



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

## ***CORE INFRASTRUCTURE INVESTMENT: A proven economic driver***

**I**nfrastructure is a basic public need, which is why it has ranked as taxpayers' top concern in successive public opinion surveys.

Ten leading Manitoba business organizations<sup>1</sup> advocate that the first responsibility of any level of government is to grow the economy, a challenge in which infrastructure plays an organic role.

The ten organizations have advanced ***Seven Pillars*** to support such a strategy - *see attached*. The pillars speak to the need for a coordinated approach to the fundamentals driving economic growth.

The MHCA wishes to solicit your views in three of the areas – infrastructure investment strategy, economic growth and a New Fiscal Deal for municipalities. All three political party leaders have received this survey.

Your replies will help inform MHCA's advocacy and public commentary regarding provincial infrastructure investment, in particular that of the Highways Capital program.

We therefore request your written replies by electronic return to [clorenc@mhca.mb.ca](mailto:clorenc@mhca.mb.ca) by 4:00 p.m. Monday, August 26, 2019. The MHCA will publish the results by September 4, 2019.

We thank you in advance for your participation and wish you well in the provincial election.

Regards,

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

August 7, 2019

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<sup>1</sup> Business Council of Manitoba, Canadian Manufacturers & Exporters (MB), Manitoba Chambers of Commerce, Manitoba Heavy Construction Association, Manitoba Homebuilders Associations, Manitoba Real Estate Board, Manitoba Trucking Association, Merit Contractors Association, Winnipeg Chamber of Commerce and Winnipeg Construction Association,

## INFRASTRUCTURE

'Core infrastructure' is defined to mean streets, roads, highways (including trade routes), bridges and related structures, water and wastewater treatment and distribution systems, and land drainage. It is the bedrock upon which our economic activities rely, generating revenues to government which fund our public services and programs.

Infrastructure supports our trade-dependent economy. Trade generates 53% of Manitoba's GDP, and roughly 240,000 direct and indirect jobs. But trade can't move cost-effectively and efficiently if our trade transportation system – provincial highway trade routes, designated urban regional trade streets, supporting bridges and structures -- are neglected and in poor shape. Our trade transportation system moves people to jobs and products to market.

Strategic investment in trade transportation systems has an impressive rate of economic return. Repeat studies have verified that: for every \$1 invested in strategic infrastructure between \$1.30 and \$1.60 is returned to the GDP. (Conf. Board of Canada, 2015; Economic Advisory Council, Federal Government, 2016)

Municipalities own about 50% of infrastructure, yet tri-governmental agreements often cover just the capital (construction) costs of new infrastructure. This means towns and cities must shoulder the much larger, ongoing expense of maintenance, repair, rehabilitation (life-cycle costs). That's in part why municipalities are struggling with infrastructure investment deficits in the billions of dollars.

Reflecting on those realities, in the following questions please respond to the following questions about the importance of infrastructure investment.

1. Infrastructure continues to be a top public policy priority, as measured by repeat opinion surveys.

***On a scale of 1-10 – with 1 being the highest – how do you rank, with explanation, investment in core infrastructure as a provincial government priority?***

2. The MHCA understands that the infrastructure investment deficit – the amount of investment required to bring all assets up to 'good' condition – for provincial roads is approximately \$6 billion and about \$3 billion for bridges.

***Would your government commit to publicly releasing the infrastructure investment deficit reports for roads and for bridges on an annual basis?***

Yes \_\_\_ No \_\_\_

If 'No' please tell us briefly why not:

3. **Does your campaign platform address Manitoba's infrastructure investment deficit?** Please tell us how, briefly:

4. **Are you aware of the various analyses compiled on the return on investment (ROI) from core infrastructure investment programs, such as the Conference Board of Canada's 2015 brief on Manitoba's 2014-15 \$1.04-billion core-infrastructure investment (GDP rose by \$1.31 billion) and the federal Advisory Council on Economy Growth's 2016 report (GDP increases by \$1.60 for every \$1 invested)?**

Yes \_\_\_ No \_\_\_

5. **Do you agree that core infrastructure investment is an economic-growth driver?**

Yes \_\_\_ No \_\_\_

6. MHCA proposes the establishment of a working group to review government-wide infrastructure investment, to realign investment strategically and focus first on areas with the greatest potential for return on investment, for economic growth.

**Would your government commit to forming a working group, including industry stakeholders and economic experts, to review how infrastructure is funded now and recommend a new strategic and coordinated investment approach?**

Yes \_\_\_ No \_\_\_

7. Strategic and sustained investment in our transportation network, particularly our trade transportation assets, harnesses a proven economic driver, to boost Manitoba's GDP.

**Would your government commit to publicly release annual and five-year budgets for the Highways Capital program?**

Yes \_\_\_ No \_\_\_

8. **Similarly, would your government commit to releasing annually the asset-condition and needs reports for Manitoba's provincial highways and bridges?**

Yes \_\_\_ No \_\_\_

9. Trade supports fully half of Manitoba’s GDP, and investment in our trade transportation system is critical to keep trade moving and growing.

***Would your government commit to examining merging the departments of Trade and Infrastructure, to ensure infrastructure investment and trade strategy are aligned and harnessed in support of investments providing for the greatest return to the economy?***

Yes \_\_\_\_ No \_\_\_\_

If ‘No’ please explain your reasoning:

10. Municipalities have had a long-standing challenge raising enough revenues to meet demand, especially for roads. The 2011 Infrastructure Funding Council report addressed this problem. Among its suggestions was a proposal for a “New Fiscal Deal” that recognized municipalities get less than 8 cents of each tax dollar, but shoulder most of the infrastructure costs.

A New Fiscal Deal could recognize, for example:

- a. the need for new sources of revenue for municipalities, to alleviate an over-reliance on property tax while generating greater revenue annually, and
- b. the fact that shared-funding agreements (provincial, federal, municipal) that split costs equally (1/3 each) are unfair to towns and cities.

***If elected, would your government commit to striking a provincial panel to review options for a New Fiscal Deal with municipalities?***

Yes \_\_\_\_ No \_\_\_\_

11. Municipalities struggle with a lack of predictability in infrastructure funding from higher levels of government – a challenge when it comes to setting budgets for roads. Further, provincial transfers to municipalities have been effectively frozen since 2016.

***If elected, would your government commit to dedicate the revenues from one percentage point of the PST via legislation to municipal core infrastructure (roads, bridges & structures, sewer & water)?***

Yes \_\_\_\_ No \_\_\_\_

12. The Capital Region municipalities - home to 63% of Manitoba's population and 70% of its GDP - have agreed to work together to prioritize investment in regional, strategic transportation infrastructure, to promote trade and economic growth.

***If elected, would your government commit to prioritizing investment in the Capital Region's strategic trade transportation system?***

Yes \_\_\_ No \_\_\_

**CONCLUSION**

Thank you for taking time to talk about infrastructure.

For more information on the link between infrastructure and economic growth, please go to [www.mhca.mb.ca](http://www.mhca.mb.ca) and click **FixOurRoads**