



MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)
Unit #3-1680 Ellice Avenue, Winnipeg, Manitoba, R3H 0Z2

December 16, 2020

Presentation to: **Mayor Brian Bowman**
All members of Council

From: **Chris Lorenc, B.A., LL.B., President**

Subject: **2021 Preliminary Operating & Capital Budgets**

The MHCA and the industries it represents are pleased to support the 2021 Balanced Budget Update.

We acknowledge and appreciate the difficult challenges you have each faced in 2020 with falling revenues because of the pandemic impact on the economy. But you weathered them well, in part because of the leadership foresight to adopt a four-year, balanced budget plan - *you should commit to its continuance going forward*. This helped enable disciplined fiscal measures and contingency plans, executed when the pandemic's impact became apparent, saving the city from even more severe financial harm. For this, you are to be commended.

In the face of that challenge, your 2021 preliminary budget emerged with important features, revealing prudent stewardship of public finances in serving public interest. They include:

- Keeping the annual realty tax rate increase to 2.33% to allow your continued investment in the largest asset upon which our ability to sustain jobs and circulate money in the economy is built, namely our basic core infrastructure -- streets, lanes, sidewalks, bridges and sewer and water mains, and continue payments for Stage 2 of the Southwest Rapid Transitway
- You have preserved largely intact the city's public transit system, reminding all of us of the importance of long-term investment in transit and of balanced investment in transportation modes
- Increased existing and introduced new funding to important community services, such as libraries and recreation centers, and added funding for our tree canopy
- Increased funding over 6 years to water and sewer main renewals
- The local and regional street repair programs largely confirm projections for those programs, 2021- 2024
- The budget raises the Small Business Tax Credit threshold which will eliminate the Small Business Tax for almost 1,000 more businesses in 2021; and
- The proposed six-year \$2.3 billion capital investment plan is estimated to boost GDP by over \$1 billion in Manitoba and across Canada, create over 10,000 person years of employment while generating incremental tax revenue to the provincial government of \$111 million, and \$139.2 million to the federal government.

The recommendations we advanced during the public consultation process supported your approach to budget planning. They focused on strategic financial planning to put Council in a stronger position as it prepares for annual and forecasted budgets.

They spoke to identifying the requirements of our transportation system and putting in place a sustainable funding model supported by appropriate cost-shared infrastructure agreements, with senior governments, reflecting their greater access to revenue sources than those of municipal government.

We support the IRPW motion and urge that Council endorse its recommendation that the Public Service update the condition/needs assessment of our transportation system, and the sustainable funding levels required for the replacement and renewal of roads and bridge infrastructure.

And you know too well that getting to that stronger position is critical.

The necessary focus on economic growth is why the MHCA is particularly pleased to see in the budget, Council's intent to prioritize investments through an economic development and growth lens. The re-establishment of the Economic Development Office, aside from the immediate benefit its coordination role will provide, will serve to elevate that economic focus.

Your commitment to sustained investment in our city's core infrastructure budget will not go unnoticed by the public which has again confirmed its view reflected in City conducted public opinion surveys, that the No. 1 action the City can take to improve their quality of life is to invest in roads and infrastructure.

It will also be broadly welcomed by the private sector, including the design and construction industries, manufacturers and exporters, importers and exporters of goods and services, the trucking industry and the development community, each of which rely daily upon an efficient, connected transportation system. They too invest in the future of this city, their companies and their employees.

These industries employ hundreds of thousands of Manitobans, most in Winnipeg. Their income circulates in the economy that supports local business. They each are your willing partner, counting on your continued leadership.

We are glad, as well, to support the IRPW's request that Winnipeg join the Federation of Canadian Municipalities' continued call, to make the doubling of revenues from the federal gas tax permanent. This recognizes the necessity of other levels of government to support municipal infrastructure investment through predictable, growth-tax revenues. *There is good support in the business community for this in Manitoba and across Canada. We are able and would be pleased to help marshal its supportive engagement.*

In closing:

- We urge council endorse the IRPW recommendations:
 - That in advance of the 2022 Capital Budget, the Public Service update the condition/needs assessment of our transportation system, and the sustainable funding levels required for the replacement and renewal of roads and bridge infrastructure assuming dedicated funding through annual property tax increases of 2% and forecasted construction inflation; and
 - That Council reiterate its support for the Federation of Canadian Municipalities' initiative for a permanent doubling of the federal gas tax.
- We congratulate the City for investing in the Economic Development Office, which will help prioritize capital investments so a growing economy can continue to generate the revenues to fund the core, social and cultural services and quality of life Winnipeggers expect; and
- We reiterate our support for the 2021 preliminary Operating and Capital Budgets, the update of the 4-year budget plan, and the capital program it has laid out in the annual and five-year forecast.

Thank you.

Respectfully submitted,



Chris Lorenc, B.A., LL.B.,
President, MHCA