



BY DON LEITCH

GROWING MANITOBA'S ECONOMY

Prior to the 2016 provincial election, the Manitoba Heavy Construction Association, Business Council of Manitoba, Canadian Manufacturers and Exporters, Manitoba Chambers of Commerce, Manitoba Home Builders' Association and The Winnipeg Chamber of Commerce outlined seven key public policy pillars.

FISCAL COMPETITIVENESS

Manitoba must have an effective and fiscally prudent government committed to creating a competitive tax jurisdiction to attract and retain new investment.

VENTURE CAPITAL

Commitment to the creation of an accessible venture capital fund and supportive tax credit policies to leverage investment in the growth of new and existing businesses.

GLOBAL TRADE

Commitment to pursuing an expanded global trade profile for Manitoba which derives substantial economic benefit.

INFRASTRUCTURE INVESTMENT

Commitment to a strategic, sustained, disciplined approach to investment in Manitoba's core infrastructure.

ABORIGINAL ENGAGEMENT

Commitment to the creation of an Aboriginal Engagement Strategy to ensure inclusion and partnership in economic growth policies.

SKILLED WORKFORCE

Commitment to attracting, educating, training and retaining a skilled, responsive workforce is fundamental to ongoing economic growth.

"NEW FISCAL DEAL" FOR MUNICIPALITIES

Commitment to address the existing fiscal framework between the province and municipalities to meet the challenges of the future.

FISCAL STABILITY PROVIDES A SOUND PLATFORM FOR

ECONOMIC GROWTH

AS MANITOBANS, WE ALL WANT A THRIVING ECONOMY THAT PRESERVES OUR PROVINCE'S STANDING AS AN ATTRACTIVE PLACE TO LIVE, WORK AND INVEST.

A ROBUST ECONOMY FUELS A CYCLE OF PROSPERITY. IT STIMULATES GROWTH AND GENERATES JOBS AND INCOMES THAT PROVIDE REVENUES TO GOVERNMENT, WHICH IN TURN ALLOWS FOR INVESTMENTS IN INFRASTRUCTURE, EDUCATION, HEALTH AND SOCIAL SERVICES.

But a high-performance economy has to be built on a sound foundation of fiscal stability. While some degree of deficit is occasionally acceptable, there's increasing concern that rising federal deficits are unsustainable and, in Manitoba, we're seeing an alarming deficit level — on an annual basis, the deficit is made up almost entirely of interest payments on our debt.

Borrowing to make our interest payments year after year guarantees governments will get deeper in debt, and when interest rates rise, our debt load is only going to grow.

This continues to be the single largest threat to services to our citizens and the ability of government to invest in our communities. We must have a concerted effort at driving toward fiscal responsibility, which will allow our governments to put in place more competitive and fair tax and regulatory regimes. We must do more to stimulate growth.

In October, the Bank of Canada forecast a national GDP growth rate of 1.1 per cent in 2016 and two per cent in 2017. We have to do better, and we can do better.

Generating consistent, sustainable economic growth requires long-term planning and big-picture thinking, with a sharp focus on key components: Infrastructure and innovation, trade policy, training and education, and meaningful Aboriginal engagement.

We need selective, strategic investments in infrastructure that enhance productivity and allow us to more competitively, efficiently and effectively move people and goods.

> We need growth.

We need to generate jobs and incomes and revenue to government, and it has to be done by focusing on the key aspects of infrastructure, innovation, trade and trade policy, training and education and Aboriginal engagement.

We need to be more aggressive in pursuing innovation, particularly in key sectors that have potential for increased growth. There are bright spots throughout our economy, in sectors such as agriculture, value-added food processing and manufacturing. We have to encourage companies and investors to innovate — to take known processes and ideas and make them better, and to adopt new processes and ideas that allow them to be more efficient and more competitive. The EMILI project proposing to incorporate machine learning in our research and businesses holds immense promise.

There is national and global demand for the goods and services we're producing. However, trade is always an item of concern, and it is at the

forefront in the wake of extreme positions taken by candidates in the U.S. elections and Belgium's opposition to the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union. Those extreme views pose real threats to our manufacturing and agriculture value-added industries.

No economy can insulate itself from trade relations that have built up over decades through existing agreements. The Manitoba economy is many times larger — by value of output, by the number of jobs created, by the amount of incomes produced — than it would be if we weren't exporting goods and services. For example, we would not have as many highly skilled technical financial services jobs in Manitoba if we weren't exporting that expertise and management capacity beyond our borders.

We must focus on trade policies and trade-related investment. Each year, \$25 billion in goods cross the Manitoba-U.S. border. That includes goods from our trading region in Western Canada that are routed to the U.S. and Mexico and back through the Mid-Continent Trade and Transportation Corridor. We all benefit from investment in trade-enhancing infrastructure that broadens our trading region.

Another key area is education. Like infrastructure, it pays long-term dividends and it has to align with our needs, providing students with the skills they need to obtain meaningful and gainful employment. It must support academic research and innovative ideas that enhance the competitiveness of our businesses.

Innovation within our infrastructure investments is also critical. In Manitoba, we've conducted amazing research into how to build infrastructure that's more productive and long-lasting, so we don't have to repair and replace it as often. Taking some of that solid infrastructure-related research and incorporating it into the way we build our infrastructure is crucial.

One piece of the education component that is critically important to the Business Council of Manitoba is Aboriginal engagement. We have to encourage greater participation by our Aboriginal community in every aspect of our economy and society to ensure they can benefit from, and contribute to, our prosperity.

Significant government cooperation is needed to drive that engagement strategy. Our Indigenous communities want to work and partner with businesses, but they look to governments to provide leadership and a policy framework to enable them to more fully participate. If we don't get it right, we'll continue to see a significant sector of our population trailing behind.

Focusing on fiscal policy, debt and deficit is important, but that alone isn't enough. We need growth. We need to generate jobs and incomes and revenue to government, and it has to be done by focusing on the key aspects of infrastructure, innovation, trade and trade policy, training and education and Aboriginal engagement.

If we get it right, we'll have a thriving, sustainable economy. If we don't get it right, increasing deficits and a mounting debt will continue to strain resources that allow governments to provide services our citizens want and need.

Don Leitch is president and CEO of the Business Council of Manitoba. ■