

January 22, 2025

Honourable Adrien Sala
Minister of Finance
Room 103 Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Dear Minister Sala:

On behalf of The Winnipeg Chamber of Commerce and our 2,000 members, I am pleased to offer input into the provincial government's 2025 budget planning process.

Amid an evolving economic landscape and the challenges facing our province, it is essential that the upcoming budget emphasizes a clear vision to support priorities such as productivity, economic development, and responsible fiscal management.

Budgets are more than just a financial document; they express our shared goals and commitments. From the perspective of the business community, it's vital Manitoba establishes itself as a competitive place to locate and grow a new venture, with a government that's committed to economic and social development and delivering services effectively and efficiently.

This submission seeks to contribute to the province's efforts to build a resilient, inclusive, and sustainable Manitoba that serves the needs of all its residents. The recommendations below are grounded in our 2023 Provincial Election Platform, [Advancing Economic Growth: Reform Priorities for the Next Provincial Government](#) and our 2020 Recovery Playbook, [The Recovery Playbook Rebuilding and Reimagining Manitoba](#), which have been further supported and validated through on-going member policy engagement.

Budget Recommendations

Manitoba needs to continually improve conditions for a competitive, diversified, and resilient economy which will provide a high quality of life to all Manitobans. We have focused our comments to three priority areas: economic development, productivity, and deficit reduction.

Foster Economic Development

1. Develop an Access to Capital Strategy

To improve economic performance, we need to improve investment conditions. For many years The Winnipeg Chamber has recommended the province create a comprehensive Access to Capital Strategy that identifies all stages of capital financing, current capital availability, local gaps along the entire capital continuum 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.

We also urge the government to remove regulatory barriers that prevent the development of more

sophisticated local investment networks and platforms that allow small businesses to solicit capital directly from individual investors within Manitoba. For example, improving the Community Enterprise Development (CED) Tax Credit by raising the lifetime cap and share limits, could strengthen local businesses and attract private investment.

2. Build Capacity at CentrePort Canda

CentrePort Canada, as North America's largest inland port, represents perhaps the single greatest economic asset in Manitoba today. Seeing the success that CentrePort lands in the RM of Rosser have had it is imperative we maintain this momentum as CentrePort South continues to be developed.

We were fortunate to host CentrePort Canada Inc. to celebrate their 15th anniversary and the economic growth engine it has become, which will impact our province for generations. We commend the government for its \$250,000 in support and urge them to continue to support the opportunity CentrePort creates for Manitoba's economy.

3. Rethink the Provincial-Municipal Funding Relationship

Under current fiscal arrangements there is little motivation for municipalities to prioritize economic development because they cannot access revenue streams that are directly connected to growth. We suggest the province should fix this longstanding flaw in intergovernmental relationships and give municipalities an opportunity to generate revenue not just from property taxes generated by new developments, but also from the construction itself and any business activity that takes place inside those developments.

One option could be to replace all provincial grant funding to municipalities (roughly \$221 million per Budget 2024) with a fixed share of the PST. This would ensure municipalities have and would complement provincial efforts to establish Invest Manitoba to attract investment and promote international trade for Manitoba.

4. Remove the PST/GST on Second-Hand Goods

A second-hand tax doesn't make sense from a consumer fairness point-of-view, especially for the most financially vulnerable Manitobans who rely on buying second-hand goods. Further, we contend the policy change would encourage greater reuse and repair, thereby diverting and reducing waste in our landfills.

To make life more affordable and grow the second-hand economy The Winnipeg Chamber of Commerce recommends the removal of GST and PST on the sale of second-hand items valued at \$250 or less, as well as on repair services for second-hand items valued at \$50 or less.

Focus on Productivity

5. Assist SME Adoption of AI to Increase Productivity

In March of 2024 the Bank of Canada warned that Canada's lagging productivity rates are alarming. In response during the 2024 Fall Economic Update the federal government announced \$5 billion to secure Canada's AI advantage. If Manitoba seizes this opportunity today, we could pull ahead of

other provinces on productivity and become a hub for AI.

Small businesses are a big part of our economy in Manitoba make up 97.8% of employer businesses and are less likely to adopt AI, according to Statistics Canada. We recommended the government create a fund that encourages small and medium-sized businesses to adopt AI similar to the Manitoba Export Programming.

6. Remove Interprovincial Trade Barriers

The Canadian Global Cities Council estimates interprovincial trade barriers cost Canada \$80 billion in economic potential each year. While Manitoba received the highest overall score of A- in the Canadian Federation of Independent Business's report *The State of Internal Trade: Canada's Interprovincial Cooperation Report Card*, the report also highlighted several areas for improvement, including liquor regulations, labour mobility, and internal trade leadership.

We recommend that the government of Manitoba take on a leadership role in championing the removal of interprovincial trade barriers. This effort could take many forms, but the forthcoming Economic Growth Strategy presents a key opportunity to drive Manitoba's economic growth and establish the province as a leader within Canada.

7. Expand Micro-credentials in Partnership with Industry

The World Economic Forum's Future of Jobs Report 2023 forecasts that 61% of workers will require retraining between now and 2027. Micro-credentials offer mid-career workers more opportunities while enabling companies and governments to collaborate in enhancing the competitiveness of Canada's workforce.

We recommend the government work to increase the number of micro-credential programmes available, with a focus 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.

8. Streamline Credentials Recognition

Many newcomers arrive in Manitoba with years of education, training, and experience from their home countries. However, they often face significant challenges in securing jobs in their desired fields due to the complex regulations, systemic limitations, and inefficiencies in Canada's process for recognizing foreign qualifications.

The Winnipeg Chamber recommends work alongside the federal government and industry to remove barriers to foreign credential recognition so Manitoba employers can access a deep pool of talent and be able to recruit and retain the people they need to grow their organizations.

9. Partner with Post-secondary Institutions

Manitoba employers are reporting difficulty recruiting and retaining employees with the right mix of skills and talent necessary to grow their businesses. Manitoba is not unique in this, as talent shortages have been reported elsewhere in Canada and in the United States; we need a homegrown

solution.

Post-secondary institutions should be granted funding to explore the delivery of needed programs through localized learning hubs to scale up the offering of remote learning opportunities, so that individuals in rural and northern Manitoba, particularly Indigenous peoples, do not have to relocate to major centres in the province to receive education and training.

10. Increase the Apprenticeship Ratio

Increase the Red Seal Trade ratio of journeyperson to apprentice, currently set at 1:1, to 1:2 to properly incorporate and create meaningful opportunities for the influx of entrants into the skilled trades and meet construction needs. Manitoba would join Alberta, Saskatchewan and Newfoundland & Labrador who all have a 1:2 ratio. We also recommend conducting a review every five years, in consultation with industry, of the apprenticeship ratio to ensure it aligns with employers' and apprentices' needs.

Reduce Manitoba's Deficit

11. Outline Your Plan to Reduce the Manitoba Deficit

In your government's latest update Manitoba's deficit was forecasted to nearly double to \$1.3 billion from the 2025 Budget forecast of \$796 million. It is imperative we get back to balance. Debt servicing costs alone are costing \$2.2 billion dollars in 2024 according to *Manitoba's Economic, Fiscal, and Borrowing Update* in April 2024.

The Winnipeg Chamber recommends the government release a comprehensive plan of how it plans to reduce the deficit to instill confidence in Manitoba's economy. 30.8% of Chamber Members on our annual survey indicated that recent government decisions have negatively impacted their business operations, highlighting the need for more predictable and supportive fiscal policies.

We would welcome the opportunity to meet with you and senior staff from your department to discuss these recommendations in advance of the budget being drafted. Please feel free to have someone from your office contact my Executive Assistant, Michelle Orellana, at 204-479-5425 or morellana@winnipeg-chamber.com to schedule a meeting.

And as always, if the Chamber can be of any assistance in providing input from the business community or facilitating opportunities for you to speak directly with members, please contact me directly at 204-293-6150 or lremillard@winnipeg-chamber.com.

Sincerely,

THE WINNIPEG CHAMBER OF COMMERCE



Loren Remillard
President and CEO