Manitoba Heavy Construction Association, Budget consultation submission

October, 2016

Introduction:

The Manitoba Heavy Construction Association (MHCA) recognizes that the Pallister government is in a difficult financial position. The deficit must be cut. This requires a delicate balancing act – finding places to cut spending while protecting and enhancing front-line services and critical programs.

The MHCA submits that a strong, strategic **core** infrastructure investment **focusing on investments that grow the economy** will help the government to manage prudently, invest wisely and help generate the revenues necessary to support a standard of living for Manitobans that is envied world-wide.

The MHCA reaffirms its commitment to the 7 Pillars in Support of 'Growing Manitoba's Economy' adopted by 6 leading business organizations prior to the provincial election campaign.

Investment:

MHCA stresses that wise decisions regarding Manitoba's finances – expenditures and revenue-generation – should seek to invest, NOT spend revenues. Expenditures should target programs, projects and initiatives that have a definable return on investment with an economic-growth focus. ***Investment*** produces desired outcomes that can be tracked; ***spending*** cannot be tied to a meaningful benefit.

The MHCA supports the Pallister government's commitment to dedicate at least $1 billion to core infrastructure investment annually, with a return on investment as a primary objective. The investment should be targeted to projects that will produce long-term return and grow the economy.

Trade:

Evidence shows infrastructure investment that promotes trade produces the greatest economic impact. Standard and Poors said in 2015 "an increase in investment of 1% of real GDP produced an economic return as high as 2.5 times in a 3-year period." (Bovino, Economic Research: Global Infrastructure Investment: Timing is Everything (And Now is the Time)

Manitoba ***is*** a trading province. Without trade, Manitoba's economy would tank. Half of Manitoba's $64-billion GDP is tied to our trade arteries – highways, rail, inland and coastal ports, border crossings, air connections and corridors that move goods in and out. In total, we know that trade generates $3.3 billion in annual payroll, or roughly 16 per cent of Manitoba's total payroll – more than healthcare; it engages more than 5,200 employers, generating employment to roughly 240,000 Manitobans.

It is undisputed that investing in trade-enabling, nation building infrastructure assets provides the greatest short- and long-term return on public and private investment. I highlight 2 recent reports: Emerson, '*Canada Transportation Act Review*' 2016, and the 2016 Canadian Chamber of Commerce, *'Infrastructure that Matters Most: The Need for Investment in Canada's Trade Infrastructure'* report. Together, they make the case that decisions to invest in infrastructure must be planned with an eye on a generation from now; ones where poor spending decisions are weeded out; ones that tap private-sector leadership and investment; ones that are based on solid, nation-building public policy objectives.

A Western Trade Initiative:

The heavy construction associations across the West have been working on raising Western Canada's profile in global trade. It is a critical time for trade – global trade patterns and relationships are shifting. We are on the cusp of solidifying a number of new global trade agreements.

The MHCA and the Western Canada Road Builders and Heavy Construction Association are pleased to advance a western trade initiative – our proposal to bring public and private sectors together in an initiative that targets investment in trade corridors, hubs and ports to ensure Western Canada capitalizes on the new trade agreements on our doorstep. This initiative aims to make the most of infrastructure investment for the greatest return to the economies of our provinces, region, and ultimately for Canada.

In Manitoba:

Broadly -- MHCA proposes 6 principles to guide infrastructure investment decisions. They are

- ***Permanent plan***: Infrastructure budgets must be sustained, just as are healthcare, education and public safety expenditures
- ***Economic growth***: invest in infrastructure that spurs growth, a return on investment
- ***Innovation***: encourage inquiry into new design, construction, maintenance and rehabilitation methods
- ***Partnership***: public-private collaboration recognizes the private sector is the engine of innovation, job-creation and it generates the tax revenues that support our social programs
- ***Transparency***: Infrastructure funding must be sustained through transparent, dedicated revenue streams, including growth taxes.
- ***Public review***: Infrastructure investment should be held accountable through period, public review, allowing us to learn and adjust with experience.

Specifically -- The MHCA recommends that the Manitoba government

- Formally commit to core infrastructure investment focusing primarily on those infrastructure assets that an enable economic growth
- Undertake a provincial infrastructure assessment to calculate the trade and transportation deficit
- Identify a joint private/public sector trade-enabling infrastructure investment strategy, as called for in the TTW brief
- Stay true to the legislative definition of 'core' infrastructure for the expenditure of the revenues from the 1 percentage point of PST
- Commit to adopting, as guiding investment principles, the 6 organizing principles referenced above

Thank you for this opportunity to participate in the budget consultations. It speaks well of the desire of the Legislative Assembly to produce a budget that meets the needs and interests of all Manitobans.

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