



Business Council of Manitoba

**SUBMISSION TO FINANCE MINISTER DEWAR IN
PREPARATION FOR THE 2015 – 2016 BUDGET**

Presented: Thursday, February 05, 2015

Recommendations
By
The Business Council of Manitoba
To
The Manitoba Minister of Finance

Introduction

For many years The Business Council of Manitoba has submitted recommendations to the Minister of Finance as part of the province's pre-budget consultation process. We value the opportunity for the CEO's of more than seventy Manitoba based corporations to offer suggestions and positively contribute to shaping the future direction of government policy; policy which fundamentally impacts not only the businesses, but the livelihoods of tens of thousands of Manitobans employed in our businesses, and the level of prosperity enjoyed by our citizens.

These are turbulent times internationally with volatile international markets, fluctuating oil and energy prices, and a significant drop in the value of the Canadian dollar. Both challenges and opportunities arise. Government must not only be cognizant of what is happening but prepared to adapt its policies to best serve the interests of its citizens.

The recommendations offered in this paper cover not only taxation, business, resources and the economy but also the critical areas of education, health, and the social well being of our citizens. We advance the principle that having policies aimed at increasing jobs and employment opportunities and the overall level of prosperity is the first objective. Achieving all other policy objectives is contingent on having a prosperous, economically thriving province. None of the activities and programs in education, health, or early childhood development are possible without a prosperous economy.

Our members and businesses contribute to the health of Manitoba not only through the taxes they pay, and corporate financial support to hundreds of activities but through their personal time and effort and that of their employees. It is the commitment to building Manitoba as a better place to live, work and invest that drives our individual and collective efforts; and motivates us to offer what we believe are sound policy recommendations. Together they represent a comprehensive approach.

Aboriginal Development

Manitoba has a significant and growing aboriginal population. Unfortunately, too many of our aboriginal citizens have not been fully participating in our society; a lost opportunity not only for them and their families but for the province.

We believe more can be done in Manitoba and an emphasis placed on pursuing policies and programs targeted to improve early childhood development, more training and education, and improved health outcomes. The Business Council is prepared to engage with the province and our aboriginal communities to develop the policies and programs needed to ensure our aboriginal citizens are equipped with the skills to share in building our province and increasing our prosperity for the betterment of all.

1. Jointly with the aboriginal community, the Business Council of Manitoba, and other key stakeholders the province should launch a series of pilot projects of manageable size on and off reserve to strengthen the educational system for aboriginal students including development of appropriate curriculum and governance structures.
2. For fifteen years the Business Council has partnered with the province and the federal government and provided over 1900 post secondary awards valued at over \$5 million to assist Manitoba aboriginal students pursue the post secondary training of their choice. Those successfully completing their studies have not only improved their employment choices, they have become role models in their communities. The Business Council is committed to continuing this partnership and expects the province to remain a partner.

Education

3. The Government of Manitoba in collaboration with others should continue its development of a provincial Early Childhood Development Strategy and a new mechanism for government, community and business investment to support bold Early Childhood Development innovation projects.
4. Provincial policy should allow post-secondary institutions to set their own tuition rates and ancillary fees. The government should only intervene when a compelling argument can be made that fee increases are not in the public interest.
5. A related action is the government should increase the number of available bursaries to help offset higher tuition rates and to ensure post secondary education remains accessible to all qualifying Manitoba students.

6. We commend the government for disbanding COPSE in its efforts to streamline strategic and financial decision making respecting post secondary education.
7. A well educated labour force is critical to the success of Manitoba. Recent international studies have indicated that students in Manitoba's high schools are falling behind other jurisdictions in core competencies for mathematics, reading and science. Continued efforts need to be made to help our students succeed.
8. However, we would like to commend the efforts of Manitoba school divisions to incorporate financial literacy into their curriculum. The Organization for Economic Co-operation and Development (OECD) will be introducing a new measure to assess financial literacy in the future and it is anticipated that Manitoba will score very high in this area. The Council recommends that the province measure this important aspect of the education curriculum.

Trade

9. The Council recommends joining immediately the "New West Partnership" to demonstrate Manitoba's commitment to building a stronger more competitive economic climate.
10. Similarly Manitoba should place a priority on Internal Trade reform among the provinces consistent with the commitment by premiers at the 2014 summer Premiers' meeting, with an early target for completion.
11. Manitoba derives substantial economic benefit through trade. The Council recommends the government continue to support Manitoba businesses in their efforts to expand international markets for Manitoba products and services, recognizing that the employment of thousands of Manitobans is directly attributable to exports.
12. The Council commends the government for its continued support of trade related and strategic infrastructure such as CentrePort, working to improve planning for CentrePort and making it a more attractive location for investment, as well as for its undertaking other improvements to our main arterial highways such as Highways 1 and 75, and supporting North American trade corridors. More investments will be required if we are to achieve our potential. We recommend the government budget for strategic infrastructure investments and undertake strategic reviews as necessary to plan for these investments.

Tourism

13. The Council asks the government to allocate sufficient resources immediately to allow Travel Manitoba to market our tourism assets and attractions in a growing but very competitive international tourism environment and to take advantage of the significant new tourism related infrastructure investments in Manitoba – built with large private contributions to supplement public commitments, and to take advantage of the attractiveness of the Canadian dollar to American and foreign tourists.
14. The Council commends the government for its capital support of these completed capital projects but now asks that the government develop a plan to support the capital redevelopment and refurbishment of existing major tourism related public institutions such as the Manitoba Museum.
15. Travel Manitoba requires a sustainable funding base to fulfill its mandate and to ensure Manitoba is marketed internationally to increase our share of tourism traffic to Canada, generating employment and income opportunities, and additional government revenue. In the current year the government should investigate alternative methods of funding tourism marketing on a long term basis, with consideration of best practices in other jurisdictions. The accommodation taxes now in place and their effectiveness at promoting tourism should be part of this review. The Council would be prepared to assist in this review.

Energy

16. The economic, financial and environmental conditions affecting Manitoba Hydro's ability to competitively negotiate and sell power internationally are in a state of flux. The Government of Manitoba should be mindful of the potential financial impact on domestic ratepayers who will ultimately pay for miscalculations. The government's decisions should be based on the best analysis available to safeguard the province's future financial stability.
17. The government should actively pursue discussions with Ontario and its western neighbours on establishing a domestic national power grid to provide for larger and more accessible markets, increased opportunities for diversity and power sharing, and increased security.
18. The government must ensure its energy policy reflect the volatility in international energy markets, particularly the dramatic fluctuations in the price of oil, and the significant emerging technological changes in non carbon based energy sources, including solar, and battery storage.
19. The government should continue to cooperate with other Canadian jurisdictions in developing a pan-Canadian energy strategy leading to development of our mixed energy sources, enhanced interconnections leading to improved long term energy security, development of alternative energy sources leading to reduced GHG emissions, and improved capacity to export surplus supplies. A Canadian strategy is essential if Canada is to benefit in the long term.

Immigration

20. To sustain our growing economy the Government of Manitoba should work cooperatively with the Government of Canada and use all streams of immigration to fulfill quotas and reach target levels. The Business Council of Manitoba is prepared to work with the Province to develop a five year agreement to be negotiated with the Government of Canada to establish immigration levels for Manitoba consistent with recent years and ensuring Manitoba recruits immigrants with the skills needed in our economy. An agreement to maintain stable five year immigration levels would allow effective immigration recruitment to occur without concern for unexpected quota reductions. These discussions should commence very soon.
21. The Manitoba government should ensure the standard of settlement services for immigrants which has been transferred to the federal government is maintained at a high level, consistent with the services previously delivered in Manitoba and contributing to the high level of successful settlements.

Health

22. To continue efforts to manage and contain overall health care costs the government should continue to focus on productivity gains and service delivery improvement goals, which is particularly important for Manitoba Health & the regional health authorities, including the addition of new Quick Care clinics.
23. Any increase in fees under the new agreement now under negotiation with Doctors Manitoba should not exceed the Consumer Price Index.
24. As part of the efforts to contain costs the government should continue to place a high priority on health operations and process transformation, an initiative in which members of the Business Council have assisted in the past, and in which they are prepared to continue and to provide advice.

Northern Transportation and Infrastructure

25. The governments of Canada and Manitoba should jointly declare the Port of Churchill and the Hudson Bay Railway critical national infrastructure and increase efforts to utilize the port and facilities as part of Canada's national arctic sovereignty and northern development program.

26. The governments of Canada and Manitoba should develop an agreement as soon as possible on the construction of an all season road from the Port of Churchill to Rankin Inlet. Nunavut is the only province or territory not connected to the rest of Canada by a land link or road. Both Nunavut and Manitoba would benefit economically.
27. The Government of Manitoba should encourage the relevant private sector operators to continue to investigate the economic and environmental conditions required to consider the option to move oil and natural gas through the Port of Churchill.

Finance and Taxation

28. The government should aggressively pursue a balanced budget to ensure it meets its obligations under the balanced budget legislation.
29. The Council urges the Government of Manitoba to: agree in principle that the payroll tax and any increase to CPP contributions are a disincentive to job growth and negatively impact economic growth; and that the Government of Manitoba commit to reducing the payroll tax when the fiscal situation of this province improves.
30. The government should establish a tax commission to undertake a comprehensive review of the Manitoba tax system. A stable, predictable and reliable tax system serves the government and its citizens best.
31. Given trends in mining, the importance of the sector in Manitoba's economy and the need to be competitive internationally the government should ensure Manitoba's royalty and regulatory framework for resources, mining and northern development is financially competitive, and is economically and environmentally sustainable to increase long term employment opportunities for Manitobans particularly in those regions where jobs are now less available. To remain competitive in attracting international capital it is essential to further streamline government approval processes.

Government Operations

32. On an ongoing basis the government should continue to scrutinize all government programs to ensure they are being delivered in the most cost efficient manner. The government should also follow the lead of the business community and make use of Lean continuous improvement techniques in all departments as part of this scrutiny.

33. In addition it is important the government focus on productivity gains and service delivery improvement goals throughout the Civil Service, particularly in the areas of direct service delivery to Manitobans.
34. As a large employer the government must continue to assess and revise salary and wage scales for civil servants to ensure that they correspond to the requirements of the job and are consistent with overall economic conditions.
35. The Manitoba government should reduce the size of the Civil Service through attrition and appropriate reallocations to ensure critical services are maintained.
36. There are disturbing reports that some Manitoba communities have a backlog of property tax assessments and property values leading to untimely tax information for businesses. The Council asks the government to determine the causes for these backlogs and take the appropriate action to keep assessments and notices current.