



Unit #3 - 1680 Ellice Avenue, Winnipeg, Manitoba R3H 0Z2
Ph 204 947 1379; Fax: 204 943 2279; www.mhca.mb.ca

BIG PICTURE LEADERSHIP REQUIRED

Winnipeg - Manitoba Chambers of Commerce Speech - October 1, 2014

May I first express my thanks to the Manitoba Chambers of Commerce and Chuck Davidson President & CEO, for giving me an opportunity to address this breakfast series, and to all of you here today... for taking the time from your busy schedules to attend.

I also wish to thank Edge Marketing Strategies for sponsoring this event.

I have been given a privileged opportunity to share perspectives on leadership and vision, and to offer suggestions around topic areas against which you may wish to test candidates for the office of Mayor.

I propose to highlight a number of key areas including democracy, governance, political relationships, economic and trade growth strategy, capital region strategy, rail rationalization and infrastructure, and end with concluding remarks.

My purpose here today is not to suggest nor imply support for, nor oppose any candidate, but simply offer a series of benchmarks for your reflection and consideration.

DEMOCRACY

It is said that once every four years, on the third Tuesday in October, everything else in our lives can wait because democracy cannot. For that is the day afforded us as citizens of this city and province, in this free country to select who will lead our communities over the next four year period, and which others will join the Mayors and Reeves in shaping the future destiny of our communities.

Voting is a responsibility too many in our society ignore. And look around the world today - Syria, Russia, Ukraine, Libya, Hong Kong, China - this list goes on - we enjoy a privilege for which millions have lost lives and countless more millions are deprived of every day.

And so we should take the responsibility of elections, democracy and voting seriously, because it matters.

My views on the imperatives of big picture political leadership are shaped by my experience -- 9 years on Winnipeg's City Council with its voluntary end in 1992, followed by 23 years with the private sector seated with the Manitoba Heavy Construction Association (MHCA), relations with scores of local, provincial, regional and national stakeholders, relationships with all three levels of government, and external influences past and current.

Leonard Asper for example, observed in the early 2000's that Canadians of all ages were looking for and wanted bold, innovative policies and solutions seen to support a vision; policies that embrace the future and realism. He referred to this as the '*Radical Centre*.'

It was rooted in accepting that it is not good enough to say that we're competitive with or almost as good as the next guy – good enough has been the standard and that is NOT good enough for the future!

A '*Radical Centre Platform*' is not radical in the ideological sense. It is one however, which challenges the status quo – *it rejects what is, with a radical vision of what could be.*

Hillary Clinton in a widely publicized August 10, 2014 interview in Huffington Post, critically commented on President Obama's foreign policy saying that "*Great nations need organizing principles, and 'Don't do stupid stuff' is not an organizing principle.*"

Many others have noted over the years that politics and leadership should be about ideas - a clash of visions, of competing plans subject to vigorous, honest face-to-face debate, to promote and advance future directions, society's destination and the general welfare of community and country.

In its place however, many lament that all too often what we see is the politics of special interest pandering which is tiresome, depressing and not at all what healthy democracy should be about.

I embrace the above streams of thought and conclude that we should challenge those aspiring to be Winnipeg's next mayor to demonstrate their leadership qualities. Challenge them to lay out a fresh vision with an accompanying definition of "*opportunity*" and show why voters should give the candidate an "*opportunity*" to be mayor.

And so... here are some areas against which to test both their ability to lead and their association with '*opportunity*.'

GOVERNANCE

Governance at City Hall is due for a serious review.

An important first decision for the Mayor will be the search for and selection of a new Chief Administrative Officer (CAO). In my view the successful candidate must demonstrate an understanding of the significant differences between the private and public sectors.

The private sector operates largely around *absolutes*. Did the business operation make a profit; are its products and services still relevant to the customer; what risks are associated with expanding its business horizon; has it met its financial targets; what corporate social responsibility opportunities are available to contribute back to the community at large - decisions all driven by *absolutes*.

The public sector however largely operates around *abstracts*. Did we consult; did we consult with everyone; have we an established process; have we followed the process; what is the public policy imperative and do we have one; have we considered all possible areas of opposition and dealt with them - largely *abstracts*.

The successful CAO candidate should have a demonstrated record of achievement, reputation, backbone and unquestioned integrity based in each of the private and public sectors. Failure to understand one or the other, can lead to poor results.

The Mayor and Council need to refresh and be reminded of their roles as members of City Council.

Their responsibility is to function much like a Board of Directors - *Council* - setting thoughtful vision, policy objectives and course for the City, and not pretending to act in place of department directors or managers.

Having said that, the mayor and council should both enable administration to manage, expect policy implementation and be prepared to hold accountable those responsible for failure to deliver its priorities.

To further inject healthy debate and accountability, Council requires support from an arm's-length *Treasury Branch* to oversee all financial matters, and an independent *Policy Branch* enabling research and policy options without the inherent bias of internal thinking. This would inject *competition between ideas* -- a true strength of democratic governance.

All of us elect the mayor at large to lead our city, including the responsibility for shaping *Executive Policy Committee (EPC)*, the cabinet of civic government.

No Mayor should accept being hamstrung by the notion that Council will tell the mayor who to appoint to cabinet.

We want, need and expect leadership and executive structure led by the mayor, the only person elected at large at city hall. EPC is part of that structure and is a reflection largely of the mayor's ability and capacity to persuade, build coalitions and to lead.

We want and need and should expect to be able to keep our collective right at elections to reward the mayor for success, or hold him/her accountable for failure to lead.

Term limits nurture the importance of seeking elected public service and the associated opportunity to make a difference to one's community. Elected public service should not be restricted to those with the advantage of incumbency. Three consecutive four-year terms as limits upon the office of mayor and councillor enable greater access to more people to offer their service to the public.

The right candidate must demonstrate an understanding of civic governance and an ability to lead its change.

POLITICAL RELATIONSHIPS

The head of our civic government is the Mayor. He/she sets the tone, initiates priorities, leads in crafting, shaping, encouraging direction, speaks and answers for the City. Those are the public's expectations of the Mayor.

That being the case, it is critical that the Mayor engage his/her time, energy, personality and credibility, investing in political relationships not just on Council, but with colleague Canadian Mayors, with federal ministers, with the Prime Minister.

A key relationship in Manitoba is of course with the Premier - whose willingness to lend provincial support is key.

The astute candidate will demonstrate critical capacity to park political differences and effectively collaborate with the premier of Manitoba whoever he/she may be from time to time (a two-way street).

The ability to establish and maintain respectful relations must cover all matters municipal/provincial in nature, including but not limited to: regional economic-growth strategies, transportation systems, core infrastructure service delivery and a balanced fair sharing of fiscal resources and revenues.

The underpinning objectives must be to support sustained growth, jobs, career and investment opportunities for those here, yet in school and potentially seeking to locate to our community.

Winnipeg needs to be a heard voice at the national level. We need our mayor to play a greater leadership role with the Federation of Canadian Municipalities and influence municipal priorities with the federal government.

A key area of economic opportunity and growth for Winnipeg is trade. It is well established that sustained and strategic investment in infrastructure fuels economic growth. It is well established that Winnipeg's economy is rewarded by our capacity to enable trade.

It should therefore be a priority for our mayor to be seen to be and to champion policies that align federal, provincial and municipal trade infrastructure investment and economic development agendas.

Municipal government access to revenues, its ability to tax and raise revenues with which to address its core services was struck at the turn of the century. That system, highly reliant on realty taxes, is inadequate to the current and future municipal challenges.

Mayor Glen Murray started the national debate, but ended it prematurely. Frankly it is critical that these discussions take place. By way of analogy, the federal government are like the owners, the Provinces are like the division managers and municipalities are the workers - the generators of economic activity - and they under appreciated by upper management. We are top heavy with management and hence fiscal imbalance.

These are compelling reasons why our mayor should resurrect a provincial and national policy debate around the nature of future fiscal arrangements between the three levels of government, and end the real, not imagined, fiscal sharing imbalance.

We have led initiatives in the past... and we can do it again.

ECONOMIC GROWTH & TRADE

Winnipeg has undergone significant positive transformation over the past 10 years, benefiting from economic growth -- which enabled a 13 year freeze of our mill rate -- growth opportunities that continue to tease its horizon.

Trade for example is important to Winnipeg and Manitoba's economy, directly or indirectly employing upwards of 240,000 Manitobans with most living in Winnipeg. Canada trades \$2 billion each day with the United States.

The Canada US border at Emerson is the busiest by volume crossing in Western Canada. Highway #75 carries \$19 billion of north south trade annually.

In rounded up numbers, Manitoba saw its total exports grow to \$7.9 billion for the year through July, up 12.0% compared to a year ago. The province's total imports rose 4.6% to \$11.9 billion. Exports to the United States rose 12.1% to \$5.4 billion in 2014, accounting for 69% of Manitoba's total exports. Imports from the United States grew to \$9.5 billion, an increase of 2.3% from the previous year (source: Manitoba Bureau of Statistics).

CentrePort Canada -- Canada's first inland port -- has the potential to grow the region's and western Canada's global trade profile. It has already attracted over 33 new companies to its footprint.

Establishing the Port of Churchill as Canada's northern trade gateway can potentially generate new billions in new trade by which Manitoba, Western Canada, Winnipeg and the capital region would benefit.

Imagine the global trade profile of western Canada with trade gateways and corridors, points of entry to and from the North American and global economies through the ports of Rupert, Delta Port Vancouver, Churchill and Centre Port Canada with such a realized vision.

Without sustained economic growth generating revenues to governments, proper funding of social programs -- our quality of life -- is impossible. Growth however requires big-picture leadership and risk management.

Given the importance of economic growth and trade in that equation, the Mayor should champion establishing a *Chief Economic Development Officer* whose seniority would be on par with the Chief Administrative Officer (CAO) and Chief Financial Officer (CFO).

The Chief Economic Development Officer role should be to:

- report to the Mayor and EPC on all matters associated with strategic economic growth and expanding its global trade role, ensuring a recognized competitive, streamlined reputation in an increasingly global environment;
- serve as lead liaison to EPC which should be charged with the oversight of economic growth & trade development strategies;
- supporting the Mayor, serve as intergovernmental liaison on all matters related to economic growth ;

- work with EDW and business groups to target economic development and trade growth opportunities, and
- advise prioritizing infrastructure investment strategies to enable sustained economic & trade related growth.

And further to the above, Winnipeg's next mayor must reframe budget thinking at city hall from "how do I raise money," to "how do I harness" the operating and capital budgets to leverage investment and economic and trade growth.

Economic growth must be a top priority agenda at City Hall not just to enable a vibrant and healthy city, but to deflect realty tax increase pressures.

The leading candidate will understand and embrace these concepts, be willing to challenge the status quo, seize economic opportunities and accept both accolades and accountability for results.

CAPITAL REGION STRATEGY

Winnipeg and the 16 municipalities that border it, make up the Winnipeg Capital Region. It makes up only 1.2 percent of Manitoba's landmass, but hosts two-thirds of the province's population and 70 percent of all the goods and services produced in Manitoba.

We need a Mayor with a vision embracing commitment to a collaborative leadership role for a *capital region economic-growth strategy*, harnessing its advantages from which Winnipeg and the region benefit.

Others - competitor cities - get it.

Calgary's capital region of 17 communities - the Capital Regional Partnership - has signed a Metropolitan Plan.

Edmonton's capital region of 25 municipalities functions through the Capital Region Board. The message is celebrated at Edmonton's international airport. Upon landing you see this sign: "*Welcome to Edmonton - Alberta's Capital Region.*"

The Partnership of the Manitoba Capital Region¹ *is our forum* though which to discuss and develop regional solutions to common issues and opportunities facing the 17 municipal governments in the capital region.

We need serious discussion around the advantages of integrating investment in Capital Region infrastructure through a disciplined, principled based regional governance model supporting economic growth underpinned by the following:

- integrated land use planning
- regional water, wastewater and storm water
- regional transportation, transit system and active transportation
- regional waste management (organic and solid)

We can do it.

For example, CentrePort Canada, which comprises 20,000 acres straddling northwest Winnipeg and the RM of Rosser has leveraged a service-sharing agreement between the two, to extend wastewater service and an undertaking by Manitoba to expand water distribution.

Each will benefit by the economic jewel that CentrePort will be, but will also cost effectively, extend these critical

¹ Winnipeg, Selkirk, Stonewall, St. Clements, Macdonald, St. Andrews, Rosser, Rockwood, Taché, West St. Paul, East St. Paul, Springfield, St. Francois Xavier, Ritchot, Headingley, Brokenhead and Cartier

and basic infrastructure services to six other municipalities and future businesses and homeowners.

Winnipeg is extending similar such services to West St. Paul.

If projections hold true that Winnipeg and the region will grow by 40 per cent by 2030, a coordinated regional plan - both economic and transportation - must be put in place to embrace big-picture visioning supporting our collective benefit.

In a global economy, it is no longer individual cities but regions that must compete for investment and plan for sustainable growth.

This capital region isn't just where we live, but where we work, plan, develop and compete internationally - together.

RAIL RATIONALIZATION

Winnipeg's growth is directly linked to successfully attracting the CPR main line and the rest as they say...is history.

Today, Winnipeg is only one of two cities in western Canada with three class one railways -- CN, CP & BNSF -- a huge advantage for the purposes of co-located common user rail facilities, trans-loading of product and enabling expanded trade assembly and distribution of goods and products.

Centerport Canada's location provides a golden opportunity to seriously invest in rail rationalization efforts.

Perhaps it's time to re-examine twinning CN/CP lines east of Portage la Prairie entering Winnipeg's northwest and leaving northeast. That could free up the CN main line for a surface transportation corridor, eliminate the need for underpass investment, enable contiguous development and perhaps free up lands in the City's core for innovative mixed infill residential, supporting commercial and recreational land uses.

The possibilities are there. They require the willingness to shape, advocate and pursue them.

Will it be easy ... happen quickly ... not likely. Will it require collaborative public private sector partnerships and investments? Certainly.

But we have shown that courage in our country and province's past. We should dedicate that courage to its future. And we should expect our mayor to shape and lead that debate.

INFRASTRUCTURE

Candidates for mayor, are hearing a common refrain: "*Fix my infrastructure.*"

In the four years since the last election, voters have had a dramatic change in attitude. For years, voters main concerns were crime and health care. In the last year, deteriorating infrastructure has become their No. 1 priority province-wide.

Probe Research polling this spring showed 42% of Manitobans say infrastructure is the most pressing issue facing their community -- surpassing crime, jobs and the economy, taxes and health care -- in that order.

That number jumps steeply in Winnipeg where an unprecedented 61% say infrastructure is the most critical issue - that's nearly double what it was just a year ago.

Why the change? Perhaps Winnipeggers and Manitobans are simply weary of the seemingly bottomless downward spiral in the condition of everything from streets to water. They have learned that poorly managed infrastructure is akin to having a hidden tax.

There is however, an economic upside not to be ignored.

The Conference Board of Canada estimates that for every \$1 invested in infrastructure, the return to the economy is \$1.16. Further, Canadian and American evidence shows that for every \$1 billion invested, between 8,000 and 36,000 person-years of employment are created -- the vast majority being middle-class jobs. And it's not just jobs during construction.

The U.S. Brookings Institution reports one in every 10 Americans in the workforce holds an infrastructure-related job, but that only 15 per cent of those workers are in the business of building infrastructure. A more substantive 77% are hired after construction to operate and maintain the infrastructure systems.

Experience tells us the story would be the same north of the border.

The fact is, dollars invested fixing a road, upgrading a sewer line or building flood protection, create jobs for engineers, planners, contractors, trades people, equipment operators, truck drivers and many more who in turn buy groceries, invest in homes and pay taxes.

It's those tax dollars, paid by employers and the workers they hire, that help pay for hospitals, schools, universities and recreation facilities -- all essential amenities that enhance our social well-being and quality of life.

Our future municipal leaders are inheriting an infrastructure deficit that will take commitment and creativity to resolve. Winnipeg's next mayor must demonstrate an understanding that sustained and strategic investment in infrastructure platforms our economy, allows our commerce to be productive and products less expensive, and therefore commit to linking investment to principles.

We urge each candidate for Mayor to adopt a four point Municipal Infrastructure Investment Strategy:

First point....Adopt the MHCA's suggested *six organizing principles* to underpin steps going forward. They are:

- A **permanent** infrastructure investment plan not unlike our 'permanent' investment in healthcare, education, and public safety. Infrastructure investment is our economic and social healthcare program.
- **Focus on economic growth** investments as a matter of first priority, without ignoring key assets that already enable or support economic activity but require upgrading.
- **Innovation** - embrace it. Innovation in design, construction, maintenance and rehabilitation must become part of the design challenge (and opportunity) landscape, to stretch the service life and reduce life cycle maintenance costs of our infrastructure investments.
- **Harness partnerships** with the private sector -- the masters of product and service delivery; the engine of innovation, growth, jobs, prosperity, taxes and revenues to government.
- **Transparently dedicate revenues stream** preferably growth taxes to these purposes. Existing municipal revenues streams, even coupled with efficiency gains, are inadequate to the tasks at hand.
- **Ensure legislated mandatory periodic transparent public reviews**, to account for expenditures, enabling experience based adjustment for the future, giving the public security and ensuring public sector investment purpose, discipline, transparency and accountability.

Second point....Implement the 2011 Infrastructure Funding Council (IFC) Report recommendations in those areas within municipal government competence. The report released for the City of Winnipeg and the Association of Manitoba Municipalities continues to be current and relevant to decisions municipalities *should* be making.

Third point....Build upon the '*Dedicated Regional and Residential Streets Reserve Accounts*' strategy adopted by Winnipeg City Council. These reflect the principles of transparently dedicated revenue streams with which to begin incrementally addressing the almost \$8 billion infrastructure investment deficit facing Winnipeg alone.

Fourth point....Given the inadequate access to revenue streams by municipalities with which to address the infrastructure deficit, petition the Premier of Manitoba to strike the task force recommended in the IFC Report. Its mandate would be to review the fiscal sharing arrangements between municipalities and the province and recommend a balanced and responsibly shared Manitoba Municipal Infrastructure Funding Agreement.

CONCLUDING REMARKS

There are many other important areas such as social policy, recreation and safety to name a few. The points raised above however, are essential, because they enable all other concerns the chance of due consideration.

No leadership? No governance. No economy? No revenues. No revenues? No quality of life program funding capacity.

These are my tests of big picture leadership and vision.

I hope you can embrace some... or all of them... as you decide how you will vote on October 22, 2014.

Again, my very sincere thanks for this invitation, for your attendance and your attention.

Thank you.

Chris Lorenc, B.A., LL.B.,
President of the Manitoba Heavy Construction Association &
Western Canada Roadbuilders & Heavy Construction Association.