

MANITOBA NEEDS AN ECONOMIC GROWTH AGENDA

Across the country, provinces are grappling with their budgets. Some provinces are in deficit and a few are not. All realize a sound, stable fiscal framework is the starting point for a prosperous growing economy. In Manitoba some progress is being made on managing expenses. However, the flip side of the coin is implementing policies and programs to incent investment, grow the economy and enable Manitobans to build that more prosperous future for themselves, their families and their communities. Regrettably, less progress has been made on these issues.

The Business Council of Manitoba had submitted, in time for last week's provincial budget, some recommendations. The council noted that Manitoba continues to be in a precarious fiscal situation -- the provincial debt is so large that even with the unprecedented low interest rates that have prevailed for several years, the entire annual deficit is attributable solely to interest payments on the provincial debt. In other words, we are borrowing every nickel required to pay interest to the bondholders of Manitoba's debt. That recipe leads only to a continually escalating public debt load. It is impossible to forecast when the tipping point will be reached, but a never-escalating debt in a moderately growing economy leads only to more pressure to eliminate or reduce services and postpone investments. This is troublesome.

Adding to our debt worries is the mounting debt at Manitoba Hydro; a burden that is carried either by Hydro ratepayers, or Manitoba taxpayers.

Continuing the usual deficit-reduction practice of cutting services and postponing investments to free up cash to pay the interest will not get us to where we need to be.

Government requires more revenue - without raising taxes. That is only achievable with a growing economy in which there are more employment opportunities, in all regions of the province, and rising incomes stemming from more business activity and investment. A growing economy yields more government revenue.

So, what do we need to ensure sustained economic growth, and how should the Manitoba government pursue that economic growth? First, ensure we have a competitive economic climate. A competitive jurisdiction is more than low taxes. It is a province with a regulatory environment conducive to private-sector investment, coupled with public investment in the world-class infrastructure required to move people and goods within and between our communities, and investments enabling Manitobans to be educated, trained and prepared to compete internationally. A successful economic framework enables access to capital and promotes innovation.

Another troubling issue is the federally mandated carbon tax with its unequal impacts across the country. When implemented as designed it will further compromise the competitive position of exporters.

Our manufacturers will be disadvantaged relative to competitors in non-carbon tax jurisdictions.

In the Business Council's pre-budget submission, all of these were highlighted as needing attention immediately. Without government investment decisions and in the absence of an economic framework that both government and business endorse, long-term growth and prosperity will continue to be a challenge we have not met.

Governing has always been difficult. It is even tougher when international uncertainty abounds as it does today. But as a former premier said, 'Making difficult decisions is the reward for winning an election'.

Manitoba needs the Pallister government to make those decisions now. We need our government to invest in our infrastructure, while working to create a competitive economic environment, enabling access to capital for businesses - established and new. Our province needs to take advantage of emerging trade opportunities, and to ensure Manitobans are educated and trained to compete and succeed.

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