



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

January 22, 2021

The Hon. Scott Fielding,
Minister of Finance
305 – 450 Broadway Avenue
Winnipeg, Manitoba,
R3C 0V8

Re: MHCA Pre-budget submission 2021

Dear Minister Fielding,

The MHCA respectfully sends the below pre-budget submission and requests the opportunity of its discussion with you in a meeting as soon as practicable.

Context

Your government had done a commendable job of managing a return to fiscal balance. This was set back by the impacts of the COVID pandemic on economic growth and, consequently, upon provincial revenues.

Economic revival in Manitoba and Canada, will require all governments to adopt new approaches and strategies to grow the economy, building in structural resiliencies to meet unforeseen circumstances and challenges.

Manitoba, as with Canada itself, is a trade-dependent economy.¹ Our economic revitalization will depend on strengthening ties to existing trade partners and seeking new, emerging markets to diversify and to protect our economic and security interests.

Manitoba's trade gateways and corridors move people to jobs and goods to market. They are indispensable to our trade-dependent economy. They require purpose-driven, incremental and strategic investment.

Quite apart from necessary provincial investment, the global trade-market reality is that our province should further broaden its domestic, continental and global-trade profile and opportunities by working with its Western counterparts², to press the federal government for renewed and bold recapitalization of a Western Canadian trade gateway and corridor program.

To illustrate the above points, we have attached a letter dated January 21, 2021, from business organizations representing a broad cross-section of Manitoba's economy, addressed to the Hon. Jim Carr. In it, he is asked to champion development of a sustained *Western Canada Trade Gateways and Corridors Program* which incents public/private trade investment across Western Canada, to advance the region's and our country's economic and security interests.

¹ Trade supports 53 per cent of Manitoba's economy; generates roughly \$37 billion worth of business; and sustains approximately 240,000 direct and indirect jobs.

² Western Canada, at 32% of Canada's population, contributes 37% of its exports and nearly 38% of its real GDP.

Discussion - Economic resiliency challenges our governments to adopt new strategies.

Respectfully, as part of the economic growth strategy, Manitoba Infrastructure must be re-imagined and re-purposed. It should not just manage transportation assets and flow capital programs. Its role and budgets must be re-envisioned and harnessed as key provincial drivers of investment, therefore economic growth and prosperity.

In that re-engineered role, MI should be supported by a new policy framework that elevates ROI to GDP as a core principle of public investment strategies and decisions; includes a focus on strategic investment in Manitoba's trade gateways and corridors; and, is guided by the following suggested principles:

1. Established recognition of MI's re-visioned role, not one temporary or ad hoc in nature
2. Budgets should focus primarily on growing the economy
3. Embrace innovation in all aspects of investment, from design to funding to procurement
4. Harness the ingenuity of the private sector in support of provincial investment and economic growth objectives
5. Ensure dedicated revenue streams to support *discipline to purpose*, sustainability and predictability to help ensure productivity and competitiveness of industry and the economy; and
6. Annual review for adjustment to emerging circumstance, opportunities and objectives as reflected in an Annual and 5-year program.

Investment in strategic infrastructure provides amongst the highest ROI of public-sector dollars, enabling growth, attracting private investment, creating jobs and, in return, generating new revenues to government for years. That return on investment is long-term because of transportation infrastructure's intrinsic role in trade.

The efficient, reliable movement of goods to and from markets depends on the condition and connectivity of regional roads, highways, corridors and gateways. That fact is why government infrastructure investment policies and strategies, along with the transportation-asset condition, are routinely assessed and rated in global 'confidence' indices. Our infrastructure investment strategies – or absence thereof – are recognized by investment banks and trade partners.

Recommendations

Guided by the above six principles, to spur economic revival and sustained growth through broad, multi-year trade-enabling strategies, MHCA recommends:

1. The Government of Manitoba elevate the role of Manitoba Infrastructure to lead by aligning investment plans with trade-based opportunities through a policy framework that:
 - Focuses on elevating Manitoba's national, continental and global-trade profile by identifying trade corridors and gateways as key assets for strengthening existing markets and developing new, emerging trade partners;
 - Prioritizes the infrastructure projects with the greatest ROI to GDP;
 - Ensures province-wide, timely access to RTAC highways to support Manitoba's producers and encourage value-added enterprise with efficient movement of goods and services;
 - Incubates a province-wide culture of regional economic development with funding programs that incent coordinated infrastructure investment decisions among proximal municipalities; and
 - Is mindful of the need to maintain existing assets that support communities, business and residents.
2. Enable Manitoba Infrastructure to move beyond managing assets, assuming a central role in whole-of-government investment and environmental stewardship through long-term outlook and decision-making, including:
 - Moving from yearly budget management to annual and five-year budget planning;

- Adopt multi-year investment plans to identify projects that position Manitoba to secure existing and expand into new trade markets;
- Assess and publicly report on infrastructure condition and needs assessments, to ensure our transportation network, water & sewer and water-control assets can protect our communities and economy from extreme weather events and climate change; and
- Update Manitoba's infrastructure investment deficit and, backed by an asset-management approach, set out a strategic plan to reach sustainable investment levels by a targeted date.

In Closing

Manitoba can revive and grow its economy and play a larger role in Canada's economy through strategic thinking that protects and advances our trade and security interests, working with Western Canadian provinces for full regional impact and profile.

Respectfully, we urge that Manitoba Infrastructure be central to that strategy, which compels rethinking our policy framework for investment.

The MHCA is one of six leading Manitoba business organizations that advance key economic growth pillars, one of which is strategic trade-enabling infrastructure investment, to support your government to grow Manitoba's economy through raising our province's global profile.

The MHCA looks forward to meeting with you to discuss the above and will follow up with your office to secure the requested early meeting date.

Respectfully submitted,
Manitoba Heavy Construction Association



Nicole Chabot G.S.C.
MHCA Chair



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

cc. MHCA Board of Directors



January 21, 2021

Hon. Jim Carr
 Minister, Special Representative for the Prairies
jim.carr@parl.gc.ca

Subject: *'Western Canada Trade Gateways and Corridors Program'* - supporting Canada's economic and security interests

Dear Minister Carr,

The undersigned organizations represent a broad cross-section of Manitoba's economy. We believe that growing the economy is each government's # 1 priority without which, it is moot to speak of funding our globally envied social programs.

We seek your political leadership as Special Representative for the Prairies in the federal Cabinet. We ask you to champion development of a sustained *'Western Canada Trade Gateway and Corridors Program'* which incents public/private trade investment across Western Canada, to advance the region's and our country's economic and security interests.

We see this initiative within the spirit of the Prime Minister's January 15, 2021 mandate letter³ in which he asks you to *"Actively foster a vision for the Prairies as a destination for talent, international investment and trade, including to promote Western Canada internationally ... to expand and diversify export markets for agricultural and agri-food businesses and natural resources."*

Our gateways and trade corridors include marine, road, rail, and air modes supporting freight and passenger flows of regional and national significance for international commerce. The program objective would be to support economic revival in Western Canada post pandemic, to improve our domestic competitiveness in world markets harnessing the ROI of trade, and in the process, promote our national security interests.

The program could fund projects which⁴:

- align Western Canada's major transportation systems with our key global commerce opportunities
- will carry regionally significant and growing levels of trade, based on empirical evidence and analysis

³ We also reference the supportive mandate letters for Hon. Chrystia Freeland, Deputy Prime Minister and Minister of Finance; Hon. Marc Garneau, Minister of Foreign Affairs; Hon. Catherine McKenna, Minister of Infrastructure & Communities; Hon. Dan Vandal, Minister of Northern Affairs; and Hon. Omar Alghabra, Minister of Transportation.

⁴ Manitoba projects could include realizing Churchill as Canada's northern trade gateway; CentrePort Canada, Canada's first inland port and in particular the Chief Peguis Trail extension to help realize on the *'better faster cheaper'* connection to global trade offered by CentrePort Canada which has already attracted more than \$1 billion in private sector investment; the Emerson border crossing to the United States; South Perimeter improvements which support Manitoba's regional, domestic, continental and global trade role.

- support regional and global trade connectivity
- enable the system to withstand the impacts of climate change and adapt to new technologies and innovation; and
- partner with and draw investment from sub-national governments and the private sector

Economic revival is Canada's priority. The return to prosperity, however, will not be fully realized without a sustained and strategic trade gateway and corridor investment strategy.

Canada's economy is highly dependent on international trade. Exports directly and indirectly accounted for 2,942,400 jobs in Canada in 2011 according to Statistics Canada, or 16.7% of all employment. Canada's trade-to-GDP ratio was just shy of 65% in 2019, a relatively consistent annual share of Canada's economic activity.

Given our economy's historical and projected reliance on trade, the investments we make will pay dividends for years to come. They will deliver sustained economic growth, build stronger communities, all while creating well-paying jobs for Canadians.

It will take years for Canada's economy to rebound not just from COVID impacts, but protectionist policies of our largest trade partner and China's weaponization of trade. The threats continue with the growth of China's global economic footprint and the Biden administration's promotion of 'Buy America'.

Canada must prepare for future global trade disruption while recognizing opportunities arising from crisis. Most immediately, Canada must prepare to exploit the global pent up trade potential when the pandemic shutdown lifts.

Canada recognizes the imperatives of global trade to our domestic economic and social welfare by pursuing and signing international trade agreements including Canada-United States-Mexico Agreement (CUSMA); Canada-European Union: Comprehensive Economic and Trade Agreement (CETA); and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Domestically, Canada's recognition of the critical need for modern trade gateway and corridor transportation infrastructure to support our global trade profile is reflected in our nation-building investment programs: Asia Pacific Gateway and Corridor Initiative; the National Policy Framework for Strategic Gateways and Trade Corridors; the Ontario-Quebec Continental Gateway; and, the Atlantic Gateway & Trade Corridor, to name but a few.

These and like programs helped elevate Canada's global reputation. By 2008-09, Canada was ranked 10th globally in the World Economic Forum's Global Competitiveness Index for transportation infrastructure reliability. However, with reduced investment programs, as of 2019 Canada's reliability reputation precipitously dropped to 32nd⁵.

Now is the time to recapitalize investment to drive the region and Canada's economic growth and protect our national security interests. And Western Canada is strategically situated to help do just that. It is:

- a vast, resource-rich, value-add manufacturing region with a growing population and significant, pent-up capacity to produce the goods in demand, domestically, continentally and globally
- at 32% of Canada's population, it contributes 37% of its exports and nearly 38% of Canada's real GDP
- Western Canada's GDP per capita was \$56,000 in 2017, 18% higher than the national average.

Globally, nations will recover unevenly from the pandemic's social and economic upheaval. Canada must also be ready for the next disruptor. Our national security interest requires us to protect our trade ties, to be nimble, connected, and ready to shift our trade routes and focus.

⁵ World Economic Forum Global Competitiveness Report 2019
http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

Our overseas trade partners, our customers are waiting to see what Canada will offer. Western Canada can be a trade superpower, to help turn Canada into a global trade leader.

Perhaps Perrin Beatty, President of the Canadian Chamber of Commerce best made the connection when he said this: *“There is the infrastructure we want like parks and hockey rinks, the infrastructure we need like schools and hospitals, and then there is the infrastructure that pays for these things and that is trade infrastructure.”*

In closing, in addition to those named below as receiving a copy, we have under separate cover copied our respective Boards of Directors.

Please direct your reply to Bram Strain, President & CEO of the Business Council of Manitoba at bstrain@businesscouncil.mb.ca our lead on this file. We look forward to your reply and an early meeting to discuss next steps options.

Yours truly,

Business Council of Manitoba



Bram Strain,
President & CEO

Canadian Manufacturers & Exporters



Ron Koslowsky,
Divisional Vice-President

Manitoba Chambers of Commerce



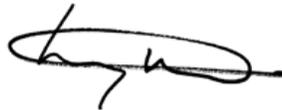
Chuck Davidson,
President & CEO

Manitoba Heavy Construction Association



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

Manitoba Home Builders Association



Lanny McInnes
President

Winnipeg Chamber of Commerce



Loren Remillard
President & CEO

- cc. Hon. Chrystia Freeland, Deputy Prime Minister and Minister of Finance
Hon. Marc Garneau, Minister of Foreign Affairs
Hon. Catherine McKenna, Minister of Infrastructure & Communities
Hon. Dan Vandal, Minister of Northern Affairs
Hon. Omar Alghabra, Minister of Transportation
Hon. Brian Pallister, Premier, Province of Manitoba
His Worship, Mayor Brian Bowman, Mayor, City of Winnipeg
Perrin Beatty, President, Canadian Chamber of Commerce
Dennis Darby, President, Canadian Manufacturers & Exporters
Diane Gray, President & CEO CentrePort Canada