



January 2009

**Manitoba Heavy Construction Association  
Annual Report for the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA)**

***“Continuing the Momentum”***

After another banner year, we see the momentum in our industry continuing to increase, as infrastructure remains at the top of everyone’s “wish list” for improving our province and country.

The Manitoba Heavy Construction Association (MHCA) has earned through the hard work of its successive Board Chairs, President, Board members, Committee Chairs, standing committees and members, to be a big part of “Continuing the Momentum” for our Association, and more importantly, our member companies which continue to see exponential growth.

The MHCA is committed to ensuring that infrastructure will continue to be at the forefront of policy activity and attention throughout the Province of Manitoba and beyond.

In February 2008, Probe Research asked Winnipeggers to choose between two city spending priorities: fixing roads and infrastructure, or building bus rapid transit.

Slightly more than one half of survey respondents chose the repairs, while just more than a quarter chose rapid transit, which means Winnipeg resident polled would rather see existing taxes pay for road repairs instead of rapid transit.

In September 2008, the Province of Manitoba and Federal Government signed an agreement for Manitoba to receive its share of the Building Canada fund, the federal government’s historic long-term infrastructure plan.

The agreement means Manitobans and their communities will receive a significant boost for their priority public infrastructure initiatives. Details include the following:

- Total announced funding was \$718 million
- This is in addition to the amounts already being provided by the Gas Tax Fund and the Municipal Rural Infrastructure Fund. Some of the details:
  1. \$85 million to improve Highway 75 from Morris to Aubigny and from St. Jean to Letellier – this is new money of which the provincial share is \$42.5 million.
  2. \$312 million in new infrastructure funding which includes
    - a. \$41 million allocated for smaller-scale infrastructure projects in municipalities of 100,000 or less;
    - b. \$96 million allocated for larger-scale projects – this amount is to be matched by the provincial government.
    - c. \$25 million per year to 2014 for a total of \$175 million for provincial highways – this is NEW money over and above the existing provincial highway capital program increasing it to roughly \$360 million per year, up from \$100 million only 2 years ago
  3. \$141.5 million to complete the Red River Floodway expansion – note that because the former federal Liberal government had NOT budgeted nor signed any agreement for the full 50% federal share of the floodway project, the current government proposed funding \$240 million from the Building Canada Fund which would have significantly reduced Manitoba’s infrastructure funding share. The Manitoba government objected, negotiated with the result that \$140 million of the \$240 million for the floodway comes from the Building Canada Fund and \$100 million of additional funding is directed at Manitoba’s infrastructure. The full loss of the 50% is directly attributable to the former Liberal government.
  4. \$264 million in federal gas tax funding from 2010 to 2014. This is direct funding to municipalities that is an extension to the current gas tax agreement, which will see \$217 million flow to Manitoba municipalities through to 2009

In October 2008, the Association of Manitoba Municipalities (AMM) commissioned its largest ever public survey and the results released in November 2008 were: infrastructure is overwhelmingly the most important issue facing communities across every region in the province.

In November 2008, we were pleased to publicly endorse and support the proposed PTH 75 Reconstruction and Rehabilitation Project for which the Manitoba government is submitting for federal government consideration as a priority for funding under the Gateways and Border Crossings Fund (GBCF).

Studies have continued to show that Canada is far behind in maintaining its infrastructure and will continue to fall behind unless something drastic is done.

An August 2008 report from the University of Waterloo estimates that an injection of up to \$200 billion — \$72 billion for new projects and \$123 billion for maintenance of existing facilities — will be necessary over the coming years to close the gap.

This is just the tip of the iceberg – infrastructure will continue to be at the forefront of people's minds for many years to come until they see the results they want.

### **Manitoba Hydro Projects**

Several major projects will be undertaken by Manitoba Hydro over a number of years, providing countless new jobs and continued infrastructure growth for Manitoba. These projects include:

#### *Conawapa - \$5.0 billion – 2011 to 2021*

Located on the Nelson River, Conawapa would be the largest hydroelectric project in Manitoba when completed, with a capacity of 1485 megawatts and would employ about 1800 people at the peak of construction activity.

#### *Bi-Pole 3 - \$2.2 billion – 2011 - 2017*

This will be the third High Voltage Direct Current transmission line built in the province and is necessary to improve the reliability of the province's electrical grid. It will also carry the electricity generated at new hydro plants from the north to the Winnipeg area. Public meetings to describe the project have started.

#### *Keeyask (the project formerly known as Gull) – \$3.6 billion - 2009 - 2018*

Keeyask would have a capacity of 695 megawatts and its development is being discussed with local First Nations who will have an opportunity to participate in the new hydro development.

#### *Wuskwatim - \$1.3 billion – 2006 - 2011*

Construction on the 200 megawatt hydro facility is under way with a road built to site, a camp established and excavation work under way. The general civil contract was awarded for the project in November, 2008.

#### *Wuskwatim T-Line - \$300 million – 2008 - 2010*

This transmission line is required to carry the electricity produced at Wuskwatim into the Manitoba grid.

#### *Pointe du Bois - \$900 million – 2010 - 2015*

This proposal is for a re-development of the existing Pointe du Bois station, with a new powerhouse, spillway and dams. This will increase the station's capacity from 77 to 120 megawatts and will deal with the deteriorating station structure.

#### *Hydro Office Project - \$278 million – 2006 - 2008*

A new downtown office building was part of the deal with the City of Winnipeg to acquire Winnipeg Hydro. This project will bring together approximately 2000 Hydro employees, many from leased facilities, into a modern, highly energy efficient downtown office setting.

#### *St. Joseph Windfarm - \$800 million – 2008 - 2010 (this is a private sector project)*

This is the second major undertaking for new wind power in the province, following the establishment of the 99 megawatt St. Leon wind farm in 2006.

#### *Riel - \$267 million – 2009 - 2014*

The Riel station is located east of Winnipeg, and will serve as an alternate terminal for the 500 kv transmission line that serves Minnesota. It will also serve as the terminus of the new Bipole 3 line when that line is completed.

**The areas of engagement** with which the MHCA is associated are broad and include but are not limited to the following highlights:

### **2009 MIT Construction Program**

We have continued reminding MIT of meetings at which concerns were expressed about early tender schedule releases and tendering that is late/inconsistent with tender schedules.

The Highways Construction budget has increased from a static \$100 million to now roughly \$360 million per year. This is a result of continuous lobby of government and messaging with the public and media.

### **Mayor's Trade Council (MTC)**

The MHCA initiated the notion that the City should develop a comprehensive trade strategy with supporting and strategic investment in its transportation system.

The report effort, chaired by the MHCA President, was completed in 2008 after a nine-month effort and adopted by City Council almost immediately.

Its approach and recommendations were built around the imperative of seamless public policy priorities as between the three levels of government.

Its recommendations resulted in the engagement of the Province of Manitoba, business leaders in our province and federal politicians all in support of developing a national inland port strategy, which we will continue to hear more about. As a consequence of the above efforts the Manitoba legislature unanimously adopted tax incremental financing legislation to permit dedicated to infrastructure reinvestment of incremental taxes; and Act to establish CentrePort Canada Inc. a private sector led business entity to pursue an inland port strategy and business to which Board the MHCA President was appointed.

### **Manitoba International Gateway Strategy (MIGS)**

The provincial government tabled the Manitoba International Gateway Strategy (MIGS). Its purpose was to consolidate strategies and assist investment to build upon Manitoba's strategic location and to platform Manitoba's ability to competitively provide national, continental and global trade services.

The MHCA was part of the group of business associations which identified members to the group leading the effort, namely the MIGS Council. As a result of the contribution made by the MHCA both at that level and the MTC report, our President was also then named to the MIGS Council. Its responsibility is to provide the Premier and MIT Minister with transportation investment and policy advice.

### **Western Canada Transportation System (WCTS)**

The MHCA which initiated (through the WCR&HCA) the formation of the WCTS, a private sector group of members representing the four western provinces. Its objective was to collaborate with and assist the four western provincial governments in realizing that a seamless multi-modal transportation system should be built to enhance western Canada's trade prowess.

You will hear more about this project, which reflects western provincial and now territorial government recognition of the need to invest tens of billions of dollars into western Canada transportation assets.

### **Public Private Partnerships (PPP)**

The MHCA has long been advocating for the use of PPP's as a delivery mechanism for infrastructure projects. Its acceptance continues to gain momentum and is beginning to reflect itself in government policy.

### **Gold Seal Certification**

Barry Brown Past MHCA/WCR&HCA/CCA Chair and MHCA President Chris Lorenc continue to serve on the National Gold Seal Committee.

It is a program designed to give public recognition by and through an education, experience and examination process, of the excellence in construction management in Canada.

Its acceptance by private and public sector owners as a Condition of Contract will only grow. We have seen substantial increases in numbers nationally, and while Manitoba lags behind in the pickup, it is only a matter of time before its momentum floods with applications.

### **Construction Management Degree Program**

The MHCA partnered with the CCA and the WCA in assisting Red River College promote the necessity of a Construction Management Degree Program, which will be launched at Red River College in 2009. An important

attribute is that its delivery will be synchronized, where possible, with the 'construction seasons' so that those wishing to pursue the degree can do so while still working in our industry.

### **Manitoba Heavy Construction Training Academy**

While still a bit of a struggle to expand its operations, the investments made to date have allowed the MHCA to be in position – once priorities have been addressed by governments – to provide an industry-led and government approved curriculum, both to test existing and train new entrants to our industry.

### **Temporary Foreign Workers**

We are working with the CCA, the federal and the provincial governments in an attempt to streamline access to sponsorship of Temporary Foreign Workers to assist in the labour crunch. More announcements are pending further discussion.

### **Hours of Service**

The Hours of Service Regulation has received consistent and considerable attention from the MHCA in partnership with the WCR&HCA, the CCA and the provincial government.

There is broad recognition that as designed, the Hours of Service regulation negatively afflicts short haul drivers, which our industry typically employs. There is growing recognition that it requires adjustment.

At a recent meeting with federal Transportation Minister John Baird, there was a commitment to address the inequities.

The MHCA will continue to be part of the leadership to develop a harmonized national approach.

### **MHCSP COR Program**

The Manitoba Heavy Construction Safety Program (MHCSP) is managed and delivered by the MHCA to the entire heavy construction industry in Manitoba under a long-term funding agreement between the MHCA and the Workers Compensation Board (WCB) of Manitoba.

The program is designed and mandated to assist the heavy construction industry in Manitoba to meet its obligations related to workplace safety procedures, policies and training as required by provincial legislation and regulation.

The MHCSP Certificate of Recognition (COR), the Small Employers COR (SECOR) Program reflects Manitoba Law, Manitoba Regulations, the Canada Labour Code and established industry standards and practices some of which nominally exceed legislated requirements.

It also meets national auditing standards as adopted by the Canadian Federation of Construction Safety Associations (CFCSA) allowing for reciprocal 'COR Certified' status achieved in Manitoba to be recognized across Canada.

The MHCA went through an exhaustive five month review and improvement to the program, the services, its delivery and the manner in which we conduct audits. The program will see rough 15 areas of service delivery change. Most importantly the COR/SECOR Audit Process has been reconfigured to a continuous improvement exercise which still requires achievement to national standard to have a COR/SECOR Certificate issued.

The program and its delivery is one that will continue to be monitored for improvement and to reflect the needs of the heavy construction industry.

### **COR/SECOR as Condition of Contract**

As an extension to the COR Program observation, the MHCA Board is pursuing with the Province of Manitoba, the City of Winnipeg and related government agencies and private sector project owners, that COR should be the safety standard required in all Conditions of Contract.

COR is a measurable standard, consistently and annually assessed, externally measured every third year, tested against a national standard that is reciprocally recognized across Canada. The objective in our view should be consistency not only from an industry perspective, but certainly from the government's and owner perspectives as project owner/construction service purchaser.

The only COR equivalency which should be accepted is as provided through the Canadian Federation of Construction Safety Association (CFCSA) of which we are members and which sets the national COR standards and oversees reciprocity.

### **Construction Industry Wages Act**

To assist in ensuring our industry is attractive to new entrants, we participated in discussions around adjustments to the Construction Industry Wages Act wage rate schedules. A panel was struck to consider next steps. The panel is a joint industry-labour group covering rural and urban construction and is chaired by Bill Hamilton HCair of the Manitoba Labour Board. MHCA is represented on the panel by Barry Brown and Gord Lee.

The Construction Industry Wages Act divides the construction industry into the heavy sector and the industrial, commercial and institutional sector (ICI). The report recommended that the first stage of wage increases for both sectors come into effect June 1, 2008.

In the heavy construction sector, the report recommended a general increase of approximately four per cent in 2008. That would be followed by increases of three to four per cent, depending on the type of work, effective Jan. 1, 2009. The last recommended increase would be effective Jan. 1, 2010, and would see wages rise between 2.5 and three per cent.

### **Public Profile**

The MHCA continues to enjoy a high public profile as a result of the combined efforts of our Association and its President who has been through a variety of engagements, including: several Keynote speaking engagements, 'Letters to the Editor' and Opinion Editorials, numerous meetings with senior politicians at all three levels of government, part of a Winnipeg -led 'policy mission' to Ottawa, part of the delegation meetings with Canada's Transport Minister, presentation at the North American Super Corridor Organization (NASCO) meetings in Mexico, participation in the Canada-China Trade Mission, scores of interviews with radio, television and print media, and spokesperson in a multi-month Safe Roads Campaign.

### **WCR&HCA 2009 Convention**

The MHCA is hosting the 2009 WCR&HCA Convention and our committee and staff have worked hard to ensure a great and memorable convention for all delegates. Ixtapa, Mexico will be the site of the WCR&HCA 2009 Conference. The dates are: February 28 – March 4, 2009 at the Las Brisas Resort Hotel.

### **Collaboration**

Of pivotal importance is to continue our collaborative work with existing and new partners. Those include but are not limited to: Canadian Construction Association (CCA); Roadbuilder & Heavy Construction Council of the CCA; Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA); Western Canada Transportation System Strategy Group (WCTS Group); Manitoba International Gateway Strategy Council (MIGS Council); CentrePort Canada Inc.; Infrastructure Council of Manitoba (ICM); Manitoba Employers Council (MEC); Winnipeg Construction Association (WCA); Business Council of Manitoba; Manitoba Chambers of Commerce; Winnipeg Chamber of Commerce; Canadian Manufacturers & Exporters Association (CME); Manitoba Trucking Association (MTA); Winnipeg Airport Authority (WAA); and many more.

### **Conclusion**

The above represents but the tip of the iceberg, areas that will capture the attention and effort of the Manitoba Heavy Construction Association on a 'go forward' basis.

The MHCA appreciates the partnership relationships it enjoys with all stakeholders organizations and associations but particularly that of the Western Canada Roadbuilders & Heavy Construction Association.

It continues to demonstrate the value and merit of belonging eastern based association with a focus on the region, the country and the globe.

Respectfully submitted,



Gord Lee, P.Eng., G.S.C.,  
Regional Director CCA