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New patents bode well for province's future Profits and productivity need improvement

Manitoba's Chartered Accountants say the province's record in new patents registered per capita should lead to growth opportunities in the near to mid term future, but the province will have to do better at raising its productivity per unit of output, and at showing greater levels of profit after taxes.

In its third annual review titled *MB Check-Up*, the Chartered Accountants' organization noted an 81% increase in new patent registration in Manitoba over the five years from 1998 to 2003, including a 40% increase in 2003 alone.

Gary Hannaford, CEO of the Institute of Chartered Accountants of Manitoba (ICAM), said the province leads all benchmarked jurisdictions in new patents over the five years measured, but is third among five provinces in its ratio of after-tax profit to gross domestic product (GDP), and fourth in productivity gains, with 2003 showing no improvement at all in the latter.

The ICAM spokesperson said Manitoba enjoys a generally favourable investment climate but has yet to capitalize on its advantages. He pointed to two key measures of performance in which Manitoba has not performed well -- the rate of actual business investment as a percentage of GDP, which has declined since 1999 to 11.8% and is now below the national average, and the rate of new business incorporations per 1,000 population, which has been lowest of all jurisdictions for five years.

"Our indicators are good but our results remain mediocre," Mr. Hannaford commented.

He said that of the five indicators used to assess Manitoba as a place to invest, all but one -- export prices -- showed improvement in 2003.

"Improvement is welcome, but we cannot afford to be satisfied with 'most improved' status. We must strive for excellence and achieve a strong leadership position to launch ourselves forward."

Mr. Hannaford expressed hope that leadership in patent growth would lead to better productivity and profitability, but noted that the increase comes from a small base and must be sustained over a period of years and across a broad industrial base to create real impact.

MB Check-Up is published each year by ICAM. It provides an independent factual comparison of the four Western provinces, together with Ontario and the Canadian average. It uses 15 key indicators applied to all of the measured jurisdictions, creating a profile of each as a place to *live*, a place to *work*, and a place to *invest*.

Additional information, including the relevant section of the research document, is available on the Institute's website at www.icam.mb.ca under Media Centre. The full report and research document will be posted once all three sections have been released.

Subsequent instalments of the report, dealing with Manitoba as a place to *live* and a place to *work*, will be released in the next two weeks.

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