

*March 2018*

## **Keep your promise**

### **Industry calls for return to \$500-million highways capital budget, as PCs pledged**

Manitoba's Progressive Conservatives came to power in 2016 promising financial prudence, transparency and accountability.

The heavy construction industry was hopeful - Manitoba direly needed a transportation investment strategy that transcends annual budgets and political cycles. We heard promising pledges from the Progressive Conservatives.

They committed to invest a minimum of \$1 billion annually in core infrastructure - sewer, water, highways, land drainage and bridges. And we were told their government would not underspend the highways budgets, as happened in years past. A budget made was a budget to be kept.

Further, we heard the Infrastructure minister, at the MHCA 2016 Awards Breakfast, pledge to set out Annual and Five-Year Highways Capital programs, to help plot Manitoba's strategy for economic growth and also to allow the heavy construction industry to efficiently plan their business. This approach allows government to get maximum value for their budgeted dollars.

But since 2016, Manitoba Infrastructure's highways capital program has taken systematic blows.

Our industry knew the 2015/16 highways budget of \$629 million was unsustainable. We recognized that we, too, had to be part of beating back annual deficits. We accepted this government's public assurances, after drops to \$540 million ('16/17) and then \$502 million ('17/18), that \$500 million annually was a rock-bottom certainty.

On March 8, we were again assured this budget line would hold to \$500 million, and reassured what was budgeted would be expended.

On March 12, however, the facts spoke otherwise. Highways capital was slashed to \$350 million - \$152 million less than 2017/18's budget, and a 35% cut in two budgets. Further, the 3<sup>rd</sup> Quarter Financial Report forecasts the highways capital expenditure for 2017/18 will be only \$436 million, not the \$502 million budgeted. So much for 'budget made/budget spent.'

The MHCA has met several times with the province since Budget 2018's release March 12, asking that the highways capital budget line be returned to \$500 million, as promised. We've been given no such commitment to date.

And gone is the 2016 pledge to present Annual and Five-Year Capital Budget programs.

This is severe for our industry, which supports the direct/indirect jobs of 15,000 Manitobans. Wages account for 30 per cent of project costs, so a \$152-million slash in one budget cycle will see \$50 million in lost wages to our workers, in 2018 alone.

But this is injurious to the interests of Manitoba's economy. GDP growth depends upon strategic investment in highways, the arteries of domestic and global trade. Manitoba cannot afford to get left

behind as the rest of Canada gears up its ability to capitalize on new trade relationships in expanding international markets.

The provincial government needs to step up to this challenge. We call upon the province to invest at least \$500 million annually in highways infrastructure, as promised.

*This is a revised version of a commentary by MHCA President Chris Lorenc published in the Winnipeg Free Press March 16.*