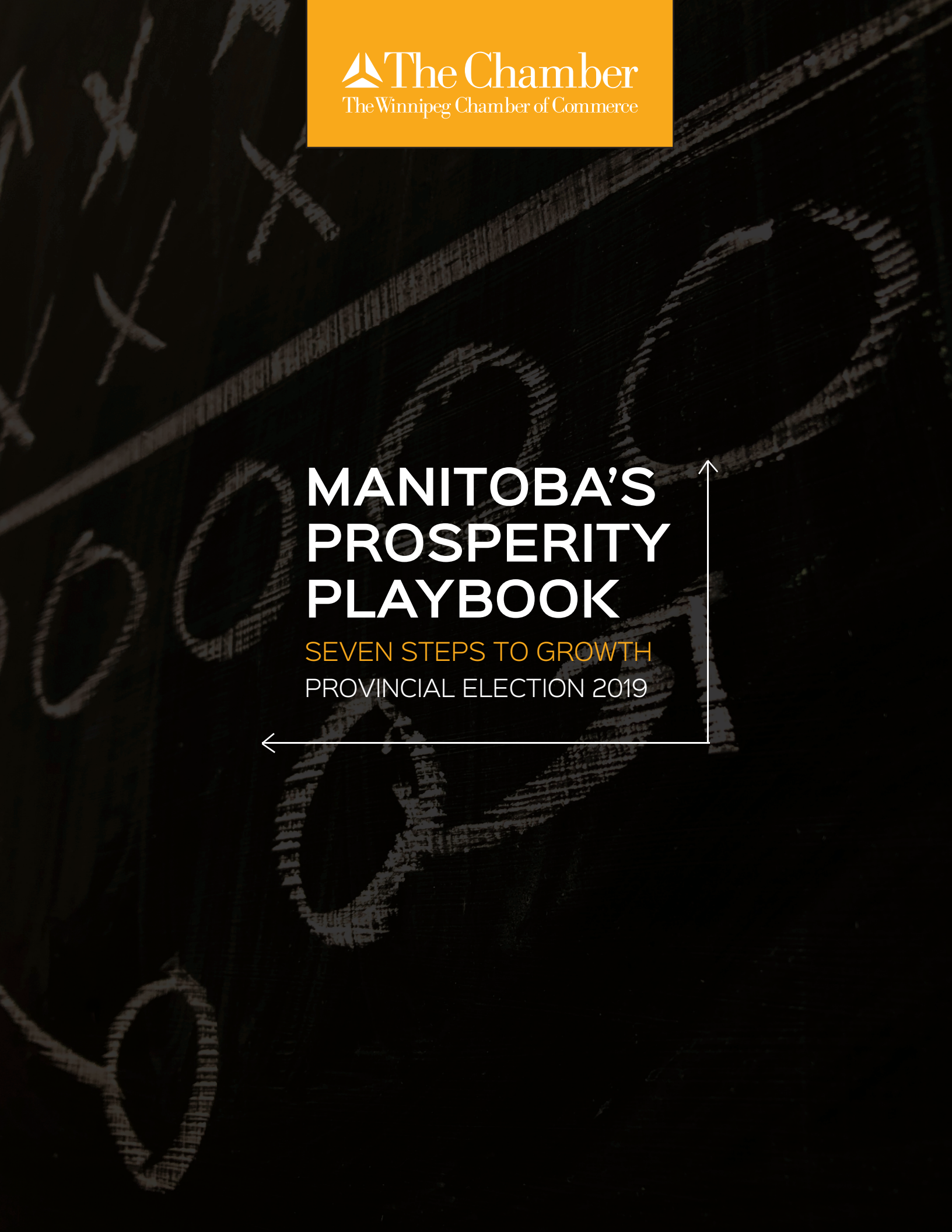

The Chamber
The Winnipeg Chamber of Commerce

MANITOBA'S PROSPERITY PLAYBOOK

SEVEN STEPS TO GROWTH

PROVINCIAL ELECTION 2019

THE SCOUTING REPORT

Manitoba has taken great strides over the past three years to achieve the government's stated goal of being "the most improved province in Canada." Reduced deficits, lower taxation, modernization of the public service, and the review and restructuring of major services like health care have helped bring provincial finances under control and set the stage for future growth.

However, our province still faces significant challenges in remaining competitive with other jurisdictions within Canada and around the world.

This is why The Winnipeg Chamber of Commerce, in concert with the Business Council of Manitoba, Canadian Manufacturers and Exporters, Manitoba Chambers of Commerce, Manitoba Heavy Construction Association, Manitoba Home Builders Association, Manitoba Real Estate Association, Manitoba Trucking Association, Merit Contractors Association of Manitoba, and Winnipeg Construction Association, has developed a shared vision for the future of our province.

Together, our organizations represent thousands of employers and hundreds of thousands of Manitoba workers who build this province physically, economically and socially.

We agree growing the economy should be the top priority for Manitoba over the next five years. A strategic focus to diversify our province's agricultural, manufacturing, resource, financial and service sectors and strengthen the capacity for export will provide increased employment opportunities. Smart investments within a climate of confidence and certainty enable growth, which leads to more jobs, more prosperity and a higher quality of life.

THE STRATEGY

Achieving the economic growth our province needs to prosper will require a commitment to seven key pillars:

1 A COMMON ECONOMIC AGENDA

Strengthen the partnership with the private sector to build a stronger economic base and ensure Manitoba remains internationally competitive providing employment for a growing population.

2 INFRASTRUCTURE INVESTMENT

With an improving fiscal capacity, invest in core, community and educational infrastructure to support vibrant healthy communities connected both within the province and to our trading partners.

3 GLOBAL TRADE

Build Manitoba's capacity to promote trade and expand our external trade profile to take fuller advantage of our potential and deliver the substantial economic benefits that flow from trade.

4 INDIGENOUS ENGAGEMENT

Commit to consistent engagement with the federal government and our indigenous communities to ensure Manitoba and its indigenous citizens mutually benefit from a prosperous and growing economy.

5 PRODUCING, ATTRACTING AND RETAINING TALENT

Commit to working with the business and educational sectors to ensure Manitoba produces, attracts, educates, trains and retains the skilled workforce fundamental to sustaining economic growth, prosperity and healthy communities.

6 ACCESS TO CAPITAL

Maintain a system for easy access to capital including establishing a framework within which both the private and public sectors participate to ensure Manitoba businesses have increased access to capital to allow them to thrive.

7 ESTABLISH STRONG SUSTAINABLE FISCAL RELATIONSHIPS

Commit to establishing a modern fiscal framework to ensure both provincial and municipal levels deliver on their respective obligations to provide services to Manitobans and build mutually supportive communities.

PILLAR

1

A COMMON ECONOMIC AGENDA

Strengthen the partnership with the private sector to build a stronger economic base and ensure Manitoba remains internationally competitive providing employment for a growing population.

OUR PLAY: ESTABLISH A PROVINCIAL TAX COMMISSION

Manitoba's tax system hasn't had a comprehensive review in two decades. During that time dozens of taxes have been added, eliminated, increased, reduced, proposed and abandoned. Tax credits and exemptions have been implemented and reversed. And most significantly, the PST has gone up and down.

While there may have been justification for each of these decisions at the time, the end result is a tax system that's messy, complicated and not effectively achieving its dual goals of raising critical revenue for government while also encouraging investment and economic growth.

In today's globally competitive business environment, government needs to create a climate that enables businesses to prosper. We recommend the development of a Provincial Tax Commission to establish a tax system that is fairer, simpler and more competitive, with a specific focus on the Marginal Effective Tax Rate (METR) on new investment and the payroll tax. The commission should include representatives of government, business, the public, and tax experts and economists.

The Winnipeg Chamber of Commerce believes a competitive tax framework must exist in an effort to give businesses the opportunity to prosper, supported by the following three principles:

- Prosperity – The tax system should contribute to economic prosperity.
- Transparency – structured so that it can be clearly understood by the taxpayers and administered by authorities in an impartial and predictable manner.
- Accountability – The government must be publicly accountable to taxpayers by money raised and expended by it.

75% of Manitobans support a comprehensive, system-wide review of Manitoba's tax system according to a Probe Research poll released in January 2018.

OUR PLAY: PROCURE MADE-IN-MANITOBA SOLUTIONS

Manitoba business believes strongly in the principles of competition and a level playing field. Manitoba companies compete and win worldwide, yet in our own backyard, far too many companies face obstacles within government procurement policies and practices. Our economic future is dependent on our ability to attract new investment from abroad, but even more so in our ability to support those organizations already here and investing in Manitoba.

The Winnipeg Chamber believes we must reinvent provincial government procurement policies and processes so as to enhance the capacity and likelihood of success by Manitoba companies in keeping provincial expenditures in Manitoba, in particular:

- Implementing greater use of Qualifications Based Selection (QBS) for specific requirements that sets the price and the selection criteria is strictly on the qualifications of the supplier.
- Implementing criteria that puts a value on a local presence based on a service advantage, knowledge of local market, or relationships in the local market that would have a cost, value, or risk advantage.
- Providing a mandatory review of each Request for Proposal (RFP) or tender to assess changes in the marketplace that would require a different definition of the requirement, different criteria, or new local providers that should be informed of the opportunity.
- Enhancing the quality of follow-up to losing bidders so they can learn what they need to do to be successful on subsequent bids.
- Using early Expressions of Interest (EOI) on requirements where potential exists for local companies to work toward a competitive or innovative solution.
- Measuring the current local spend as a percentage of overall procurement and develop annual objectives for increases in the local percentage.
- Providing an annual report to the business community that identifies successes and reasons why local companies are not winning more business. This review should also identify the reasons why business is going outside of our province and recommendations to local companies that will lead to greater success.
- Identifying the areas of products and services which there is no competitive local alternative.
- Conducting an annual survey of local companies that were engaged in bids to assess issues, and conduct a broader business community survey to understand why more companies do not submit bids.
- Providing greater promotion of procurement opportunities to local business and simplifying the process to be involved in submissions.
- Reviewing single-sourcing policy to ensure it is not being used in inappropriate ways.
- Establishing a Procurement Ombudsman that can work with business organizations to deal with issues brought forward from the local business community and find ways to increase the percentage of local spend.
- Looking for opportunities to encourage out-of-province bidders to partner with local providers.
- Providing greater opportunities for locally-developed technologies to access local opportunities.

PILLAR 2

INFRASTRUCTURE INVESTMENT

With an improving fiscal capacity invest in core, community and educational infrastructure to support vibrant healthy communities connected both within the province and to our trading partners.

OUR PLAY: A PREDICTABLE, PERMANENT INFRASTRUCTURE INVESTMENT PLAN

The next provincial government should establish a permanent infrastructure investment plan that commits to a minimum annual infrastructure investment of 1.0% of Gross Domestic Product (GDP) toward strategic, trade-enabling infrastructure (highways, bridges, underpasses, airports, rail).

Manitoba's Real GDP increased by an estimated 1.0% to $67.2 billion in 2018, following on a 3.2% increase in 2017.

This will not only help address the deficit within our transportation infrastructure, but will encourage more movement of goods and investment in related businesses.

To support this commitment, the government should work with municipalities and industry to develop a comprehensive, multi-year plan that prioritizes infrastructure projects based on data (e.g. traffic volumes, engineering assessments of existing structures) and potential economic impact.

To ensure accountability, produce an annual report detailing how funds were allocated and how progress is being made on the long-term plan.

PILLAR 3

GLOBAL TRADE

Build Manitoba's capacity to promote trade and expand our external trade profile to take fuller advantage of our potential and deliver the substantial economic benefits that flow from trade.

OUR PLAY: BOOSTING THE WORLD TRADE CENTRE WINNIPEG

Within the past year the province has engaged with World Trade Centre Winnipeg in a strategic partnership to develop a Manitoba trade framework, coordinate trade-related services for businesses, and promote Manitoba for import/export opportunities. The World Trade Centre has effectively taken over the role previously filled by Manitoba Trade, a provincial department.

As a founding partner of World Trade Centre Winnipeg, The Winnipeg Chamber supports this enhanced role for the organization. However, increased responsibilities must be matched by increased resources from the province to ensure WTC is positioned to succeed in increasing trade opportunities for Manitoba industry.

Committing to a long-term, stable funding arrangement with World Trade Centre Winnipeg will allow it to boldly step into this new role and make a valuable contribution to the "Team Manitoba" approach to economic development.

PILLAR 4

INDIGENOUS ENGAGEMENT

Commit to consistent engagement with the federal government and our indigenous communities to ensure Manitoba and its indigenous citizens mutually benefit from a prosperous and growing economy.

OUR PLAY: BECOME A LEADER IN INDIGENOUS ENTREPRENEURSHIP

The government should support the ability of all Aboriginal peoples to participate fully in the economic development of our province by investing in Indigenous entrepreneurship, and fostering the development of homegrown enterprise by:

- Working in collaboration with Treaty Land Entitlement (TLE) First Nations, the federal government and relevant municipal governments, support the creation of an urban economic development zone at Kapyong Barracks and fulfilment of all Treaty Land Entitlements in Manitoba.
- Creating an Aboriginal business incubator where participants are mentored by other like-valued individuals to provide participants with support structures
- Increasing the availability of entrepreneurship training programs aimed specifically at indigenous entrepreneurs which support cultural needs, with the support of appropriately qualified indigenous mentors
- Developing an investment seed fund for aboriginal entrepreneurs featuring one part long-term loan and one part grant, to be paid back to the fund for the future
- Facilitating indigenous business connections to foreign indigenous business communities through trade missions specifically focused on indigenous business development, notably in US, Australia, New Zealand, Latin America and other regions with sizable indigenous populations
- Tailoring existing provincial programming around promoting organizational capacity of growing businesses to incorporate human resource strategies that accommodate the integration of First Nations, Metis and Inuit (FNMI) populations into their workplace (includes assessing gaps, identifying supports that acknowledge, comparable to strategies used by companies to accommodate new Canadians).

PILLAR 5

PRODUCING, ATTRACTING AND RETAINING TALENT

Commit to working with the business and educational sectors to ensure Manitoba produces, attracts, educates, trains and retains the skilled workforce fundamental to sustaining economic growth, prosperity and healthy communities.

OUR PLAY: DEVELOP A MORE AGILE, ENTREPRENEURIAL POST-SECONDARY EDUCATION (PSE) CULTURE

Our post-secondary education institutions need to have a stronger focus on developing the workforce of tomorrow, and need to adopt lean business practices to ensure the effective use of public funding, and to encourage more partnerships with the private sector. This can be achieved by:

- Working with our PSE community to improve opportunities for collaboration between PSE researchers and businesses
- Supporting increased opportunities for work-integrated learning as part of students' PSE experience
- Focusing post-secondary institutions on learning outcomes that are tied to short and long-term market demand (multiple careers require us to think about a more flexible learner, critical thinker), and to demonstrate continual improvements in learner engagement and environments.
- Transitioning our publicly-funded post-secondary institutions from the current broad base discipline focus to that of a "Niche Dominator", whereby a post-secondary institution:
- Chooses particular customer segments to focus on — for example, mature distance learning students, international mass market or industry professionals — enabling the targeted development of course offerings, sales channels, delivery, and related services, such as industry based learning, career placement and outreach, and embedded research programs.
- Significantly reduces its range of education disciplines, creating a focused set of areas of genuine domestic and global strength and credibility.
- Builds deep alliances with industry in its chosen fields, including partnerships to support R&D, commercialization of research and innovation, professional skill development, and lifelong learning.
- Streamlines its back office, including using outsourcing and/or shared services models to drive efficiency and economies of scale.
- Enabling nimble and effective methods of introducing accredited new programs/courses at Manitoba's colleges and universities that are relevant to industry through a stream lined process; the ability to develop and implement new curriculum at present is limited.

PILLAR 6

ACCESS TO CAPITAL

Maintain a system for easy access to capital including establishing a framework for venture capital within which both the private and public sectors participate to ensure Manitoba businesses have increased access to capital to allow them to thrive.

OUR PLAY: ADOPT AN ACCESS TO CAPITAL STRATEGY

Capital is the lifeblood of any new venture, and one of the biggest challenges facing entrepreneurs and businesses in Manitoba is the availability of funding to grow and expand their business. This is hindering the full potential of Manitoba's business community and the economy overall.

To address this challenge, the province should work with industry to develop a comprehensive Access to Capital Strategy that identifies all stages of capital financing, current capital availability, local gaps along the entire capital continuum (Idea – Incubator – Angels – Venture Capital Funds – Series A, B, C) and provincial initiatives to address gaps. Potential funding sources could include allocating a portion of the revenue the province collects from the payroll tax, and incentivizing Manitoba-based public pension funds to contribute.

ESTABLISH STRONG, SUSTAINABLE FISCAL RELATIONSHIPS

Commit to establishing a modern fiscal framework to ensure both provincial and municipal levels deliver on their respective obligations to provide services to Manitobans and build mutually supportive communities.

OUR PLAY: NEGOTIATE A NEW FUNDING FRAMEWORK FOR MUNICIPALITIES

It's time to end the conflict between various levels of government over revenue sharing and empower municipalities to make their own decisions about taxation and funding priorities, and be directly accountable to voters for those decisions. This could be accomplished in three moves:

- The next provincial government should undertake a comprehensive review of the City of Winnipeg Charter to ensure the City operates under a policy-based governance model that affords it the necessary powers and flexibility, aligned with its funding authorities, to promote self-determination and self-sufficiency.
- Reinvent the civic-provincial funding relationship, transitioning away from repeated confrontation over shared revenue allocation to one of managed authorities
- Amend relevant legislation governing municipal taxation authority so as to allow municipal governments to transition to economic growth related taxes, such as a municipal sales tax or income tax, to reduce reliance upon property and business taxes and promote greater self-reliance.

OUR PROVINCE NEEDS A PLAN FOR PROSPERITY

Economic growth will drive the future of Manitoba. Without it, government can't generate the revenue it needs to pay for services like health care, education, justice and social assistance that are so valuable to all our residents.

This is why we need a provincial government that is relentlessly focused on increasing economic activity in Manitoba and providing more opportunities for entrepreneurs and investors to direct their capital to our province.

The moves outlined in this playbook offer the next provincial government an easy-to-follow path to improve prosperity for all Manitobans – private and public sector, big business and small non-profits, entrepreneurs and employees, children to retirees.

We're calling on all candidates, and all parties, to adopt these pillars and champion these plays within the next Legislative Assembly.

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