

Infrastructure

The reductions in infrastructure spending by the Manitoba government has been particularly harmful to growth prospects, given infrastructure's strong local and regional economic spin-offs. The previous government had embraced an anti-austerity approach to spending and investment in large scale public infrastructure projects that boosted the construction sector and economic growth. Earlier projects included green energy and climate change mitigation projects such as expansion of the Red River Floodway, the construction of the Wuskwatim generating station and the building of the new Manitoba Hydro headquarters.

These, along with more conventional investments in roads and highways and projects such as the Winnipeg Richardson International airport terminal, provided significant countercyclical economic stimulus during and in the aftermath of 2008–2009 global economic crisis (see the Indigenous and Northern Affairs section for more benefits from this investment). This allowed Manitoba to weather the storm well relative to many other provinces.^{1,2} The government continued to ramp up infrastructure spending in the early 2010s, financed through an increase in the PST and sizable deficits. Growth rates in

Manitoba were higher than the national average four out five years between 2012 and 2016, with average annual growth rates 0.4% higher than Canada as a whole.³

Major infrastructure projects initiated later by the previous government such as Manitoba Hydro's Bipole III and the Keeyask dam and generating station have reached or are nearing completion, with the current provincial retrenchment leaving a significant gap that the private sector has not been able to fill.

The Infrastructure Deficit

Investing in infrastructure makes even more sense considering the province's \$11B infrastructure deficit.⁴ This means that \$11B has to be invested just to bring the province's infrastructure into good repair, never mind any new infrastructure that is required for a modern economy to operate efficiently.

Investment in Infrastructure: A Win-Win Strategy

Supporting infrastructure spending in Manitoba's cash-strapped municipalities would also

deliver great benefit, as explained in the APB's Municipal Relations chapter. And the benefit to investing in green infrastructure so we can transition off of fossil fuels and create good jobs are incalculable. The APB Green New Deal chapter and Policy Paper A provide details.

Businesses, the environment and citizens benefit from proper infrastructure (think roads, health care infrastructure, schools) and, as explained above, the economic spin offs from building it are tremendous. According to the Conference Board of Canada, infrastructure investment had the following effect on Manitoba's economy in the 2014–15 fiscal year:

The \$1.04-billion investment lifted gross domestic product (GDP) by \$1.31 billion, and employment rose by 9,755 person-years across the economy, with increases of over 4,000 in

the construction industry and nearly 3,000 in the commercial services sector. The core infrastructure spending also helped boost provincial exports by \$699 million and household consumption by \$539 million. The industrial sectors construction, manufacturing, and transportation and warehousing registered the largest output gains.⁵

Putting Manitobans Back to Work

Given the clear social and economic benefits to investing in Manitoba's infrastructure, the APB reverses last year's \$5M decrease in highway spending, and boosts spending to reverse the infrastructure spending cut from the year before.⁶ We invest in highways, transportation and water management.

Total Capital Expenditure Increase: \$200M

¹ Baragar, Fletcher (2011). "Report on the Manitoba Economy 2011". Canadian Centre for Policy Alternatives - Manitoba. Available at: <https://www.policyalternatives.ca/publications/reports/report-manitoba-economy-2011-0>

² Manitoba did so well in fact that they benefited from 2010 to 2013 from the Total Transfer Protection commitment related to Canada's equalization scheme, such that their total transfer payments didn't drop below their previous level. See Government of Canada (2017, August 25). "Total Transfer Protection (Dataset)" Retrieved January 18, 2020 from: <https://open.canada.ca/data/en/dataset/4eee1558-45b7-4484-9336-e692897d393f>

³ Statistics Canada. "Table 36-10-0222-01: Gross domestic product, expenditure-based, provincial and territorial. Retrieved January 15, 2020 from <https://doi.org/10.25318/3610022201-eng>.

⁴ Caulfield, Peter, 2019. "Increased infrastructure investment Manitoba construction's 'big issue' in upcoming provincial election". *Journal of Commerce*, August 29, 2019. Available at: <https://canada.constructconnect.com/joc/news/associations/2019/08/increased-infrastructure-investment-manitoba-constructions-big-issue-upcoming-provincial-election>

⁵ Conference Board of Canada, Briefing, Sept. 2015. "Manitoba. Government Infrastructure Investment Spending in Fiscal 2014–15". Available at: http://www.mhca.mb.ca/wp-content/uploads/2019/08/Conf.-Bd-of-Canada-Manitoba-FinanceProject_BR.pdf

⁶ Kives, Bartley, 2017. "Manitoba budget 2017 – Infrastructure spending down nearly 10 %". CBC News. April 12, 2017. Available at: <https://www.cbc.ca/news/canada/manitoba/province-infrastructure-funding-1.4068588>