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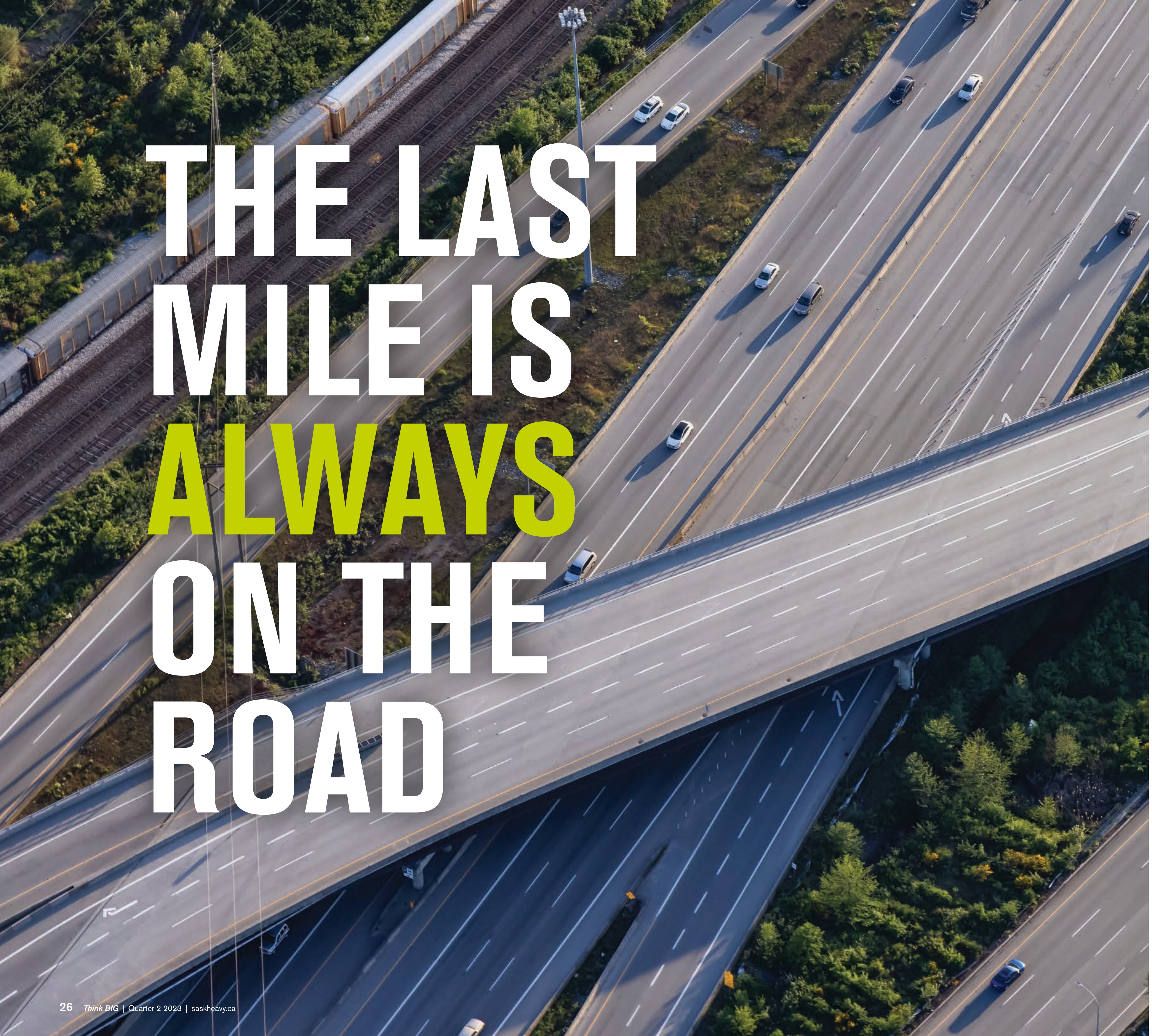
THINK BIG



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THE LAST MILE IS ALWAYS ON THE ROAD

Growing the economy with trade-enabling infrastructure

By Martin Charlton Communications

There is a saying that goes, "If you want to go fast, go alone. If you want to go far, go together."

Going together requires coordination. That coordination can happen when an objective is set and information is shared. Others can decide what they need to do now and along the way to support the group getting there.

A government wanting to grow the economy achieves that objective with others. An economy that depends on trade – like Saskatchewan and Canada's – needs to move commodities and people through the country and out to other parts of the world. Moving goods to and from other countries makes up two-thirds of this country's income (as compared to just over a quarter for the U.S. and 45 per cent for Australia, according to World Bank figures).

"I think that there is a growing recognition by premiers right across the country that we need to focus on growing the economy," said Chris Lorenc, who is part of a coalition encouraging governments to see how investing in trade-enabling infrastructure can contribute to achieving that objective. Lorenc is president and CEO of the Manitoba Heavy Construction Association (MHCA), and president and CEO of the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA).

What he and others are encouraging government to see down the road is a Canada that has a more effective system of trade-enabling infrastructure to move commodities through the country and beyond its borders to make it more competitive in the world trade market.

If a government in this country has an objective of growing the economy, then Lorenc wants that government to know others with a role in fulfilling that objective need a longer look down the road. The heavy construction industry has such a role. A longer look down the road is provided through annual and five-year projections of strategic investing to create and maintain an effective system of trade-enabling infrastructure.

In Manitoba, Lorenc has found the current provincial government receptive to the message. In Manitoba's last provincial budget, that government announced a $2.4 billion three-year capital plan. The plan commits to investing a minimum of $500 million per year into highways. While he is grateful for the three-year plan, Lorenc says looking five years ahead would be even better.

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"We've been saying to successive provincial governments that what they need to be doing is moving towards an annual and a five-year program," said Lorenc. "You (as a government) cannot expect efficiency and productivity, and therefore competitive bidding if you (as a contractor) can't look down the road to see where your opportunities are and what the level of investment is projected to be, which then shapes your business priorities, your business plans, your choice to make investments and your choice to go after emerging market sectors.

"You can't do that when you're blind to the priorities of an important purchaser of your services (which is government)."

That annual and five-year projection would be useful to not just the heavy construction industry, but those who supply the industry. Lorenc points out, for example, that those in design and engineering, materials, fuels, aggregates, oils and equipment supply could also better organize themselves to be prepared for the level of investment to be made.

But the point of projecting investment in infrastructure assets five years into the future is not to support the heavy construction industry and the construction of highways. Lorenc explains it is to support a bigger objective for the country, which is to grow the economy by making Canada more competitive in global trade.

"Highways are the instruments that enable trade. It's like you can talk about health care, but the instrument that enables it is a hospital," said Lorenc. "Trade is the objective. The enabling instruments are trade gateways and corridors, whether air, rail, marine or road – and let's remember that the last mile is always on the road."

It is also a message to Canadian citizens and current and potential trading partners that Canada has a plan that is critical. Some suggest planning budgeting this far into the future limits a government, but Lorenc says it is an opportunity. It builds the country's reputation in the global trade market as being reliable and competitive while signalling to voters that government investments are purposeful and strategic and will deliver a return.

That return can support other areas of a government's budget. The economic growth would provide governments growing revenue to support areas such as health care, education and social programming. The federal and provincial governments are encouraged to look at these investments in terms of the return they will deliver that will allow them to achieve more – at home and in the world.

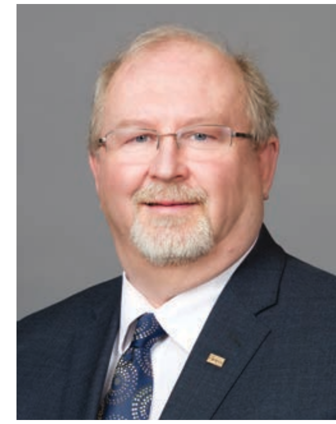
"The three foundational pillars of budget construction from our perspective are growing the economy, being socially progressive and environmentally responsible," said Lorenc. "But you can't do the social and the environmental if you're not successfully growing the economy.

"And if you're talking about growing the economy, your highest ROI to GDP is trade enabling infrastructure investment."

Canada is regarded as a key source and provider of fuel, fertilizer and food to meet essential needs in the world. However, the infrastructure needed to reliably move those "three Fs" to market is where the country's reputation is weak.

"Canada has what the rest of the world needs," said Lorenc. "Why would we not position ourselves to be the enabler of global economic growth through trade and, in the process, enhance and strengthen our domestic fiscal power? It's an investment in nation building. It's an investment in enhancing our fiscal power. Its an investment that supports our national security."

Other governments in the world are making the investments to ensure their countries remain competitive. This includes the U.S., where in 2021, the Senate passed the $1.3-trillion infrastructure bill to invest in roads and bridges (as well as fund new climate resilience and broadband initiatives).



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That commitment was made after the World Economic Forum's ranking of countries based on the quality of their overall infrastructure showed the U.S. slipped from ninth in 2008–09 to 13th in 2019. Canada's slip was much further – from 10th to 32nd, just ahead of Azerbaijan.

Canada can improve its global competitiveness by investing in infrastructure that enables trade. That will take a lot of coordination for the country to go far, but that coordination has begun.

Restoring Canada's global reliability reputation rankings is critical and will require a leveraging coordinated investment commitment of the municipal, provincial and federal government partnering with the private sector. Lorenc is part of a coalition of five national organizations led by the Business Council of Canada, the Canadian Chamber of Commerce, the Canadian Construction Association, the Canada West Foundation and the WCR&HCA. They are approaching the three orders of government to advocate for a nation building strategy to invest in Canada's trade corridors to enable and harness trade-based economic growth.

"The coalition is basically saying to the premiers and to the federal government: we are a trade-based economy. Our history is based on trade. We rely on trade to give us our economic wealth, fiscal power and standard of living. Those trading relationships are at risk."

It is hoped their advocacy will help persuade the federal government to make a commitment in budget year 2024 to a national plan for trade corridor infrastructure so that Canada "can begin the necessary reinvestment in the very assets that have shaped who we are as a country and can continue to improve upon who we are as a country," Lorenc explained.