



**Business Council
of Manitoba**

Roadmap to Economic Recovery

Economic Recovery Task Force of the Business Council of Manitoba

May 12, 2020

Business Council of Manitoba Economic Recovery Task Force

In 1998, Chief Executive Officers of leading Manitoba companies formed the Business Council of Manitoba. The primary purpose of the Council is to research and advocate innovative positions on selected issues that bear directly on the future health of Manitoba society. The Council engages in discussion with government and business leaders with the goal is to make Manitoba a preferred place to live, work and invest.

Business Council of Manitoba Economic Recovery Task Force

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Mark Chipman – Chairman, True North Sports & Entertainment
Paul Mahon – President & CEO, Canada Life
Paul Soubry - President & CEO, NFI (New Flyer Industries)
Rick Duha – Managing Director, The Duha Group
Rob Penner – President & CEO, Bison Transport
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Terms of Reference and Work Plan

On April 16th, the Business Council established its Economic Recovery Task Force of 14 CEOs/leaders representing various sectors of the Manitoba economy, to focus on creating an environment of recovery and creation of jobs and wealth in Manitoba. The Task Force intends to provide practical, strategic advice and guidance to government on the following:

- Innovative policy and initiatives to position Manitoba to leverage its strengths and exploit opportunities created by the new economic realities post-pandemic.
- Workplace protocols for the return to normal operations. Focus on safety and assurance of workers and the public.
- Staged / staggered re-starting of non-essential services.
- Restoration of consumer confidence
- Restoration of public confidence for gatherings
- Strategic and targeted infrastructure investments
- Talent displacement strategy
- Bridge financing and retooling supports and initiatives.

The Task Force established a work plan consisting of four distinct and concurrent tasks:

1. Engagement / information and idea gathering
2. Identification of key themes and actions
3. Research-based solutions and actions
4. Roadmap to recovery

To provide support for timely execution of the work plan and the economic recovery roadmap, the Business Council of Manitoba engaged KPMG (Stu Duncan, Partner, Advisory Services) to work closely with the CEO of the Business Council.

Process and Timing of the Economic Recovery Task Force

Process and Timing of the Task Force

- On April 16th, the Business Council established its Economic Recovery Task Force of 14 CEOs/leaders representing various sectors of the Manitoba economy, to focus on creating an environment of recovery and creation of jobs and wealth in Manitoba.
- The work plan was put in place, and the first week of April 20th focused on a survey of Business Council members, and consultations with all Task Force members. The CEO of the Business Council worked closely with the KPMG Partner throughout the process.
- An initial presentation reflecting key themes for both short-term and medium to longer-term considerations was approved by Task Force and presented on April 24th. The preliminary summary of the Business Council's Economic Recovery Task Force was based on initial consultations and thoughts from CEOs representing many of Manitoba's largest companies and employers.
- During the second week, the Task Force conducted sector forums with many more Business Council members across 10 different sectors. This enabled us to build on initial themes and actions, and bring in further sector perspectives. From these additional sector forums, key actions for both the immediate/short-term and the medium and longer-term were further refined and developed. Surveys, interviews and sector forums collectively involved consultations with approximately 70 leaders of Manitoba's largest companies representing a large share of provincial GDP, employment and trade with the world.
- In parallel, research summarized leading practices and actions related to economic recovery. There is no playbook and best example. Building on the framework, further information was developed on areas for action.
- The work over this short period was brought together into a concise economic recovery "roadmap", that provides directions and recommendations for business recovery in Manitoba.
- The Business Council's intention is a made-for-Manitoba roadmap to assist business, government, and organizations in actions to move forward. Unprecedented challenges requires exceptional leadership from all sectors and pulling together to a greater and faster extent than we have ever before in this generation.
- With collective purpose, vision and will, and the resilience of Manitoba companies, organizations and Manitobans, we are confident that Manitoba will emerge strong. There will be many adjustments, changes, retractions, challenges and opportunities along the way.
- The Business Council's Economic Recovery Roadmap outlines:
 - Context
 - Framework of Recovery Phases
 - Areas for Action and Recommendations for the Short-term
 - Areas for Action and Recommendations for the Medium and Long-term

Context

Context

- The world outbreak of COVID-19 has led to unprecedented disruption in our lives across world, Canada and our province. As has been frequently stated, there is no playbook for responding to this crisis. People, governments, health authorities, businesses, educators, non-profit organizations, and all aspects of society have been forced to make dramatic changes.
- The Business Council recognizes the efforts of the Government of Canada, Government of Manitoba and municipalities in daily efforts to respond to flattening the pandemic curve. The Government of Canada, Bank of Canada, and Federal institutions have responded with an unprecedented level of funding, financing, measures, tax deferrals, and support to individuals, businesses and organizations impacted. In addition to substantial investments in healthcare, Provinces have responded with tax deferrals and other measures.
- There are daily developments and briefings from the Government of Canada, provincial governments and chief medical officers. To date, Manitoba's containment of COVID-19 has been relatively better than most provinces and regions of the world in terms of volume of cases, recoveries, and hospitalizations. The Government of Manitoba, healthcare facilities and workers across Manitoba are providing great service to the citizens of Manitoba.
- As developments around the world have demonstrated, situations and breakouts can change quickly. We need to continue to be diligent and careful in our approach and interactions.
- Early experience has shown that changes in ways of doing business in the private and public sectors can happen quicker and efficiently out of necessity and willingness to make change. Governments, institutions, organizations and businesses have an opportunity coming out of this crisis to do things simpler, smarter, faster, and better.
- Our companies have taken a responsible approach with the top priority to protect the health and safety of our people, maintain jobs, and to continue to provide goods and services to our customers at home and abroad. Companies operating in tradeable goods and services sectors are the engines in the economy, representing a large share of jobs, exports and GDP. We are all connected and inter-dependent, large and small business, labour, government, utilities, education, healthcare, social services, charities, sports, entertainment, arts and culture, in communities across our resilient strong province. An end-to-end view of the supply chain in different sectors is necessary to understand the impacts and inter-connections.
- Manitoba has been a leader in containing COVID-19 to date and in re-opening the economy. We need to continue to move forward in re-opening and getting Manitobans back to work, having our students fully participate in their education, and seeing our people enjoy recreation and activities, in a staged, responsible approach for the well-being of our people and our communities.

Context – Recovery Phases

As a framework for discussion, illustrative phases are outlined below. All organizations will experience short and long-term macroeconomic conditions created by the COVID-19 crisis, but the depth and breadth of that experience is highly influenced by sector and will be unique to the individual organization. In the current “Reaction” phase, professional and personal lives have been rapidly and simultaneously disrupted; lockdown orders stall all but “essential” consumption; supply chains have been disrupted and damaged; and there are immediate liquidity crises for businesses and individuals.

In the “Resilience” phase, panic subsides as the virus is contained, liquidity issues persist but are more manageable, and the economy and society is stabilized. “Recovery” will be signalled with marked growth in GDP and jobs, business investment, and sharp increases in public / consumer confidence and consumption. In the “New Reality”, society in general, individuals, organizations and businesses, adapt to new normals, new learned behaviours, continued technology disruption, digital transformation, different ways of working and interacting, and many other unknowns.

Different recovery scenarios will impact the speed and magnitude with which our economy, specific sectors and individual organizations progress through recovery phases. The Task Force grouped its actions around “survive” (short-term) and “thrive” (medium and long-term).



Source: KPMG (four phases of global recovery framework)

Context – Bridging Health and Economy

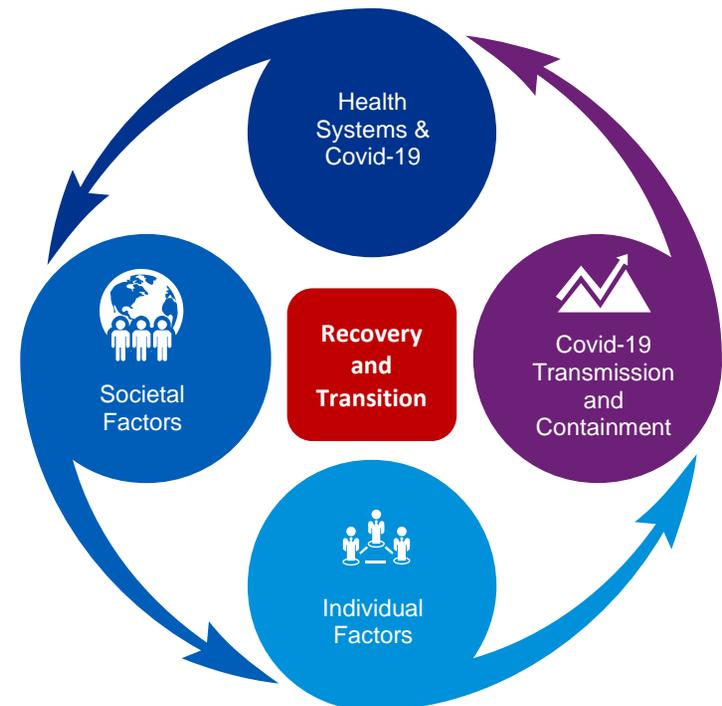
Governments will need to continue to manage the health side of COVID-19 based on the experience of other countries and regions. The health system impacts of COVID-19 are centered on the increase in the capacity of the healthcare system while taking steps to ensure continuity of non-COVID-19 patients. Certain external factors such as the identification of a treatment protocol and vaccine will impact the outcome of COVID-19 response by governments. The health response of governments will require substantial financial investment, which is likely to become increasingly difficult in the face of a recession.

At a societal level, levers are being utilized to limit the extent of unemployment, mitigate sharp declines in GDP, encourage private investment and maintain social services.

On an individual level, levers and actions are needed to ensure economic wellbeing, physical and mental health, education and workforce integration.

Governments' ability to mitigate the extent of an economic downturn will impact the financial resources available to battle COVID-19 on a healthcare front. Negative healthcare outcomes of a recession are likely to further strain the healthcare system.

We are in a situation where health and economics go together. A recovery plan has to take into account the interaction between health imperatives and economic imperatives.



Source: KPMG

Context – Sector Considerations

Context – Sector Considerations

- Certain sectors are being dramatically impacted by lockdown and state of emergency measures, in Canada and globally. Sectors that have been particularly affected include but are not limited to:
 - Hotels and accommodations
 - Restaurants and food services
 - Recreation, sports and entertainment, arts and culture
 - Transportation, particularly airports, airlines, local ground transportation
 - Retail (while grocery and online retail has grown, much retail has been shut down or dramatically reduced)
 - Energy as oil and gas prices have plummeted
 - Parts of manufacturing such as autos and buses where consumer demand has substantially dropped and/or global chains have been disrupted.
- Unfortunately, businesses in areas such as hospitality, air travel, sports, arts, entertainment, and any events with large gatherings were first hit and are likely the last type of businesses to re-emerge due to health restrictions on gatherings and air travel.
- Some businesses have surged in response to the pandemic crisis such as technology, e-commerce, medical supplies and other areas.
- Many manufacturers have continued production at a steady pace with new safety and health protocols in place.
- Even within sectors, there are substantive differences in impacts, for example, within the agri-food sector, trade in grains and oilseeds has not been significantly impacted, while parts of the livestock industry have experienced supply chain disruptions and closures.
- Business in sectors such as financial services and professional business services transitioned quickly to virtual work environments enabled by previous large investments in technology infrastructure and are operating effectively.
- The speed and velocity of change in business is unprecedented. Projections on the extent of economic impacts change weekly. Projections vary dramatically and many including the Bank of Canada are monitoring closely but are not going to project impacts yet.
- The Bank of Canada and central banks around the world have taken action in large decreases to central bank rates, very large purchases of bonds, and other monetary policy.
- Fiscal policy actions by federal governments are unprecedented and involve much larger amounts of government loan, tax deferral and other measures than the Great Recession in 2008/2009.
- These actions are required because the cash flows and working capital of most businesses has been suddenly and dramatically impacted. Actions have been taken to mitigate the extent of job losses, but job losses and unemployment has soared.
- While economic downturns occur throughout history, the force and magnitude caused by global shutdowns are without precedent.
- Embracing innovation and adoption of emerging and disruptive technology is transforming companies. This provides challenges and opportunities across all economic sectors, from Manitoba's traditional strengths in key sectors such as agri-business, transportation, manufacturing, mining, financial services, to emerging technology industries. Many Manitoba companies are embracing technology and innovation, which will continue to become critical to surviving during this resilience phase, and to thriving post-pandemic.

Context – Leading Practices in Economic Development / Recovery

Context – Leading Practices in Economic Development / Recovery

- From our research, there are a number of **leading practices** in economic development that are relevant to Manitoba in developing an economic recovery action plan:
 - Defined strategy and alignment of strategic objectives for the province as a whole among partners.
 - Effective governance and strong leadership.
 - A strong focus on creating a unified brand, communications and reputation.
 - Focused and coordinated efforts, particularly around providing support to the companies already built and invested in the region.
 - Increased effort and resources to retain and maintain jobs and train for jobs needed in the private sector.
 - Leading national and regional economies pay constant attention to their economic competitiveness.
 - Target key sectors of economic strength and competitive advantage.
 - Emphasis on building its technology ecosystem and innovation across all key sectors.
 - Robust research and market intelligence capabilities.
 - Customer-centric, customized services and “single window” coordinated support for business and investors.
 - Economic performance framework that is based on outcomes/results and accountability.
 - Efficiency, effectiveness and value for money in funding and resources.
 - Trust, respect and collaboration of partners and communities.
- Organizations such as the International Economic Development Council (IEDC) have outlined leading practices and toolkits for economic recovery for disasters. These include attention to short-term strategies such as: marketing and communications; capacity/coordinated response; small business assistance/access to capital; continuity plans; business retention; economic impact assessment and analysis; information and access to federal aid; and workforce redevelopment (e.g., connecting displaced workers).
- Mid and long-term strategies will need sustained support from multiple community stakeholders. A summary of long-term recovery strategies that should be considered post-disaster includes: economic diversification (e.g., value-added industries); business development; entrepreneurship support (e.g., technology transfer); workforce development and training; business retention, expansion, and attraction; marketing and communications; investment; trade; supply chain management; and infrastructure.

Summary of Key Areas for Action

REACTION Respond to crisis	RESILIENCE Manage through uncertainty	RECOVERY Growth opportunities	NEW REALITY Adapt to a new world
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Survive (short-term actions)

- 1 Balanced Communications
- 2 Workplace Health & Safety Protocols and Phased Re-Opening
- 3 Bridging Liquidity & Working Capital Requirements
- 4 Federal Advocacy for Provincial Needs
- 5 Maintain Education Investment & Increase Student Support
- 6 Infrastructure Investment & Prioritization
- 7 Manitoba Strong – Leverage Advantages

Thrive (medium and longer-term actions)

- 1 Coordinated Action Plan
- 2 Transforming Ways of Working & Training Talent
- 3 Policy Reform
- 4 Digitization in the Public Sector
- 5 Supply Chain & Manufacturing
- 6 Environment
- 7 Addressing Debt Burden

Areas for Action and Recommendations – Short-term

The Business Council has recommendations for direction and action organized by key area, for the immediate and short-term.

1

Balanced Communications

- The focus to date has appropriately been on the health and safety of citizens. Manitoba needs communications on both health protection and confidence for people to return to work and life. It is time to positively change the narrative.
- The Province's announcement on April 29th of a phased plan to gradually re-open business and activity in non-essential services is positive.

Recommendation:

- ➔ Develop a public / advertising campaign to message that appropriate health and safety protocols are in place for a phased re-opening of the economy.

Balance daily communications on both health developments, including enhanced data and system capacity, and getting Manitobans back to work, adjusting and living with a new normal. Need to consistently message the resilience and strength of our province moving forward and inspire public and consumer confidence.

2

Workplace Health & Safety Protocols and Phased Re-Opening

- Many companies are operating with protocols to protect employee health and safety. Employees are the top priority concern of business. Lessons have been learned and existing protocols should be leveraged. Manitoba's announcement of a phased re-opening is positive and provides initial protocols.
- A practical, balanced re-opening is required, with sensitivity to different sectors and protecting the most vulnerable in our society. We caution about hard dates and suggest ranges may be more practical. Not all businesses in a designated sector will be in the same position (set the standard, let business respond).
- Opening the North requires special attention.
- We are all concerned about a second wave. Cases will arise but there are ways to contain by testing and tracing (protocols for treatment of positive cases; also look at cost of testing versus the much larger costs of quarantine).
- Manitoba is making significant effort to re-build and increase its supplies of personal protection equipment (PPE). PPE supplies and orders forthcoming are necessary for healthcare workers first, and also for Manitobans working in other sectors that require PPE for safety.

Recommendation:

- ➔ Manitoba requires clear, consistent protocols and standards for any business to operate. Synthesize information (in one publically available location), and provide a concise protocol with clarity, transparency, and a reporting mechanism for violations. In future phases, consider a more protocol-based approach than specific categories of business. Public confidence should be further re-assured by a government commitment and investment in testing and tracing, and ensuring adequate PPE supplies for Manitobans.

Manitoba needs to immediately position itself for the purchase of adequate supplies of materials for potential vaccines and medicines.

- The Government of Canada has provided new programs and large amounts of funding and tax payment deferrals to provide short-term support. Provinces, including Manitoba are providing tax deferrals, the Manitoba Gap Protection Program and other measures that are helpful.
- There are gaps in details, support and timing. Small business in particular will be massively impacted without cash flow and working capital support. Manitoba should continue to work on ensuring Manitoba accesses the Federal support needed and accesses other potential funding, which may involve provincial participation / contribution.
- Arts, culture, and community organizations require support for long-term viability / quality of life in Manitoba.
- Medium and large businesses may require distinct program intervention (e.g., loans, loan guarantees, tax credits, term equity). On May 11, the Government of Canada announced a Large Employer Emergency Financing Facility (LEEFF) to provide bridge financing to Canada's larger employers. Also announced on May 11 was an expansion of the Business Credit Availability Program (BCAP) to mid-sized companies with larger financing needs. Support for mid-market businesses will include loans of up to \$60 million per company, and guarantees of up to \$80 million.
- Access to capital for small business, such as venture capital has been a long-standing concern.
- Provinces such as Quebec, Ontario, Alberta and B.C., have government-owned investment funds dedicated to providing capital through equity, loans, and other support for select companies in their province. Manitoba does have in place programs and tax credits that can be expanded.

Recommendations:

- ➔ Government support to bridge liquidity and working capital for businesses and organizations is critical to maintain as many Manitoba businesses and organizations as possible and practical through this crisis. As the existing programming rolls out, there are gaps which will need to be addressed. Cash flow is paramount to survival for many businesses, particularly **small business** and **community organizations**.
- ➔ For medium and larger companies critical to the Manitoba economy, that were successful pre-pandemic and are viable with bridge support to get them through this period, consider the establishment and initial capitalization of a Manitoba Investment Fund. This fund would complement the Federal LEEFF. A Manitoba Investment Fund should be governed by a small group of financial experts, and have flexibility to provide loans, loan guarantees, term equity, or other innovative financing.
- ➔ Other innovative financing supports such as tax credits or tax rebates from PST, tax deferrals, tax increment financing, do not require government operating expenditures but foregone tax revenue can bridge cash flow issues and facilitate retooling, innovation and technology investments needed to transform.
- ➔ The Manitoba Small Business Venture Capital Tax Credit is a good program that could be substantially expanded and thresholds increased to include medium-sized business, to enable more equity investment into Manitoba-based businesses.
- ➔ Special bridge support from government is required for non-profit organizations in arts and culture, sports and recreation, and community support services that play an essential role in Manitoba's quality of life. These are community organizations that cannot be re-built if they disappear. This may be through an extension of existing programs and / or a temporary component to such programs for additional funding and working capital stabilization (similar concept to the former Arts Stabilization Manitoba initiative).

4

Federal Advocacy for Provincial Needs

- The Government of Manitoba has been strongly advocating Manitoba's interests with the Government of Canada. Strong advocacy is required to get funds from the Business Credit Availability Program flowing to business and organizations across Canada and in Manitoba. Manitoba needs to be included in larger programs, e.g., infrastructure, Northern Air; oil well remediation; tourism; regional economic development funding.
- Existing program length will need to be extended as a bridge for some that require support further down the line or extended needs.
- Creditor protection is a major concern (e.g., moratorium on credit moves, Bill 218 prompt payment, transportation sector protection). Recent mortgage stress tests and restrictions should be lessened in the current environment.

Recommendations:

- ➔ The Government of Manitoba is strongly advocating Manitoba's interests with the Government of Canada, and these efforts are encouraged by Manitoba business and Manitobans. These include lessening federal restrictions such as on mortgages and credit. **Funds from the new LEEFF and the Business Credit Availability Program need to flow and it is becoming increasingly apparent that these types of support are required beyond current timelines of certain BCAP programs.**
- ➔ The North and rural Manitoba requires special attention for inclusion in Federal programs such as Northern air and transportation; oil well remediation; tourism; and improved telecommunications / broadband.
- ➔ Credit protection legislation / regulations will be required for all business during this extraordinary time.
- ➔ The Government of Manitoba will need to provide indemnity and liability protection for all entities open and following government health and safety protocols.

5

Maintain Education Investment and Increase Support for Students

- At this time, our education system, particularly post-secondary institutions, need to maintain funding to respond and adjust to the education and training needs of Manitobans, and Manitoba business, government and organizations.
- Those students graduating this year, from high school, college, university, trades, or private training, are in a very difficult position for jobs as so much of the workforce has been displaced. As a Province, we risk losing the talent of a significant cohort of graduates. Governments should consider supports to assist 2020 graduates, and business can support through coop and similar arrangements for this cohort at this time. Successful programs such as the Horizons project can be leveraged.
- We applaud Manitoba's Summer Student Recovery Plan announced April 24th of up to \$120 million.

Recommendations:

- ➔ With the importance of the education system and post-secondary institutions for our youth and for career pathways, we view that education funding should be maintained at current levels, and education needs to pivot to new realities in learning models and emerging workforce requirements.
- ➔ Within the Summer Student Recovery Plan and other student supports, priority and extensions should be available to assist 2020 graduates, which may also be required for 2021 graduates depending upon the labour market in Manitoba next year. Unallocated funding below \$120 million could be re-allocated to targeted support for labour reskilling needs of industry and organizations.

- The Government of Canada is expected to soon announce very large stimulus spending through infrastructure programs. Prior to this announcement, our understanding is that substantial Federal funds are available for infrastructure that are subject to Manitoba funding and decisions on priority projects. This includes working closely with municipalities. The Province of Manitoba's announcement on May 7th of an additional \$500 million in provincial infrastructure funding over the next two years is a positive and timely step.
- While estimates of actual size are debatable, a consistent theme in various studies and reports is Canada's large infrastructure gap, and that infrastructure investment provides a positive net GDP gain to the economy.
- There is a strong connection between investing in public infrastructure and long-term productivity gains which are critical to the functioning of our economy and standard of living. Infrastructure and economies are intertwined – infrastructure can increase connectivity, improve productivity, create jobs and stimulate trade.
- Priority investment is to create jobs in the short-term with long-term economic benefits and return on investment, i.e., the efficient movement of trade and commerce, goods, services and people. This includes: trade corridors, transportation / highways / roads, rail relocation / bypasses, technology, telecommunications / bandwidth.
- Green projects / technologies, wastewater treatment, and environmental remediation (e.g., Lake Winnipeg) present timely opportunities for investing in a greener future.
- In the very short term, the deferred maintenance backlog of public sector assets can provide jobs now in construction and trades, and necessary maintenance and repairs of roads, facilities and community assets.
- Procurement for infrastructure at all levels of government requires modernization and faster processes, maintaining fairness and ensuring value for money (which is not the same as lowest cost).
- Most government infrastructure projects are expected to be traditional procurement and financing, but there may be opportunities in select cases for some types of public-private partnerships and tax incremental financing.

Recommendations:

- ➔ Manitoba must move quickly to participate and contribute in projects leveraging Federal Infrastructure dollars / programs. There will be a necessity to start both major capital projects which will take longer and for short-term maintenance and renewal projects that can get underway this year and be completed in the shorter-term. This dual approach is critical for our construction sector and for the benefit of all sectors in improving our infrastructure for the flow of people, goods, services and trade. A priority list of shovel ready projects should be compiled across all sectors to take advantage of federal programming. This priority list would include: infrastructure that facilitates the efficient movement of trade and commerce, goods, services and people, such as: trade corridors, transportation / highways / roads, rail relocation / bypasses, telecommunications / bandwidth in rural Manitoba and the North; as well as education, health, housing, and social infrastructure.
- ➔ Green projects such as environmental remediation of Lake Winnipeg and the City of Winnipeg's wastewater treatment plant, and technologies such as electric buses are very important investments where Federal Government funding is expected to be substantial.
- ➔ Manitoba and its Crown corporations and agencies can package deferred maintenance projects and get such projects underway in very short order. This can include necessary maintenance and repairs for roads, healthcare facilities, schools, social housing, recreation and community assets.

- Manitoba has been a leader in containing COVID-19 through government leadership in effective emergency and health measures, and the incredible response of our healthcare system, healthcare workers, and Manitobans.
- Our society and economy have been immensely disrupted by the pandemic, in very short order, with serious short-term and longer-term consequences.
- Manitoba was built by people with foresight and determination. Our advantages have been the result of an accumulation over many decades. The same advantages Manitoba had pre-crisis have helped our province be resilient and stable through recessionary periods in our history. To get through this, Manitoba will build upon and leverage these advantages.
- Manitoba has many economic strengths, for example:
 - diverse economy with many leading businesses and entrepreneurs with deep roots in the province;
 - strategic location and major transportation hub in the geographic centre of Canada, with supply chain networks and multi-modal access to key markets across North America;
 - skilled workforce across many industries with high productivity and low turnover;
 - excellent post-secondary institutions providing training in almost all fields;
 - multicultural diversity;
 - unique geography and abundance of lakes, rivers and natural resources in all parts of the province;
 - excellent agricultural land and connected agricultural ecosystem to world markets;
 - giving community and leader in charitable support and volunteerism;
 - many economic sectors of strengths – agri-business, technology, financial services, insurance, real estate, construction, transportation, aerospace, manufacturing, life sciences, education, mining, energy, film/media, tourism, sports and entertainment, professional business services, environmental services – to name a few;
 - relatively affordable and very liveable communities with a high quality of life.

Recommendations:

- ➔ Focus government bridge support for business on the Manitoba companies we have. Recognize that the companies, entrepreneurs and organizations that live, work and invest in Manitoba cannot be easily replaced and re-built. The business ecosystem is highly connected and integrated, and substantive losses in parts will impact the whole, and with downstream impacts for people, jobs, charitable donations, and community support, as well as taxes and revenues for governments.
- ➔ Within sectors, there are opportunities to leverage strengths in specialized areas. For example, Manitoba is recognized as Canada's centre for research on infectious diseases with the country's only level four containment laboratory, the hub of Canada's system and part of a global network. Most of the researchers were trained at the University of Manitoba. Highly specialized architectural design and construction is in Manitoba. This provides an opportunity to build on this cluster of talent and innovation.

Areas for Action and Recommendations – Medium and Longer-term

The Business Council has recommendations for direction and action organized by key area, for the medium and longer-term.

1

Coordinated Action Plan

Recommendations:

- ➔ An integrated and coordinated **Made-for-Manitoba Action Plan** with all levels of government, and involvement / alignment from business, labour, healthcare, education, and community organizations, would help focus and prioritize practical actions, drive transformational change and accelerate economic recovery.
 - ➔ The Action Plan should include support programs for many organizations that will still require a bridge for cash flow, and innovative loans / support over a longer period. Extension of liquidity and working capital support, credit protection, and innovative financing such as the Government of Canada's Large Employer Emergency Financing Facility and Business Credit Availability Program, as well as a Manitoba Investment Fund, will be necessary tools in bridging support for business from the resilience phase to the recovery phase.
- A Made-in-Manitoba Action Plan involves integrated component parts such as:
 - immediate planning, and a strategy framework for action
 - effective organizational structure and governance
 - leadership from business, government and economic development experts
 - Federal/Provincial/Municipal coordination where required
 - Infrastructure priorities including a mix of major capital projects and smaller maintenance projects
 - portfolio and project management
 - prioritization of operating funding
 - toolkits and resource guides for industry (particularly key sectors impacted), businesses and communities
 - in-house capacity-building and training of government's economic development resources, re-allocation and pivoting of some other resources, augmented with external private sector resources to execute
 - part of the Action Plan needs to be new ways of designing and delivering training, and pivoting business talent displaced by the crisis to become redeployed in the workforce
 - expedited decision-making and a streamlined process for business assistance, with simple rules and requirements (i.e., minimal red tape)
 - data analytics and benefits realization tracking in real time
 - detailed implementation and action plans for the first 12 months
 - long-term strategies and investments.

- Sustained investment in technology and digitization, adoption of new disruptive technologies, and technology to reduce physical touch points are part of the new reality. Businesses and organizations are innovating across business models, products, services, and customer engagement. Overlaying technology and innovation trends across all sectors of the economy is disruption.
- These technologies are here today and impacting business across sectors, such as: cloud-based computing, 5G, industrial internet of things, blockchain, machine learning, digital design, 3D printing, digital twins, drones, robotics processing automation, artificial intelligence, etc.
- Timelines have been brought forward on sizeable workforce automation and re-skilling. Re-deployment and re-skilling strategies are key to transformation and investment. The education sector – universities, colleges, trades and private training, provides much of Manitoba’s talent. Demand for new jobs are expected in areas such as health research, computer engineering, coding, programming, software, data scientists, data analytics, modelling, robotics, process design, communications, financial / business analysts, and many other emerging fields.
- Many Manitoba companies across many sectors are embracing innovation and the adoption of emerging and disruptive technologies. This should increase the individual productivity and global competitiveness of companies in these sectors, leading to increased and stable economic growth.
- Manitoba’s ability to increase the rates of technology and innovation adoption into its traditional economic sectors would open up a significant and stable market for new technology start-ups, allowing them to scale domestically through becoming part of the supply chain of the existing medium and large-sized companies in these sectors.
- Global innovation trends provide challenges and opportunities across all economic sectors, from Manitoba’s traditional strengths in key sectors such as agri-business, transportation, manufacturing, mining, financial services, to emerging technology industries.
- For Manitoba, there is a new opportunity for an integrated approach to develop and strengthen relationships for increasing innovation capacity within the province, within key sectors, between key sectors, across small business and larger companies, and partnerships of business, government, education institutions and other organizations in Manitoba’s economic ecosystem.

Recommendations:

- ➔ Embrace innovation and technology across all sectors. Innovation is interdependent and linked with other dimensions of economic competitiveness such as market expansion, human capital / talent, education and training, infrastructure, technology, investment and financing, supply chain, trade and access to markets, and other dimensions. Governments can facilitate innovation investment through initiatives such as expanding successful programs (e.g., National Research Council’s Industrial Research Assistance Program), and tax credits to encourage faster adaptation of new technology and innovation across all sectors.
- ➔ The education sector will develop new ways of learning and will have to become more connected with business to respond to the fast-changing skills requirements, and to collaborate on innovation and commercialization. Build innovative skills training partnerships (e.g., Industry-PSIs; Horizons).

3

Economic Competitiveness and Policy Reform

- Constant attention to **economic competitiveness for business and individuals** is critical for Manitoba for retaining and attracting talent and investment.
- The pandemic crisis provides opportunities for necessary legislative / regulatory changes with attention to simpler, smarter, better, faster, and efficient.
- The Government of Manitoba has made concerted effort to reduce red tape for individuals, organizations and businesses. These efforts will need to be ramped up with a focus to eliminate unnecessary processes and paperwork.
- Digital e-signatures and no need for paper has been an example of a by-product that will be a new reality.
- Regulations in many areas such as banking, finance, insurance, creditor protection, indemnity and liability, and other areas will need review, and to carefully balance associated risks and economic benefits / stability.

Recommendations:

- ➔ Governments at all levels should consider economic competitiveness in all policy, legislative and regulatory decisions. Along with the health and safety of Manitobans, the potential impacts on economic competitiveness for individuals and business should be a fundamental required criteria that is reviewed and considered in existing and new policy, legislation and regulation. (For example, a change in a tax policy, a business or consumer regulation, a new capital project, etc., can include economic competitiveness consideration.)
- ➔ In positioning Manitoba for thriving post-pandemic, appoint an independent Tax Reform Commission of expert Manitobans to provide advice for Government consideration. Manitoba's ability to continue to retain and attract talent is significantly influenced by tax competitiveness in Canada and in North America. The Business Council offers to assist in the establishment, mandate, and terms of reference.

4

Digitization in the Public Sector

- Returning to the traditional public sector operating model is hampered by changing demand and consumer expectations for service. There is a compelling need to move to digitization and innovation to meet changed consumer priorities for government services, healthcare, education and other public sector services.
- The North and Rural requires better telecommunications bandwidth, telemedicine, and other digital services.
- New models are much more efficient for government and recipients (e.g., the Canada Emergency Response Benefit model is much more efficient than Employment Insurance).
- Like the private sector, government requires significant investment in enabling technologies (e.g., payments, telemedicine, cloud computing, robotics processing automation, AI, data platforms and analytics).

Recommendation:

- ➔ The Government of Canada and Government of Manitoba should take this opportunity to develop a digitization strategy including priority investments, business case with cost savings from automation, outlining benefits for customer service, and providing real-time tracking of processing and payments to Manitobans. This will result in government employment displacement in transition but improve the speed, quality, efficiency and effectiveness of certain government services for taxpayers.

5

Supply Chain & Manufacturing

- Digital transformation initiatives will accelerate, encouraging companies to reconfigure their supply chain (re-evaluating their existing relationships and strategies) while re-constructing supply chains with a greater focus on transparency, agility, proximity, reliability, and access to back-up or substitute supplies.
- Business takes an end-to-end view of their supply chain management. This includes assessment and mapping of their supply chain flows, with particular attention to critical sources and materials, review of contracts with suppliers, risk management and modelling for disruption, and costing the impact of changes.
- Manufacturing and supply chains in certain sectors may become more domestic / North America.
- The manufacturing, supply chain and inventory of personal protective equipment and in other healthcare supplies will be changed forever, and new opportunities emerge for innovative companies.

Recommendation:

- ➔ Continue to support the economic competitiveness of Manitoba's manufacturing sector and diversification of manufacturing as an essential advantage and economic engine in the province. This includes tax credits for retooling and technology to maintain competitiveness and improve productivity. Supply chain re-adjustments and transformations will be driven by the private sector. Government may have a role in working with the private sector to identify supply chain gaps for key Manitoba sectors (e.g., agri-business, manufacturing, transportation, construction) and collaborating with industry to help facilitate the filling of key gaps.

6

Environment

- Pollution and greenhouse gas emissions have fallen across the world as a result of COVID-19 shutdowns. The environment will continue to be a major world-wide concern as economic recovery takes hold. Public and consumer behavior post-pandemic is uncertain in terms of travel and transportation activities.
- The oil and gas sector has been dramatically impacted by the pandemic. Opportunities for renewable energy and hydroelectric power may position Manitoba well for the future.
- Business / operating model transformation provides the opportunity to create sustainable, technology-enabled business models incorporating environmental and sustainability values and providing differentiation.
- Post-pandemic presents an opportunity for clean-up initiatives to improve the environment and significantly reduce emissions. As noted with respect to infrastructure investment, a new Federal Infrastructure program is anticipated for environmental and green technology initiatives. Manitoba municipalities, companies and organizations can benefit from these programs and projects.

Recommendation:

- ➔ Part of the Action Plan should include initiatives to reduce emissions, environmental remediation and encouraging investments in green technologies. As noted in infrastructure, examples include: Lake Winnipeg remediation projects, municipal wastewater treatment improvement, and electric bus technology and electric vehicle infrastructure. While certain sectors will be negatively impacted by reduced travel, environmental benefits and the open spaces of our vast province presents opportunity for fast-tracking action on climate change for the benefit of future generations.

- The challenge for governments across the country and around the world is to responsibly balance the payback of mounting debt required to respond to this unprecedented crisis, while funding large-scale transformation and investment in the future prosperity of Manitoba.
- The Government of Manitoba took action in 2016 to significantly improve Manitoba's fiscal position. Large operating deficits and the rapid pace of debt accumulation were not sustainable. Manitoba was ahead of schedule to return to balanced budgets. The actions taken by the Government of Manitoba have provided the province better fiscal capacity to manage this unprecedented crisis than otherwise would have been the case.
- Unfortunately all governments in Canada and around the world have had no choice but to respond with large amounts of fiscal stimulus and support to businesses, organizations, and individuals. All Governments will experience a very sharp increase in deficits in 2020/21. Net debt levels (direct government) in Canada and Manitoba were in significantly better position than most countries pre-pandemic.

Recommendation:

➔ There is universal acceptance that governments had to respond to the pandemic with large amounts of fiscal stimulus and support to its citizens, businesses and organizations. This is a temporary shock to the fiscal positions of governments. In the short term, increased capital funding to stimulate the economy, invested in legacy assets that provide value in improving our economic competitiveness, productivity and quality of life, provide opportunity for sustained growth and long-term revenue. Investing now is a necessity that done smarter, better, and faster, with people seeing the tangible results – can help Manitobans understand the value for such investments.

The Government of Manitoba has demonstrated a strong understanding of the importance of fiscal responsibility and value for taxpayer dollars. Coordinated, balanced, long-term strategies will be required to improve fiscal positions after economic stabilization and recovery has taken hold.

Summary

Summary

- With collective purpose, vision and will, we are confident that Manitoba will emerge strong. Manitoba is an incredibly resilient province. We are all connected and inter-connected. The journey is unprecedented and uncertain, with disruptions and displacements, requiring determination and transformations in the way we live and work. From a crisis, new opportunities will emerge, economic recovery will take hold, society will adjust to new realities, and Manitobans will adapt and thrive.
- The choices we make now, in our governments, in our businesses, in our institutions, in our communities, in our households, will collectively determine our place in the years to follow and for the next generations of Manitobans.
- Our intention is to provide a directional roadmap for economic recovery. Roadmaps are directional, constantly evolving and adjusting to changing circumstances. At this time, leadership, partnerships and actions will help bridge the path to economic recovery.
- The Business Council is ready, willing and able to assist Manitoba in taking actions necessary to help bridge as many Manitoba companies to the extent possible and practical, so Manitoba emerges on the other side with most of its economic ecosystem in place. Retention of much of Manitoba's economic ecosystem is necessary for our province to thrive again, providing jobs, career opportunities, wealth creation, income, philanthropy, and taxes for our health care, education, family, protective, and other services that support Manitobans. Business and jobs provides a means towards an ultimate goal of living in a province and country with a high standard of living – a high quality of life that most Manitobans are privileged to have.