



MANITOBA CHAMBERS OF COMMERCE

2022 Provincial Budget Submission

Introduction

The Manitoba Chambers of Commerce (MCC), established in 1931, is the umbrella organization for Manitoba's chamber movement. With a membership comprised of 65 local Chambers of Commerce, as well as hundreds of direct corporate members, MCC is the province's largest and most diverse advocacy association for the business community, representing close to 10,000 organizations across all sectors.

Our vision is to "Make Manitoba the Best Place to Live and Work," and our mission is to champion sustainable economic growth leading to greater prosperity for business and communities in Manitoba.

It is through the lens of this vision and mission that we provide our comments to the provincial government as it deliberates in the development of Budget 2022.

Budget 2022

The Manitoba Chambers of Commerce believes that in order for our province to achieve the level of prosperity needed to take the Manitoba economy to the next level, the provincial government must increase its focus on economic growth and competitiveness in the budgeting process. As we begin to emerge from the pandemic, the economy must be a driving force behind all decision-making.

First and foremost, it is imperative that government continues to focus its efforts on the battle against Covid-19 and provides business with the necessary investments to get Manitobans to the other side.

Secondly, in today's globally competitive business environment it is imperative that our government creates a climate that attracts new business and enables existing businesses to grow and thrive.

For Manitoba to reach its full potential there are seven key public policy pillars that Manitoba must address to demonstrate our collective commitment to “Growing Manitoba’s Economy”:

1. **A COMMON ECONOMIC AGENDA:** Strengthen the partnership with the private sector to build a stronger economic base and ensure Manitoba remains internationally competitive, providing jobs for a growing population.
2. **INFRASTRUCTURE INVESTMENT:** With an improving fiscal capacity, invest in core community and educational infrastructure to support vibrant, healthy communities connected within the province and to our trading partners.
3. **GLOBAL TRADE:** Build Manitoba’s capacity to promote trade and expand our global profile to take full advantage of our potential.
4. **INDIGENOUS ENGAGEMENT:** Commit to consistent engagement with the federal government and our Indigenous communities to ensure everyone benefits from a prosperous economy.
5. **PRODUCING, ATTRACTING AND RETAINING TALENT:** Commit to working with the business and educational sectors to ensure Manitoba produces, attracts, educates, trains and retains the skilled workforce fundamental to sustaining economic growth, prosperity and healthy communities.
6. **ACCESS TO CAPITAL:** Maintain a system for easy and increased access to capital and establish a new framework for venture capital within which both the private and public sectors participate to allow Manitoba businesses to thrive.
7. **ESTABLISH STRONG SUSTAINABLE FISCAL RELATIONSHIPS:** Commit to establishing a modern fiscal framework to ensure provincial and municipal levels deliver their respective obligations to provide services to Manitobans and build strong, mutually supportive communities.

The Manitoba Chambers believes that if Budget 2022 is focused on increasing economic opportunities and prosperity in the province, together, we can positively influence these public policy pillars.

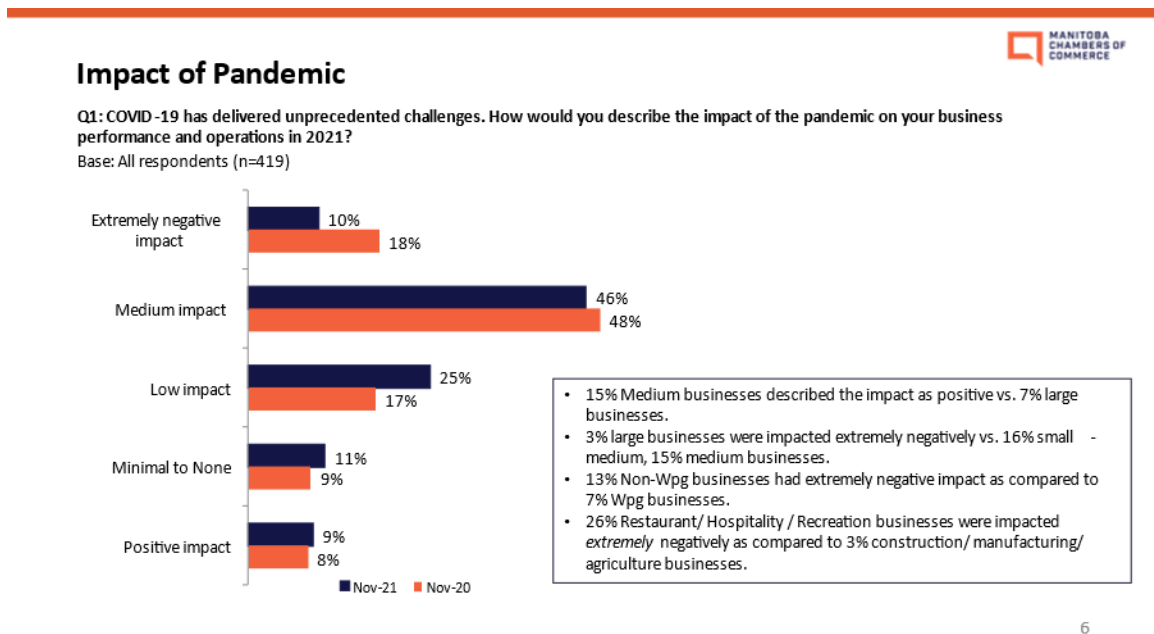
2021 Manitoba Business Outlook Survey Results

The Manitoba Chambers of Commerce (MCC) retained Léger to conduct the 4th annual Manitoba Business Outlook Survey of its members and partners. The primary purpose of this research is to provide MCC statistically reliable feedback from Manitoba businesses

about their goals, performance, and challenges – insights that can be used to support our advocacy efforts and shape business-friendly policies to champion with various levels of government.

The survey was available online from November 9th through November 30th, 2021.

Since March 2020 Covid-19 has had a significant impact on the business community in Manitoba as many businesses have had to close or restrict operations on multiple occasions to comply with public health measures. The reality is that four out of five organizations in the province have experienced some level and type of impact due to Covid-19, with the hardest-hit such as small businesses, as well as restaurant, hospitality, and tourism businesses, continuing to struggle.

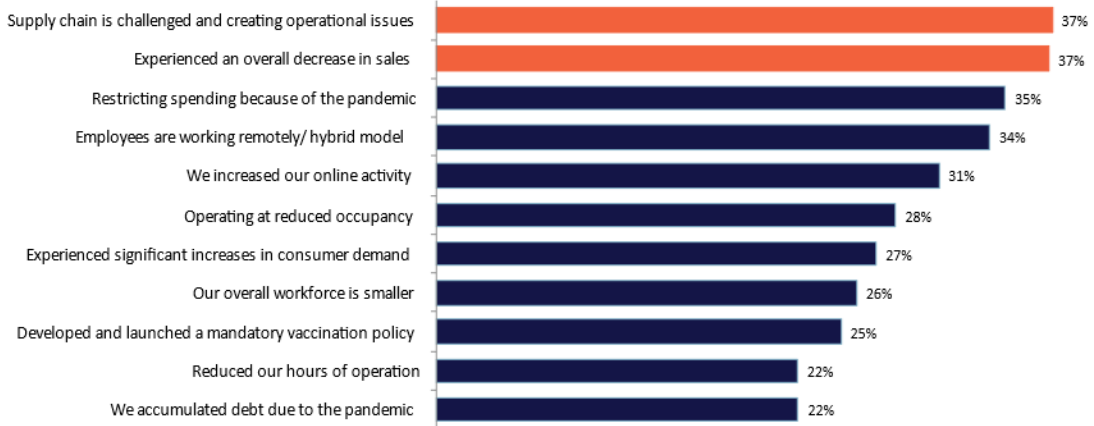


The negative effects of Covid-19 included resulting operational changes, with issues such as supply chain challenges and decreasing sales bubbling to the top of the list as two key indicators. Restricted spending was the third most frequently selected change, while almost ¼ of all business respondents say they have accumulated debt as a result of the pandemic.

Changes in Operations (top mentions)



Q2: Thinking of your business today, how have operations changed as a result of COVID-19? [FREQUENT RESPONSES]
 Base: All respondents (n=419)



- In Nov 2020, 60% mentioned *restricted spending* and 54% were experiencing a *decrease in sales*.
- 34% businesses in Winnipeg have launched a mandatory vaccination policy, vs. 14% business outside Winnipeg.

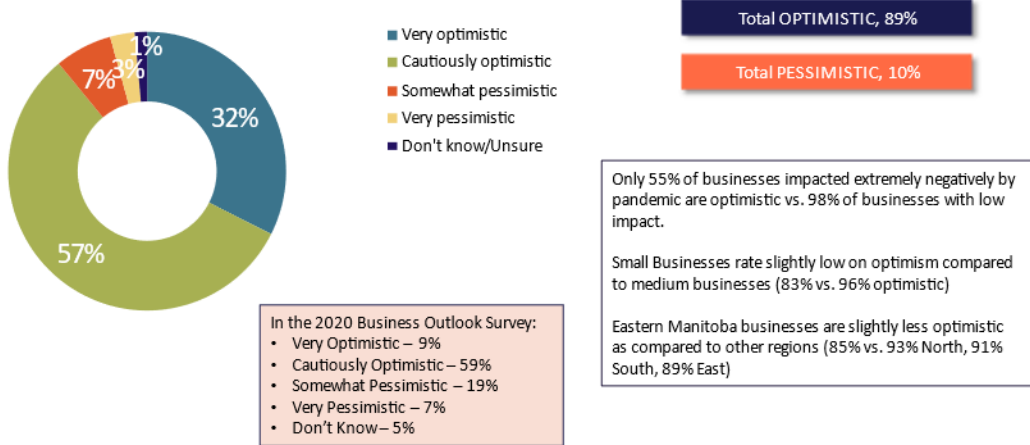
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While the past two years have been difficult for business it is encouraging to see that overall, business leaders are optimistic about the future.

Business Optimism



Q16: At this point in time, how do you feel about your business and its performance? Are you generally optimistic or pessimistic? Base: All respondents (n=419)

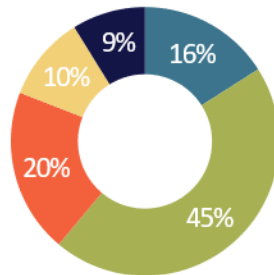


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What is also important for business to succeed in today's global environment is a competitive business climate. It is imperative that government takes this into consideration when developing policy.

Competitiveness of Manitoba Business Climate

Q17: Do you agree or disagree with the following statement: Manitoba's business climate is competitive with other provinces? Base: All respondents (n=419)



- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
- Don't know

Total AGREE, 61%

Total DISAGREE, 30%

In the 2020 Business Outlook Survey:

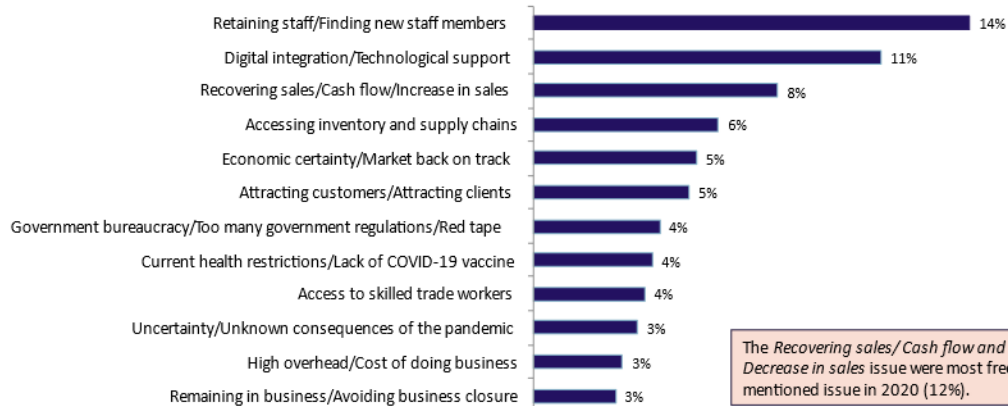
- Strongly Agree – 6%
- Somewhat Agree – 42%
- Somewhat Disagree – 24%
- Strongly Disagree – 9%
- Don't Know – 20%

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As we emerge from the pandemic it is important to take note of the challenges facing businesses. The issues of staffing shortages and technological adaptation have never been as important as they are today.

Greatest Challenge in Next 12-18 months

Q14: Beyond the pandemic, thinking about the next 12 to 18 months, from your perspective, what is the greatest challenge facing your organization? (TOTAL MENTIONS) [FREQUENT SELECTIONS] Base: All respondents (n=419)



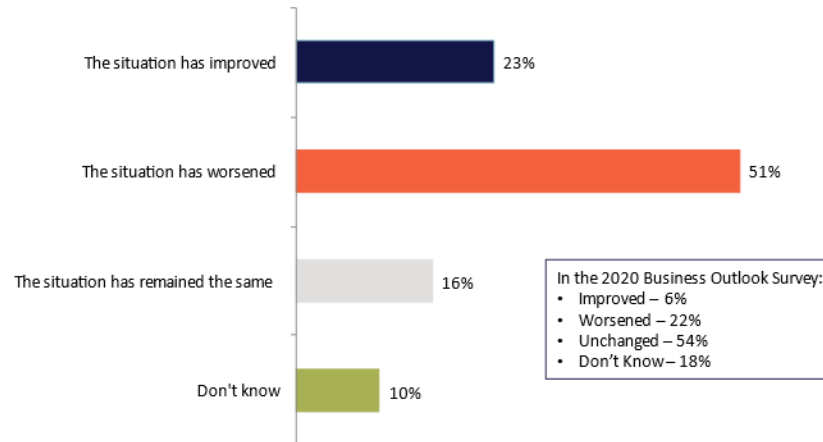
The Recovering sales/ Cash flow and Debt/ Decrease in sales issue were most frequently mentioned issue in 2020 (12%).

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One of the pandemic's most significant impacts on the business community is the increasing challenge surrounding skilled labour.

Access to Skilled Labour

Q19: In your opinion, has the situation related to access to skilled labour in Manitoba improved, worsened, or stayed the same compared to 2 to 3 years ago? Base: Respondents (n=379 excluding those extremely negatively impacted by pandemic)



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Recommendations

The Manitoba Chambers of Commerce advocates for growth and investment, quality of life, and prosperity for all Manitobans. Our membership is committed to working alongside government to champion opportunities and reduce barriers, contributing to making **Manitoba the Best Place to Live and Work**.

Specifically for Budget 2022, on behalf of our network of 65 local Chambers of Commerce, MCC recommends that the provincial government takes the following actions:

Economic Competitiveness / Development

Manitoba has taken significant steps in the past number of years to improve its fiscal situation which has resulted in a more sustainable outlook. The provincial government must ensure that economic growth is the driving force behind decisions with the goal to make Manitoba more competitive.

1. **The Manitoba Chambers of Commerce asks the provincial government to continue providing targeted financial supports for those industries and sectors most deeply affected by Covid-19 and still struggling to get back to pre-pandemic levels.**
2. **The Manitoba Chambers of Commerce asks the provincial government to commit to a full review of the tax structure (both personal and corporate) in**

Manitoba. According to the 2020 Manitoba Business Outlook Survey, 42% of businesses say that reducing or eliminating payroll tax should be a top priority in supporting Manitoba business. This has consistently been a primary concern for the business community that warrants review. The review should focus on:

- a. Implementation of long-term provincial strategies to provide the business community with confidence and certainty that tax reduction is a priority.**
- 3. The Manitoba Chambers of Commerce strongly encourages the provincial government to establish a comprehensive access to capital strategy that identifies all stages of capital financing, current capital availability and local gaps along the entire capital gamut (idea incubators, venture capital funds, etc.) and provincial initiatives to address the deficiencies.**
- 4. The Manitoba Chambers of Commerce asks the provincial government to commit to providing the support, resources, and development of sustained plans to ensure the effective implementation of the Economic Development Strategy and to move forward with the Invest Manitoba plan.**

Workforce

It makes little difference with which community or industry representatives MCC consults -- the common connection across all sectors and employer sizes is a constant concern over workforce. Whether it's access to skilled labour, transition of skills of new immigrants, or identifying the in-demand jobs of the future, workforce remains business leaders' number one worry.

- 5. The Manitoba Chambers of Commerce asks the provincial government to commit to addressing the enhancement of Labour Market Information (LMI) through interprovincial collaboration and to consider the establishment of a cross-ministry led committee to improve collection and coordination of timely and accurate LMI.**
- 6. The Manitoba Chambers of Commerce asks the provincial government to commit to working with business and education sectors on a strategy to establish a new framework to better identify the needs of business and the development of education programs to meet the growing demand for future employment.**
- 7. The Manitoba Chambers of Commerce asks the provincial government to provide incremental, flexible funding, that can be used at the discretion of Manitoba's post-secondary institutions/colleges for single or short-term program offerings in response to identified labour market demand in support of economic growth.**

- 8. The Manitoba Chambers of Commerce asks the provincial government to work with institutions to establish set criteria that will be used to evaluate each training opportunity to ensure compliance with the expectations for this unrestricted funding.**

Conclusion

By focusing greater attention on key economic indicators and measuring our success, we can generate results including significant prosperity for all Manitobans. MCC believes that although we are still in the thick of pandemic recovery, it is time to focus on growing our economy, creating jobs, and leveraging our strengths through a strategic, focused and results-driven approach.

The reality is that all countries, provinces, and communities are dependent on a growing economy to meet the needs of citizens. The Province of Manitoba must focus on creating a competitive economic climate that provides business with the confidence and certainty needed to grow, invest, and create jobs.