



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

January 15, 2024

Memo to: Hon. Adrien Sala
Minister, Manitoba Finance

From: MHCA Board of Directors
Dennis Cruise, Chair MHCA Board of Directors
Chris Lorenc, B.A., LL.B., MHCA President & CEO

Subject: **Pre-Budget Submission; MTI, Trade and Infrastructure Investment – “the economic horse”**

MHCA’s advocacy is rooted in the proposition that economic growth is Job #1 for all levels of government. Absent a growing economy, support for quality, responsive social programs and core public services is undermined. This aligns with the Premier’s statement that it is “*the economic horse that pulls the social cart.*”

That foundational principle grounds all MHCA advocacy, reflected in our recommendations regarding provincial and municipal planning matters, natural resource stewardship, expanding access to revenues, infrastructure asset management, preservation and investment.

Briefly, we submit that public-sector budgets should promote economic growth, be socially progressive and environmentally responsible.

MHCA is mindful of the fiscal and financial challenges of the Government; priority for deficit reduction/elimination is appropriate and necessary.

Mindful of fiscal health and revenue generation, MHCA submits that key to financial stability is a focus on high-ROI to GDP investments. Economic analyses have verified an ROI starting at \$1.30 for every \$1 invested in transportation infrastructure.

In preparation for Budget 2024 planning, MHCA is pleased to offer the following for consideration.

CANADA TRADE INFRASTRUCTURE PLAN (CTIP)

MHCA, through the Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA), is a founding partner in a coalition of leading national business organizations promoting CTIP – the campaign for long-term, strategic planning for national investment in trade corridors and gateways.

The Province of Manitoba has been a leading champion of CTIP since January, 2023, and Premier Kinew has committed to promote CTIP at provincial and federal meetings.

Core members of CTIP group include: Canada West Foundation, Canadian Chamber of Commerce, Canadian Manufacturers & Exporters, Canadian Construction Association, Civil Infrastructure Council Corp and the WCR&HCA.

To briefly recap CTIP’s principles, goal and progress:

- To usher in national, coordinated investment in Canada's trade gateways and corridors via collaborative federal, provincial and the private-sector planning, resulting in a long-term (20-year+) strategy that prioritizes projects with a strong business case for elevating the country's trade profile and productivity.
- Western infrastructure ministers and Premiers, in separate MOUs in 2023, agreed to work together to coordinate planning and investment in trade corridors
- The Premiers' Council of the Federation in July 2023 unanimously supported the principles of CTIP in a final communique that called upon Prime Minister Trudeau to hold a First Ministers' meeting on the joint, linked priorities of competitiveness and strategic infrastructure.

MHCA requests you, as Minister of Finance, and your government continue to lead the work at national ministerial, provincial and federal conferences for a long-term, national strategy for trade infrastructure investment.

SUPPORT CENTREPORT CANADA

Support the ongoing '*Better Cheaper Faster*' proposition which CentrePort is evidencing in attracting trade-related, private sector investment to its 20,000-acre footprint. CentrePort Canada is a magnet for investment and is already having a significant impact on Manitoba's trade role domestically, continentally and globally.

MANITOBA TRANSPORTATION & INFRASTRUCTURE

Increasing trade is critical to Manitoba's economy. Manitoba, as with Canada, is a trade-dependent economy. We produce more domestically than we can consume and so must continue developing markets for export.

Trade is 53% of Manitoba's (66% of Canada's) GDP and a seamless, efficient transportation network is the basis upon which trade rides. Trade infrastructure investment and MTI should be central to the Province of Manitoba's economic growth policy and strategy.

Manitoba's transportation system requires investment because "*if you can't move it, you can't sell it.*" The investment must be purpose-driven, incremental, strategic and planned primarily through an ROI-to-GDP lens.

Respectfully, MTI is not simply an asset-manager. Its mandate should be recognized to be a key economic growth ministry by aligning investment plans with trade-based opportunities through a policy framework that: elevates Manitoba's national, continental and global-trade profile by investing in trade corridors and gateways that strengthen existing and develop new markets; and prioritizes the investment through a highest ROI to GDP lens.

HIGHWAY CAPITAL BUDGET; SYSTEM NEEDS & INVESTMENT REPORT; INFLATIONARY IMPACTS

The MTI highway capital budget is fixed at a minimum of \$500 million for each of the next five years. This is in stark contrast to the \$628 million expended in the last year (2015/16) of the Selinger government ([chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.gov.mb.ca/mti/reports/annual/pdf/2015_2016_annual.pdf](https://www.gov.mb.ca/mti/reports/annual/pdf/2015_2016_annual.pdf))

Further, neither the \$628 million in 2015/16 nor the \$500 million annual current plan [2023 MANITOBA ESTIMATES OF EXPENDITURE](#) is linked to a report of an assessment of system condition, maintenance needs, safety risk and new investment requirements report ('System Needs & Investment Report').

Respectfully, a necessary first step for the new government is to make public MTI'S internal *System Needs & Investment Report*. Without its disclosure, decision of appropriate budget level becomes solely a political exercise, in absence of a balanced discussion regarding infrastructure asset management, and investment deficit.

Moreover, the impacts of inflation and general rising construction costs have significantly reduced the purchasing power of the budget over that same period.

For example, according to the Inflation Tool Calculator <https://www.inflationtool.com/canadian-dollar/2015-to-present-value> the value of the dollar across Canada's economy shrunk roughly 25.6% between 2015 and 2023.

Accordingly, \$628 million in 2015/16 would require a budget of \$788.77 million in 2023/24 just to keep pace with inflation let alone an investment level tied a system needs report.

The estimated total system-needs investment deficit hovered in the vicinity of \$9 billion in 2018. Further, the level of investment required *just to maintain* highways (excludes bridges and structures, any enhancement or new assets) in their then current condition hovered around \$600 million annually in 2018.

Applying the same Inflation Tool Calculator would translate today to an inflationary increase of 19.1%. The \$600 million in 2018 dollars would require \$714.6 million in 2023 dollars *just to maintain*, not improve, the system. The highway capital budget requires a revisit and significant increase, based upon a public System Needs Investment Report, tied to a long-term plan with defined service-level expectations, measurable objectives and outcomes.

ANNUAL & FIVE-YEAR PROGRAM

The Province of Manitoba published a 3-year capital program in 2022 and a 5-year capital program in 2023, each an historic first for the provincial government. The MHCA strongly recommends MTI, itself, adopt in budget year 2024/25 an annual and five-year capital program as a matter of prudent asset management. This is a well-established practice used by the City of Winnipeg. This helps set strategy and enables flexibility with an annual review, and empowers adjustment for changing priorities or unanticipated opportunities.

HIGHWAYS MAINTENANCE BUDGET

The operating/maintenance budget has been flat which impairs MTI's ability to adequately invest in asset maintenance, contributing to pre-mature asset degradation. During the recent provincial election all party leaders agreed to more maintenance including winter maintenance. We recommend increases to this budget based upon the earlier referenced *System Needs & Investment Report* as a matter of best practice and encourage considering competitive bidding as a means of cost-effective service delivery.

ENVIRONMENTAL STEWARDSHIP

The MHCA, joined by the Winnipeg Metropolitan Region, initiated and the provincial government in summer 2023 announced the formation of a multi-stakeholder (includes MTI, Winnipeg, industry and related line departments) Construction, Renovation, Demolition (CRD) Materials Task Force. Its mandate is to recommend ways by which CRD materials can be diverted from landfills and be re-purposed and re-used. We look forward to supporting its work.

BLUE RIBBON PANEL ON INFRASTRUCTURE

Premier Kinew committed to establishing a blue-ribbon panel on infrastructure to help identify important infrastructure needs on which local voices are heard, industry input is incorporated and economic goals are prioritized. This was referenced in the Premier's October 19, 2023 mandate letter. Respectfully, the MHCA would be pleased to be member of the panel. We also recommend that ACEC-MB be named as a key market stakeholder.

All of which is respectfully submitted.

Sincerely,

MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)



Dennis Cruise, CET, G.S.C.
Chair, MHCA Board of Directors



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

cc. MHCA Board of Directors