MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)
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January 22, 2025

Presentation to: Mayor Scott Gillingham, Chair
Members, Executive Policy Committee

From: Chris Lorenc, B.A., LL.B., President & CEO, MHCA

Subject: **2025 Preliminary Budget**

The MHCA is pleased to support the 2025 Preliminary Budget

MHCA recognizes the very difficult considerations, pressures and decisions made by the budget working group in the preparation of this financial plan, and its five-year forecasts.

Considering the above, we support:

- the 5.95% property tax increase for 2025, which really reflects a net increase of 2.45%
- the continued investment in core asset management and infrastructure
- the key steps to recharge the Fiscal Stabilization Fund
- the value of finding further efficiencies.

But we do this fully aware, as is everyone, that the 2.45% net tax increase that makes the 2025 budget numbers work, highlights two critical observations:

1. Raising taxes by 2.45% is frankly a commendable demonstration of restraint, given the challenges that have been compounding each year. It is, however, staving off undoubtedly harder decisions to come; and

2. Flowing from that, this budget – *our collective conundrum* – illustrates the undeniable need for a fundamental change in the revenue streams to which the city has access, to enable its ability to sustainably fund the delivery of critical core municipal services – *think New Fiscal Deal*.

In the Budget document's own stark assessment:

> ***"Methods used to balance the budget, such as the one-time transfers from reserves and asset sales, are nearly exhausted. The city also faces a significant infrastructure deficit and needs to prioritize spending."***

There is simply no way the current fiscal regime, tied as it is to an anachronistic arrangement with the provincial government, can work to meet the demands of our communities, our municipalities, our people.

Once again, we are forced to resort to playing the shell game – transferring, for example, in 2027 the revenues of the 2% annual tax hike, "dedicated" to the local and regional street renewal reserve, to the operating budget, and using the Provincial Strategic Infrastructure funds to backfill those funds.

I don't need to remind this Committee how tentative the revenue and funding scenario is. How is a city so relentlessly focused on scraping together pennies able to concentrate on the equally important "big picture" – how can it go from *good to great.* An obvious first place to start is to partner efforts between the civic and provincial governments,

(and by extension the federal government), through a shared economic growth strategy, harnessing strategic investment to grow the economy to help generate required revenue streams – think *New Fiscal Deal*.

And as Mayor Gillingham rightly notes, a "new deal" must deliver to the city an immediate ROI on its economic investments.

For the City to approach those discussions from a position of strength, it needs to show compelling evidence Winnipeg is putting its foot forward, with a determined focus on economic growth across government, to shift from "business as usual" (simply managing) to a culture of growth (harnessing potential).

In this abridged presentation which we hope to expand upon at Council's budget meeting we recommend these steps:

1. Appoint a Chief Economic Development Officer to evidence the City is invested in and focusing on growing the economy, spinning off ROI to Winnipeg and Manitoba.
2. Press Manitoba to launch a joint, blank-sheet review and redefinition of program service-delivery responsibility as between the two orders of government, with appropriately identified funding revenue streams;
3. Concurrently harness existing public support and press the province to engage in New Fiscal Deal discussions which should reimagine sources of revenue generation. Scan jurisdictions in and beyond North America for use of progressive and robust sources of revenue generation, including those tied to economic activity and/or personal and business income taxes.

The above steps begin the long, hard work towards putting Winnipeg on a path towards economic growth, sustainable revenue generation and stronger service delivery capacity.

The MHCA looks forward to continuing to work with the City towards practical, workable solutions, to support its ratepayers with a strengthened civic fiscal capacity.

Respectfully submitted,
Manitoba Heavy Construction Association (MHCA)

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cc. MHCA Board of Directors