



Celebrating 75 **GROUND BREAKING** years in 2018

HIGHWAYS BUDGET CUTS PUT OUR ECONOMY ON ROUGH ROAD

MANITOBA'S ECONOMIC GROWTH POTENTIAL HAS BEEN STUNTED SINCE 2016 BY SHORT-SIGHTED FISCAL POLICY. HERE'S THE ECONOMIC CASE THE MHCA PUT BEFORE PREMIER PALLISTER IN SEPTEMBER, IN A REQUEST TO RESTORE THE HIGHWAYS CAPITAL BUDGET.

The MHCA supports the government's focus on growing the economy, investing smartly in strategic infrastructure as part of that strategy, and reducing the deficit. It is well-documented that investment in strategic infrastructure provides amongst the highest return on investment (ROI) of public sector dollars, facilitating sustained economic growth, investment, jobs and generating new revenues to government, which assist achieving a fiscal balance objective.

While the degree of the ROI varies, dependent on the type of infrastructure, the value of strategic infrastructure investment return to the GDP is unchallenged.

Finance Canada - Report to Canadians (2011) states every \$1 invested in strategic infrastructure returns \$1.60 to the GDP.

A Conference Board of Canada analysis (2014) of the GDP impact of \$1.05 billion infrastructure investment showed a return to Manitoba of \$1.36 billion, the largest effects via personal/disposable income, cascading impact on retail sales and the corresponding direct and indirect taxation revenues.

Other such reports arrive at similar conclusions. The point is the ROI of public-sector dollars is real. The extent of that return can be refined via an update of the Conference Board of Canada's Manitoba analysis.

The larger effect of infrastructure investment is in its impact on trade, which accounts for 53% of

Manitoba's GDP.

That fact illustrates why eight Manitoba business and stakeholder groups joined MHCA in publicly calling for strategic, sustained investment in Manitoba's transportation infrastructure system. Trade is at the heart of our GDP; transportation infrastructure are the arteries that keep the goods and commodities flowing.

In all discussions since 2016 with MI ministers on the Highways Capital program, MHCA has consistently advocated for strategic, sustainable investment — not spending — in transportation infrastructure. The context? The government inherited a ~\$6-billion transportation system (highways, roads, bridges & structures) investment deficit.

At Budget 2018's \$350 million, the Highways Capital program does not reflect a sound capital-asset management plan. That level will add \$50-75 million annually to the ~\$6-billion investment deficit, facilitating its exponential growth. Further, it impairs sound fiscal investment in an asset that underpins Manitoba's economy.

The MHCA respectfully urges the government, heading into Budget 2019, to:

- Solicit, in partnership with the business community, from Canada West Foundation (or similar institution) an estimate of ROI from trade-transportation investment strategy, and the lost value of delaying this strategy (compound effect on

Manitoba's infrastructure investment deficit)

- Restore MI capital program to a minimum \$500 million, annually, 2019-24
- Accelerate MI's service-delivery review and transition in-house service delivery to the competitive market
- Release the report on the transportation system infrastructure investment deficit (understood to be ~\$6 billion), with annual and five-year rolling budgets to support a capital-asset management strategy.

Manitoba faces challenges to achieve sustainable levels of investment in infrastructure. Governments ignored for decades sound advice from the private sector, compounding the infrastructure deficit's growth. The government inherited this but has opportunity, with the public's trust, to address it.

The MHCA strongly recommends the government appoint a panel to review existing funding structures to strike a new funding model. Its considerations could include:

- Dedicating a portion of the PST, all revenues from road-related fuel taxes and fees to the Highways Capital and the Maintenance & Preservation programs, as base funding.
- Given a ~\$6-billion transportation system investment deficit, identifying and allocating a minimum maintenance and preservation budget to stem its exponential growth. (Consider policy that lays out a reasonable multi-year target to resolve the deficit, to get to sustainable annual funding levels).

- Identifying a minimum annual capital program tied to best economic return on investment objectives — trade-enabling infrastructure — harnessing in the process federal-match funding and appropriate P3 opportunities.
- Merge trade and infrastructure into one ministry - Trade & Infrastructure - to maximize ROI and ensure that trade-enabling investment is a pillar supporting growth in Manitoba's regional, national and global trade profile.
- Adopting the six guiding principles for strategic infrastructure investment, embraced publicly by Manitoba in November 2016, namely: a permanent program; focused on greatest economic ROI; embraces innovation; harnesses partnerships with the private sector; funded by dedicated revenue streams; and annually reviewed for adjustment and assurance of discipline to purpose.
- Taking advantage of the Winnipeg Metropolitan Region strategic transportation plan (and others like it) that would support provincial investment priorities in the strategic trade network that promotes economic growth.
- The delivery of programs contemplated above through a new, stand-alone utility, with contractual funding and delivery objectives set by government as a matter of public policy.

The above is offered to advance government objectives of growing the economy and restoring fiscal balance. >>>



CELEBRATING 95 YEARS OF DELIVERING EXCELLENCE IN WORKMANSHIP

Highly skilled & invested in innovation, we have a multidisciplinary workforce and competencies to exceed the most stringent quality standards.

Provincial | Municipal | Residential
Commercial - Industrial & Public Infrastructure Works
Asphalt | Concrete | Aggregate | Underground | Equipment

Call an expert today. 204.949.8700



Site Development | Sub-divisions | Road Building
Surface Water Management | Retention Ponds
Wastewater Stabilization Pond Construction & Maintenance
Sewer and Water Services | Excavation Services
Granular Supply | Custom Hauling | Snow Removal

Earth Max Construction Inc.
Phone: 204-344-5760 Fax: 204-480-1683
info@earthmax.ca www.earthmax.ca
Stony Mountain, MB