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Liberal Candidate
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October 2, 2015

Dear Madam and Sirs,

The Manitoba Heavy Construction Association (MHCA) requests that you respond to the following public policy questions below, on behalf of your respective parties. We have selected your federal riding of Winnipeg South Centre as the one which has received most public and media scrutiny, interest and attention.

Our intention is to summarize your responses and broadly distribute them in social and print media on October 15, 2015. We will require your submission, electronically, by October 13, 2015. No reply will be identified in the above distribution.

BACKGROUND

The Manitoba Heavy Construction Association (MHCA) represents the heavy civil and related industries in Manitoba and has done so since 1943.

Our Vision Statement challenges our Association to support sustained and strategic investment in Manitoba and Canada's core infrastructure in a manner which supports productivity, competitiveness, and therefore economic growth - enabling governments' funding of Canada's envied quality of life.

TOPIC AREAS

As you will know, Canada faces a daunting infrastructure investment deficit. All three levels of government have begun to focus investment in infrastructure and the federal government is no exception.

Heading into the Federal election, we are interested in your views and party positions on the following key points:

- Growing Canada's economy and the relative importance and priority that you would place on trade and transportation investments as part of the growth strategy, including - in Manitoba's case - the promotion of CentrePort Canada and the Port of Churchill as key Canadian trade gateways and corridors;
- To address obvious national, provincial and municipal investment need, your commitment to sustaining and incrementally enhancing the projected levels of strategic investment in Canada's trade enabling infrastructure;
- Your approaches to balancing the federal budget;
- Your views on assisting municipalities with expanded access to revenues or financial support to assist addressing the estimated \$250 billion municipal infrastructure deficit facing this country;
- Such other views, priorities or vision you choose to share.

To give a sense of our views, attached are:

1. Op Ed- Cities cannot should the load alone as published in the Winnipeg Free Press on September 15, 2015
2. Comments on suggested federal approach.

CONCLUSION

We wish each of you success in this electoral challenge, and sincerely look forward to your replies.

Yours truly,



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

Analysis

Cities cannot shoulder this load alone

By: Chris Lorenc

Posted: 09/14/2015 3:00 AM |

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The Manitoba Heavy Construction Association is concerned as an industry comprised of business owners, residents and taxpayers that there appears to be no visible leadership to press for a new fiscal deal between Winnipeg and the two senior levels of government.

We are worried the operating and capital budget challenges the city faces are worsening, and we believe the federal election provides an opportunity to marshal public support in favour of needed new policies.

The tip of the iceberg is illustrated in the article City will replace aging Arlington Bridge (Sept. 5). The city needs to replace, at an expected cost of several hundreds of millions of dollars, the 103-year-old Arlington Street bridge. The scope of the project graphically demonstrates the real, significant and expensive infrastructure-investment challenges Winnipeg, like every other major urban centre across Canada, is up against.

Even worse, municipal governments do not receive any financial support to maintain such structures over their designed life of 50-plus years from senior levels of government, leaving municipalities to fend on their own.

Whether it is the Arlington Street bridge, the Waverley underpass, the Chief Peguis extension or the widening of Kenaston Boulevard, each of these projects affects the capacity of the local economy to be productive, competitive and, therefore, grow. Each of these are also projects of economic significance to the provincial and federal governments.

The sad irony is the primary beneficiaries of the economic growth are the provincial and federal governments, but the only government responsible to pay for their ongoing maintenance cost is the city.

The MHCA believes at a bare minimum a new, fairer deal would see major infrastructure works, such as underpasses, bridges and major transportation corridors, funded by agreements in which all three levels of government put in enough cash, up-front, to pay not just for construction but for the lifetime costs of maintaining the structure.

A closer look at the Federal Election

In conversation with Chris Lorenc, President of the MHCA



Given the pending October 19, 2015 Federal election, we spoke with Chris Lorenc, President of the Manitoba Heavy Construction Association about his overall thoughts on issues and priorities associated with the current state of Canada's infrastructure deficit, position on economic growth and the importance of trade and transportation to Canada's prosperity.

Q: Give us an overview of the current state of Canada's and Manitoba's infrastructure.

ANSWER: With respect to the state of our infrastructure, there have been many reports written by a number of sources from both university think tanks and others including for example the Federation of Canadian Municipalities citing reports from McGill University, which estimate the municipal infrastructure deficit in this country to be roughly \$250 billion.

Q: Define what you mean by 'investment deficit.'

ANSWER: By investment deficit we mean the difference between what is currently invested in infrastructure and what might be required to be invested over the next 10-year period to meet actual and anticipated infrastructure needs by municipalities. This excludes deficits faced by provincial and federal governments.

The City of Winnipeg for example, faces an infrastructure deficit of roughly \$8 billion or \$800 million annually and rural municipalities in our province face an additional \$6 billion or \$500 million annually for a total Manitoba municipal infrastructure deficit of roughly \$14 billion over ten years or \$1.4 billion annually.

To put things in perspective, in order for Winnipeg to close that annual \$800 million under investment it would have to raise its taxes by 200 per cent to cash finance and capture the deficit because 1 per cent of realty tax increase only raises \$4 million.

So you can see the infrastructure deficit facing our province, country and cities right across Canada is staggering and requires a sustained but incremental and strategic response so that we don't allow the already large numbers to grow even larger and therefore unmanageable.

Q: What are the mainstream federal party leaders saying about these challenges during this election?

ANSWER: It is important to note that all three leaders have made infrastructure investment a priority platform for their respective parties and we encourage the public to test the merits of each of their approaches.

What we should be looking to hear from each party leader is a commitment to a long-term sustained and strategic infrastructure investment strategy to grow the economy. I use the word "investment" deliberately because whether you come to this position as industry or individual Canadians, what we don't want government to do is "spend" our money, we want governments to wisely "invest" the taxes we pay.

Q: What guidelines should accompany any such plan?

ANSWER: There should always be underlying principles to investment strategies and we have advocated six such principles which are now supported by other provincial, regional and national organizations and stakeholders.

First of all, the program needs to be permanent. We cannot continue going forward without a long-term plan in place. The strategy needs to be no less permanent than those which support health care, education and social programs each of which collectively help maintain our quality of life and standard of living.

Secondly, the investments need to focus on economic growth. Every dollar invested in such a plan should focus on growing the economy. It should be obvious that a growing economy fuels revenues for governments, which allow them to fund our quality of life programs. Therefore the first area of attention should be to expand the economic growth footprint.

The third principal encourages government to embrace innovation. In order to take complete advantage of whatever program dollars are available, we have to embrace innovation in all aspects of design, construction, maintenance and rehabilitation. Innovation in each of those areas will give us best value for dollars.

The fourth principle is to ensure partnership with the private sector because where government will find efficiencies, innovation and ingenuity will ultimately benefit the taxpayer.

The fifth principal advocates dedicating revenue streams. It is imperative that revenue streams are in fact transparently dedicated to the purposes of such a long term strategy. It's not good enough for a governments to simply raise taxes. If they are going to, then they should demonstrate where and how they will invest those taxes for the greater public interest.

And last but certainly not least is the sixth principal associated with public review. There should be annual and periodic reviews of the plan, its objectives, its successes and failures to allow adjustments going forward to be based on what we have learned.

In fact, these six principles apply to infrastructure investment strategies whether they are federal provincial or municipal in scope.

Q: You suggest as your second principle a focus of investment on growing the economy. What area in your view is key?

ANSWER: The number one priority for investment in our national economy is in our opinion, trade. Canada was, is, and will always be a trading nation. For example, the Port of Vancouver is key to exporting New Brunswick lobster; the Ambassador bridge is critical to moving auto parts and manufacturing goods into the United States; our pipelines are critical to exporting crude; rail lines move our grain to ports and then onto container ships destined to foreign markets. In Manitoba, \$19 billion dollars of annual trade moves north south between the U.S. and Canada along Highway 75. These assets collective ability to seamlessly, efficiently and cost-effectively move products to market is key to growth, revenues to governments and jobs for millions of Canadians.

Investment in trade allows the economy to be productive; therefore competitive and continually growing. Having a productive and competitive economy will ensure that trade will continue to be the leading contributor to our economic success and quality of life.

What most people may not know, is that thirty cents of every dollar in our economy and one in five jobs is tied to exports. Roughly 240,000 jobs in Manitoba are directly or indirectly affected by trade and this includes agriculture, manufacturing, food processing, the pork industry, minerals, retail, goods and services - virtually any area of commerce you can think of.

In short, the quality of life that we enjoy, our ability to afford healthcare, education and our social programs, to a very large extent comes from our ability to competitively move products to and from markets - trade.

Coincidentally, we're not the only ones championing the importance of trade. On August 28, 2015 the Canadian Chamber of Commerce held a press conference in Toronto, addressing the importance of access to markets and infrastructure investments in the context of federal election priorities.

Perrin Beatty, President & CEO of the Canadian Chamber of Commerce, stressed the importance of trade in Canada the economy, jobs and the overall quality of life depends on it.

The Canadian Chamber was joined by the Ontario Chamber and the Toronto Region Board of Trade in a growing recognition of and call for a national strategy which embraces the importance of trade and investment in trade enabling infrastructure. This includes rail, airports, strategic highways, essentially investment in a seamless efficient trade driven transportation network. We refer to this approach as 'Trade Transportation Prosperity.'

So in our view - trade should be the number one priority.

Q: But Canada promotes trade so how are we deficient?

ANSWER: The truth of the matter is that there is no point in having an aggressive trade enhancing agenda if we cannot get our products to and from market through a seamless efficient multi-modal transportation system.

That's why, as examples, the Ambassador Bridge, CentrePort Canada Way in Manitoba, the Trans Canada Highway, and all of Canada major airport, rail systems, marine ports and maritime facilities are so important. These infrastructure assets are the arteries for commerce to live and thrive through - they enable trade, support growth and jobs for millions of Canadians.

And so to remain productive and competitive we need a national Trade Transportation Prosperity strategy. It should focus on investment in trade that embraces the six principles I referred to earlier; one that involves the three levels of government and the private sector in the development and implementation of such a strategy; and one which ultimately assures public /private sector infrastructure investment discipline to ensure the greatest gain and benefit both for our economic and social well being.

Q: So what your Last word...

ANSWER: I am not interested in the party that says it's going to spend money. I want to see the party leaders commit to a strategy that targets investments in trade enabling infrastructure in a transparent, accountable and strategic way to grow Canada's global trade footprint. That growth will provide jobs and careers for people still in school and allow us to maintain the standard of living that we've come to enjoy and expect.

It is very important that all governments, whether federal, provincial or municipal, but in the context of the federal election, understand and commit to a long term national infrastructure investment strategy that recognizes the links between Trade, Transportation & Prosperity.

If we take that approach, our country will be better for it.