and retain a small but important portion of the economic growth occurring within the local region, and direct it to the infrastructure needed to accommodate that growth.

Demographically, a penny tax would enable cities to better cope with the rapid pace of urbanization and compensate for current patterns of population growth. Urban population growth—much of which now occurs not in the large "anchor" cities, but instead in "metro-adjacent" municipalities—meets up with a lack of diversity in municipal tax tools to press city finances. Without diversity, the burden of sustaining municipal services and underlying infrastructure lands squarely on local property taxpayers as opposed to those who use the services and infrastructure. A small local penny tax helps ensure that all those coming into a city to use its services and infrastructure also help to pay for that infrastructure.

Economically, a small 1% penny tax has a minimal impact on tax competitiveness, particularly if the expenditures are dedicated to critical urban infrastructure, which is just as important to

FIGURE 1: Unique Transparency and Accountability Features for a Local Penny Tax

Voter Approval

Implementation of a local penny tax should be dependent on voter approval through a local plebiscite or referendum. The tax should be imposed by voters themselves in a "bottom-up" process rather than being imposed from the "top-down."

Cap the Tax Rate

The maximum rate of taxation should be specified in the enabling legislation. A cap of 1.0% should be the maximum. Local governments and voters could then determine the actual local rate in percentiles of 0.25%, 0.50%, 0.75%, or 1.0%.

Earmark all the Revenue

All revenue from the penny tax should be dedicated to funding specific infrastructure projects, which have been determined in advance and have also been submitted to voters at a referendum along with the proposal for the tax.

Automatic Sunset

The tax should only be in effect during a specific time period or cycle, after which the tax lapses. One option is to keep the tax active over two municipal election cycles—a six year time period. After the six years, the tax expires. To be reinstated, a proposal for the tax and a new slate of infrastructure projects must be submitted to voters in another referendum.

Rebate Excess Revenue

Sales taxes can generate more revenue than anticipated. Any excess revenue over and above the cost of the approved infrastructure projects should be returned to taxpayers through lower property taxes or some other rebate mechanism.

Piggy-back off the GST

Voters in cities that have approved the penny tax would pay the GST at a 1.0% higher rate than those in other cities that have not imposed the penny tax. This "piggy-backing" keeps administrative costs of the tax to a minimum.

Annual Reporting

Accountability and transparency would be enhanced if a separate annual report were made public on the revenues generated by the tax, the status of various infrastructure projects, and the costs of projects that have been completed.

overall economic competitiveness as a competitive tax regime. Broad based value-added sales taxes are also among the most economically benign taxes possible.

Politically, the penny tax is a local sales tax initiated and levied through local action. As such, it is unencumbered by top-down imposition, making it a particularly attractive option for cities. If local municipal interest in a certain infrastructure funding issue exceeds federal and provincial commitment, then the municipality can be given the tax tools and resources to push ahead.

CHALLENGES

The implementation of a penny tax would face some challenges that require further exploration. First, linking the tax to the GST base does raise some issues of administrative feasibility. Can Revenue Canada accommodate different rates of GST applying in different locations? Will provinces be willing to amend the enabling legislation that governs the taxing powers of municipalities?

Second, sales taxes that are employed locally run the risk of producing economic distortions by shifting retail sales activity and consumer behaviour from one region to another. Thus, the tax would likely have to be applied over larger city-regions as opposed to the incorporated boundaries of our cities. However, the boundaries of city-regions are somewhat ill-defined. At a minimum, the tax rate needs to be kept low to limit the risk of any potential distortions.

Third, now may not be the best time for a new municipal tax initiative—the economy that is restricting the fiscal capacity of the federal and provincial governments to adequately fund infrastructure is the same economy that may not need another tax imposed upon it.

Finally, the idea will certainly attract significant attention—much of which could be quite negative. While things like voter-approval and earmarking are strong selling features that would generate support, those voices might be easily drowned out by the broader sentiment of public opinion—a sentiment traditionally opposed to any notion of paying more taxes. While the possibility of a small local penny tax has many advantages, the idea remains politically challenging, and it requires more than a few champions to advance the concept.

While problematic, these challenges are surmountable. A penny tax is conceptually possible and strategically desirable, and it is a timely innovation that would do much to boost our civic infrastructure investments.

Casey G. Vander Ploeg is the Senior Policy Analyst with the Canada West Foundation. He has just released a report entitled The Penny Tax: A Timely Tax Innovation to Boost Our Civic Investments.

Infrastructure Investment is Canada's Economic Healthcare Program

CHRIS LORENC

ECONOMISTS IN CANADA AND ABROAD HAVE CONCLUDED THAT A NATION'S ECONOMIC HEALTH IS VERY DIRECTLY INFLUENCED BY THE EXTENT OF SUSTAINED INFRASTRUCTURE INVESTMENT.

A healthy economy generates investments, growth and jobs. These outcomes generate taxation revenues to governments which resulting in funding the social safety net Canadians enjoy and the quality of life that comes with it.

Canada has the ninth largest economy in the world. It is one of the world's wealthiest countries, and we are envied for our standard of living, quality of life and social safety net programs. Our economy sustains all of this.

Our economic health and capacity is also linked to infrastructure investment - our economy's healthcare program - which platforms our economic innovation, competitiveness, productivity and growth.

Canada relies heavily on the primary sector for much of its wealth, as well as a manufacturing core that supplies many components for finished products assembled in the United States.

International trade makes up a large part of the Canadian economy - 30% of our GDP - particularly natural resources and agriculture which account for 58% of Canada's total exports. Our single largest trading partner is the United States which absorbs 73% of total exports. By comparison with the United States, Canada's economy is five times more dependent upon trade.

Over the past 20 years, economists and academics alike have dedicated much thought to the question of national economic productivity. From the 1950 to mid 1980's Canada's productivity rate consistently increased but began a steady decline since the late 1980's compared to our G8 competitors.

The 1990's were even less kind, as Canada consistently trailed the United States and other leading OECD nations in national manufacturing productivity rates. Studies by several leading economists linked this decline to consistent declines in public sector funding for infrastructure.

The investment generates economic results. An Informetrica report on infrastructure and its impacts on productivity found that for every $10 billion invested in local infrastructure, it creates 115,000 new jobs and generates a 1.3 percent increase in national GDP.

The study also found that investments funded from growth taxes (specifically sales and income taxes) deliver a bigger boost to a slowing national economy than investments funded from municipal property taxes. And for each dollar invested in municipal infrastructure, roughly 35 cents is returned to the provincial and federal governments in direct, financial benefits, mainly through increased sales and income tax revenues.

A 2010 Residential and Civil Construction Alliance of Ontario report concluded that continued under-investment in infrastructure over the next 50 years will slow economic growth, reduce business profitability by up to 20 percent, and could cost the average Canadian entering the work force today up to $51,000 in reduced wages over the course of a career.

Congestion on Canada's transportation system - railways, U.S. border crossings, airports, marine facilities and roadways - has devastating consequences on our nation's trade dependent economy and jobs. These assets must not only be well maintained, but they must be adequate to meet the current and future needs of the economy for Canada to remain internationally competitive.

Unfortunately, according to Statistics Canada, most of the core public infrastructure upon which Canadians depend upon was built in the 1950's and is rapidly approaching the end of its useful service life and will need to be rehabilitated or replaced within the next 10-15 years.

At the same time, Canada's population has not only increased from 16 million to approximately 34 million, it has become more urban, increasing from approximately 70 per cent then to more than 80 per cent today. The problem Canada faces today is not only that our infrastructure is old, but in many cases, current daily demands on this infrastructure far exceed the intended design capacity with which it was designed.

The tragedy which occurred in Québec with the bridge collapse (shortly after a similar disaster in Minneapolis), or the bridge closure on Highway #1 east of Portage la Prairie, Manitoba, can become all too common without a concerted effort on the part of Canadian governments at all levels to accelerate and sustain the pace of infrastructure re-investment.

Regrettably, the investments of the past 24 months - as large as they have been - have made only a small dent to our national infrastructure deficit, which the Federation of Canadian Municipalities and others cumulatively estimate at approaching $200 billion.

How Canada renews and invests in its aging infrastructure over the next 10 years will dictate our nation's economic and fiscal health, and international competitiveness. Delaying today will place a huge financial burden on present and future generations, and will certainly lower our standard of living.

In short, Canadians must recognize that a sustained infrastructure investment plan is our economic healthcare program.

Canada stands on a precipice. Government decisions made over the next 10 years will have profound implications for the economic and social health of our country.

While the need to return to fiscal balance is important, it must be implemented in such a way as not to neglect important investments in our economy. As an analogy, there is no point in delaying or ignoring the necessary repairs to the roof of your home so as to pay down your mortgage – in the end, the roof will fail and the investment will be worthless.

It is evident that infrastructure investment is Canada's economic healthcare program.

In light of this, Canadians should ask their political leaders during this federal campaign a number of fundamental questions:

» Will they link infrastructure investment to an economic strategy enabling our nation's economy to sustain our growth and globally envied quality of life?

» Will they (as a first step) support indexing increases to the permanent $2 billion Gas Tax Agreement transfer to municipalities, to the annual rate of inflation and population growth?

» Will they pursue a sustained federal sharing of reinvestment needs in Canada's infrastructure, which recognizes a balanced and shared approach to the roles, responsibilities and capacities of the three levels of government?

The challenge, the questions and the resulting opportunities are too important.

Infrastructure investment IS Canada's economic healthcare program. We cannot ignore Canada's future!

Chris Lorenc is MHCA President and Chair of the Infrastructure Funding Council (IFC).

The IFC: Bringing Attention to the Issues

"69% of Canadians Regard Local Infrastructure as the most important priority for continued spending as the deficit is dealt with."

The Infrastructure Funding Coucil Report reveals ways of how to fix the infrastructure problem in Manitoba.

"You and I come by road or rail, but economists travel on infrastructure." - Margaret Thatcher

MUNICIPAL GOVERNMENTS ACROSS CANADA FACE A $123 BILLION DEFICIT ON EXISTING INFRASTRUCTURE. Most Canadian cities have to make tough decisions to choose between investing in public safety (and other city services) or maintaining their infrastructure. While infrastructure deficits are a growing problem, municipalities, by law, have to balance their budgets each year. The growing infrastructure problem is pushed off from the budget documents onto the crumbling roads, rusting bridges and aging community centres in the form of limited investments in urgent infrastructure needs to build vibrant communities.

The Federation of Canadian Municipalities (FCM) and the Big Cities Mayors Caucus have urged the Government of Canada to work with municipalities to address their infrastructure needs. In 2010, the FCM estimated that 69% of Canadians regard local infrastructure as the most important priority for continued spending as the deficit is dealt with, second only to health care. According to The Economist, Canadian municipalities "lack both money and powers" to address growing infrastructure needs. This leading international publication highlighted once again that municipalities in Canada 'get only eight cents out of every tax dollar", with the majority of municipal revenue coming from property taxes.

In 2010, The City of Winnipeg and the Association of Manitoba Municipalities formed the Infrastructure Funding Council (IFC), chaired by the President of the Manitoba Heavy Construction Association, Christopher Lorenc, to develop series of recommendations that will tackle infrastructure deficit in Manitoba municipalities. It is estimated that in Winnipeg, the total deficit is $7.4 billion, which consists of $3.8 billion of existing and $3.6 billion of projected infrastructure needs.

In the spring of 2011, the IFC submitted a comprehensive report, titled *"New Relationships: A New Order. A balanced approach to funding municipal infrastructure in Manitoba"*. The IFC report outlined an overall infrastructure funding strategy. It also provided internal and external infrastructure funding options within the control of the municipalities and the recommendations that require intergovernmental negotiation and approval.

SAM KATZ

The IFC Chair stated that the report identified various revenue sources that could "generate more than $1 billion in annual funding". The report shows that provincial and national governments have to play greater roles in providing dedicated revenue needed to fund infrastructure deficit in Manitoba. The IFC has provided a menu of options that can tackle the deficit. Seventeen IFC recommendations are separated into three groups - recommendations that can be acted by municipalities on their own, recommendations that require provincial approval and recommendations require provincial and federal governments' participation.

The three recommendations that the City of Winnipeg is seeking immediate action on are:

1. *From the Province of Manitoba* – a dedicated infrastructure funding (for all Association of Manitoba Municipalities members) equal to 1% of existing PST (over and above 2011 provincial budget allocation);

2. *From the Province of Manitoba* - the Rebate of PST paid by municipalities to the provincial government;

3. *From the Government of Canada* - Permanent (and indexed) transfers to municipalities of the federal Gas Tax Fund.

These three revenue streams combined will bring hundreds of millions of dollars in addition funding for the infrastructure needs. So far, the City of Winnipeg has received no response from other levels of government to this request.

The City administration is currently reviewing all the internal and external revenue options that elected officials in Winnipeg can use to fund the infrastructure deficit in the future. The Canada

West Foundation (CWF) has advised municipalities to resist selecting only one or two revenue tools to fund infrastructure. The CWF suggests that 'if innovative infrastructure finance is to be successful, governments must carefully assess their infrastructure need, scan the list of available tools, and then put into play those tools that offer the best solutions for financial, "funding and delivery".

The IFC report recommends that the internal infrastructure funding options would maximize use of existing municipal infrastructure funding tools (the use of frontage levies, development charges, tax increment financing among others); improve internal infrastructure investment managements and planning efficiencies (asset management processes, improved technologies, life cycle costing analysis, etc.); adopt sustainable development plans and green technologies; pursue regional infrastructure efficiencies within a geographic area to accelerate investments; and, make decision that would grow the economy.

The external infrastructure funding options provided in the IFC report focus on the roles that provincial and federal government play in funding municipalities that "host much of Canada's economic engines". The IFC supports bi-level and tri-level agreements that define roles and responsibilities for each partner. The research indicates that Canadians believe that the country's aging infrastructure is as big a national issue as the federal deficit. The IFC concludes that Canadians want a strong federal government that provides leadership and direction.

The IFC recommends that the federal government renew a national infrastructure strategy that permanently transfers the current $2 billion in annual federal Gas Tax Fund to municipalities and indexes annual increases to a minimum of the annual rate of inflation and population growth; transitions the remaining portion of the federal gas tax revenues to municipalities over three years, which would result in an additional $ 3.2 billion. In Manitoba, municipalities would receive approximately $100 million annually in additional funding. The IFC suggested that the provincial government can assist municipalities in generating additional funding for infrastructure by allocating 1% of the existing PST (approximately $238 million) over and above the 2011 budget re-allocation or implement a municipal infrastructure levy. The IFC report also supports the Business Council of Manitoba initiative for an additional 1% sales tax to fund infrastructure. The IFC called the provincial government to phase out education tax from residential property tax in order to create room for $300 million tax space that could back filled for municipal infrastructure investments.

The IFC report provides a financing model that helps to understand the impact of a 20-year effort for infrastructure, which is based on the seventeen recommendations in their report. In short, all three levels of government would have to drastically increase their financial contribution to the growing infrastructure problem. The IFC report calls for action from all the stakeholders, including all levels of government, policy makers and the public. Mr. Lorenc concludes that all Manitobans are encouraged to "embrace the challenge of addressing our collective infrastructure deficit and join the debate".

Sam Katz is Mayor of The City of Winnipeg.

STUCK IN TRAFFIC

Our rush hours rank with the world's worst. Andrew Coyne has the solution.

ANDREW COYNE

DAY BREAKS OVER CANADA, AND ACROSS THE COUNTRY, THE MORNING COMMUTER RISES, DRESSES, HOPS INTO HIS CAR AND IS TRANSFORMED INTO…TRAFFIC. Immobilizing, enervating, infuriating traffic, glaciers of metal improbably forcing their way down the nation's roads each morning, only to have to force their way back up the same roads later in the day.

In Halifax, drivers seethe as they inch through the Armdale Rotary. In Montreal, it's the seemingly hours-long grind along the infamous Autoroute Décarie. Toronto commuters visibly age waiting for something to move on the "Don Valley Parking Lot." Calgarians have ample time each day to regret taking Deerfoot Trail, while in the Lower Mainland of B.C., drivers debate which is worse: the bottleneck on the Port Mann bridge or the eternal stretches of Highway 1 on either side of it.

We're not imagining things: traffic really is getting worse. Statistics Canada reports the average time spent commuting to and from work nationwide increased from 54 minutes in 1992 to 63 minutes in 2005. In a year, that adds up to about 32 working days spent sitting in traffic (five more than in 1992). And that's the average. In Calgary, it's 66 minutes; in Vancouver, 67; in Toronto and Montreal, it's now up to nearly 80 minutes a day. For one in four Canadians, the two-way commute takes more than 90 minutes.

In part that's because people are travelling further to work: commute distances have increased 10 per cent in a decade. But it's also because everyone's moving slower: average rush-hour traffic speeds in Toronto, for example, declined by 24 per cent between 1986 and 2006. The result is to make these trips much longer than they need to be: as much as 37 minutes—nearly half—of the average Torontonian's daily commute is due to traffic delays. In a year, that's an extra 18 days in the car.

Indeed, for sheer mind-numbing, soul-destroying aggravation, traffic in our largest cities can compete with any in the developed world. A Toronto Board of Trade report earlier this year looked at commuting times in 19 major European and North American cities. Toronto's ranking? Dead last: worse than New York or London, worse than Los Angeles. But other Canadian cities were scarcely better. Montreal was 18th, Vancouver 14th, Calgary 13th, Halifax 10th.

It's not just the commute. There is nearly as much traffic at lunchtime today as there was at rush hour a generation ago. Not only are there more cars and trucks on the road—21.4 million registered vehicles, up from 16.6 million in 1992—but we're using them for more things: driving the kids to sports, where once they would have walked. Total daily trips in the Greater Toronto and Hamilton area rose by 56 per cent between 1986 and 2006.

Traffic is slowly strangling our cities. It's the time wasted in traffic that could have been put to more productive use. It's the late deliveries, the missed appointments, and the margin of error needed to cover the risks of either. It's the extra repair costs from all those additional fender-benders. It's the higher fuel consumption and consequent higher emissions to which stop-and-go traffic gives rise, to say nothing of the added wear and tear on roads, and tires, and engines—and heart muscles: being in heavy traffic triples your risk of a heart attack within an hour, according to German researchers. It's the measurable drop in property values in areas overtaken by the traffic blight. It's the noise, and smell, and general unsightliness. And much more besides.

Add it up and the costs are massive, and growing. A 2006 Transport Canada study put the cost of congestion nationwide, taking everyday and "non-recurring" congestion (accidents, road work and so on) together, at as much as $6.7 billion. (Interestingly, measured in congestion costs per vehicle-kilometre, Vancouver can lay claim to having the worst traffic in the country: see chart.) Yet even this is almost certainly an underestimate. The figures are in 2000 dollars, for starters, and traffic has appreciably worsened since the early years of the decade, when the study was conducted. Costs were estimated only in the nine largest urban areas, only at rush hour, only for cars (not trucks or buses), and only included the drivers' wasted time and excess fuel consumption (and related greenhouse gas emissions).

A more comprehensive estimate, conducted in 2008 for Metrolinx, the agency responsible for transportation in the Greater Toronto and Hamilton Area, put the annual cost of the congested state of the region's roads at $6 billion, when knock-on costs to the surrounding economy are included. That suggests annual congestion costs for the country as a whole would today approach $15 billion, nearly one per cent of GDP. Now factor in the rapid growth in population that Canada's major cities are expected to undergo in coming decades. Something's got to give.

And yet, nothing ever does. Though the nation's roads and highways get more congested with each passing year, municipal and provincial governments persist in the same approaches that got us where we are today, which is to say, stuck in traffic. A City of Toronto newsletter, after happily running through some of the city's many "traffic demand management" programs, ends by cautioning residents not to expect them to work. "We can't solve the issue of congestion," it says, "but we are trying to manage it better." (Instead, readers are urged to see the "positive side" of congestion, as "the sign of a vibrant city.")

But we can solve it. That our cities have failed to do so is not for lack of proven alternatives, but in wilful defiance of one in particular, a solution that not only has an impressive expert consensus in support of it but is already having notable success in other cities around the world. There's even a working model of it in place right outside Toronto.

We do not have to suffer this daily indignity, in other words. It is not natural or inevitable that urban traffic should move with the speed of industrial sludge. It's not often true of other social problems, but when it comes to traffic, there really is an Answer.

Let's deal first of all with some of the more popular non-answers. Over the years a lot of utopian hopes have been invested variously in telecommuting, or staggered work hours, or car-pooling as the way to lessen the crush at rush hour. But it turns out, as the research shows, people like working downtown, almost as much as they like living in the suburbs, and they like doing so at the same time as other people. Moreover, the vast majority of them like the convenience and independence of driving there themselves: measures to encourage car-pooling such as high-occupancy vehicle (HOV) lanes have had limited impact.

So even in the face of commute times of an hour or more, people vote with their steering wheels. Today's utopians dream of solving the traffic problem by mass defections from the car to public transit, or even bicycles. But it would have to be massive indeed. Nationwide, more than 85 per cent of Canadians continue to get to work by car, a figure that has not changed in two decades.

The reason is simple: it's quicker by car. As bad as the commute is for drivers, it's much worse for public transit users: 106 minutes, versus 63 minutes by car. Granted, part of the reason it takes so long to get anywhere by transit is because of all the cars blocking the way. But you'd have to persuade an awful lot of those drivers to give up the comfort and convenience of their cars to put much of a dent in that. And they'd still take longer to get to work even then.

Other commonly proposed solutions would be of similarly marginal benefit. You can better synchronize traffic lights. But whatever savings in time that confers on traffic going north-south is only time added to traffic going east-west. European-style roundabouts, besides being more romantic than static four-way intersections, also make for better traffic flow. But we're not about to tear out every street corner. And in any case, the problem is more fundamental than that: Europe's traffic is as bad or worse as North America's.

More and more cars trying to get through the same narrow passages is an obvious recipe for congestion. Of course, one way or another, road space will be allocated; at present, it's rationed by time. Which is perverse, when you think about it. The people who are prepared to "pay" the most to use the roads under this system are the ones who need them least: those who place so little value on their time that they are willing to spend years of their lives, literally, sitting in traffic. Alas that leaves just-in-time delivery trucks and other, more time-sensitive travellers—ambulances, fire trucks, mothers with kids in daycare—stuck in the same jams they are.

It also means that the other favourite political remedy—build more roads—is no more the answer than public transit. Countless empirical studies have shown: add more road space, and traffic simply expands to fill it. True, at first the extra lanes or new highway do reduce congestion and shorten travel times. But reducing the "price" of driving in this way only stimulates the demand. Very soon you find more cars on the road, taking more trips. The same "induced traffic" phenomenon, by the way, can be seen in reverse: knock out a road, and traffic doesn't drop by nearly as much as the reduction in capacity would imply.

That does, however, point us in the direction of the real answer. Because it suggests

OVER 85 PER CENT OF CANADIANS GET TO WORK BY CAR, A FIGURE THAT HASN'T CHANGED IN TWO DECADES

that traffic levels are not, as commonly believed, a given, as if people simply had no alternative but to drive a fixed distance every day. If they have to, they can and do cut back in any number of ways in the short term, and even more in the longer term. These include some of the ways listed above: taking transit, catching a ride with a friend, walking, or simply cutting out needless trips. They can travel, part of the time at least, at off hours, or on less-congested roads. Given enough time, they can even alter living arrangements, living closer to their place of work, shopping closer to home. But they won't do any of these until they have an incentive to do so: until we find a more rational means of allocating road space than time, one that actually encourages people to economize their use of the roads rather than simply scramble to be at the front of the line.

As it happens, we have such a mechanism. It's the one we use to allocate resources everywhere else in the economy: prices. Or if you prefer, tolls.

The idea is hardly new. Modern thinking on tolls, or "road pricing," dates back to the early 20th century economist Alfred Pigou. As long ago as 1964, the Smeed Report in the U.K. was making practical proposals for its implementation. Closer to home, there have been any number of reports, studies, and expert panels taking up the issue of late, all making the same recommendation: charge people to use the roads. A short list from the last couple of years would include the C. D. Howe Institute, the Organisation for Economic Co-operation and Development (OECD), the Ontario environment commissioner, the Toronto Board of Trade, the Toronto City Summit Alliance, British Columbia's TransLink (the Lower Mainland equivalent of Metrolinx), the City of Montreal and the City of Toronto.

Nor is the analysis terribly complicated. In essence, roads are an example of the "tragedy of the commons." The failure to charge for them leads to their overuse, the same way an open pasture will soon be nibbled bare, as every farmer races to

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be the first to bring his sheep to graze for fear of being crowded out by the rest. It should not be surprising, then, to see the consequences: not only congestion, but its close cousin, sprawl. It seems odd that the more area a city covers, the more congested it becomes. But the reason for each is the same. We have made travelling by car artificially cheap in terms of money, and artificially costly in terms of time.

But wait a minute, you say: I paid for those roads already, via the gas tax. Isn't that a kind of user fee? Not so fast. You may have paid for the roads. What you haven't paid for is you. Every time you use the road, you take up space that might be occupied by another car. And so far as you do, you impede the driver of that car from getting where he wants to go, and doing what he would rather be doing there. Since time is money, you impose a cost on him—as does he on you.

Of course, any one driver only slows up the mass to a small extent, but add up the "external" costs of every driver on the road—and it comes to a great deal, as we've seen. The obstruction need not be overt, as in a stalled car or accident. Just the presence of other drivers is enough to cause drivers to slow slightly, or to miscalculate, get too close, and have to slam on the brakes. The ripple effect of any one car doing so is then transmitted back through the line, exponentially worsening the initial disturbance. That's how we get traffic jams.

The task, then, is to make those "external" costs apparent to each driver. Raise the price of using the roads, and people will reduce their demand for it, just as they do for most other things. That makes driving more expensive, at least at first. But with less congestion, other costs fall. Not only are travel times reduced, but so are all those other ills of congestion, from accidents to pollution.

So: jack up the gas tax, then? No, because congestion is a phenomenon, not so much of roads in general, but of particular roads, at particular times. Fuel taxes may be a good rough proxy for distance travelled, but they take no account of which roads you travel on, or at what time of day. For that you need a more precisely targeted "congestion price."

Does that mean zero congestion should be the goal? No. While there's an inverse relationship between traffic density—how closely packed the cars are—and speed, what matters is the product of the two, traffic volume: how many cars pass through a given stretch of road in a given time interval. So a certain amount more density is worth a certain amount less speed. How to judge the trade-off? How about leaving it to drivers themselves? Up to a point, they'll be willing to pay to reduce congestion. But past that point, the additional savings in time and other costs won't be worth it to them. It's the excess congestion we want to eliminate—the part motorists would be willing to pay to avoid.

That sounds theorectical. But in fact there are plenty of real-world examples. Anyone who has driven the toll-funded autoroutes in France will know what wonders they are: fast, glass-smooth, with pleasant rest stops every few kilometres. You enter at certain restricted access points, and pay as you leave, depending on your distance travelled. They're not cheap: about $65 to drive from Paris to Marseille. But there's another point. It turns out drivers are willing to pay for good roads: more, perhaps, than they might be allocated around the cabinet table, where they must compete against health care and—well, against health care. And the toll does its job of rationing demand. You and yourself weighing the options, calculating: am I in that much of a hurry today? Or can I afford to take the smaller, slower, "free" road?

On some U.S. highways, you get both options in one. Drivers on Los Angeles's notoriously congested Riverside Freeway can take the Express Lanes, a privately built freeway-inside-a-freeway. The price varies by the hour, depending on volume, with a view to keeping traffic flowing at the speed limit: from $1.30 late at night to as much as $10.25 during "super peak hours." (That's not just a targeted speed, by the way: you get your money back if it's any slower.) It puts through twice as many cars per hour as the free lanes, at four times the speed. On Interstate 394 near Minneapolis, drivers can likewise pay to join the carpoolers in the high-occupancy toll (HOT) lane, a variant of the HOV concept. Again, the price fluctuates with demand; roadside signs advise drivers of the going rate. Since opening in 2005, it has increased average speeds by 15 per cent.

But why cite foreign examples? Just north of Toronto, running roughly parallel to Highway 401, is the privately owned Highway 407 Express Toll Route. Built in 1997, it is among the busiest toll roads in the world, with more than 360,000 trips taken along its 108-km route on a typical workday. There are no toll-booths: drivers can enter or exit where they like, their presence recorded by overhead "gantries," or sensors. Rather, tolls are collected and administered electronically, via on-board transponders (for regular customers) or by snapping a photo of the driver's licence plate and billing them by mail: between 18 and 42 cents a kilometre, depending on the type of vehicle and the time of day.

Because it depends on repeat business for the bulk of its revenues, the 407's owners have a strong incentive to keep the traffic flowing as smoothly as they can. Tolls are only part of that. The company offers free 24-hour roadside assistance, for example, including boost, tire change, gasoline, and a tow truck if needed. The highway is noticeably well-maintained and pothole-free, especially by comparison to its often impassable neighbour.

Of course, who knows what the 401 would look like had the government simply put a toll on it? Maybe if it had, it would not have been necessary to build the 407 at all. While cash-constrained governments would be well advised to make any new road construction toll-funded—as a test of demand—they should first test whether better use could be made of existing roads.

Still, just tolling the surrounding highways won't be enough to clear Canada's major cities of congestion. Rather, we need to learn from those cities around the world who are applying tolls within city limits. Probably the most famous of these is London's congestion charge. Introduced in 2003, it is an example of a "cordon" toll, collected at a number of entry points ringing the city centre. The price is steep: $15.50 on weekdays (up from $7), charged to drivers using licence plate recognition. The plan has not been without controversy, notably over an abortive attempt to expand the toll zone, but there is no doubt it has succeeded in its stated aims: a 20-30 per cent reduction in traffic flows across the cordon in the first year. So immediate and striking was its success, the mayor who introduced the charge, Ken Livingstone, was re-elected the year after.

A similar story has unfolded in Stockholm. Beginning in January 2006 as a seven-month trial run, weekday visitors were charged a fee, varying according to traffic volumes: from $1.50 in off-peak hours, to twice that much at peak. As in London, traffic flow into the city centre was reduced by more than 20 per cent. Transit use soared; there were fewer accidents; vehicle emissions declined. Small wonder that in a referendum some months after the trial ended, Stockholm residents voted to make the arrangement permanent.

To be sure, tolls have aroused much public opposition elsewhere—referendums in Edinburgh, Manchester, and several Swedish cities failed—but always in advance of their introduction. Where tolls have actually been implemented (Milan, Oslo, and Melbourne are other examples), they have never been withdrawn.

Still, there's a flaw in these schemes. After initial sharp reductions in congestion, both Stockholm and London saw some erosion of these gains in later years: though many fewer vehicles were entering the city centre, as before, the reduction in traffic within the cordon was much less. Why? Much as if the city had added capacity, drivers responded to the easier traffic conditions by... driving more. So perhaps we need something still more ambitious—something like Singapore's "electronic road pricing" scheme.

With Singapore's long experience of London-style cordon tolls—their own scheme, implemented in 1975, was the world's first—the city state took things a step further in 1998. Not only are tolls collected at entry points, but also along major arterial roads. Every vehicle on these roads must carry a card on its dashboard, much like a prepaid phone card, capable of being read by Highway 407-style sensors: the value of the toll is deducted from the card automatically, with higher rates applying as traffic volumes increase. Drivers therefore have an incentive to choose less heavily travelled roads, but without a backfill of traffic flooding in to take their place: prices see to that.

Indeed, the system works so well, the question arises: why not toll... every road? Obviously this couldn't be done with toll booths, or even gantries. But with satellite tracking technology, familiar to anyone who uses a GPS, it should be possible to apply the Singapore model comprehensively. Tolls would no longer be discreet events, but more like your phone bill: the price you paid to use the road system, much as you pay to use the telephone network. The tolls would vary dynamically, according to the time of day, the distance travelled, the type of vehicle and so on. Satellites, moreover, could be used to update drivers on the prices of different roads as they came up; route-planning software could be used to predict the costs of alternative routes.

If that sounds far-fetched, you should know that the British government under Tony Blair came within a hair's breadth of implementing just such a scheme. In a white paper published in July 2004, it proposed a rate schedule ranging from a few pence, for weekend drives in the country, to more than $1.50 a mile, for rush-hour traffic on the ring road around London. It was calculated the plan could reduce the amount of time lost in traffic jams by nearly 50 per cent. The aim, Blair declared in 2006, was to introduce "a national road-user charging scheme... within the next decade."

Paying the Price

The cost of congestion, comparing actual speeds to a benchmark of 70 per cent of the speed of free-flowing trafffic (Transport Canada)

	Total Cost (Million $)	Cost/KM Driven (Cents)
Vancouver	$1,087	45¢
Edmonton	135	-
Calgary	222	-
Winnipeg	216	42
Hamilton	48	9
Toronto	3,072	27
Ottawa-Gatineau	246	15
Montreal	1,580	39
Quebec	138	21

Alas, the plan was later abandoned by Gordon Brown in the face of popular opposition. But the idea is far from dead. The Netherlands was all set to introduce a similar scheme this year, before a member party in its governing coalition got cold feet. Oregon has experimented with it. Trucks in Austria and Germany already pay tolls this way. Indeed, some of its strongest proponents are to be found here in Canada. Toronto-based Skymeter Corp. is actively marketing the technology, while policy gadfly Lawrence Solomon, founder of the free-market environmental group Energy Probe (disclosure: I am an unpaid director of Energy Probe), holds several international patents on it. The Toronto City Summit Alliance treated the idea seriously in its recent report. A demonstration project in a major Canadian city might be just the thing to launch the technology worldwide.

There are obvious practical obstacles to implementing such a plan, though none that seem insurmountable. Privacy is a common objection, but similar concerns do not seem to have prevented millions of people from entrusting the records of their most intimate conversations to the phone company: it is surely possible to be as discreet with the usage of their car. There are simple technological fixes, for example, converting data on a car's location to the corresponding price before it ever leaves the transponder. Those for whom it remained an issue could prepay, again on the cellphone model.

The problem of enforcement, likewise, is more apparent than real. You would be required to install a transponder as a condition of licence, just as you are obliged to have a working odometer, tail lights etc. Spot checks would be easy enough to conduct.

What about the more fundamental objections to road pricing? Two in particular come to mind. The first, that tolls would be unfair to the poor, is perhaps the more easily discarded. The very poor, of course, would not pay the tolls, as they do not typically have cars to drive. The rest could be compensated in cash, similar to the GST tax credits, rather than giving everyone, rich or poor, a

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free ride. And of course, the poor benefit as much as anyone from clearer streets and faster travel times, not least as transit users.

To the second, that tolls would become a cash cow for governments, the simple answer is that any revenues from tolls can and should be used to lower taxes: perhaps even the gas tax. To be persuasive, the offset would have to be guaranteed, immediate, and 100 per cent: voters are rightly skeptical of any such promised trade-offs.

Indeed, it may even be necessary to go so far as a plan put forward recently by the Social Market Foundation, a British think tank. It proposed putting ownership of the road system in a public trust, at arm's length from the government. At the end of the year, all toll revenues would be distributed to every member of the public—the trust's shareholders. Depending on how much you drove, you might even make a profit on the deal.

Which means discarding one of the most common arguments made for tolls: that the revenues could be used to finance public transit. For starters, this is unnecessary: the very act of tolling roads would, by itself, make public transit more competitive, since the per-person cost of the toll would be much less for buses than for cars (and none at all for subways and surface rail). Moreover, as the economist Robin Lindsey explains in a study for the C. D. Howe Institute, "transit vehicles speed up when tolls are imposed, because there are fewer cars on the road. This attracts more travellers to transit. In response, transit operators improve service by adding routes and increasing frequency. Due to economies of scale in transit operations, the cost per passenger falls, perhaps allowing the operator to lower fares. Ridership increases further, and so on."

If getting more people to use transit is your aim, moreover, subsidies are the last thing you should want. The biggest factor in people's decision whether to use transit is not the fares, but rather the speed, comfort and convenience relative to other options: that is, the passenger experience. And the surest means of forcing transit operators to pay more attention to the passenger experience is if their livelihoods depend on it. The greater the share of revenues paid for by passengers themselves, the more operators are likely to be lying awake at night thinking up ways to put bums in the seats; subsidies simply insulate them from that concern.

The nub of the argument, whether we are talking about cars, or buses, or tennis rackets, is this: people make better decisions when they know what things cost. Right now the true cost of using the roads is hidden, leading people to drive more and in different ways than they would if they were better informed.

Even a modest road-pricing scheme would be a start: traffic jams wouldn't be entirely a thing of the past, but they would be a lot less common. And the more comprehensive the plan, the greater the payoff: shorter travel times. Lower fuel costs. Fewer accidents. Less noise and pollution. Higher productivity. Road pricing would make us richer, healthier, saner. If London, Stockholm and other cities can do it, why can't we? Why, other than because it would be new, and because we would be paying for something we were used to getting for free.

Only it isn't free now. It's hideously expensive. There ain't no such thing as a free lunch, and as any commuter can tell you, there sure ain't no such thing as a free road.

Andrew Coyne is the National editor of Maclean's magazine. This article originally appeared in the January 11, 2011 issue of MacLean's magazine.


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BRIDGES TO SOMEWHERE

More austerity won't save the global economy. Building infrastructure just might.

By Justin Yifu Lin, Financial Post

Today's mounting anxiety over weak growth prospects is more than just a bad hangover from the financial tumult of 2008. In the United States and several European countries, new jobs remain scarce. National incomes in some advanced countries still linger below pre-crisis levels. The medium-term outlook for the United States and Europe is dim. Not only will this make it more difficult for advanced economies to tackle fiscal and employment problems at home, but it will also reduce growth prospects for developing countries, many of which -- particularly in the Middle East and sub-Saharan Africa -- suffer from a lack of employment opportunities. The result? Millions trapped in poverty, creating fertile ground for social instability. While governments on both sides of the Atlantic are considering cutting budgets, what the world needs most right now is growth.

How do you end a recession? Build something.

Without growth, it will be very painful and difficult for advanced economies to increase employment and significantly reduce their debt burden. But how to do it? The solution could take the form of a global infrastructure investment initiative, which would rest on two key pillars. First, advanced economies would need to spend billions of dollars on infrastructure projects, whether by upgrading old facilities or building new ones that release bottlenecks to growth. But even this might not be enough to generate sufficient growth and jobs. Thus, policymakers, entrepreneurs, and investors should also promote and facilitate infrastructure investments in developing countries where opportunities for such investments abound. This should not be seen as charity: Infrastructure investments in developing countries increase demand for capital goods, such as the turbines or excavators that are often produced in the United States and Europe.

Promoting infrastructure investments in developing countries, an idea that is also being advanced by the G-20, would boost exports, manufacturing employment, and growth in high-income countries, while reducing poverty and enhancing growth in the developing world. It's a win-win solution.

It is important, now more than ever, for advanced economies to continue investing in infrastructure to create jobs and support growth. Good private investment opportunities are hard to find amid the current turmoil. Factories continue to carry spare capacity, and homes and office buildings remain vacant. Infrastructure investments can fill the void, creating much-needed jobs in the construction sector, which has been particularly hard hit, and generating demand for industrial products. Upgrading existing infrastructure and building new transit nodes, if well chosen, can enhance future productivity, raising competitiveness and growth and boosting countries' ability to repay the investments in the future. U.S. 10-year Treasury bonds have been trading at historically low levels since the financial crisis hit. I could therefore not agree more with my colleague Joseph Stiglitz of Columbia University, who recently wrote, "[T]he real answer, at least for countries such as the US that can borrow at low rates, is simple: use the money to make high-return investments."

But what about the fear of unsustainable debt burdens, which have Western governments searching for budget cuts? Lack of growth is one of the biggest threats to debt sustainability right now, and cutting growth-enhancing expenditure is misguided. And many infrastructure projects can actually be self-financing: Take, for example, toll bridges or highways. What's more, it is often cheaper to keep roads and other infrastructure in good shape through regular maintenance than to repair them once they are badly damaged.

With public coffers empty or at best strained, innovative mechanisms are required to attract private-sector financing for infrastructure projects, including the use of public-private partnerships, or PPPs. Well-designed infrastructure investments can generate secure and attractive returns for private investors in the current low-growth, high-risk environment. Government officials on both sides of the Atlantic have drawn up interesting proposals to encourage PPPs for infrastructure investment. U.S. President Barack Obama's administration, for example, has backed the creation of the National Infrastructure Reinvestment Bank, which could issue infrastructure bonds, provide subsidies to qualified infrastructure projects, and provide loan guarantees to state and local governments. Europe is considering the implementation of a new Europe 2020 Project Bond Initiative, which would use public guarantees to leverage private-sector financing from nontraditional investors, such as pension funds.

But creative investment at home might not be enough to help high-income countries get out of the crisis. A global infrastructure initiative should also look to the developing world, where infrastructure investments can be truly transformative. America's history reminds us why: In 1919, when a young lieutenant colonel, Dwight D. Eisenhower, drove from Washington, D.C., to Oakland, California, with the Motor Transport Corps convoy, it took him 56 days to cover the 3,250 miles, covering an average of 58 miles during daily 10-hour rides. Upon his return, he reported that bridges were destroyed by the convoy, trucks became stuck during rain, and some roads simply could not accommodate quick, easy travel. Later, as president, when Eisenhower promoted the 1956 Federal Aid Highway Act, he envisioned that its 'impact on the American economy -- the jobs it would produce in manufacturing and construction, the rural areas it would open up -- was beyond calculation." Similar opportunities to transform economies still abound in developing countries today.

The infrastructure shortfalls in the developing world are staggering. Roughly 1.4 billion people have no access to electricity, about 880 million people still live without safe drinking water, and 2.6 billion are without access to basic sanitation. About 1 billion rural dwellers worldwide are estimated to have no access to all-weather roads within two kilometers (about the length of a 25- to 30-minute walk). Per capita electricity consumption in sub-Saharan Africa (excluding South Africa) averages only 124 kilowatt-hours a year, hardly enough to power one light bulb per person for six hours a day. Lack of infrastructure not only impinges on the daily lives of millions, but it also renders firms less competitive. Power outages and water suspensions occur frequently, hampering productive activities. Enterprises in Tanzania, for example, face power outages 63 days a year. Enterprise surveys by the World Bank show that between 3 to 10 percent of total sales were lost to electricity outages in developing countries in recent years. And many businesses are never started because the required infrastructure services are not available. Developing countries' lack of infrastructure, particularly at the regional level, for example, is often a major impediment to attracting foreign investment. It's therefore unsurprising that the G-20 wants to "make a tangible and significant difference in people's lives, including in particular through the development of infrastructure in developing countries."

Investing in infrastructure would give developing countries a powerful boost. According to World Bank research, on average, annual growth in developing countries increased by 1.6 percentage points in 2001-2005 relative to 1991-1995, due to infrastructure development. The largest contribution of infrastructure development to growth was achieved in South Asia, where it reached 2.7 percentage points per year. If low-income countries in sub-Saharan Africa would develop infrastructure at the same rate as Indonesia, growth of West African low-income countries would rise by 1.7 percentage points per year. If African economies would reduce in half the gap between their level of infrastructure and the average level of infrastructure in Pakistan or India, Central African low-income countries would gain on average 2.2 percentage points of growth and East and West African countries 1.6 percentage points. Similarly, if each Latin American country would match the average level of infrastructure observed among middle-income countries elsewhere (such as Turkey or Bulgaria), growth in Latin America would rise approximately 2 percentage points per year. The Andean countries would gain most -- 3.1 percentage points of growth on average.

A recent World Bank paper also looks at the impact of large-scale infrastructure investments in China. Between 1990 and 2005, China invested approximately $600 billion to upgrade its road system. This investment's centerpiece was the National Expressway Network, which, spanning across 41,000 kilometers, was designed to eventually connect all cities with populations over 200,000 (only the U.S. interstate highway network is longer). Recent World Bank research shows that aggregate Chinese real income was approximately 6 percent higher than it would have been in 2007 if the expressway network had not been built.

Again, investing in infrastructure in developing countries, while it can do much good in these countries, is not charity. It will also create jobs and generate growth in advanced economies. Most of the capital goods required to build electricity, sewage plants, and roads are produced in the United States and Europe. Infrastructure investments in developing countries would therefore increase demand for manufactured goods in advanced economies. A rough rule of thumb is that for every dollar invested in developing countries, imports of capital goods increase by 50 cents. About 70 percent of traded capital goods from developing countries are sourced from high-income countries. This implies that a $1 increase in investment in developing countries tends to result in a 35-cent increase in exports from high-income countries.

The World Bank estimates that annual investments of more than $1 trillion -- about 7 percent of developing-country GDP -- are required to meet basic infrastructure needs in developing countries between 2010 and 2020. Countries that have grown rapidly -- such as China, Japan, and South Korea -- invested upwards of 9 percent of GDP every year for decades. Assuming that infrastructure financing in developing countries continues at historical trend levels, there remains an infrastructure-financing gap of more than $500 billion per year over the medium term.

A global infrastructure investment initiative could aim to close this gap. If it were closed, the associated annual demand for capital-goods imports worldwide -- for infrastructure investment alone -- would increase by $250 billion, more than $175 billion of which would come from high-income countries. Total capital-goods exports from all high-income countries in 2010 amounted to approximately $2.4 trillion. Capital-goods exports from high-income countries would therefore increase by over 7 percent, creating much-needed jobs in the manufacturing sector of advanced economies, reducing unemployment and increasing consumption. The reduction in excess capacity in turn would lead to a pickup in investment. In addition, the threat of global climate change increases the demand for infrastructure that is resilient to natural disasters, less damaging to the environment, and supportive of sustainable development. This provides new opportunities for advanced economies to invest in innovative solutions. Growth would recover and fiscal revenues increase, ultimately leading to a decline in public debt burden.

But the benefits from scaling up infrastructure investment in developing countries do not stop there. As developing countries prosper, their demand for imports from around the globe will rise. As production networks become more and more sophisticated, fast and reliable infrastructure connections become more and more important. Improving regional connections would not only increase intraregional trade, but it would also open previously untapped markets. Boosting exports in advanced economies would also reduce their external borrowing needs, potentially unleashing more surplus global savings in support of investment

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CENTREPORT: THE MOMENTUM AND OPPORTUNITY BUILDS

DIANE GRAY

ONE DOESN'T HAVE TO TRAVEL VERY FAR AROUND CENTREPORT CANADA'S 20,000-ACRE FOOTPRINT TO SEE THAT EARTH IS MOVING – AND LOTS OF IT.

CentrePort Canada's two busiest industrial parks – Brookside Business Park and Brookside Industrial Park West – have sold more than 50 acres in recent months and the area is now humming with the buzz of bulldozers and backhoes as new manufacturing facilities and warehouses take shape on the prairie landscape.

Strong investor interest in these two industrial parks is the result of collaborative, joint-marketing efforts between CentrePort Canada and its global real estate partners, which include CB Richard Ellis (Brookside Business Park) and DTZ Barnicke (Brookside Industrial Park West). CentrePort is also working with Cushman & Wakefield and Colliers International on attracting investment to other areas that are ready for development.

It's not surprising that the Brookside area is among the first section of CentrePort Canada to capture the interest of investors. The area features prime industrial land with a high-level of transportation infrastructure that is critical to companies in the warehousing, manufacturing, distribution and logistics sectors. Additionally, the area will be among the first lands to receive water and wastewater servicing and will have direct access to the new divided expressway, CentrePort Canada Way (CCW).

The $212.5-million expressway, funded by the provincial and federal governments, is well underway on the western edge of CentrePort where it will connect to the Perimeter Highway and on the eastern edge where it will connect to Inkster Boulevard. The 10-kilometre route will run through the inland port, providing businesses with a quicker, more direct link to national and international trade corridors such as the TransCanada Highway, part of Canada's Asia-Pacific Gateway, and Highway 75, the Mid-Continent Trade and Transportation Corridor to the United States and Mexico.

CCW is a massive infrastructure project, but not all of its benefits are as immediately obvious as the giant building cranes and other heavy equipment that is at work on the site. Expected to be completed in 2013, the new expressway will benefit truckers by shaving about 15 per cent off the time it takes them to get in and out of the city's northwest corner, according to a cost-benefit analysis.

Over 25 years, CCW is expected to save truckers and motorists at least $220 million and as much as $450 million in reduced fuel costs, travel time and accidents. The new efficiency of CCW is also expected to decrease harmful greenhouse gas emissions (GHGs) by more than 500,000 tonnes, lower the number of traffic accident fatalities, and reduce heavy truck traffic on feeder streets, thereby benefiting residents and others who rely on these routes.

One of the most significant recent milestones for CentrePort Canada was reaching a $17-million agreement to extend water and wastewater servicing to more than 1,100 acres within the inland port. The servicing agreement, announced in July by the provincial government, City of Winnipeg, RM of Rosser and CentrePort, covers an area known as "phase one, stage one," which is located west of Brookside Boulevard and north and south of

Photo: SNC-Lavalin Group Inc.

Inkster Boulevard and includes the two Brookside industrial parks that are currently humming with new development.

Photo: SNC-Lavalin Group Inc.

Modernizing and building new transportation and related infrastructure is an important part of building CentrePort Canada and the corporation has announced plans to develop a common-use rail facility on site. One of the advantages of CentrePort is its access to three Class 1 rail carriers, Canadian Pacific (CP), Canadian National (CN) and Burlington Northern Santa Fe (BNSF), and a common-use facility has the potential to directly benefit businesses located at CentrePort while increasing rail volumes.

Another new project underway at CentrePort Canada is a containerization initiative that will increase the export of high-quality Manitoba agricultural products to China. CentrePort assembled a partnership to work on the project including two railways, CN and CP, and two Chinese companies, Shanghai Invent Logistic & Technology Co., and Minsheng International Freight Co. The project involves exploring home-grown food products such as soybeans, green peas and canola meal to Chongqing, China.

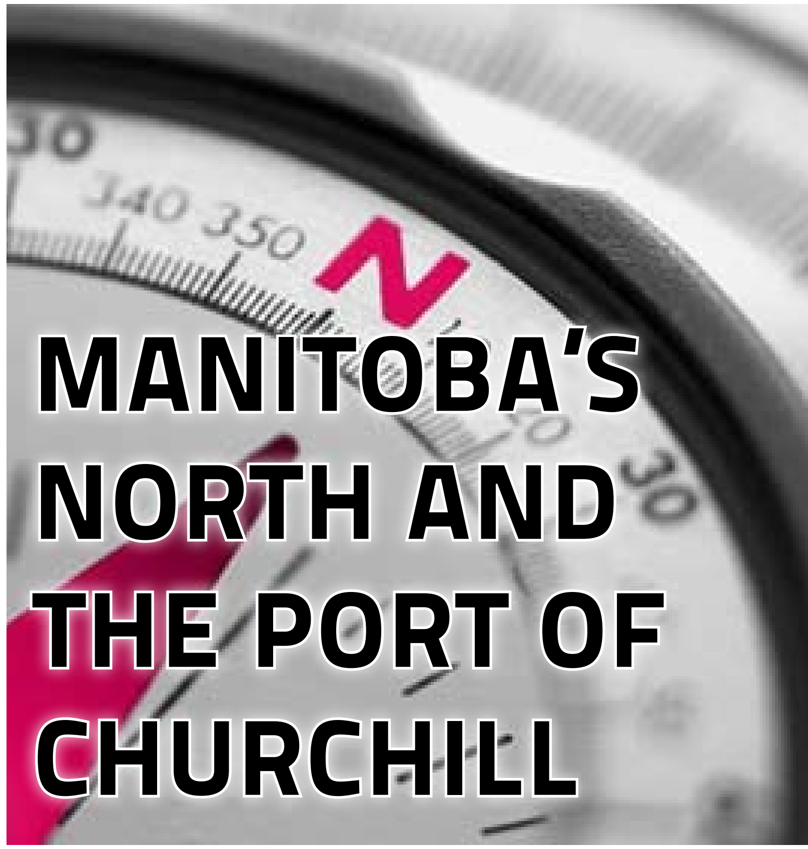
The containerization project will benefit Manitoba agricultural producers by allowing for the movement of more expensive premium products, which require container transport, to an international marketplace that is hungry for high-quality food products. It will also provide rail companies with an opportunity to fill empty containers and bring new efficiencies to the system.

One of CentrePort Canada's differentiating features is its "one-stop shop" for accessing Foreign Trade Zone benefits, established with ongoing support and assistance from the federal government. CentrePort's "one-stop shop" opened for business in 2010 and is processing inquiries about FTZ programs such as duty deferral, sales tax exemption and custom-bonded warehousing. CentrePort is the first and only inland port in the country to offer companies single-window access to FTZ benefits.

CentrePort Canada began as a shared vision of the community but quickly moved from the drawing board to the boardroom, becoming a unique private and public-sector partnership involving business, labour, government, academics and others. These partnerships continue to thrive today and much of CentrePort's progress can be traced back to one thing: Manitobans working together to build our province for the future.

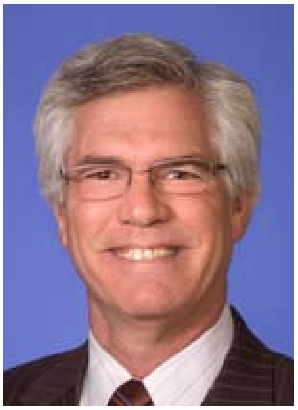
With the return of the Winnipeg Jets, the opening of the new terminal at Winnipeg's James Armstrong Richardson International Airport and the Canadian Museum for Human Rights, as well as other major projects underway, it is an exciting time to be developing CentrePort Canada and contributing to our province's and city's economic success.

Diane Gray is the President and CEO of CentrePort Canada.



MANITOBA'S NORTH AND THE PORT OF CHURCHILL

MUCH OF WHAT IS GREAT ABOUT MANITOBA GREW FROM THE CREATIVITY OF ITS LEADING CITIZENS. Moving fresh water down an aqueduct 100 km away from a thirsty city; building a park that is a magnet for families who come here from every corner of the globe; a floodway that has saved billions of dollars and untold hardships. Our next visionary moment is to see the North for its limitless potential: commerce, tourism, sustainable economic development, opportunities for indigenous peoples and a strategic plan to assure our national sovereignty.



JIM CARR

Studying Manitoba's northern potential is hardly new. Duff Roblin established The Northern Transportation Commission in 1967. Many of its recommendations await implementation. The federal government's focus on the North and identification of 4 pillars of strategic importance provides a new opportunity for Manitoba to add a constructive voice to the national discussion. We are the only province with an inland deep water port. Mineral development in Manitoba's North and Nunavut offers significant economic potential and the Canadian Air Force, headquartered in Winnipeg, can help assert Canada's claim on Arctic sovereignty.

Economic development of Canada's North is a key element to Manitoba's future prosperity and a healthy economy in northern Manitoba is vital for Canada as well. The North will require significant investment to build infrastructure and a long-term commitment from both the public and private sectors if Canada's full potential is to be realized. For decades inadequate infrastructure has limited development of the North. Although the Port of Churchill offers a one to two-day advantage over other transportation routes to specific destinations, the Hudson Bay Railway has suffered derailments and maintenance disruptions for years, impacting its reputation for reliability. Without reliability the Port's advantages and prospects are seriously blunted.

The Business Council of Manitoba, a group of 75 CEOs of Manitoba's leading companies offers some thoughts on Manitoba's north and the Port of Churchill.

The Port of Churchill is Canada's Arctic Gateway. The recent announcement by the Honourable Gerry Ritz, Minister of Agriculture that legislation will be introduced in the fall of 2011 to end the Canadian Wheat Board's monopoly on marketing wheat and barley in 2012 would impact the Port. In 2010 approximately 95% of the grain shipped through the Port came from the Wheat Board.

The challenge of ensuring the port's viability is dependent on growing the market and finding other product to move through it. There is no purpose putting money into the Port of Churchill and upgrading its operations unless the rail line is refurbished or other modes of transportation to the North are developed, such as a new road.

The cost of improving the infrastructure to connect southern Canada with the North to make the Port of Churchill a viable Artic Gateway will be substantial, a cost that cannot be borne by Manitoba alone. Federal support is needed. The importance of the Port ties directly into Prime Minister Harper's northern strategy which focuses on the following 4 pillars:

1. Exercising our Sovereignty
2. Promoting Economic & Social Development
3. Protecting the Arctic Environment
4. Improving and Devolving Governance

Churchill's proximity to Nunavut and a direct connection to Winnipeg and the Mid-Continent Trade and Transportation Corridor can link goods to and from Canada's North and abroad. To realize the full potential of the Port a reliable mode of transportation must be developed to connect Churchill to Nunavut. Premier Selinger and Nunavut Premier Aariak signed an agreement in November 2010 to study the cost-benefit of an all-weather road to connect Churchill to Rankin Inlet. The cost of building this road was estimated at $1.2 billion in 2005. A road link would reinforce Canada's sovereignty through a stronger economic region and increased presence in the North.

Northern development will also need new roads to service isolated mining developments. There are large areas in northern Manitoba with minerals in remote regions which remain under-developed. Manitoba is expected to see $86 million in exploration expenditures in 2010 down from $98 million in 2009. The high costs of transportation in the North are a significant disincentive to doing business. A strong mining industry in Manitoba will create jobs and economic prosperity. Private firms benefitting from infrastructure built for their benefit should participate in its development. Manitoba Hydro also has a stake in northern development and should be a major partner.

Construction of the all-season road on the east-side of Lake Winnipeg has the potential to open up this side of the province. Not only will there be jobs and economic opportunities for the residents of the North, but there will be permanent infrastructure to permit the transportation of supplies in and out of communities all-year long.

The success of a northern strategy is dependent on consultation with aboriginal communities. The Plan Nord in Quebec has been developed in conjunction with Aboriginal and local groups and has resulted in over 60 meetings of working and consensus building groups. Without this type of consultative process, aboriginal groups will likely oppose development and stall proceedings. There are many communities in the North and several organizations that represent aboriginal interests, all of whom must be engaged.

Economic and environmental issues will need to be discussed; ownership of mining rights needs to be clarified. Aboriginal communities will want to share in the economic benefits of developing Manitoba's North. This means not only short-term construction jobs, but permanent jobs that create wealth.

Critical to the success of a northern development strategy is the effective integration of all modes of transportation including rail, marine, highway and air. Challenged by great distances and limited infrastructure, air transportation's capacity to move personnel and goods in a timely manner is key to development. While contributing to the Arctic Gateway, air transportation will also be an enabler of alternate supply chains feeding the mid-continent trade corridor.

A planned flight route between Krasnoyarsk and Winnipeg will bring more cost effective access for markets in South East Asia and the continental US. According to the Winnipeg Airports Authority there is a 5-8% cost advantage using the Krasnoyarsk-Winnipeg polar route on Singapore-U.S. shipments and a 20% cost advantage compared to India-U.S. shipments. Required navigational services and airport facilities in Northern Canada will contribute to Canada's northern development but will also be an important part of the network which has a Russia – Canada supply chain seen in a positive light.

The Business Council of Manitoba offers the following recommendations to develop Manitoba's north:

1. The province should establish a northern commission to assess Manitoba's transportation infrastructure and its limitations on northern development. The commission should document and identify the current facilities, assess additional requirements and propose options for repayment of capital costs.
2. The Governments of Canada and Manitoba should declare the Port of Churchill and the Hudson Bay Railway as critical

national infrastructure. We need to bring the federal government into the discussion with strong support from the Province and the business community. Manitoba cannot go at this file alone, the expenditures are too large and the national ramifications justify federal government involvement. Good policy and appropriate investments will improve Canada's competitiveness and stimulate economic growth.
3. The government of Manitoba should partner with the private sector to organize a summit focused exclusively on the future of Manitoba's mining industry. The agenda should include:
   a. Relationships with First Nations
   b. Regulatory regimes and their implementation
   c. Transportation infrastructure
   d. Sustainable economic development
4. The Canadian Forces will need better infrastructure including a combination of strategic air and sealift so the force can deploy into the region and remain there as necessary. This will require the development of supply installations. The military's presence in Manitoba positions us well to meet this need. The challenge is to develop a transportation network that can supply the military cost effectively. Military and commercial considerations must be co-ordinated in the national interest.

The Business Council of Manitoba urges the governments of Canada and Manitoba to work together to make the development of our North a national priority. A good example is the Port of Churchill, whose viability is more than Manitoba's issue alone and more than the movement of grain; it is the Gateway to the Central Arctic and its future is important to all of Canada.

Jim Carr is President of The Business Council of Manitoba.

LEX CORNER

Gone in 60 Seconds?

RICHARD SWYSTUN

WE ALL KNOW HOW TO TELL TIME, OR AT LEAST THINK WE DO. "Want to meet for breakfast tomorrow morning at 8:00?" "How about dinner at 6:00?" Everyone knows what these phrases mean – no uncertainty arises with their use in most circumstances.

Some of the things we take for granted in everyday life can, however, take on an unanticipated complexity when the high-stakes world of construction tendering is involved. In a tendering context, a seemingly simple phrase such as "the deadline for submitting tenders is Thursday, May 12, 2011 at 2:00 p.m." can, under close examination, be found to be capable of two distinctly different meanings.

The legitimate question that arises in connection with the use of such a phrase in a tendering context is: Does the reference to "2:00 p.m." refer to the precise instant in time when the clock strikes 2:00 p.m., or is it intended to refer to the 60-second period of time that unfolds between 2:00 p.m. and 2:01 p.m.? Surprisingly, the answer to this question can depend upon which Canadian province you carry on business in.

Smith Bros. - The British Columbia Situation

In the 1997 British Columbia case of *Smith Bros. & Wilson (B.C.) Ltd. v. British Columbia Hydro & Power Authority*, a call for tenders specified that B.C. Hydro would receive tenders on the day of the tender closing "until 11:00 a.m. local time" and that all tenderers were obliged to deliver their tenders "not later than 11:00 a.m. local time". The call for tenders further stipulated that tenders which were delivered "after closing time" would not be considered.

On the evidence it was found that one of the tenderers had delivered its tender to B.C. Hydro shortly after the first strike of 11:00 a.m. local time – but before an accurate clock would have turned over to 11:01 a.m. As it turned out, this particular tender was the lowest tender (by $304,000) on the 13 million dollar project.

Was the lowest tender submitted on time or not? The major question to be decided in the *Smith Bros.* case was whether the expressed time limit of 11:00 a.m. meant exactly 11:00 a.m. or whether it included the time up to, but not including, 11:01 a.m.

Justice Shaw of the Supreme Court of British Columbia, reviewed all of the evidence that was made available to him (including evidence that it was B.C. Hydro's practice to receive bids up to, but not including, the point at which its clock would start showing 11:01 a.m.) and he ultimately concluded, basing his decision primarily on the wording of the call for tenders, that 11:00 a.m. described "a precise point in time", "not the time that exists between 11:00 a.m. and 11:01 a.m." As a consequence of his reaching this conclusion, the bid submitted by the tenderer who was found to have been a mere matter of seconds late was disqualified.

Bradscot - The Ontario Situation

In the 1999 Ontario case of *Bradscot (MCL) Ltd. v. Hamilton-Wentworth Catholic District School Board*, the deadline for the submission of tenders contained in a call for tenders, after several amendments, was stated to be "Friday, May 8, 1998 at 1:00 p.m." Bradscot and three other tenderers submitted their tenders before one o'clock. One other tenderer, namely Bondfield Construction Company (1983) Limited, submitted its tender 30 seconds after one o'clock.

Here, as it turned out, the Bondfield bid was $1,000 lower than Bradscot's bid (the next lowest bid) on this 17 million dollar project and Bondfield was awarded the construction contract. Bradscot complained, arguing, among other things, that Bondfield's tender had been submitted out of time.

In *Bradscot*, the Court of Appeal for Ontario had the benefit of reviewing the earlier British Columbia decision in the Smith Bros. case, but ultimately decided to take a different tack. Instead of following *Smith Bros.*, the Court of Appeal chose to agree with the conclusion of the judge who had heard the evidence and argument in the *Bradscot* case at the trial level. In his ruling, the trial judge had stated:

> *In my opinion when it is stated that some deed is to be done "at 2:00 p.m." the time is for that minute and the act is not overdue until the minute hand has moved off the 12 hand to the :01 position.*

And further:

> *I am of the view that had it been the intention of the Board or of the architects who drew the invitation to tenderers that a tender be made in [the] strict manner suggested by the applicant, they would have expressed the time as 1:00:00 and would have used more stringent words throughout.*

In its reasons for decision, the Court of Appeal for Ontario expressed the view that both the interpretation given by the trial judge as outlined above and the interpretation given by Justice Shaw in the earlier *Smith Bros.* case were reasonable. The Court of Appeal ultimately concluded however that, when faced with two interpretations, either of which is reasonable, it should defer to the finding of the trial judge. The Court stated that such decision "reflects sound judicial policy" and "produces a rule that the Ontario industry can follow". In the end result, Bradscot's complaint was dismissed and Bondfield was permitted to complete the project.

The Manitoba Situation

Despite the passage of more than a decade since both the *Smith Bros.* and *Bradscot* cases were decided, there have not been any reported cases decided in Manitoba which would lend certainty to this area of the law for Manitoba owners and contractors. It seems that the financial burden (i.e. legal expense) of settling this issue in Manitoba will, unfortunately, fall upon the backs of the unfortunate Manitoba owner and Manitoba contractor who next find themselves in the same situation as that which arose in both *Smith Bros.* and *Bradscot.*

Manitoba owners and other Manitoba tender calling authorities can take steps to protect themselves from much of the risk associated with the "few seconds late" phenomena by specifying the time for tender closing in their tender documents in terms of hours, minutes and seconds. In recent years, more and more calls for tenders seem to be following this practice. If the times for the submission of tenders in *Smith Bros.* and *Bradscot* had been specified as "11:00:00 a.m." and "1:00:00 p.m." respectively, the litigation described earlier in this article would likely not have arisen.

Manitoba contractors, on the other hand, have very little ability to protect themselves from the risks associated with the time uncertainty issue that can potentially arise when the time for the submission of tenders is stated only in hours and minutes and no other helpful words of clarification or qualification are present. At present, the only sure way for a Manitoba contractor to avoid a complaint that its bid might be "late" in such a situation is for the contractor to ensure that its tender is submitted well before the stated deadline for the closing of tenders – even then, however, a Manitoba contractor cannot be certain that it will not become embroiled in litigation regarding the validity, or lack of validity, of a tender submitted by another contractor in the 60 seconds immediately following the first emergence of the stated closing time.

In Manitoba, uncertainty on this issue remains. Does the time for the closing of tenders in Manitoba expire the moment the tendering clock first strikes the stated closing time? Or does it expire 60 seconds after that? The answer: Only time will tell.

Richard M. Swystun is a partner with the firm of Tapper Cuddy LLP who practices primarily in the areas of construction law and civil litigation. He can be reached by phone at (204) 944-3237 and by email at rswystun@tappercuddy.com.

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Arbitration Clauses in Construction Contracts

ROSS MCFADYEN

AS WE ARE ALL AWARE, DISPUTES ARISE FROM TIME TO TIME BETWEEN PARTIES INVOLVED IN CONSTRUCTION PROJECTS. In the absence of any agreement between those parties to the contrary, the "default" method for resolving such disputes is litigation before the courts. While Canadian courts continue to deal on a regular basis with construction related disputes, there is an ever-increasing trend for parties involved in construction projects to elect alternative methods of dispute resolution. One of the primary methods used is arbitration, and it is now common to see arbitration clauses in construction contracts (see, for example, the dispute resolution provisions found in the general conditions of the CCDC 2 - Stipulated Price Contract, which allow either party to engage arbitration following unsuccessful attempts to resolve a dispute through mediation).

While the rules applicable to court proceedings are clearly aimed at ensuring a just result between the litigants at the end of the day, they are somewhat rigid and can create inefficiencies. The arbitration process, on the other hand, is more flexible and parties can generally obtain a resolution more quickly than is the case with litigation. Another potential advantage of arbitration is that parties can select an arbitrator who is familiar with the construction industry. While judges of the court are obviously qualified to deal with legal issues in general, they are not always experienced in dealing with the often technical factual issues at play in construction disputes. That said, it remains of importance that arbitrators have the appropriate training to qualify them to deal with the legal aspects of a dispute.

An arbitration clause in a construction contract can take many forms, from a simple statement that the parties agree to refer any dispute arising between them to arbitration, to a detailed clause containing not only the agreement of the parties to arbitrate disputes, but also setting out how the arbitrator is to be appointed and the procedures to be used by the parties in the process.

Where parties have not previously agreed on the method for appointment of an arbitrator, The Arbitration Act of Manitoba provides that a party may make an application to court to have a judge appoint an arbitrator after a dispute arises. In terms of the procedure to be used in the arbitration, The Arbitration Act also provides that the arbitrator may determine the procedural rules to be followed, subject always to the overriding requirement that the parties to the arbitration must be treated equally and fairly.

It is advisable for parties who have agreed on including an arbitration clause in their contract to provide at least some detail as to how an arbitrator will be selected and the procedures and timelines to be used in the arbitration process. The practical reality is that once a dispute arises, it becomes increasingly difficult for the parties to agree on anything. The benefits of proceeding by arbitration can be compromised where the process for selecting an arbitrator and the rules for the arbitration process have not previously been agreed upon and the parties have to apply to the court to have an arbitrator appointed or have to make repeated arguments before the arbitrator on procedural issues.

There are a variety of written arbitration rules that currently exist, including some specifically developed for use in construction disputes (for example, the Rules for Arbitration of Construction Disputes as provided in CCDC 40). By agreement, parties to a construction contract are free to adopt existing rules entirely or make revisions and adjustments as may be appropriate in the circumstances.

In many cases, arbitration of construction disputes is preferable to litigation. In order to maximize the potential benefits of arbitration, parties to construction contracts should take time at the outset to agree upon the method for appointing an arbitrator and the rules to be used in the arbitration. Failure to deal with such issues at the front end, before a dispute actually arises, can negate some of the advantages that might otherwise be gained through arbitration of a construction dispute.

Ross's practice is largely focused on civil litigation and dispute resolution for commercial clients, including a number involved in the construction industry. He can be reached at 204.934.2378 or by email at ram@tdslaw.com.

CCA Priorities & Achievements

2011 YEAR IN REVIEW

Industry Summit Still Shaping Association's Priorities

The Canadian Construction Association (CCA) held a national Non-Residential Construction Industry Summit in January of 2010 designed to identify the major trends that will impact the non-residential construction industry in the short term. The following six themes were identified:

- Labour supply and training;
- Post-stimulus - what comes after? Whither infrastructure investment?
- Awareness of environmental issues;
- Public-private partnerships (P3s);
- Increased competition from global/foreign firms; and
- New technology.

What is perhaps a testament to the foresight of the summit participants is that almost two years later, most, if not all, of these themes continue to appear as top priority areas for the Canadian construction industry.

1. Labour Supply

According to the 2011 Labour Market Information (LMI) assessment by the Construction Sector Council (CSC), the construction industry in Canada will need to find some 335,000 new entrants by 2019 to replace retiring workers and to keep pace with increasing demand.

Recruitment

CCA launched this past year a special, new civil construction careers website. See www.careersincivilconstruction.ca.

Immigration Reform

The CSC LMI study concludes that of the 335,000 new construction entrants required by 2019, domestic sources can only provide some 163,000 leaving a net total of 172,000 that will need to come from foreign sources. Canada's Temporary Foreign Worker Program and immigration system generally, however, need to become much more "construction-friendly". CCA is lobbying for a number of changes in this regard to ensure that these programs work more effectively for the construction industry.

2. Post-Stimulus & Infrastructure Investment – What Comes Next?

With regard to infrastructure investment and the post-stimulus marketplace, CCA continues to lobby for permanent, long-term infrastructure re-investment programs.

This past year the federal government followed-up on its promise to make the $2 billion annual Gas Tax contribution to municipal infrastructure a permanent program.

Last January, a National Infrastructure Summit was organized by the Big City Mayors Caucus within the Federation of Canadian Municipalities (FCM). The purpose of the summit was to identify ways by which municipalities, working with senior levels of government, can best address the growing sizeable municipal infrastructure deficit. CCA was a prominent sponsor and participant in that event and was invited to participate in follow-up discussions.

DEE MILLER

Subsequently the federal government made a commitment to work with the provinces, territories, the municipalities and other stakeholders to develop a long-term plan for public infrastructure that extends beyond the expiry of the current Building Canada Plan in 2014. CCA expects to be involved at some stage in that process.

Infrastructure Report Card

CCA is also working with the FCM, the Canadian Society for Civil Engineering and the Canadian Public Works Association to develop a National State of Canadian Infrastructure Report Card, which it hopes to publish on an annual basis as a credible measurement of the current state of Canada's key public infrastructure. The first phase will concentrate on core municipal infrastructure (e.g. roads, water systems and sewers). More than 400 municipalities have participated to date. The inaugural report is expected to be released early in 2012 to coincide with the lead-up to the 2012 federal budget.

3. Environmental Issues

On the environment front, CCA eagerly awaits the parliamentary review of the Canadian Environmental Assessment Act scheduled for later this year.

Environmental assessment in Canada is an extremely lengthy and inefficient process due primarily to the overlapping of federal and provincial jurisdictions. CCA recommends that the federal act be significantly revised to create a national environmental assessment standard and to reduce the federal 'triggers" to cases where the federal government itself is the project proponent or where no other jurisdiction has assessment authority.

4. P3s and Foreign Competition

The move to the P3 delivery model by Canadian governments, especially at the provincial level, has attracted a number of large, international construction firms with considerable expertise in the P3 delivery method. These firms often bring with them competitive financing options not available to most Canadian domestic firms.

The interest in the Canadian construction market by foreign firms, especially those in Europe, is at an all-time high given the buoyant projections for the Canadian construction market and the devastating impact the recent recession has had on the US and European markets. Last March, Global Construction Perspectives and Oxford Economics released a global forecast for the construction industry over the next decade to 2020. Entitled Global Construction 2020, it predicts that by 2020, Canada will have the fifth largest construction market in the world behind China, the US, India and Japan. It also says that while global construction activity on average will grow by 5.2 per cent annually, Europe's construction market will experience stagnant growth of just 1.7 per cent, causing its construction firms to look elsewhere for work.

CCA strongly supports free trade and open access to the Canadian market. Access; however, must be conditional upon equality of treatment and reciprocity between countries. As such, CCA has adopted a position that supports the equal opportunity and access to government procurement or government funded infrastructure development and/or construction opportunities for foreign firms operating in Canada, provided reciprocal access is granted to Canadian firms in the respective foreign country.

Most of Canada's construction businesses are small- and medium-sized enterprises, or SMEs. While CCA appreciates scale is important to overcome higher P3 pursuit costs, governments must, in balancing their needs, not adopt policies that disadvantage SMEs or create insurmountable obstacles to their participation in this growing segment of the public infrastructure market.

CCA will continue to pursue fair and equal treatment for SMEs in the growing P3 market, including the pursuit of new policy options with the federal government to help SMEs play a greater role in the emerging P3 market.

5. Technology

With respect to new technology, CCA has established the new Institute for BIM in Canada (IBC) and is examining the feasibility of creating a Canadian Construction Research Institute.

New BIM Institute

CCA led the establishment of the Institute for BIM in Canada last November. The new institute has created its own website, developed a business plan, completed a BIM environmental scan, started the development of a BIM practice manual, started to issue bulletins, and completed a communications strategy. A working group has also been formed to look at the development of contract language for the purposes of BIM. The website is www.ibc-bim.ca.

IBC has also established a Canadian chapter within buildingSMART International (bSI; www.buildingsmart.com).

Proposed New Construction Industry Research Institute

CCA is exploring with like-minded organizations the possible establishment of a Canadian Construction Industry Research Institute to:

- » Identify the R&I needs in the construction industry;
- » Formulate a plan to fulfill these needs;
- » Strengthen the relationship and collaboration between industry and academia;
- » Learn from successful models implemented in other developed countries.

Other CCA Priorities

Hours of Service

CCA submitted its final application in support of an industry exemption from the cycle requirements of the federal Hours of Service Regulations and is working on a Winter Maintenance exemption request to be submitted in the late fall.

BY 2020, CANADA WILL HAVE THE FIFTH LARGEST CONSTRUCTION MARKET IN THE WORLD

CCA Gold Seal Program

CCA's Gold Seal certification program has gained considerable momentum in recent years, and is proving to be a timely and cost-effective investment for construction employers in terms of corporate HR recruitment, employee retention and professional development strategies.

2010 was another good year for Gold Seal with the accreditation of an additional 152 construction management education courses/seminars and the designation of six Gold Seal Projects. There are now over 7,500 Gold Seal certified individuals!

New CCA Strategic Plan

Another recent development that will affect CCA's future course is the new Strategic Plan endorsed by the CCA Board of Directors last March. It addresses seven major areas as follows:

- Advocacy – To ensure that CCA's voice is an effective one with the federal government on issues of concern to the Canadian construction industry;
- Best Practices – To ensure that CCA continues to be a significant force in the development and use of best practices in the construction industry;
- Communications – To ensure that CCA communicates effectively to its members, its Partner Associations, its peer groups, government and the public-at-large;
- Partnerships – To ensure that CCA continues to enhance and make more effective its partnership with its Partner Associations;
- Membership Retention and Growth – CCA must work with its Partner Associations to ensure effective strategies to retain and grow our membership base;
- Advanced Business Practices – CCA must strive to become a source for information on new business trends and technologies that will impact the construction industry; and
- Organizational Capacity – CCA must streamline its internal operations and structure to better fulfill its mandate.

Conclusion

The outlook for the construction industry in Canada has never looked better. CCA is pleased with the progress it has made in 2011 in regard to its priority areas and looks forward to taking its efforts to a new level in 2012.

Dee Miller is Chair of the Canadian Construction Association.

VIEWPOINT

Demand for New Infrastructure and Skilled Labour Shortages could Undermine Canadian Prosperity

BILL FERREIRA

The past three years have been extremely challenging. What started as a well-intentioned policy to help increase home ownership in the United States, morphed within seven years into one of the most precarious financial threats the world has faced since the Great Depression. The collapse of Lehman Brothers, the fire sale of Merrill Lynch to Bank of America, and the near-failure of AIG all contributed to the greatest loss of investor confidence since the precipitous drop of the US stock market on October 29, 1929, that heralded the start of the Great Depression.

This time, however, governments around the world acted quickly and in a coordinated fashion to restore investor and consumer confidence through a series of bailouts and market interventions. The governments of the world's largest economies pumped more than 2 trillion dollars of stimulus into their economies to jumpstart the global economy and to prevent the recession of 2008 from turning into a decade-long depression.

Canada is in an Enviable Position

Canada, for the most part, weathered the global upheavals with surprisingly little economic pain. Federal and provincial governments responded to the crisis with a series of measures that maintained access to credit, helped the auto industry restructure, extended benefits for the unemployed, and supported ongoing employment by pouring billions of dollars into infrastructure construction through a series of time-limited stimulus programs. Consequently, today, employment in Canada has surpassed pre-recession levels and the economy is growing again.

The cost of these aggressive measures on public treasuries has been significant. Canada's gross debt-to-GDP level now exceeds 84 per cent, making the country vulnerable to market pressures and requiring governments, at all levels, to curtail future spending.

Thankfully, unlike many other parts of the world, Canada's economy is growing at a healthy pace. Driven in part by strong global demand for energy, minerals and other natural resources, this decade is looking increasingly bright for Canada. A recent study for PricewaterhouseCoopers conducted by Oxford Economics predicted that continued demand for Canadian natural resources and the accompanying infrastructure required to support their extraction, production and export will turn Canada's construction market into the world's fifth largest. Only the Chinese, US, Indian and Japanese markets will be ahead of Canada. In order to achieve these projections, two current impediments must be overcome:

1) Since government budgets will be constrained for the foreseeable future, governments will need to work with the private sector on developing innovative financial solutions to help finance this critical new construction. New public-private infrastructure funding solutions will be required to help fund the construction of the additional support infrastructure necessary to keep pace with growing international demand for Canadian energy and natural resources.

2) With increasing demand for construction services throughout the decade, construction labour scarcity issues will need to be addressed. If Canada is to remain economically competitive, an adequate supply of construction labour will be required to avoid the escalating construction costs witnessed in many parts of Western Canada prior to the onset of the 2008 recession. Simply put, if construction costs are allowed to spiral upward due to labour scarcity, the impact on dependent industries (i.e. oil and gas, mining, forestry, manufacturing, commercial re-estate) will be significant and could, if unchecked, reduce overall investment in the economy and make Canadian industry less globally competitive.

Infrastructure Funding Requires Innovation

With regard to infrastructure, governments have been scrambling for more than a decade to keep up with increased demand for asset renewal and expansion. Recent government infrastructure renewal programs have made a difference, and according to the World Economic Forum's Global Competitiveness Index, these efforts have raised Canada's overall infrastructure competitiveness ranking to ninth best in the world, up from 13th in 2010. However, with tight budgets going forward and many municipal assets approaching the end of their useful service life, the capacity of governments to spend on new infrastructure to support growing global demand for Canadian natural resources will be significantly constrained. The solution, therefore, will be to develop new alternative funding mechanisms to ensure that Canada's infrastructure remains globally competitive and adequately meet the needs of the economy.

Innovative funding arrangements for the construction of infrastructure are nothing new in the Canadian context. While European countries are far more advanced in their use of public-private partnerships (P3), governments across Canada are increasingly turning to alternative financial arrangements to help augment traditional infrastructure development. The federal government modernized airports and ports through the use of not-for-profit companies. These authorities raised the required capital through the use of bonds backed by user fees. Provincial governments, particularly in British Columbia, Ontario and Alberta, have used private-sector concessions to design, build, operate and maintain new highways, bridges, schools and hospitals. In these examples, operators are paid either directly through user fees or by provincial authorities in the form of availability payments. In all cases, these public-private solutions have proven effective in augmenting ongoing government spending on core public infrastructure.

To ensure that Canada's infrastructure remains adequate to the needs of our economy, governments at all levels must work with private sector entities (i.e. banks, pension funds, investment banks, and the construction sector) to assign priorities to future investments, increase overall private sector participation in the construction of new infrastructure, and develop public policy solutions that better encourage Canadian banks and pension fund managers to invest in the renewal of Canada's system of core public infrastructure.

Will Labour Shortages Stump Growth?

Perhaps, however, the even greater challenge to the Canadian economy is that of labour supply. With a working population rapidly approaching retirement age, labour shortages are beginning to manifest themselves in all industrial sectors. From forestry to nursing, young skilled workers to replace those retiring are in very short supply.

Canada's construction industry is particularly concerned as it has recent experience with labour scarcity and the impact this challenge can have on overall productivity. Prior to the economic downturn of 2008, the industry experienced labour scarcity in a number of regions, most notably Alberta, due to strong global demand for energy exports. Labour scarcity not only made keeping pace with construction demand challenging, it also helped drive wage inflation making the cost of overall construction more expensive than anywhere else in the country. Should these challenges emerge across Canada, the impact on the economy could be considerable and may undermine the Bank of Canada's efforts to control inflation.

While such scenarios may seem implausible today, according to the most recent Construction Sector Council (CSC) forecast, demand growth for construction services in Canada will outpace the sector's growth capacity due to chronic shortages of skilled and unskilled workers. If immediate action is not taken, the industry is estimated to face a workforce shortage of more than 335,000 employees by 2019. Over this period, domestic workforce recruitment from traditional training sources – colleges and private sector training institutions - will only account for 160,000 new workers, or just over 50 per cent of the overall industry demand. Therefore, even with aggressive domestic recruitment and training programs, the industry will continue to rely on Canada's immigration system to supply the remainder of its workforce.

From the perspective of the construction industry, the solution is clear: Canada must increase the number of foreign skilled workers entering the country under the Federal Skilled Worker Program (FSWP), the Temporary Foreign Worker Program (TFWP) and the Provincial Nominee Program (PNP). Furthermore, entrants under the TFWP must be given longer-stay visas, be provided with additional flexibility to change employers within the industry, and be fast-tracked for permanent residency after working in Canada for an acceptable period of time.

Based on the analysis of the CSC, Canada's construction industry will need to add approximately 42,000 new workers each year to keep up with growing demand for construction services and to replace retiring workers. Since domestic recruitment efforts can only supply approximately 50 per cent of the overall demand, the industry must add approximately 21,000 new workers each year through immigration to avoid skilled labour shortages.

Ultimately, the pathway to future prosperity in Canada hinges on the ability of policy makers to find solutions to these two pressing challenges. Time, unfortunately, is not on our side. With the pace of economic development accelerating across the country, the time for reflection and consultations is quickly drawing to an end. If measures are not implemented shortly to overcome these challenges, Canadians may miss out on the tremendous opportunities and potential that lay before us.

Bill Ferreira is Director of Government Relations and Public Affairs for the CCA.

RAISING THE GOLD SEAL BAR

STEPHANIE WALLACE

GOLD SEAL IS A NATIONAL CERTIFICATION PROGRAM FOR CONSTRUCTION MANAGEMENT PROFESSIONALS, PROUDLY SUPPORTED BY THE CANADIAN CONSTRUCTION ASSOCIATION.

If you want to become Gold Seal Certified (GSC), the scoring criteria are based on your education, experience and ability to maintain the rigorous standards of the program, including successfully completing the Gold Seal exam.

Existing certificate holders have distinguished themselves in the construction industry by attaining a nationally recognized level of experience and competence as Project Managers, Superintendents, Estimators or Owners' Project Managers and Construction Safety Coordinators.

Having earned the Gold Seal certification assures that you:

- Met the highest industry qualification standards;
- Achieved a recognized skill and competence level;
- Acquired a nationally-accepted designation;
- Enhanced career opportunities; and
- Proudly represent the construction industry.

Today there are over 700 construction management courses and seminars that are Gold Seal accredited with new courses being submitted on a weekly basis. Our course availability continues to be essential to the program's continued success.

Since our inception, there have been over 8,000 certificates issued under the Gold Seal certification program and we expect that number to grow considerably over the next 2-3 years.

Survey Finds That Gold Seal Certification Is an Asset When Looking for a Job

In June 2011 the Gold Seal certification program conducted online surveys among recent certificate holders (Gold Seal Certified and Professional, Gold Seal Certified), Gold Seal Interns as well as Gold Seal Champions. The survey was very well received and yielded 382 responses.

A key finding of the survey was that a high percentage (88%) of Gold Seal certificate holders and Gold Seal Interns believe that their certification is an asset when looking for a new job. Also testament to the value that the program provides, a high percentage (95%) of the current certificate holders and Gold Seal Interns would recommend Gold Seal certification to their friends, colleagues or peers while an almost equally high percentage of respondents would promote Gold Seal in their workplace if provided with the materials.

A summary of the survey findings is posted on www.GoldSealCertification.com.

Many Exciting Improvements Are Underway

With the support of CCA's Gold Seal Committee, we are pleased to announce several new initiatives that will be launched during this calendar year. We are excited because these initiatives will significantly improve the overall visibility, communications and administrative capacity of the Gold Seal certification program.

A few highlights of what to expect this calendar year:

Completely new www.GoldSealCertification.com website with easier navigation and social media integration;

» Gold Seal certification brand and messaging revamp;
» Easy-to-understand learning paths highlighting the steps to take to become a Gold Seal Intern, to attain certification (GSC) and to continue with ongoing education and professional development (P.GSC);
» Renewed focus on Gold Seal Projects, like Southern Alberta Institute of Technology (SAIT) and Red River College in Winnipeg;
» The launch of a new Gold Seal Ambassador program
» Gold Seal promotional marketing toolkits for local construction associations;
» Brand new learning management system for Gold Seal certification preparation and professional development;
» Online application and registration process for new Gold Seal applicants.

Our team is committed to ensuring that Gold Seal certification is the Canadian designation of choice for construction management professionals. We will do everything in our power to proudly represent the Canadian construction industry and ensure that we continue fostering a world-class standard in construction management excellence.

Please show your continued support for the Gold Seal Certification program by spreading the word to your peers.

Stephanie Wallace is the Manager of the Gold Seal Certification Program.

Construction Management at Red River College

A New Approach to Career Preparation

THOSE LOOKING TO LAUNCH A CAREER — OR ADVANCE EVEN FURTHER — IN MANITOBA'S THRIVING BUILDING INDUSTRY WILL AGAIN GET A BOOST FROM RED RIVER COLLEGE THIS FALL, VIA ITS RECENTLY-LAUNCHED CONSTRUCTION MANAGEMENT DEGREE PROGRAM.

Serving as both a bridge to additional post-secondary options for those in skilled trades, engineering, or engineering technologies — and as a comprehensive introduction for those entering the industry for the first time — RRC's four-year (144 credit hours) program provides management and technical training in the areas of heavy, residential, and industrial and commercial construction.

As with all of the College's offerings, the new program is a response to needs identified by local industry — in particular, for graduates with enhanced management skills to complement existing backgrounds in science and modern building technologies.

"The construction industry in Manitoba didn't really experience much of a downturn — though it did in the rest of the country," says Dr. Dale Watts, Dean of RRC's School of Construction and Engineering Technologies.

"It has continued on through some very sophisticated projects — the floodway (expansion), the Manitoba Museum of Human Rights, the new airport, and so on — all of which are demanding more and more skills from people working within the industry. What we've tried to do with this program is ... to address the technical knowledge needs of an industry that's continuing to grow, where construction techniques are getting more and more sophisticated."

RRC's Construction Management degree was launched in September 2010 — the first in Manitoba to be approved by the provincial government after colleges were given authority to grant degrees in 2009. It's one of only a few Construction Management degrees offered to address existing and pending industry shortages by post-secondary institutions from Vancouver to Toronto. (Similar college degrees are available at the British Columbia Institute of Technology, George Brown College and Conestoga College.)

Structured around the industry's on-and off-seasons, the RRC program combines 26 months of academic study with 18 months of co-operative work placements, alternating classroom and co-op time every six months (during the second, third and fourth years of the program). The schedule allows students to gain valuable practical experience during the industry's busy spring and summer months, leaving them free to continue with degree programming when things quiet down in the fall.

"The co-op component has students working four to six months of every year, which means they'll have up to one-and-a-half years of work experience by the time they graduate," says Nancy Wheatley, Chair of RRC's Civil Engineering Technology Department.

"That's one of the highlights of the program: when students come back for their next six months of degree programming, they have that industry experience to give them even greater insight into their courses."

In addition to the relevant work experience, the program also encompasses foundation fundamentals, cutting-edge construction innovations, and assistance with preparations for such industry credentials as the Canadian Construction Association Gold Seal certificate and the Leadership in Energy and Environmental Design (LEED) exam. The degree itself is tailored to ensure graduates enter the workforce equipped with both the management savvy and technological know-how required to succeed at all levels of industry.

"The degree addresses in an applied way some of the things that aren't covered by certificates and diplomas," says Watts. "We're trying to encompass both the management aspect and the technical aspect — and to stay as modern as we can."

"There hasn't been a program focused specifically on making people construction managers ... we've taken things that exist and enhanced them, because that's what the industry wants."

The program features an array of possible entry points: First-year students may enter directly from high school or industry, while journeymen can potentially enter Year Two sequentially or with Recognition of Prior Learning (RPL) credit, or after completing courses through RRC's School of Continuing Studies.

Students with an RRC diploma in Civil Engineering Technology, meanwhile, can use those credentials to enter directly into Year Three. (Many students with industry experience are eligible for RPL credit, which allows them to receive recognition for learning gained through previous work experience toward the completion of their degree or diploma.)

The program also boasts a number of different exit points: completion of Year One (focus: technical foundation) earns students a Civil Technician Certificate, Year Two (technical expertise) a Building Technician Certificate, and Year Three (Gold Seal and management) a Construction Technology Diploma. Students who complete the entire four-year program graduate with a Bachelor of Technology in Construction Management degree.

As Wheatley explains, the new degree is designed to help graduates transition to middle and senior management positions in construction — positions that in the past have been filled usually via in-house training or by those who've worked their way up the ranks. Its launch is especially timely given the state of Manitoba's ever-evolving industry, the increasingly specialized and complex nature of which requires managers with strong negotiating, organizational and interpersonal skills.

"The program is designed to offer focused and relevant learning to streamline the process of construction manager training," says Wheatley. "The enhanced understanding of construction management concepts … will prove valuable to students, and will help employers to structure subsequent on-site work experience."

The curriculum itself was developed via extensive collaboration with industry, and incorporates a carefully designed mix of technology, leadership, management, research and innovation, and ethics and environmental concerns.

It continues to receive support — both moral and financial — from a host of industry organizations, including the Winnipeg Construction Association (WCA), the Canadian Construction Association and the Manitoba Heavy Construction Association (MHCA). Among the monetary support provided directly to students: four entrance awards and two continuing student awards (worth $1,500 each) from the WCA, a cornerstone award and a student award ($1,250 each) from the MHCA, and five bursaries ($5,000 each) from Bird Construction.

Chris Lorenc, President of the MHCA, says he's proud of his collaborations with the College, and looks forward to fostering relationships that are "knowledge-based, market demand-based, and reflected in curriculum to ensure that graduates truly add market value through their presence."

"What is very important to industry is that the education and training is developed coincident with real market workplace experience — that's where the co-op value is so important," says Lorenc, whose organization has also provided guest speakers for Construction Management students, and sponsored textbooks for their *Construction 101* course.

"As (students) go through the course, their exposure to and understanding of the heavy construction world's realities mature. That is of tremendous advantage to them when they launch their careers, and it's of huge importance to industry. And the co-op program, over that four-year period, allows for the development of student-employer-industry relationships, which is another very important networking strength of the program."

Carl Pedersen found the program a good fit with the skills he'd attained working at McDiarmid Lumber and alongside his father

The industry support is welcomed by students like 22-year old Carl Pedersen, who found the program a good fit with the skills he'd attained working at McDiarmid Lumber and alongside his father, a carpenter with 40 years' experience. Since courses are delivered by instructors with industry credentials (among them four full-time faculty members and two half-time faculty members, with support from RRC's Civil Engineering Technology program), students can be assured information and practices are always up-to-date.

"Having instructors with industry experience is a huge advantage," says Pedersen, a second-year student who's working his first co-op placement as an assistant project manager at Parkwest Projects Ltd.

"They know exactly what we are getting into, therefore they can use their own knowledge to guide us on the right path — making sure what we're learning is relevant, and showing us why."

Having served on the program's advisory committee last year, Pedersen has an even better understanding of how industry involvement helps the program move forward, and of what the industry's top employers are looking for in future practitioners.

Those employers will soon have their work cut out for them. The program is currently at full enrolment in Year One. (Watts says he'd have been happy if the program had attracted 16 students in its inaugural year; it exceeded expectations by attracting 27.)

The program welcomes its first cohort of Year Three students this fall, and in May 2013, the first class of graduates will enter the marketplace — where they'll carry out RRC's mandate of contributing to Manitoba's economic prosperity.

So far, the degree program has been deemed an unqualified success by both industry representatives and staff and instructors at Red River College. But the most promising feedback of all comes from the students themselves.

"I am extremely confident that I will have what it takes to be a capable construction manager upon graduating," says Pedersen, who along with fellow students will take part in the MHCA's Heavy Construction Expo this March.

"Although I still have a lot to learn, the College and co-op jobs provide everything I need. On top of that, they help you get a career upon graduating that suits your experience and your knowledge."

To learn more about Red River College's Construction Management degree program, contact Nancy Wheatley, Department Chair, Civil Engineering Technology, by phone at 204-632-2221 or email at nwheatley@rrc.mb.ca.

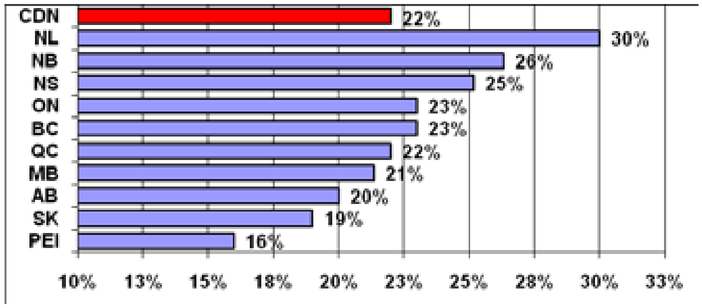
Finding new workers to build Manitoba's future

By the Construction Sector Council

CANADA'S DRAMATICALLY CHANGING DEMOGRAPHICS ARE FORCING EMPLOYERS EVERYWHERE TO PUT NEW MEASURES IN PLACE TO DEAL WITH A SHRINKING WORKFORCE AND AN EXPANDING WORKLOAD.

This is certainly the case for Canada's construction industry. Over the next decade, the industry will see 22% of its workforce –that's 208,000 workers – retire. Meanwhile, major projects, particularly in the heavy industrial and engineering sectors, and other infrastructure related projects are driving up the demand for skilled trade workers in the range of about 112,000 workers. The result is that a whopping 320,000 new workers will be needed to replace retiring workers and meet construction needs between now and 2019.

Replacement Demand
Cumulative Retirements as a % of 2010 Labour Force



George Gritziotis, Executive Director of the Construction Sector Council, acknowledges that this is a huge challenge, but one the industry has been preparing for.

The CSC, a national business/labour partnership, publishes annual forecasts that provide residential and non-residential construction investment data, as well as details on the supply and demand for more than 30 skilled trades – all broken down by province and region. The annual Construction Looking Forward reports look ahead nine years, and are compiled following consultations with industry leaders, including owners, contractors, labour groups, governments and educational institutions.

Like the proverbial canary in the coal mine, the forecasts alert industry leaders to which trades will be in demand and where, so they can take steps accordingly.

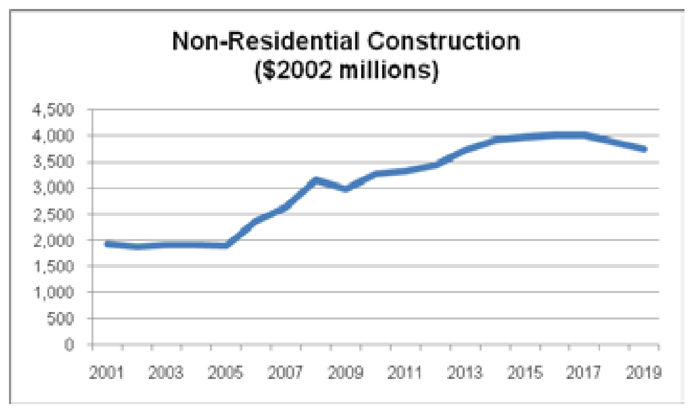
"To avert what could be a potential crisis," says Gritziotis, "industry leaders are working together on solutions that include new methods of recruiting and training, managing workforce mobility and other initiatives based on solid labour market research."

Record growth for Manitoba

The latest Manitoba forecast -- Construction Looking Forward: An assessment of construction labour markets for Manitoba from 2011 to 2019 – reported steady growth since the mid-2000s with non-residential investment doubling from around $2 billion in 2005, to $3.3 billion in 2009, to peak at $4 billion by 2016.

Workers will be in demand at least to the peak, and market conditions are expected to remain strong across the forecast period. Though investment will start to gradually decline as known projects begin to wind down, non-residential investment in 2019 is estimated at $3.7 billion, still well above historic levels of activity.

The key employment drivers are projects by Manitoba Hydro and the provincial government, including the development of major hydro facilities, the construction of new transmission lines, the East Side Road, and pipeline projects. There are also a number of infrastructure stimulus projects underway or scheduled for development including water and wastewater, and highway, bridge and road upgrade construction across the province.



For trades such as heavy equipment operators, employment growth has been strong. Employment increased from an estimated 1,300 workers in 2001 to 1,685 in 2010 – a 30 percent jump. It is expected be sustained at that level across most of the forecast period. As stimulus activity winds down, major hydroelectric power projects begin and are expected to continue to drive employment demand.

The upshot is that between 2011 and 2019, the Manitoba construction industry will need to replace 21% of its workforce or 6,400 workers who are expected to retire. This structural shift in demographics places an increasing requirement on the industry to recruit and train new trades people. For operating engineers, the forecast estimates that industry will need to replace an estimated 400 workers.

Alternative labour sources

According to Tim Flood, the CSC's business co-chair and President of John Flood and Sons based in New Brunswick, in addition to sustaining traditional training and recruitment initiatives, particularly campaigns to attract and retain local youth -- even during slow periods -- there are several options for filling these gaps.

"With the help of the CSC, industry employers, governments and others have stepped up training and recruitment initiatives that target youth, women, Aboriginal workers and immigrants," he says.

"The approach we're taking is that there are serious shortages that need to be dealt with," says Ernie Gilroy of the Manitoba Floodway and Eastside Road Authority, noting that there has been a huge amount of infrastructure damage this year following massive flooding in the spring. Gilroy's organization works closely with Aboriginal people – the fastest growing pool of labour in Canada – to improve the economic development of First Nations communities.

"We're creating a homegrown labour force," he says, '... teaching First Nations people how to build roads and right of ways.

"We encourage them to make their own business plan and form their own companies. We mentor them, and provide safety and other training from introduction to construction to labourer to heavy equipment operator training.

"And we compel contractors to hire locally, buy gravel and supplies locally and rent equipment locally. Gilroy says that the East Side Road Authority has drawn on the CSC's national strategy for increasing Aboriginal participation in the workforce, which includes an Aboriginal careers in construction website."

The CSC has also developed careersinconstruction.ca, which is designed to introduce youth and others to the wide range of careers in Canada's construction industry, and to help them find the resources they need to get started.

Other CSC initiatives include:

» a national mentoring program, which is being lauded by construction industry leaders as the right tool for closing the skills gap that could result from an exodus of experienced, older workers,

» an e-learning centre that has sold more than 40,000 courses, allowing workers to take some industry-approved courses online anywhere in the country at a time of their choosing,

» a toolkit, including a Construction Employer's Roadmap, to help industry leaders connect with immigrant workers.

The latter may prove useful given that immigration is clearly a priority for the Manitoba government. Last year, 15,805 immigrants arrived in Manitoba, the most since 1946. The majority came under a federal program that lets provinces nominate candidates for immigration depending on occupational needs.

The Construction Employer's Roadmap provides employers with information on the role of employment agencies and immigration consultants, and provides an overview of Canada's immigration programs and the different paths open to permanent residents, temporary residents and workers outside of Canada.

The roadmap offers advice on how to assess experience obtained in other countries, make job offers, develop orientation programs and retain workers. It is geared to helping employers and others involved in human resources management navigate government programs, assess foreign credentials, and help immigrant workers put their best foot forward when seeking opportunities to work in construction.

Managing mobility

Where possible, industry leaders are also looking to manage worker mobility between provinces and industries, as major projects finish and others begin.

"A ripple effect will be created across all the provinces as major projects from Newfoundland and Labrador to British Columbia first draw in and then release large numbers of key trades," explains Gritziotis.

In Manitoba, mobility will also occur as some trades, including heavy equipment operators and truck drivers shift gears – so-to-speak – when stimulus-related road projects wind down and the utilities projects get underway.

The CSC is a national industry/government partnership funded by the Government of Canada's Sector Council Program. It is committed to maintaining and developing a highly skilled workforce – one that will support the future needs of the construction industry in Canada.

WORKSAFELY MHCA

A Year in Review

GLEN BLACK

IT'S BEEN AN EXTREMELY BUSY YEAR FOR OUR WORKSAFELY PROGRAM, BUT, IT HAS ALSO BEEN A VERY REWARDING AND ENJOYABLE ONE! Our Safety team has the honor and privilege of helping employers develop and implement effective safety and health programs with the ultimate goal to help reduce workplace injuries. As safety professionals, there is nothing more rewarding than seeing employers create a strong safety culture, achieve COR™ certification, and ultimately reduce and eliminate workplace injuries and incidents from occurring.

The WORKSAFELY Program continues to provide strong support and assistance to the Heavy Construction Industry. At WORKSAFELY, our messaging, campaigns, and professional safety services are directed at industry and workers, with the goal to heighten awareness and promote a strong message, that in order to prevent injuries from occurring in the workplace or at home, all parties must WORKSAFELY.

COR™ certification growth and momentum continues. To date, the total number of firms in our industry who have achieved COR™ certification has grown to 172. This year, thirteen firms have attained COR™ certification and a further 58 firms have registered with our Safety Program. We applaud all firms who achieve COR™ certification and look forward to assisting those registered.

Our safety training services enjoyed a brisk busy season. Under our "Construction Safety Excellence" trademark, we offer the most current and highest standard of training and certification processes available for our valuable clients. This year as with previous years, employers committed to enhance employee knowledge and awareness through enrolling their staff in our safety training and education courses. Our training courses focus on heightening safety awareness and increasing workforce knowledge of the safety rules, regulations and standards applicable to our industry. To date, we have delivered 170 courses and trained 1330 employees and managers throughout the province. This is an increase of 178 enrollments and 20 more courses delivered than previous year.

Working closely with company leaders, WORKSAFELY designed and delivered company specific safety education conferences. These tailored mini-conferences complimented the safety vision company owners held in high regard and respect for the safety and well-being of their workforce. This tailored service further assisted companies build even stronger safety cultures.

In 2011, our COR™ safety services were further enhanced and directed at providing value added initiatives. Some initiatives improved upon existing services, while others were new in scope, intent and effect. COR™ certified companies appreciated receiving our new improved safety talks distributed monthly. Individual firms are able to edit and customize the talks with their company logo to meet their unique needs. Companies like the timeliness of the talks and use them as effective communication tools to heighten safety awareness and instill best practices in their workforce. The safety talks are provided at no charge to our COR™ certified companies and those registered to attain COR™ certification.

We also launched a reinvigorated newsletter, the WORKSAFELY INFORMER. This newsletter allows for the effective promotion of COR™, recognizes and acknowledges COR™ company certification achievements, and provides timely and relevant safety information to industry.

This year, we increased the visibility and presence of our Safety Advisors throughout the Province in five established regions. This assignment helped broaden support to COR™ certified companies, assist newly registered companies achieve COR™, and to promote and educate new firms of the safety merits.

Other safety service enhancements included offering audit readiness services, customized safety manuals, safety subscriptions, COR™ banners, worksite signs, quality assurance reviews, client advisory meetings and external auditor accreditation. Furthermore, responding to industry needs, we placed a cap on third party external audit fees. The cap allowed firms to more accurately predict fees they would be charged given the size and complexity of the firm. Placing an emphasis on customer service, we also follow up with the client post audit to ensure the audit experience including costs were satisfactory and favorable to the client. Industry was extremely pleased with this initiative.

Our COR™ Safety Partner meeting held in April was very well attended by industry safety leaders. Guest speakers from the Workplace Safety & Health Division, and the Workers Compensation Board provided excellent presentations on injury performance trends and on recent changes to the safety act and regulations.

Earlier this year, the Workers Compensation Board of Manitoba announced that the Construction Health and Safety Incentive Program was permanent following a three year evaluation of COR™ certification and its benefits. Stemming from the evaluation, COR™ certified companies were found to have lower injury rates, reduced time loss injury costs and shorter claim durations than non-COR™ certified companies. COR™ certified companies also paid lower assessment rates. As a result, the WCB announced program enhancements to include doubling the first year rebate from 5 to 10 percent. This is a true testament that COR™ certification is here to stay and is a successful safety model.

This year, the Manitoba Heavy Construction Association announced it will host the 1st annual Heavy Construction EXPO. WORKSAFELY is excited and pleased to be part of this education EXPO. This EXPO is the first of its kind being offered in Manitoba. The EXPO working committee, known as the Education Training & Gold Seal Committee is comprised of talented industry professionals, including those from government, aboriginal and first nation representatives, and from the vocational institutions. The EXPO will provide an annual venue where employers can send their workforce, new or experienced, to receive superior high caliber accredited safety education and training. The EXPO will be held in 2012 at the Winnipeg Convention Centre on March 20th to the 22nd and is a must attend!

As we begin to wrap up another year and develop strategy for next year, our Executive, Safety Committee Chairperson, and Board of Directors of the Manitoba Heavy Construction Association are to be commended for their unwavering support provided to the Safety Program. Through their support and vision, the safety program receives the necessary resources to fulfill the program mandate, and allow COR™ certified companies to grow even stronger.

Our WORKSAFELY team is fully versed and ready to provide support and assistance to any firm who desires to attain COR™ certification. Our safety advisors are deployed throughout the Province supporting current COR™ certified companies, with a mandate to promote, educate and certify new firms in COR™.

WORKSAFELY is ready to COR™ certify your firm. Visit our website at www.mhca.mb.ca/worksafely for more information on getting COR™ certification and any other training requirements.

Glen Black is Director of the WORKSAFELY Program for the Manitoba Heavy Construction Association.

WORKSAFELY MHCA

COR™ Certified Companies proudly display this banner demonstrating "Construction Safety Excellence."

COR™ CERTIFICATION

New Government Wide Tendering Policies Will Require all Contractors To Be COR™ Certified By 2014

The Certificate of Recognition (COR™) Program is an occupational health and safety accreditation program and is trademarked and endorsed by participating members of the Canadian Federation of Construction Safety Associations (CFCSA). WORKSAFELY MHCA™ is a member and is an 'Authority having Jurisdiction" to grant COR™ in the Province of Manitoba.

As the Certifying Partner of the COR™ program for the Heavy Construction Industry in Manitoba, WORKSAFELY offers two types of COR™ certification, one being COR™ for companies with more than 19 employees, and SECOR, a Small Employer Certificate of Recognition which applies to companies with fewer than 19 employees. The SECOR process allows WORKSAFELY to respond to the needs of smaller contractors who desire to attain COR™.

At WORKSAFELY, our COR™/SECOR certification process assists construction companies to understand the workplace safety and health legislation, and the employer and worker safety roles and responsibilities. Our safety programs and services help employers build comprehensive effective health and safety management systems. Our approach is focused on client service and helping companies create and maintain proactive workplace safety cultures. WORKSAFELY is comprised of a talented team of safety professionals that provide safety consulting and safety certification services to the heavy construction industry.

There is value in COR™ and the business case is compelling. In the heavy construction industry 172 companies have successfully achieved COR™ certified status, and a further 58 are now registered with the program. The benefits derived from COR™ are many:

- The Certificate of Recognition (COR™) program is a proven way for employers to improve their health and safety performance and workplace health and safety culture.
- COR™ validation demonstrates compliance with occupational health and safety regulations and promotes continuous improvement.
- COR™ demonstrates a high regard for workforce safety and strong committed leadership, the result being a safer and healthier workforce.
- COR™ certification reduces the human, financial, and environmental costs of accidents.
- COR™ can reduce exposures to legal risk and demonstrates company commitment and due-diligence.
- COR™ companies enjoy lower WCB claims costs and more favorable assessment rates. and
- COR™ enhances contracting opportunities.

The recent announcement in June 2011 by Manitoba Infrastructure and Transportation regarding the new Province Wide Tendering Policy expands contacting opportunities for contractors, both large and small. Beginning January 2014, regardless of the project value, all bidders and subcontractors (subcontractors with employees working on the project) will be required to have a valid and current COR™ or SECOR certificate or evidence of equivalency.

The new tendering policies further expand the 'condition of contract" obligations for contractors and sub-contractors specific to COR™.

The Bidder's Certification Form is a key requirement of the Tendering policy and sets out the minimum Workplace Health and Safety policy requirements for Manitoba Infrastructure and Transportation capital projects. These requirements are stated as:

Where the contract award value for the project is $100,000 or greater:

- Bidders with employees working on a project must have a valid and current COR™ or SECOR certificate, or evidence of equivalency issued in accordance with the Canadian Federation of Construction Safety Association's COR™ program and verified by either the Manitoba Heavy Construction Association WORKSAFELY Program or by the Construction Safety Association of Manitoba.
- Subcontractors are not required to declare status in a safety program, until January 1, 2012.

- Beginning January 1, 2012, subcontractors with employees working on a project must show safety program registration or evidence of equivalency verified by either the Manitoba Heavy Construction Association WORKSAFELY Program or by the Construction Safety Association of Manitoba.

Beginning January 1, 2014, and regardless of project value, all Bidders and Subcontractors (with employees working on the Project) must have a valid and current COR™ or SECOR™ certificate, or evidence of equivalency issued in accordance with the Canadian Federation of Construction Safety Associations COR™ program and verified by WORKSAFELY.

The Contractor shall ensure that its subcontractors provide a signed Bidder's Certification Form to the Engineer before the subcontractor begins work on the Project. It is not necessary for subcontractors to submit a Bidder's Certification Form at the time of tendering.

Importantly, for the purposes of executing the Bidder's Certification Form, 'Subcontractors" excludes:

- Suppliers that are delivering products and are not directly participating in construction activities on the project site (i.e. supply only).
- Service providers that are not directly participating in construction activities on the project site.
- Subcontractors without employees (i.e. single owner-operators).

A focused mandate of WORKSAFELY is to support COR™ certified companies, assist newly registered companies achieve COR™ and promote and educate new firms of the safety merits. To acquire a COR, an employer must take the following steps:

- Register with WORKSAFELY
- Register with the WCB in Manitoba.
- Enroll in the mandatory training course required by national standards.
- Develop and implement a health and safety management system that meets provincial standards.
- Request an accredited external auditor of WORKSAFELY.
- Have an audit completed and achieve a passing mark (80% overall with no less than 50% in any element).
- Have your auditor submit the audit to WORKSAFELY for quality assurance review.
- A COR™ certificate is then issued for audits that meet the required standards.

The time required to obtain COR™ certification depends on how well the employer has trained his/her staff and how comprehensive and integrated is their health and safety management system. Employers can make use of WORKSAFELY's training and in-house expertise to help create their health and safety management system.

Another important element of COR™ is that once an employer achieves certification, maintenance must be conducted annually.

The COR™ certificate is valid for three years from the date of issue, providing that all maintenance requirements are met. The date the audit is completed on-site is used as the COR™ issue date. WORKSAFELY COR™ certificates clearly show this date and registration number on the certificate.

To maintain COR™, an employer is required to carry out an internal audit within 12 months of the date of the COR™ anniversary date. A second internal audit must be submitted within 24 months of the issue date of the COR™ anniversary date. A sample of the company's ongoing safety documentation is also required to be submitted along with each internal audit. WORKSAFELY trains company internal auditors so that COR™ holders can ensure internal audits are successfully carried out.

Internal audits are subject to the same Quality Assurance (QA) Review as external audits. WORKSAFELY safety advisors review all internal audits submitted as part of the Quality Assurance Review.

To renew COR™, an employer will arrange with WORKSAFELY for an external audit to be completed and reviewed by WORKSAFELY prior to the expiration date of the COR™ certificate. The same standard for a passing mark is required to renew COR™ certification as to acquire it.

We're here to help your company obtain COR™ certification.

MANITOBA HEAVY CONSTRUCTION EXPO: BUILDING WORKFORCE EXCELLENCE

ON MARCH 20TH TO 22ND, 2012 THE MANITOBA HEAVY CONSTRUCTION ASSOCIATION WILL HOST THE 1ST ANNUAL HEAVY CONSTRUCTION EXPO AT THE WINNIPEG CONVENTION CENTRE.

'BUILDING WORKFORCE EXCELLENCE", is the EXPO's theme for this first annual education conference. The theme is fitting and strikes a chord with business owners in that owners have a sincere interest in how their workforce is trained, educated and developed. Providing employees at all levels of the organization with quality education is a sound investment, with the return on that investment being a highly trained and skilled employee. Furthermore, the employee finds quality education rewarding, enhances the employee's personal growth and strengthens the workplace culture.

Industry's vision and goal for the EXPO was to see the birth of an exciting venue where employees - at all levels - would benefit from receiving quality and relevant education in a variety of disciplines, including safety.

Industry stakeholders agreed that for the EXPO to be effective and responsive to the needs of industry, a structured and graduated approach to employee development was needed. Similar to university or college courses, industry felt a similar graduated approach would benefit the construction workforce and allow for continued growth and improvement. It was also important that training certificates issued at the EXPO demonstrate an individual's competency and understanding of the subject matter.

To lead this exciting new initiative, Gord Lee, President of Nelson River Construction, was selected to chair an industry working committee. An event planner was hired and invitations to participate on the EXPO committee went out to industry. Construction company owners were first to roll up their sleeves to assist Gord on the EXPO working committee. The committee then enlisted the help of subject matter experts from government, aboriginal and First Nations, vocational institutions, safety professionals, regulators and Human Resource experts to help shape and make the EXPO a first class education conference. The committee put together a comprehensive preliminary program, consisting of 30 quality courses to be offered.

<u>Some key areas offered include:</u>

- Quality education for all levels, new and experienced
- Industry Driven, Developed, and Delivered content
- Human Resource Leadership and Practices
- Skilled laborer education advancement
- Construction Management & Gold Seal Certification
- Risk Management & Regulatory Compliance
- Vocational Expertise, Alignment & Participation
- OH&S Diploma Advancement & Promotion
- High Caliber Professional Instructors
- Structured and Graduated approach to workforce development
- Aboriginal, First Nation and minority Workforce Development
- Heavy Equipment Operator skills development
- COR/SECOR Training, Education & Certification
- Injury Prevention & Disability Management
- Construction Management Degree

The EXPO will provide opportunities for industry, business and safety leaders to share ideas, best practices, success stories, make new friends and network with colleagues. Interest and support for this exciting event is overwhelming with early indicators pointing to the EXPO course registrations being sold out in early 2012.

The EXPO will be held in 2012 at the Winnipeg Convention Centre on March 20th to the 22nd and is a must attend! Hope to see you there!

The MHCA — Award Winning!

At the Canadian Construction Association (CCA) Annual Convention held March 6-11, 2011, the MHCA received two awards:

The MHCA was presented with the **2010 CCA Member Association Award** of Excellence for demonstrating outstanding leadership and excellence in achievements in a number of areas including:

» Successfully promoting sustainable and dedicated investment in core municipal infrastructure, safe and secure surface transportation systems, and strategic infrastructure that platforms new economic investment.

» An earned access and influence with all levels of government.

» Its president initiated and chaired the Mayor's Trade Council

» Its president chairs the Infrastructure Funding Council which is tasked to develop a comprehensive funding strategy to address the province's growing municipal infrastructure deficit.

» Its public and government relations have resulted in part in a quadrupling of the Manitoba highways capital program since 2005, and the tabling Manitoba's first multi-year highways program, underpinned by a 10-year $4 billion investment with targets consistently exceeded, among many other achievements.

» Dedication to enhancing industry safety through its WORKSafely program. Its Certificate of Recognition (COR) Program has resulted in significant reduction in incidents and claims costs.

» Significantly increased membership through a well-developed strategy of personal outreach and 'touch' strategies, with a series of brochures, website and one-to-one means of attracting new members

The MHCA was also presented with the **CCA International Business Award** which recognizes the outstanding activities, programs or accomplishments of a Canadian-based business or association active in the construction industry in the area of international business or trade.

The MHCA was singled out for being an integral part of the conception and creation of an inland port that will provide businesses with cheaper, faster and more efficient access to the North American marketplace, and help contribute to Canada's long-term trade competitiveness.

The MHCA and its President were recognized for its leading and collaborative efforts in Manitoba to create and establish CentrePort Canada, Canada's first inland port in Winnipeg, on 20,000 acres of lands designated to such purposes by provincial legislation which was unanimously adopted by the Manitoba legislature.

This initiative included secured financial commitments approaching $300 million including $212.5 million in federal-provincial funding to build CentrePort Canada Way, a new high speed-expressway linking the inland port to key transportation corridors.

This association led to the 2008 Winnipeg Mayor's Trade Council which recommended the creation of the inland port and subsequently participated on the Manitoba Premier's Leader's Committee which confirmed the model for the inland port and all of its details.

CCA Association Award of Excellence (from L to R): Sylvie Bernier, Olympic Medalist; Daniel Calderhead, Jardine Lloyd Thompson; Chris Lorenc, MHCA; Wayne Morsky, CCA Past Chair; Carole Bissett, Jardine Lloyd Thompson

Re-Branding the MHCA

JASON ROSIN

WHAT A LONG, FUN, EXHAUSTING TRIP IT HAS BEEN.

The MHCA launched a new logo and brand at our Annual General Meeting in November 2010. This culminated a 16 month process of creating a complete new identity for the Association, after over two decades with the same logo, colours and branding.

Working with our branding partner *Velocity Branding*, we spent well over a year working on our new brand – including new logo and visuals, new corporate colours, an updated website, additional promotional materials, and new corporate wear.

We also moved into a new building in July 2011, and the new building design and look truly shows how the new MHCA brand is exciting, original, and will be the strength of the Association for years to come.

Branding Rationale

A corporate brand identity represents more than just a logo – it is communication that is a pillar to the success of our association. The MHCA logo, as well as our WORKSAFELY and WORKFORCE counterparts, will be used in a variety of ways, by suppliers, sponsors and other associations.

The MHCA logo and links are a visual symbol of the core beliefs of our organization. It represents our strength, our impact, and our groundbreaking approach to success.

The new MHCA logo represents the force and growth of the association through several design elements.

The chevrons in the "M" are reminiscent of tire treads, symbolizing the active role MHCA plays in Manitoba's heavy construction industry. They're also similar to the prairie grasses of our province.

The subtle change of colour in the chevrons represents layering and building and reinforces MHCA's role in both. The strong and downward direction of the chevrons link the logo with MCHA's new tagline "Groundbreaking," showing the association's commitment bringing momentum to the heavy construction industry.

WORKFORCE, in blue, reflects the strength, intelligence and importance of MHCA's education and training program.

WORKSAFELY, in orange, reflects alertness, protection, physical well-being and MHCA's commitment to Construction Safety Excellence.

Finally, the bold choice of typefaces signify MHCA's strong commitment to being a valuable and confident voice for Manitoba's heavy construction industry.

We are extremely pleased with the end result, and we hope you share our enthusiasm for our new logo, colours and overall brand…we are Groundbreaking!

Jason Rosin is Manager of Communications for the MHCA.

Main MHCA Logo with tagline

MHCA
MANITOBA HEAVY CONSTRUCTION ASSOCIATION
Groundbreaking

WORKSAFELY Logo

WORKSAFELY MHCA

WORKFORCE Logo

WORKFORCE MHCA

New MHCA Website Homepage

and growth in developing countries. This in turn would lead to additional investment opportunities and the opening-up of new markets. Ultimately, this could create a virtuous cycle, with surplus global savings supporting investment and growth in developing countries.

But how could the infrastructure funding gap be closed without putting an additional fiscal burden on already cash-strapped governments? There is no single solution. It will require greater efficiency in spending and increased cost recovery for those sectors with such potential. It will also require tapping a combination of financing from both traditional and new sources: the private sector via PPPs, notably by deepening local capital markets to tap domestic investors. Making the most of new financiers from emerging economies such as China, Brazil, and India, will be essential.

Infrastructure can ultimately be paid for by either taxpayers or its users. But it can also be financed in a variety of ways: government spending, loans or grants from multilateral institutions and bilateral creditors, and private-sector lending. Domestic public financing has been a dominant source of infrastructure financing in many developing countries. Official development assistance from traditional donor countries targeted toward infrastructure reached around $90 billion in 2009 as aid agencies made substantial efforts to help developing countries cope with the consequences of the global financial crisis. But going forward, such assistance will likely decline and return to pre-crisis trend levels.

But traditional donors aren't the only option. Other donors, such as Brazil, China, India, and various Arab countries, have recently emerged as major financiers of infrastructure projects in Africa. Overall, infrastructure resources committed to Africa by these countries jumped from $1 billion per year in the early 2000s to close to $10 billion in 2010. Chinese financing for African infrastructure structure projects alone is estimated to have reached a record level of roughly $9 billion in 2010.

Private participation in infrastructure could also play a role in helping to close the investment gap in many developing countries. Here's how it works: Public-private partnerships, or PPPs, are established through a long-term contract between a government and a private investor. The investor finances at least part of the investment in return for future service fees that are collected from the users, and it sometimes also receives government subsidies. Private participation in infrastructure investments has played an increasingly important role in developing countries, reaching close to $160 billion in 2009, but is concentrated in a handful of large emerging economies, such as Brazil, China, India, Russia, and Turkey. It is also limited to a few sectors, especially telecommunications.

Significantly expanding private-sector involvement will require addressing a number of issues. First, the company implementing the project and its private shareholders are often exposed to considerable risks, such as shortfalls in projected revenues, exchange-rate risks, and political risks. Infrastructure projects need high upfront financing, which can take decades to amortize; pre-construction and construction periods often stretch over several years, during which the companies involved obtain no revenues. Second, identifying the right infrastructure projects and marketing them to the private sector requires very specific know-how and upfront financing, which is often unavailable in many developing countries.

Reducing these risks for the private sector is crucial to success. One way to do so is combining private-sector financing with public-sector or donor funding. Initiatives in advanced economies, such as the National Infrastructure Reinvestment Bank in the United States and the new Europe 2020 Project Bond Initiative, are good examples. Both initiatives contemplate the use of public guarantees for private-sector financing. But though government guarantees can insure against project-related risks, they are unlikely to mitigate investors' perception of risks associated with the government itself. The World Bank Group therefore provides political risk insurance against risks such as currency inconvertibility, expropriation, war, terrorism, civil disturbance, and breach of contract. It has increasingly used guarantees to catalyze private finance. But more remains to be done.

As for the know-how problem, innovative knowledge hubs that build the required financial and technical capacity of government officials in developing countries and provide relevant expertise could be scaled up. In November 2010, the World Bank Group launched, in partnership with the Singaporean government, the Infrastructure Finance Center of Excellence, which aims to build capacity in the public sector to better manage private-public partnerships. Similarly, the World Bank's Arab Financing Facility for Infrastructure, carried out in partnership with the Islamic Development Bank, aims to raise up to $1 billion in new infrastructure investments in Arab countries.

The potential for mobilizing funding from investors, such as sovereign wealth funds (SWFs) -- funds that invest state-owned profits -- seems promising. The IMF estimated that SWFs held more than $3.2 trillion in financial assets at the end of 2008, and these assets are expected to grow rapidly in coming years. Some SWFs are already investing in infrastructure in developing countries. The China-Africa Development Fund, an equity fund that invests in Chinese enterprises with operations in Africa, reportedly invested nearly $540 million in 27 projects in Africa that were expected to lead to total investments of $3.6 billion in 2010. And the Qatar Investment Authority plans to invest $400 million in infrastructure in South Africa.

Still, funds targeted toward developing countries are only a fraction of available resources. Since 2007, about 166 infrastructure funds with approximately $110 billion in commitments were raised globally. Only 15 percent of the funds raised were targeted toward developing countries. To overcome these shortcomings, the private-sector arm of the World Bank Group, the International Finance Corporation, is launching an infrastructure fund with a target size of $1 billion that will raise funds from sovereign and pensions funds and other institutional investors.

Investing in infrastructure is critical for generating growth and creating jobs -- perhaps now more than ever. For advanced economies, it may be the fastest way out of their slump. For developing countries, it is a powerful vehicle for transforming their economies, enabling their businesses to work unimpeded without electricity shortages, communicate freely, expand their markets, and, ultimately, climb up the technological ladder. The need is clear. The money is available. Now is the time to help steer it to finance the roads, ports, railways, and power plants needed to support jobs and prosperity in high-income and developing countries alike -- for the benefit of all.