

## NOW IS THE TIME TO INVEST IN COMMUNITY ASSETS

Manitobans received some good news in the announcement last month by the Manitoba Minister of Finance that the annual deficit for 2016–2017 came in at \$764 million. That is a staggering deficit but represents a significant and commendable improvement over the last couple of years.

What continues to be disturbing is that every nickel of the deficit is attributable to interest payments on the provincial debt accumulated over decades. Last year those interest payments rose to \$930 million an increase of nearly \$20 million from the previous year. That means we are continuing to borrow to pay the interest on our debt, an unsustainable course of action. Sadly those debt servicing costs are forecast to continue to rise as the total debt grows and as interest rates rise.

The Business Council of Manitoba has consistently advocated to successive ministers of Finance that the Province of Manitoba pursue prudent fiscal management to ensure all expenditures are targeted to important priorities. That focus is essential to provide services for Manitobans, and equally important to ensure our economy is positioned to grow and provide increased employment and income opportunities for Manitobans throughout the province.

Expenditure management requires difficult decisions and choices in all areas including health, education, infrastructure and economic development. Expenditure growth is now contained to about 3% per year, but that rate exceeds the provincial rate of economic growth, and the rate of inflation.

This improvement in the fiscal situation was well received by bond issuers and the financial community on the recent visit by the Minister of Finance to New York City. These meetings are essential to communicate the progress we as a province are making if Manitoba is to continue to have ready access to capital and to assure the bond rating agencies that Manitoba is deserving of its current bond rating. The bond rating for the province is the equivalent of an individual's credit rating. It affects the rate of interest we pay for the billion dollars or more we borrow annually.

Continued improvement will position Manitoba to regain the higher credit rating it enjoyed before it was downgraded prior to and just after the provincial election.

While the Business Council supports the province's achievement to date and encourages it to continue, fiscal management is only half of the equation to a more prosperous future. The other and equally important half is to pursue a strong economic development strategy to grow the economic pie leading to job growth, increased incomes, and enhanced revenue to government to support services and investments.

While expenditure management continues there is more to the business of government. That business includes making investment decisions in infrastructure. Provincial and federal

governments need to invest in trade related infrastructure - the roads, the bridges and related facilities that enable the movement of goods and people to markets.

Earlier this week federal, provincial and municipal governments announced investments in local infrastructure and water and waste systems in communities throughout Manitoba. All the projects are needed, necessary and timely.

However there is another stream of investment that is equally necessary and that is community infrastructure. It includes projects and facilities that enhance our community and enable economic growth. Those investments include such specific projects and proposals as the construction of the Inuit Art Centre at the Winnipeg Art Gallery to showcase the finest collection of Inuit art in the world; the expansion and refurbishment of the Manitoba Museum, originally built to celebrate the 100<sup>th</sup> anniversary of Confederation; and the relocation and expansion of the Royal Aviation Museum of Western Canada, showcasing and celebrating Manitoba's achievements in aerospace.

In addition there are several capital projects proposed at universities and colleges in Winnipeg and Brandon that will enhance their ability to increase our research and innovation, and expand our capacity to supply the Manitoba economy with skilled graduates so essential for economic growth.

All these community investments are economic drivers for our province. They create construction employment but more critically the investments support ongoing employment and increased economic activity.

The Province of Manitoba increased the Travel Manitoba marketing budget to our ability to attract Canadian and international tourists to our province. To be successful in the current age of tourism marketing, Manitoba requires more fresh tourism product that provides unique experiences. The days of travelling and simply looking at the scenery are over. Travel Manitoba understands this, as does every other competing travel marketing organization in the world.

Manitoba has improved its capacity and attractiveness as a tourism destination as evidenced for example by investments in the human rights museum and the continuing expansion of the accommodation sector. These hotel expansions are funded by private investors and signal confidence in the Manitoba economy. The recent announcement of federal and provincial support to complement a large private sector commitment for Diversity Gardens at Assiniboine Park was welcome. The public investment in a community asset bolsters confidence and when completed will produce another attraction unique in the world.

Although some individuals and organizations may argue that none of these investments should take place until the provincial deficit is totally eliminated the view of the Business Council of Manitoba is that these investments are timely and productive. The province annually allocates funds in its capital programs budget for committed projects, and new projects.

The collective advice of the Business Council of Manitoba is that the Manitoba government commit to supporting these investments to enable them to proceed to construction recognizing all of the projects are strongly supported within the community. All these projects are possible because of substantial pledged donations from the private sector. Both the provincial and federal governments have a role to play to complement the private funding that has been pledged to bring these community investments to fruition. With private and public funding the projects will advance.

Manitobans should be confident we are making financial headway. While our government must continue to be diligent now is also the time to invest. It should be prepared to join the hundreds of Manitobans that have expressed their confidence in Manitoba by committing private sector financial support for community assets. In so doing together we will help make Manitoba the most improved province.

Submitted by:

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