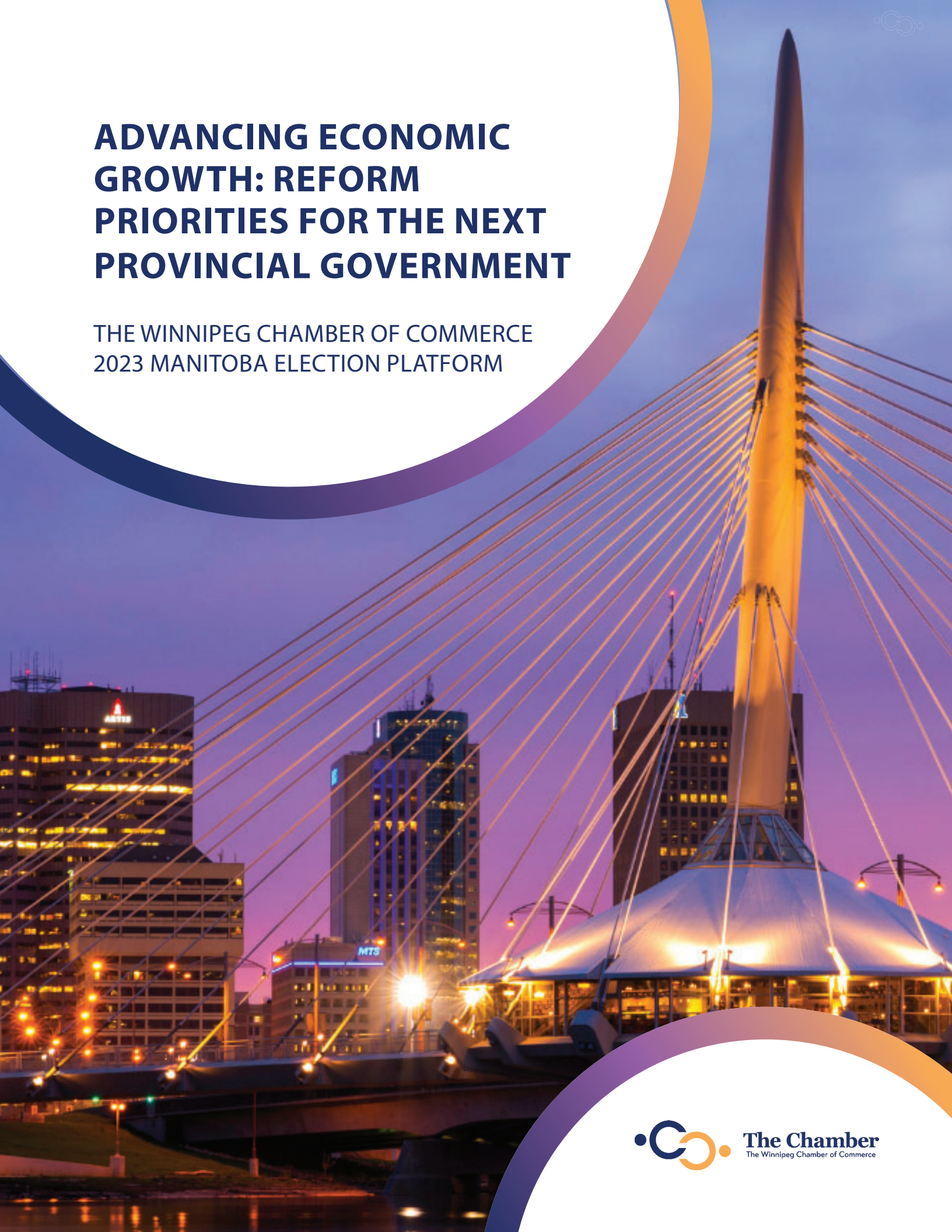




ADVANCING ECONOMIC GROWTH: REFORM PRIORITIES FOR THE NEXT PROVINCIAL GOVERNMENT

THE WINNIPEG CHAMBER OF COMMERCE
2023 MANITOBA ELECTION PLATFORM



The Chamber
The Winnipeg Chamber of Commerce

ABOUT THE WINNIPEG CHAMBER OF COMMERCE

For 150 years, The Winnipeg Chamber of Commerce has been the largest business organization in the city. We provide a platform to help local business in Winnipeg thrive – whether it's advocacy, connecting the right people, or providing support and programs to help businesses grow.

The Winnipeg Chamber of Commerce is located on Treaty 1 territory, the traditional land of the Anishinaabe, Ininiwak, Anishiniwak, Dakota, and Dene Nations, and in the National Homeland of the Red River Métis. Our clean drinking water comes from Shoal Lake 40 First Nation in Treaty Three Territory.

This document reflects the views of The Winnipeg Chamber of Commerce based on our own research and on engagement with members and stakeholders. Manitoba is a diverse province. In many cases, there is a range of views on an issue within The Chamber membership. This piece may not necessarily reflect the perspective of all The Chamber member companies and should not be read as the position of any one member.



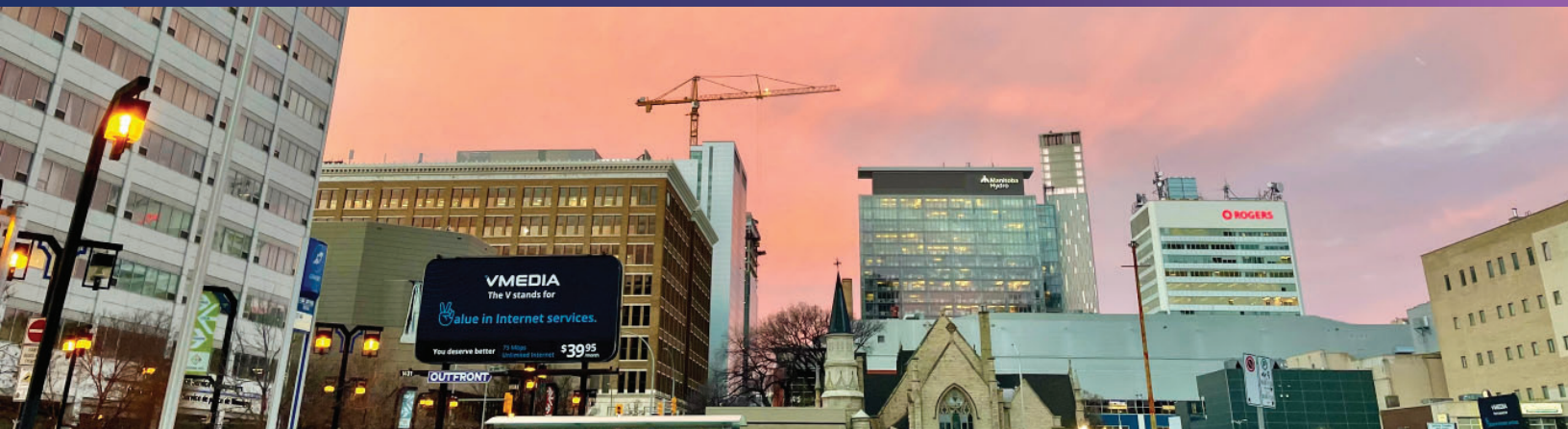


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OVERVIEW

Manitoba is a strong province with a resilient and competitive economy, many job opportunities, good living standards, and a diverse society with vibrant communities.

In the modern era, a generation of economic reform drove Manitoba's private sector to compete efficiently and productively in our province and global markets. It also enabled the private and public sectors to contribute meaningfully and successfully to navigating the global COVID-19 and other global shocks.

That effort has come off the boil on both sides of COVID-19.

Budget 2023 expects the province's real GDP to slow from 3.6% growth in 2022 to 0.7% in 2023, with an expansion of 1.1% in 2024.¹

Productivity and competitiveness continue to decline, despite the best intentions of the business sector and the ambition of governments. Our provincial effort has been disproportionately directed to redistribution at the expense of private growth and enterprise.

A renewed reform effort is needed, led by a whole-of-government approach, and directed at strengthening private sector output. We need this to be recognized on both sides of politics and amongst significant institutions and thought leaders in our society as a strong foundation for the next Manitoba Government on which to build the reform agenda.

Advancing Economic Growth: Reform Priorities for the Next Provincial Government identifies the characteristics of this agenda as identified by the business community and The Winnipeg Chamber of Commerce.

The three core elements of *The Winnipeg Chamber's Advancing Economic Growth: Reform Priorities for the Next Provincial Government* are:



The objective of economic reform is the creation of a better society and a stronger province. The Winnipeg Chamber and our members are confident that a thriving economy with structural strength to withstand global shocks is the underpinning of healthy communities.

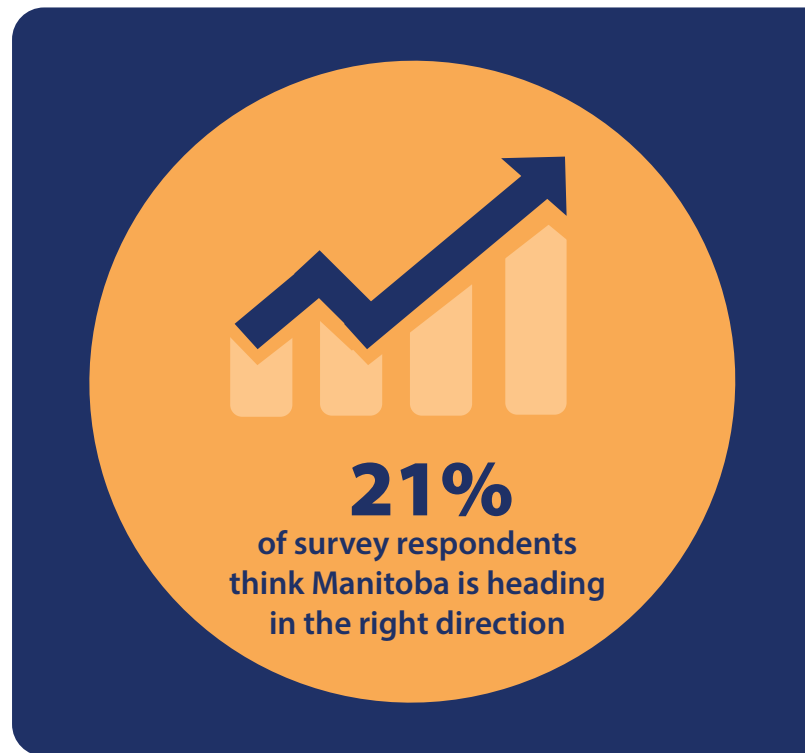
¹ <https://www.gov.mb.ca/budget2023/fiscally-responsible-outcomes-and-economic-growth2.html#Manitobas-Economic-Outlook-and-Review>

The right type of economic reform benefits our province and its people in the medium to long-term. However, in the short term, reform involves change and, in some instances, difficult transitions with some wins and losses. Thus, the reform effort of the next decade needs to be accompanied by political and business leadership that makes out the case to the broader community. Unless a critical mass of community support exists for reforms, they can be unwound, with consequent setbacks to achieving their goals.

Governments at all levels, especially the Manitoba government, are responsible for setting out the province's reform effort and bringing about the policy, cultural and legislative changes it compels.

Governments need to be single-minded in this task, but this reform effort cannot have government as the central agent for economic prosperity. Therefore, The Winnipeg Chamber's reform agenda is a government-led plan that creates the most conducive environment for the plans of private businesses to flourish and prosper.

Central to the reform agenda must be restoring confidence in the business community as a whole.



"Our goal is (to be) mediocre - like, we have no aspiration to be or say 'we're going to be the best of education, or the best at this.' We have no vision, and that's really hard to gravitate to. So, it's really hard to say yes, we're on the right track."

- Chamber member

At a time of global uncertainty, this is no small task. A conducive environment for private investment and business activity must be directed at business on both a large and a small scale. The position of small and medium-sized enterprises is particularly significant. Total private sector employment in small businesses in Manitoba amounts to around 286,500 jobs, representing 70.9% of Manitoba's private sector employment. The 39,192 small business community may be diverse and independently minded, but it cannot be ignored collectively.² While a strong economy is a crucial ingredient for small business success, simply relying on a trickle-down effect to restore small business confidence will not be sufficient. Therefore, policy measures that deliver a better business environment for small businesses are central to this reform agenda.

² <https://ised-isde.canada.ca/site/sme-research-statistics/en/key-small-business-statistics/key-small-business-statistics-2022>

DEVELOPING THE WINNIPEG CHAMBER REFORM AGENDA

As the province's largest and most representative business network, The Winnipeg Chamber is committed to business advocacy grounded in well-developed economic and policy reform. Over the past decade, we have released issue-specific policy briefs around which industry has come together and that have informed public debate and elements of government policy:

- The Performance Playbook: 2022 Civic Election
- The Recovery Playbook (2020)
- Manitoba's Prosperity Playbook (2019)
- Poverty Reduction Policy (2018)
- OurWinnipeg Review (2018)
- Carbon Pricing Policy (2017)

Advancing Economic Growth: Reform Priorities for the Next Provincial Government has been developed in that tradition and partly draws on this work.

The Winnipeg Chamber has drawn significantly on our surveys and analytical work on regional trends. We received exceptional feedback from our 2023 'Collective Voice: Collective Impact' provincial priority survey and the roundtable discussions held with companies from all sectors and sizes facilitated by Probe Research.



1

A Stronger Economy

... the need for an overarching economic development strategy. That's something that's really kind of been missing.

– Chamber Member

WINNIPEG

ECONOMIC GROWTH

Before COVID-19, Manitoba was a thriving economy with tremendous growth, topping nearly \$64 billion in GDP, built around resource, financial, manufacturing and service sectors.

While the Manitoba economy is doing well this year, the future is still being determined, with a GDP growth forecast of only 0.7%, down from 3.7% in 2022.³ The economic hardships from COVID-19 are being felt across all sectors and sizes of business in the province. Persistent inflation, increasing interest rates, heavy debt burdens, and increased operating costs, notably increased wage pressures, have created a perfect storm of challenges for businesses.

Additionally, the growing complexity of economic development in an age of greater knowledge intensity and the emergence of new innovation policy approaches focused on local and regional economic clusters have catapulted city regions into the frontlines of Canada's effort to navigate technologically driven economic change. Municipalities have been assuming greater policy responsibility and demanding attendant policy autonomy and discretion in several issue areas, including the governance of local or regional economic development.⁴

The Winnipeg Chamber has been clear and consistent on the need for a focused provincial economic strategy, developed in partnership with the business community, to ensure long-term economic growth, social cohesion, and environmental resilience in Manitoba. The next provincial government must also recognize municipalities as key entities at the frontlines of the future economic, social, and ecological opportunities.

'Saskatchewan's Growth Plan for the Next Decade of Growth 2020-2030' is an impressive, detailed roadmap with 30 goals for 2030, including key targets of population growth, new job creation, and increasing exports and revenue.

TOP PRIORITY

By 2024, release 'The Next Decade of Growth' plan for Manitoba that outlines how the province will respond to the immediate economic challenges still in play and leverage the challenges and opportunities that will impact the province over the next ten years.

RECOMMENDATIONS:

- 1 By 2024, release 'The Next Decade of Growth' plan for Manitoba that outlines how the province will respond to the immediate economic challenges still in play and leverage the challenges and opportunities that will impact the province over the next ten years.
- 2 Enhance the intergovernmental partnership framework, including modernizing municipal finance models, with The City of Winnipeg and other municipalities so they can carry out functions of greater responsibility and policy discretion in promoting economic development.

³ <https://www.gov.mb.ca/budget2023/fiscally-responsible-outcomes-and-economic-growth2.html#Fiscal-Strategy>

⁴ https://imfg.munkschool.utoronto.ca/report/economic-development/#_edn41

REFORM OF MANITOBA FINANCES

Restoring Manitoba's budget position is one of the province's principal economic challenges. Achieving fiscal sustainability is a critical objective in its own right. Strong budget management underpins macroeconomic stability and confidence in the economy.

Significant and persistent budget deficits have become a feature of the Manitoba economic landscape. Even before COVID-19, policy measures and a subsequent lack of fiscal discipline left the budget in deficit.

With the scope to fund critical structural reforms, the productivity dividends these reforms yield will be recovered, and the living standards of Manitobans will be higher as a consequence. However, progressing a meaningful reform agenda will only be possible by generating the necessary fiscal space.

Improved budget discipline and control of expenditure are imperative. Details of a viable plan to balance the budget must be outlined to be credible and set a standard of accountability. A comprehensive government spending review is long overdue and should be conducted to identify opportunities to reduce expenditures and facilitate a return to fiscal sustainability.

Manitoba often flies under the radar, especially given that its diversified economy has been relatively stable, shown promising growth rates and generated unemployment rates at or below the national average. Yet, Manitoba has not balanced a budget since 2009 and has seen its provincial net debt grow alarmingly high.⁵

Promised budget discipline has been more forecast than real, and the failure to achieve against self-imposed benchmarks has undermined the credibility of commitments to fiscal sustainability.

⁵ <https://www.fraserinstitute.org/blogs/the-forgotten-middle-public-debt-in-manitoba>



PLAN TO BALANCE THE BUDGET

There is some debate over whether balanced budgets are essential, but it does provide a clear “fiscal anchor” for the provincial government inundated with appeals for additional resources in priority areas.⁶ It is too easy otherwise for deficits to spiral out of control when no clear target exists, limiting the government’s capacity to respond to further downturns or pressures. Moreover, voters want to be assured that there is a plan in place for carefully managing their tax dollars and that the government understands that its ability to raise new taxpayer revenue is limited.

The provincial government expects to achieve a budgetary balance in 2028-29. While the outlook for growth in Manitoba remains positive, it is appropriate to continue to work toward balancing the budget in the nearer term. Having objectives for fiscal policy is essential, as is the credibility that comes with meeting those goals; however, the current plan needs to be better defined and almost entirely encapsulated in a cap on real spending growth that has already been violated.

The specifics of any plan to balance the budget must be clearly outlined to be credible. It is clear that a simple headline absolute spending cap needs more detail to be executed, and the absence of ongoing monitoring against this objective has enabled it to be mainly abandoned without consequence. Proposals for achieving spending restraint should be outlined in detail.

REVIEW OF GOVERNMENT SPENDING

The scope of recent spending by the provincial government is vast. This year’s projected expenditures will increase by \$1.97 billion, or 9.9 percent, from Budget 2022.⁷

In meeting the long-term fiscal challenge associated with the aging of the population and the more immediate task of balancing the budget, Manitoba needs to be engaged in a constant debate about the appropriate size and role of government in society.

A comprehensive spending review must be the starting point for addressing the budget position. The review’s terms of reference should be as expansive as possible and provide the body charged with undertaking the task with broad powers of investigation. They should also require that specific options for budget savings be nominated.

RECOMMENDATIONS:

3

Articulate the plan to balance the budget more clearly and outline proposals for spending restraint in detail.

4

Conduct a thorough review of government expenditure. The terms of reference for this review should require specific options for budget savings to be nominated.

5

Check and evaluate provincial financial performance and policies using relevant indicators and benchmarks, such as those outlined in the Fiscal Responsibility and Taxpayer Protection Act, as well as other measures of fiscal sustainability, efficiency, and fairness.

⁶ <https://policyoptions.irpp.org/fr/magazines/aout-2019/returning-to-balanced-budgets-requires-a-careful-game-plan/>

⁷ <https://www.gov.mb.ca/budget2023/summary-budget-and-financial-updates.html#:~:text=Budget%202023%20includes%20a%20projected,in%20Corporation%20income%20tax%20revenue.>

TAX REFORM

The taxation system in Manitoba needs to be reformed to provide the incentive to invest, to encourage workforce participation, and for businesses, it needs to reward risk-taking and entrepreneurship. An excessive tax burden due to the level of taxes, complexity and cost of tax compliance will impair competitiveness, workforce participation and investment in Manitoba.

While the Manitoba economy has become more dynamic, efficient, and open over recent decades, our taxation system has only adapted slowly to these structural changes. As a result, taxes have become one of the major impediments for the Manitoba economy to achieve its potential and be as internationally competitive as possible. Establishing the Tax Competitiveness Working Group to provide advice to further the province's effort to modernize Manitoba's tax system is a positive first step to ensuring the province is competitive with other jurisdictions.

Tax reform can ensure the provincial tax system can raise those extra revenues with limited collateral damage to the economy. Significant tax reform could also help manage other emerging challenges, such as rising wealth inequality.

The next provincial government must continue to make Manitoba's tax system more efficient and aligned with the economic growth strategy. For example, the province's use of PST penalizes business investments in new equipment and other capital purchases, and employer health tax (i.e., payroll tax) adds significantly to business payroll costs and further erodes tax and marketplace competitiveness for Manitoba companies.

TOP PRIORITY

Ensure Manitoba's taxation system balances supporting important socio-economic objectives while providing incentives, encouraging business entrepreneurship and scale-up and risk-taking, and promoting productivity growth.

RECOMMENDATIONS:

- 6** Ensure Manitoba's taxation system balances supporting important socio-economic objectives while providing incentives, encouraging business entrepreneurship and scale-up and risk-taking, and promoting productivity growth.
- 7** Reduce the Health and Post-Secondary Education Tax Levy, promising to eliminate it.
- 8** Investigate wholesale changes to Manitoba's corporate income tax system.
- 9** Reduce top marginal personal income tax rates to enhance competitiveness with other jurisdictions in attracting and retaining top talent.

ENERGY REFORM

ACHIEVING A NET-ZERO ECONOMY

Global consumption of materials such as biomass, fossil fuels, metals and minerals is expected to double in the next forty years,⁸ while annual waste generation is projected to increase by 70% by 2050.⁹ Over half of total greenhouse gas emissions and more than 90% of biodiversity loss and water stress come from resource extraction and processing. Manitoba has much to be proud of concerning its environmental record, but our economy is highly climate-sensitive, ranking third most sensitive across all Canadian regions regarding GDP losses per capita.¹⁰



13%
of respondents
believe the provincial
government is doing
a good/excellent job
when it comes to
addressing climate
change.

The next provincial government must take a leadership role alongside Manitoba businesses and use the transition to a net-zero economy as an opportunity to drive economic growth. The current government has made some progress with Manitoba's Climate and Green Plan¹¹ and the establishment of the Expert Advisory Council to the Minister of Environment, Climate and Parks, but we are not keeping pace with the climate actions of other jurisdictions. The provincial government has yet to achieve the momentum to align all their agencies, private sector players, non-government organizations, and citizens behind a coherent net-zero plan. Collaboration is vital, with every part of society having to contribute, from individual citizens to development banks and businesses.

A critical component of achieving a net-zero economy is the intersection of the circular economy. While the circular economy model offers new business opportunities and promotes resource efficiency and reduced carbon emissions, it requires a complex supply chain, changes in consumer behaviour, and significant investments. However, the potential benefits, including increased profits and competitive advantage, make it an attractive option for businesses looking to achieve net zero and reduce their environmental impact.

The provincial government has made some effort to support a circular economy in Manitoba (i.e., funding to divert waste from landfills), but more needs to be done to realize the benefits of this intersection to a more sustainable and net-zero future.

Building a low-carbon, circular economy in Manitoba will require an enormous structural and cultural shift to address our currently unsustainable "linear" model. While daunting, the challenge will also bring many new opportunities and advantages. Collaboration across provincial departments and with the local and federal governments, business sectors, academic and applied researchers, and non-governmental organizations is essential for advancing a thriving innovation ecosystem that attracts investment and creates jobs while strengthening communities and protecting the environment.

⁸ OECD (2018), Global Material Resources Outlook to 2060

⁹ World Bank (2018), What a Waste 2.0: A Global Snapshot of Solid Waste Management to 2050.

¹⁰ https://climateinstitute.ca/wp-content/uploads/2022/09/Damage-Control_-EN_0927.pdf

¹¹ https://www.gov.mb.ca/asset_library/en/climatechange/climategreenplandiscussionpaper.pdf

RECOMMENDATIONS:

- 10 Develop a net-zero strategy that includes:
 - An emission reduction pathway for net-zero by 2050 and actively pursue additional opportunities for 8.0 Mt cumulative emissions reductions by 2027 as recommended by the Expert Advisory Council to the Minister of Environment, Climate and Parks.¹²
 - A net-zero action plan with clear accountability – detailed, sector-specific road maps produced in collaboration with industry and municipalities.
 - A green skills plan to help map out the quantity and type of skills needed, where the new “green jobs” are located and how to invest in education and retraining.
 - Circular strategies to address the challenges of complex supply chains, consumer behaviour, and investment.
- 11 Review existing policies to ensure they do not conflict with climate goals outlined in the strategy, aligning all departments’ efforts to achieve shared goals.
- 12 Examine regulation and its role as a fundamental policy instrument to structure markets.
- 13 Implement a sustainability reporting framework – highlighting the environmental impact of provincial spending and private-sector investments so businesses can see the effects of contributing to a net-zero economy.
- 14 Promote a more whole-of-society, people-centred approach to achieving a net-zero economy by increasing participatory forms of public engagement, such as online deliberation and citizen assemblies, to help involve people in problem-solving and climate action policy.
- 15 Provide training/incentives for businesses to adopt circular economy opportunities.

¹² https://www.gov.mb.ca/asset_library/en/eac/eac_carbon_savings_report2022.pdf



WORKFORCE DEVELOPMENT AND SKILLS TRAINING

Manitoba employers report difficulty recruiting and retaining employees with the right mix of skills and talent necessary to grow their businesses. COVID-19 has exacerbated talent shortages. Additionally, technology is changing the type of workers being used. Jobs are becoming more multi-skilled and specialized, growing more valuable and less interchangeable. As a result, workers are becoming more challenging to find and replace.

The Business Data Lab recently reported that one out of three firms in Winnipeg anticipates labour shortage to be an obstacle over the next three months.¹³ Notably, 31% of Winnipeg businesses reported high impact related to recruiting and retaining staff challenges, while 37% reported medium impact, 19% reported low impact, and only 1% reported no impact.

The Manitoba Labour Market Outlook predicts that between 2022 and 2026, there will be 114,300 job opportunities in the province's economy, with 68% of those positions being needed to replace worker retirements and deaths. Approximately 56% of job openings will require formal post-secondary training. The World Economic Forum's Future of Jobs Report 2023¹⁴ identifies organizations across all industries that identify skills gaps and an inability to attract talent as the key barriers preventing industry transformation. These gaps imply a mismatch between the skills possessed by the available workforce and the skills required by employers.

In light of the chronic shortage of skilled workers described above and the aging of the population, the need for more foreign-and indigenous-trained workers is urgent, as well as the need for businesses to adopt diversity and inclusion workplaces, the need for different skills hiring approaches, and expanded micro-credential opportunities for businesses.

FOREIGN TRAINED WORKERS

The federal government has recently announced its goal of increasing immigration levels to 500,000 annually by 2025. Many permanent residents and foreign nationals in Canada bring years of education, training, and experience from their home countries to Canada. However, many people find getting a job in their desired field difficult due to complex regulations, regional differences in standards, lengthy assessment processes, limited recognition

TOP PRIORITY

Manitoba should review its existing fair registration practice legislation and consider any applicable amendments to any provisions that create barriers to licensing and other unnecessary obstacles.

¹³ <https://bdl-lde.ca/survey-insights/>

¹⁴ https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf



agreements, language proficiency requirements, costly and complex procedures, and an inefficient national system for recognizing foreign qualifications.

Immigration is essential to Manitoba's present and future prosperity, and studies show that close to 90% of the growth in the workforce comes from new permanent residents and foreign nationals in Canada; thus, it must be planned and coordinated in areas such as housing, employment, health and social services, to ensure successful settlement.

"One of the biggest barriers (to economic development) is regulated professions in particular and how they are regulated. There needs to be more accountability for international credentials. The fairness commissioner is just a reporting mechanism, not an accountability mechanism."

- Chamber Member

According to Statistics Canada,¹⁵ nearly half of the increase in Canada's population with a bachelor's degree or above was attributed to recent permanent residents and foreign nationals in Canada. However, their skills remain untapped or are mismatched relative to vacant positions. Nearly one-quarter of all permanent residents and foreign nationals in Canada with foreign degrees were employed in positions requiring, at most, a high school education. Over one-quarter of all permanent residents and foreign nationals in Canada with foreign degrees were overqualified for these positions, which is defined as having a degree while working in a position that generally only requires a high school diploma or less. Furthermore, permanent residents and foreign nationals in Canada with foreign degrees and credentials in high-demand fields like health care experienced high rates of job mismatch: 41.1% of

permanent residents and foreign nationals in Canada with foreign medical degrees worked as doctors and 36.5% of permanent residents and foreign nationals in Canada with degrees in registered nursing or closely related fields were employed as registered nurses. Comparatively, Canadians with nursing (87.4%) or medical (90.1%) degrees from Canadian academic institutions had a much higher job match rate, with approximately 9 out of 10 individuals finding suitable employment.

¹⁵ <https://www150.statcan.gc.ca/n1/daily-quotidien/221130/dq221130a-eng.htm>

As Manitoba's permanent residents and foreign nationals in Canada and foreign-trained population increases, the issue of credential recognition is becoming more and more pressing. The next provincial government must review The Fair Registration Practices in Regulated Professions Act and consider amendments where applicable to enable professional associations to further break down the barriers and expedite application processes that prevent newcomers from integrating into Manitoba's society.

Ontario recently amended its legislation, and Ontario's Professional Engineers Ontario (PEO)¹⁶ has become the first association to remove the Canadian work experience requirement for internationally trained engineers seeking a license.

RECOMMENDATIONS:

- 16** Manitoba should review its existing fair registration practice legislation and consider any applicable amendments to any provisions that create barriers to licensing and other unnecessary obstacles.
- 17** Investing in services and initiatives that assist foreign national professionals in addressing knowledge and skill gaps would contribute to alleviating the labour shortage of qualified medical professionals, especially in the category of specialty physicians.
- 18** Work with the federal government to expedite the time needed to conduct the Foreign Credential Recognition of Foreign Nationals and New Canadian Permanent Residents, primarily focusing on high-demand jobs, such as registered nurses, doctors, etc.

¹⁶ <https://peo.on.ca/sites/default/files/2019-09/ValuingNewcomers.pdf>



INDIGENOUS TRAINED WORKERS

One of the many essential initiatives required to foster economic reconciliation, resilience, and inclusivity is increasing access to culturally informed skills training, mentorship, and upskilling programs. Manitoba also has the most significant proportion of Indigenous people of any province, making up about 18.1% of the total population. The Indigenous population in Manitoba is the fourth highest in gross numbers among the provinces, with a total population of 237,190.

The capacity to provide every member of the population with the resources needed to engage and contribute their talents, skills and capabilities is essential to Manitoba's economic growth. A concerted effort must be made to guarantee that historically excluded groups have equal opportunities to prosper to create a truly inclusive economy. To deliver these skills and resources to the communities they serve most efficiently, governments, social service organizations, and business sector partners should support Indigenous-led organizations by investing in their infrastructure, hiring qualified staff, and providing funding.

"The focus is now on increasing Indigenous student participation within the (post-secondary) sector. Universities are making investments, and they're setting up offices dedicated to that, and I think there's an economic impact to come out on the other end of that."

– Chamber Member

RECOMMENDATIONS:

19

Create a foundation for Indigenous skills focusing on Indigenous cultural practices and knowledge.

20

Provide targeted funding to private sector education training centres and post-secondary institutions to expand capacity to deliver more remote learning programs to Indigenous people, specifically so that this future workforce can access literacy, numeracy, and essential skills training without relocating to the major centres in Manitoba.

DIVERSITY, EQUITY, AND INCLUSION WORKPLACES

Diversity, equity, and inclusion (DEI) is no longer simply about competitive advantage. Rather, it is fast becoming a competitive imperative in the future of work. For businesses to thrive, they need to tap into Manitoba's talent even more and become good at drawing out diverse perspectives. If the next provincial government does not support companies to build competitiveness inclusively, it may contribute to growing inequality. To avoid exacerbating labour-market inequalities, businesses must adopt inclusive practices to equip these groups with the skills, training, and professional opportunities they need to adapt.

TOP PRIORITY

Implement a DEI tax credit for businesses hiring individuals from targeted equity-deserving groups who have consistently faced significant barriers to employment.

RECOMMENDATIONS:

21

Implement a DEI tax credit for businesses hiring individuals from targeted equity-deserving groups who have consistently faced significant barriers to employment.

22

Provide funding to DEI organizations to help support more businesses in developing DEI workplace plans.

SKILLS-FIRST APPROACH TO HIRING

The next provincial government must develop a Workforce Development Strategy based on a "skills-first" hiring approach. According to the World Economic Forum,¹⁷ the term "skills-first" is increasingly used by a wide range of organizations across the private and public sectors to describe a new approach to talent management that emphasizes a person's skills and competencies rather than degrees, job histories or job titles regarding attracting, hiring, developing, and redeploying talent. By focusing directly on skills themselves, rather than on how they have been acquired, a skills-first approach has the potential to democratize access to economic opportunities and pathways to good jobs for many more people than traditional approaches have done.

RECOMMENDATION:

23

Develop skills-first hiring strategies in partnership with public employment services and the business community to identify areas of the economy that are facing staffing challenges and would benefit from a larger pool of potential applicants.

¹⁷ https://www3.weforum.org/docs/WEF_CNES_Putting_Skills_First_2023.pdf

MICRO-CREDENTIALS

The World Economic Forum's Future of Jobs Report predicts that 50% of workers will require training by 2025 as technology usage rises. Employers and governments are interested in enabling people to continuously upskill, given the changing nature of the job. Micro-credentials (short-duration, high-value, competency-based credentials) are excellent possibilities for many mid-career workers. They also provide a big chance for companies and the government to work together to enhance the competitiveness of Canada's workforce. Ontario created a gateway¹⁸ in 2020 for micro-credentials programs provided by post-secondary institutions in the province. The British Columbia government approved funding for 50 micro-credentials in 2021. As part of the Alberta 2030: Building Skills for Jobs strategy,¹⁹ the province established the Micro-Certificate Pilot Program in collaboration with businesses, employers, and post-secondary institutions to develop dozens of new micro-credential programs in high-demand emerging industries and priority sectors. The British Columbia Institute of Technology and the Greater Vancouver Board of Trade announced their collaboration to establish a new Environmental, Social, and Governance (ESG) Fundamentals Microcredential in January 2022.

RECOMMENDATIONS:

- 24** Increase the number of micro-credential programs available, focusing on in-demand professions, in collaboration with the federal government, post-secondary institutions, and the private sector, to close skill-related gaps in the workforce and provide more opportunities for Manitobans.
- 25** Grant financial assistance to people and small enterprises for micro-credentials, reskilling, and upskilling, especially for data, digital, and other in-demand skill sets.

¹⁸ <https://www.ontario.ca/page/micro-credentials-ontarios-postsecondary-schools>

¹⁹ <https://www.alberta.ca/alberta-2030-building-skills-for-jobs.aspx>

DOWNTOWN WINNIPEG

In a recent survey by The Chamber, 67% of respondents indicated that improving downtown Winnipeg should be a high priority for the next provincial government to address.

Winnipeg's downtown business area is a significant economic driver and a major sports, arts and culture, education, and hospitality hub. As of March 2023, Downtown Winnipeg has experienced around 25% reduction in workplace mobility, according to the Business Data Lab.²⁰

"It's clearly a really big impediment to our economic development. And we can't do one without the other. And I just don't want to see one provincial task force go off and come up with seven good initiatives they are going to do to revitalize economic activity downtown without working with everyone else that is trying to address social issues and doing it productively together in an efficient manner."

- Chamber Member



While effort has been made to create a safer, more inviting downtown Winnipeg for businesses and residents (i.e., Downtown Community Safety Partnership), more is needed to renew consumer and community confidence.

RECOMMENDATIONS:

- 26** Establish a platform for ongoing dialogue and collaboration between the provincial government, municipal authorities, downtown businesses, residents, and community organizations to ensure that policies and initiatives align with the needs and aspirations of downtown Winnipeg.
- 27** Introduce incentives and regulatory measures to facilitate the conversion of underused office spaces into affordable housing units, thereby increasing residential presence in the downtown core.
- 28** Continue funding for outreach programs, social work patrols, and mental health and addiction support workers in downtown Winnipeg.
- 29** Invest in the City of Winnipeg's CentrePlan 2050 to further revitalize and enhance the community, positively benefitting residents, businesses and Winnipeg.

²⁰ <https://bdl-lde.ca/dashboard/>

ENTREPRENEURSHIP

FOCUS ENTREPRENEURSHIP POLICY ON SCALE-UPS

In its 'Defying Gravity: Building a Scaleup Ecosystem' report, the Toronto Board of Trade highlights Canada as a terrific start-up nation but a dismal failure as a scale-up nation. Toronto is a dynamic centre for tech start-ups but has failed to grow any tech giants.

Additionally, a focus on scale-ups emerged as a key finding from the six Economic Strategy Tables recently convened by the federal government. The 2018 report called for adopting an 'Own the Podium'- type strategy, arguing that supporting a small number of high-potential firms was critical for Canada's prosperity.

Manitoba's success in this national effort will be determined by the province's ability to commercialize innovation and scale home-grown businesses. The next provincial government should prioritize support for select high-potential sectors and companies that could be boosted to become future anchor firms.

"In our economy, we're pretty good at starting things up, but we're not very good at scaling companies."

– Chamber Member

RECOMMENDATIONS:

30

Build out a comprehensive strategy for supporting Manitoba's scale-ups in collaboration with industry and other essential ecosystem players and the federal and municipal governments.



A background image of a laboratory setting, featuring glassware and a notebook. A large white number '2' is positioned in the upper left corner, partially enclosed by a curved orange and purple graphic element.

2

Better Functioning Institutions

“There is an urgent need to review and reduce the current stock of regulations, many of which are excessive, inefficient, and redundant.”



REDUCING THE COMPLIANCE BURDEN

Red tape often arises when regulators feel that they must always err on the side of caution and thus frequently manage their regulatory program by adding more demand for paperwork, increasing compliance requirements, and having more audits and inspections than necessary. Regulation imposes compliance costs on businesses by requiring them to undertake additional activities and provide information to the government and third parties. Business compliance costs often exceed the level necessary to achieve policy objectives.

Compared to larger enterprises, policymakers need to be cognizant that the small business sector suffers disproportionately from regulatory requirements, not to mention poorly designed regulation and past its usefulness.

Provinces impose a significant regulatory burden. While each province's methodology differs and is thus not directly comparable, Manitoba has 924,180 requirements.²¹

There is an urgent need to review and reduce the current stock of regulations, many of which are excessive, inefficient, and redundant. The next provincial government should make and keep a commitment to reduce the regulatory burden in Manitoba on businesses, looking at the successful model that British Columbia implemented, which eliminated 37% of the regulatory burden within three years. How the province did it has been extensively documented and commented on.²²

²¹ Government of Manitoba Regulatory Accountability Secretariat, Manitoba Regulatory Accountability Report, September 2018.

²² Ibid.; Steven Globerman, Strategies for Deregulation: Concepts and Evidence, Fraser Institute, October 23, 2018; Sean Speer, Regulatory Budgeting: Lessons from Canada, R Street Policy Study No. 54, March 2016.

IMPROVING REGULATORY PROCESSES

The next provincial government must improve and strengthen its regulatory processes to avoid a similar problem of excessive regulation over time.

Any proposed new regulation should undergo a robust regulatory accountability impact analysis (RAIA) process to define policy objectives, identify possible consequences of introducing regulation, and review the likely costs, benefits and uncertainties of regulations. The expectation of the RAIA process is to discover if the benefits of a proposed regulation justify the costs and to ascertain which of the alternatives would be the most cost-effective.

Ultimately, any new policy development process should provide the business and broader community confidence that the new regulatory proposal is the most effective in achieving its policy objective(s) or benefits at the least cost. It is also imperative that the concerns of essential stakeholders are sought and considered in an effective and timely fashion in the process.

TOP PRIORITY

Create a permanent Joint Advisory Council comprising representations from the business community and government, with a mandate to review and recommend annual modernization, replacement, or elimination of business regulation.

RECOMMENDATIONS:

- 31** Following the deregulation model of British Columbia, the provincial government should develop a method of accounting for the regulatory burden, set a clear regulatory burden reduction target, and ensure political leadership buy-in.
- 32** Adopt a new regulatory culture that understands business processes and the burden created by regulatory compliance. There should be a commitment to provide a 'business-friendly' operating environment.
- 33** Create a permanent Joint Advisory Council comprising representations from the business community and government, with a mandate to review and recommend annual modernization, replacement, or elimination of business regulation.

INCREASING PRIVATE SECTOR INPUT

Improved governance systems and disciplines inside provincially regulated and operated institutions and agencies are critically needed. One of the reasons that Manitoba is at this point is an inability to have a critical mass of people in the provincial government who have private sector and small business experience. The irony is that to get less government intervention in business, more businesspeople need to be in government.

Beyond that, the people comprising these institutions need to have more experience in the private sector and deal with the private sector's institutions. In Parliament, in the public service and membership of agencies, steps are sorely needed to actively source and place persons with private-sector experience in decision-making roles. This should not be limited to people with a background in large corporations. People who have worked in or operated small and medium businesses have a grassroots understanding of the consequences of managing multiple regulatory imposts and burdens at one time, on one day, by only a handful of persons – often family members.

RECOMMENDATIONS:

34

Improve governance systems and disciplines inside institutions that reflect private sector values, and the government should reflect this objective across the public sector.

35

Ensure a transparent and contemporary balance of at least 50 percent of persons with private sector backgrounds and experience, including in small and medium businesses in senior appointments to the public sector, committees, and boards.

36

Find pathways to get businesspeople into government.



3

Supporting Local Businesses

“Overall investment incentives – like development predictability as well as tax incentives that are available to the large businesses in our city because they’re able to negotiate these deals.”

– Chamber Member

SUPPORTING LOCAL BUSINESSES

According to Statistics Canada, small businesses make up 97.8% of employer businesses in Manitoba. The most significant Winnipeg business obstacles involve rising inflation, rising input costs and labour supply-driven difficulties, including hiring and retaining the workforce. Inflation (60%), the rising cost of inputs (45%), rising interest rates and debt costs (37%) are the top three most significant challenges that Winnipeg businesses are facing, according to the Business Data Lab. Of those surveyed, businesses in Winnipeg anticipate a 14% decrease in sales, and almost half (48%) of the respondents also expect an increase in operating expenses. In addition, more than one-third (33%) expect prices to go up, and profitability may face further challenges as businesses anticipate a 30% decrease in profitability.

TOP PRIORITY

Create a Small Business Cost Relief Fund, allocating a specific budget to provide direct financial support to eligible small businesses.

RECOMMENDATIONS:

37

Create a Small Business Cost Relief Fund, allocating a specific budget to provide direct financial support to eligible small businesses. This fund could help cover a portion of their operating expenses, thereby reducing the burden of rising costs.

38

Continue to expand the Venture Capital Fund, examine its current tax incentives and policy, and make enhancements as it aligns with the economic growth strategy.

39

Allocate resources for infrastructure development that enhances business productivity and competitiveness, including transportation, digital connectivity, and utilities.



IN SUMMARY

The Winnipeg Chamber of Commerce is the largest business organization in Manitoba. The success of our members are closely linked to the success of all levels of government and our community as a whole.

Advancing Economic Growth: Reform Priorities for the Next Provincial Government is not exhaustive in its approach to all issues, or all policy measures required. We have kept this document to a manageable size and tone to support advocacy and communication within industry and the broader community.

The list of recommendations presented in this document represents The Chamber's collective best advice in the hope of empowering provincial legislators, executives, and administrators to implement transformative changes that would advance economic growth in Manitoba. We hope that whoever forms government after the 2023 election will embrace the opportunity to set ambitious policy agenda. Now is not the time to set small targets.