

Budget 2007

Public Consultations



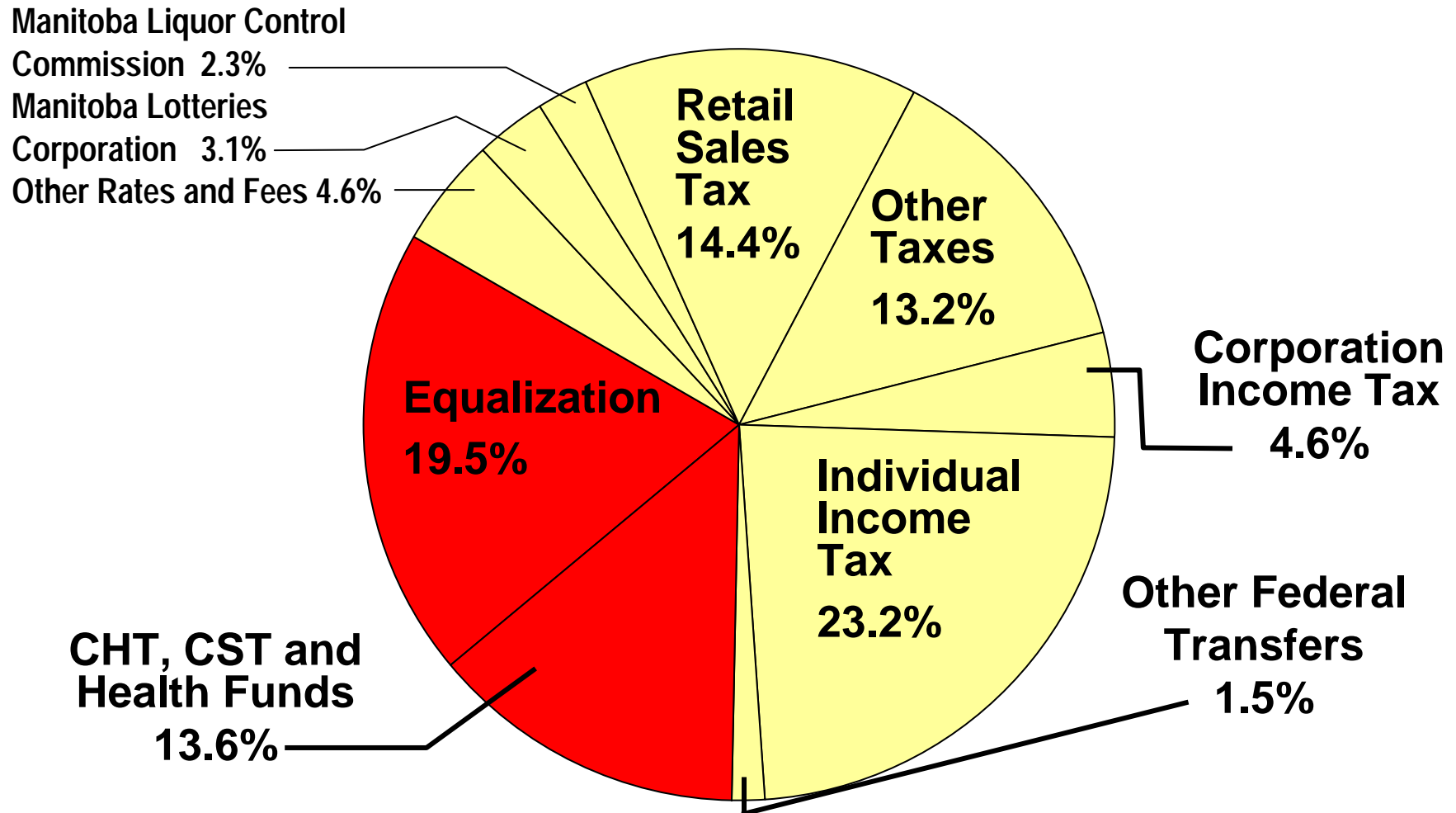
Honourable
Greg Selinger
Minister of Finance



Agenda

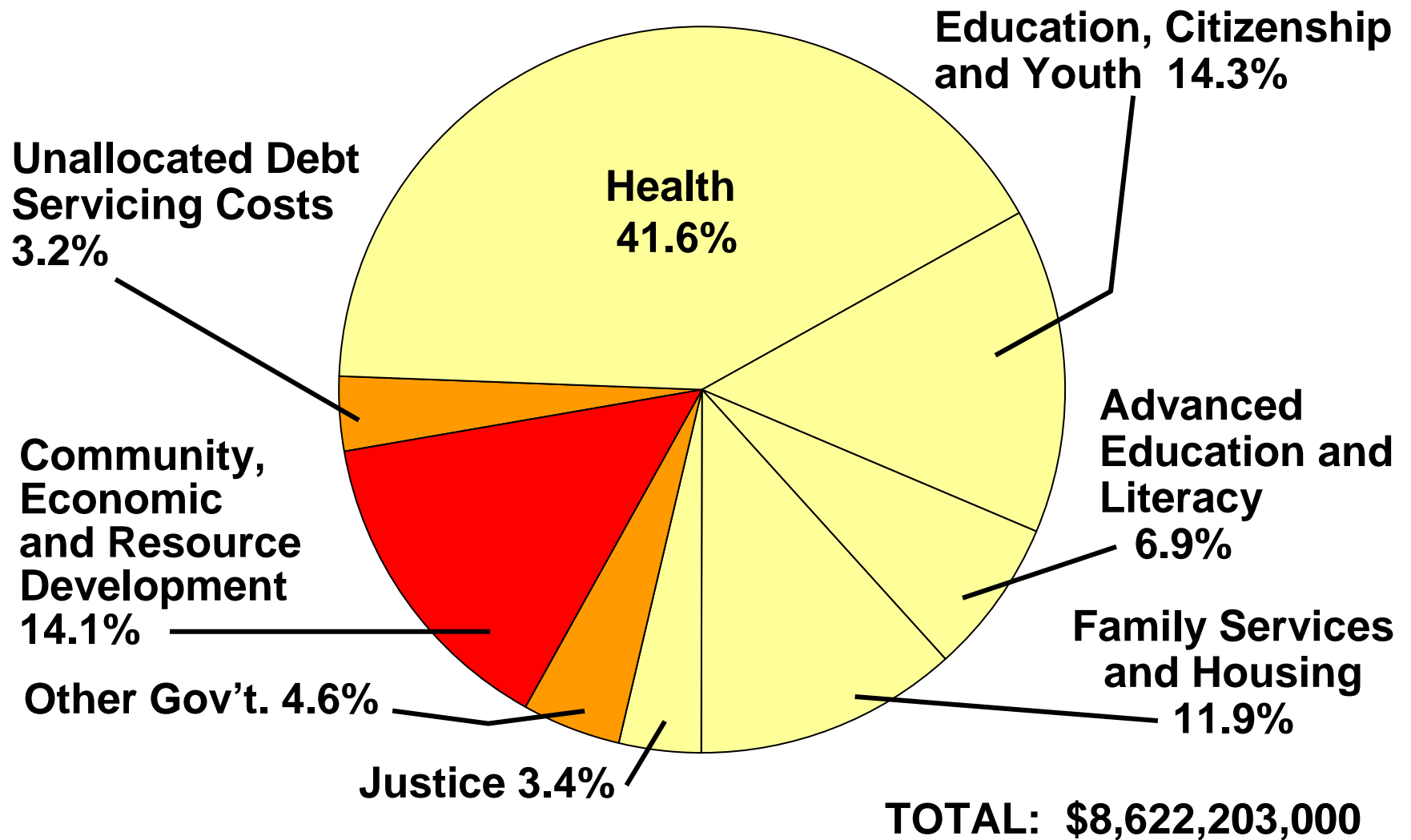
- **2006 Budget Overview**
- **Action Strategy for Economic Growth**
- **Our Commitment to Manitobans**
- **2007 Budget – Challenges and Opportunities**
- **Your Priorities and Advice**

2006 Budget - Revenue



TOTAL: \$8,651,036,100

2006 Budget - Expenditure



2006 Budget Overview

- **Budget 2006 projected a summary net income of \$148 million for the consolidated (summary) budget**
- **Budget 2006 is balanced for the 7th straight year as required by Balanced Budget Legislation**

2006 Budget Overview

- **Four main building blocks:**
 - ◆ **Growing Green, Growing Smart**
 - ◆ **Healthy Families, Healthy Communities (including Post-Secondary Education)**
 - ◆ **Tax Savings for Manitoba Families and Business**
 - ◆ **Balanced Budgets**

Budget 2006 – Budget Overview

- **3.4% increase in spending over 2005/06 forecast**
- **\$110 million for debt and pension liability payments**
- **\$30 million drawn for wait times from pre-paid federal funds in Fiscal Stabilization Fund**

Budget 2006 – Budget Overview

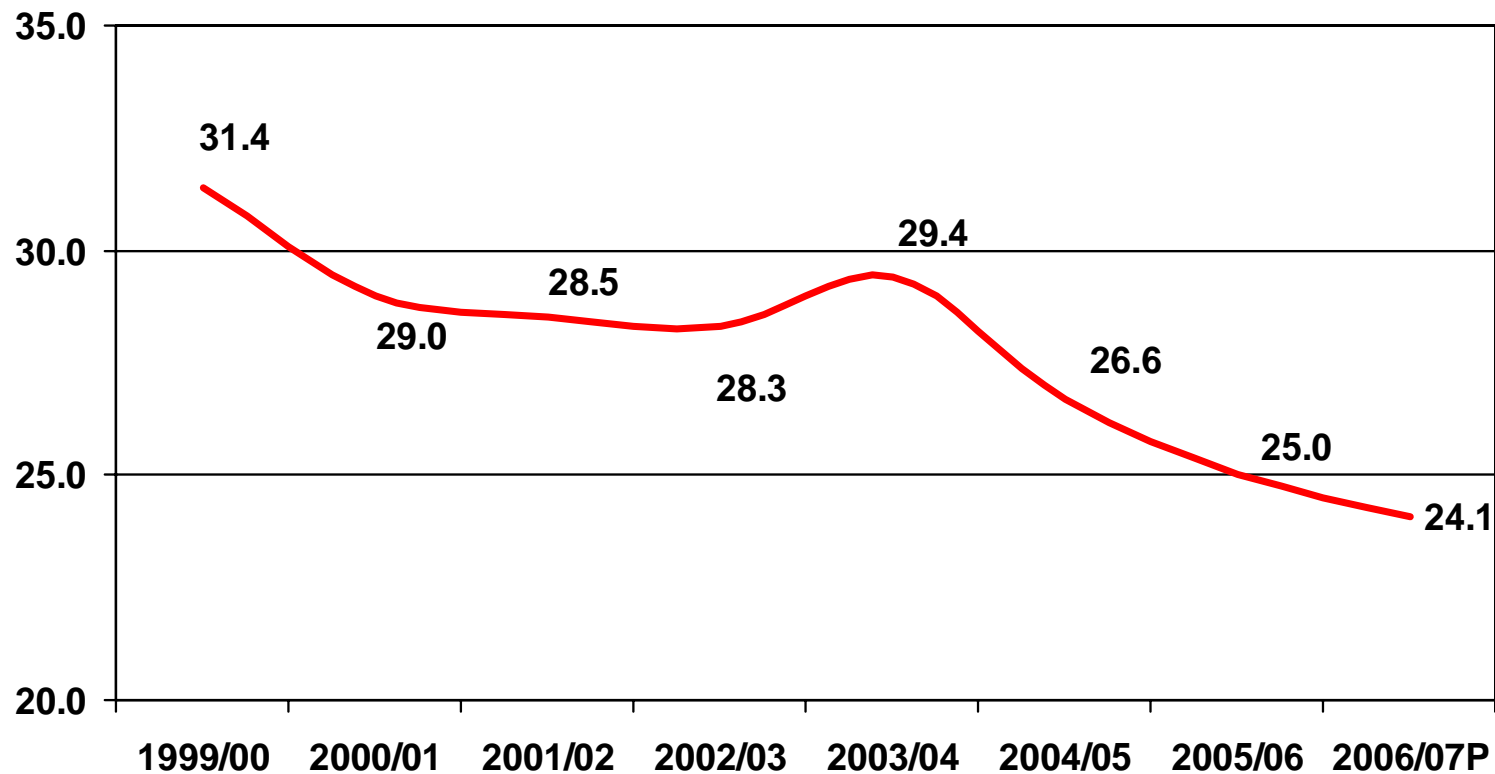
- **\$55 million drawn from Fiscal Stabilization Fund to accelerate infrastructure, college and university funding and projects**

Our Responsible Fiscal Plan

- Budget 2006 continues the long term fiscal plan, including continuing to pay down the pension liability – earned Manitoba 2 credit upgrades
- Manitoba's credit ratings are now among the best in Canada:
 - ◆ Moody's Investors Services Aa1
 - ◆ Standard and Poor's AA –
 - ◆ Dominion Bond Rating Service Limited A(high)

Our Responsible Fiscal Plan

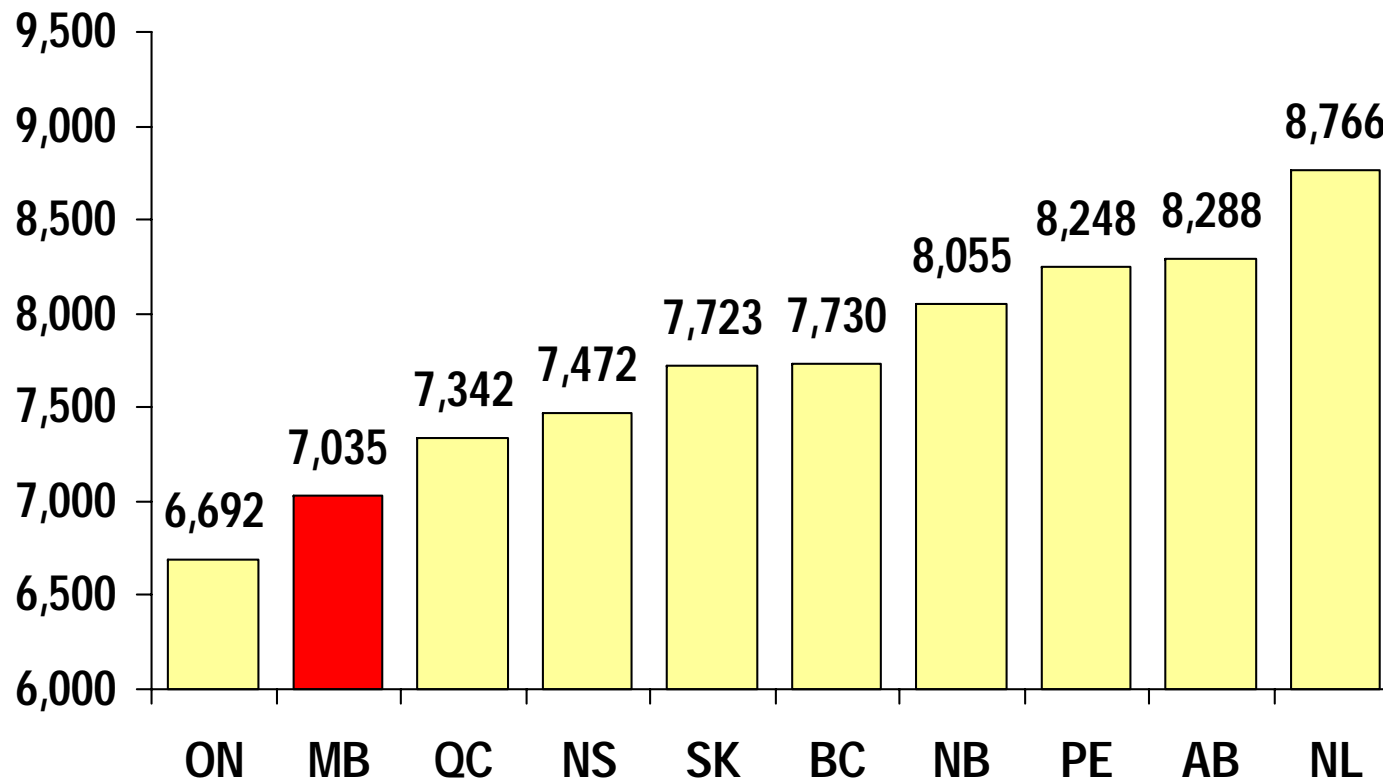
**Summary Net Debt as a Percent of GDP
(Percent)**



Source: Public Accounts for year ended March 31, 2006

Affordable Government

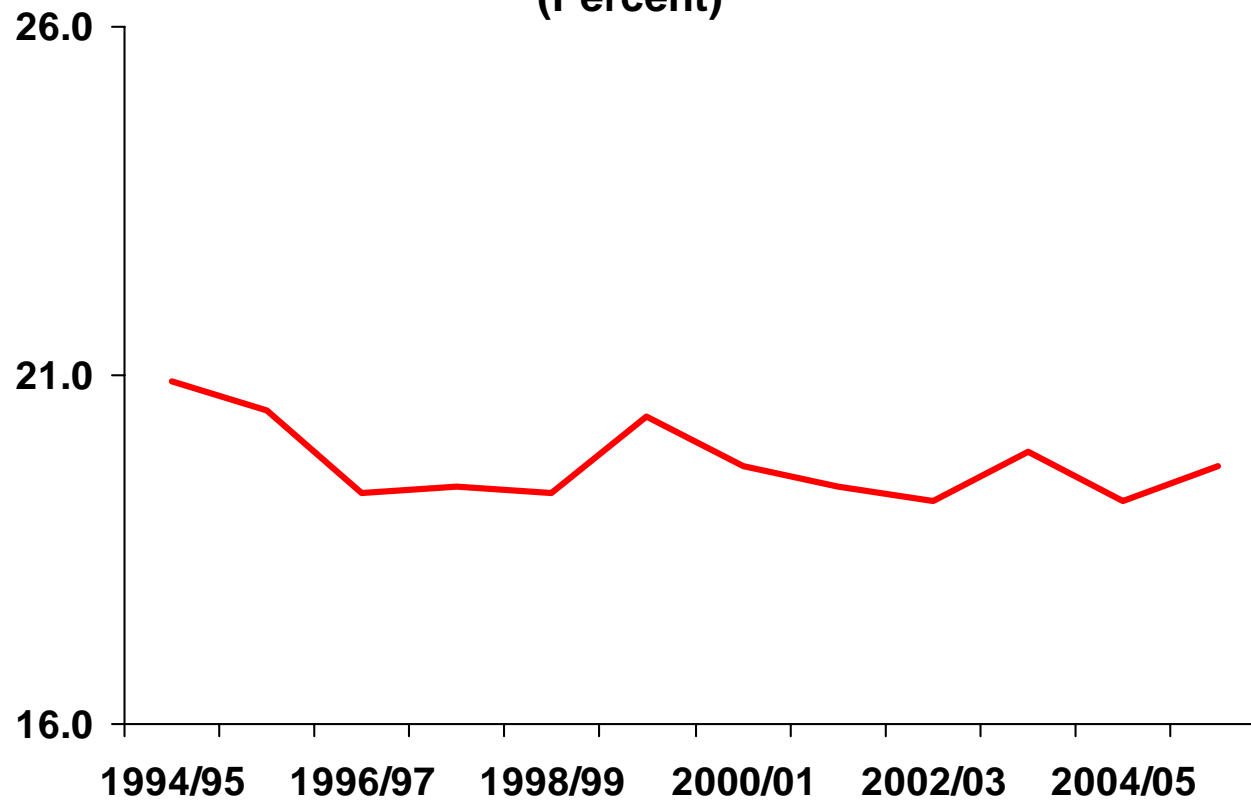
Total Expenditure by Province 2005/06
(Dollars Per Capita)



Source: Statistics Canada and Provincial Financial Statements

Sustainable Growth

**Annual Government Expenditures to GDP Ratio
1994/95 to 2005/06
(Percent)**



Source: Manitoba Public Accounts and Manitoba Bureau of Statistics

Economic Growth

- **Manitoba's economy is expected to grow by 3.2% in 2006 – above Canada's growth rate of 2.9%**
- **Manitoba's economy is expected to grow by 2.6% in 2007**
- **Housing starts continue to increase in 2006 – after 85% increase between 2000 - 2005**

Economic Growth

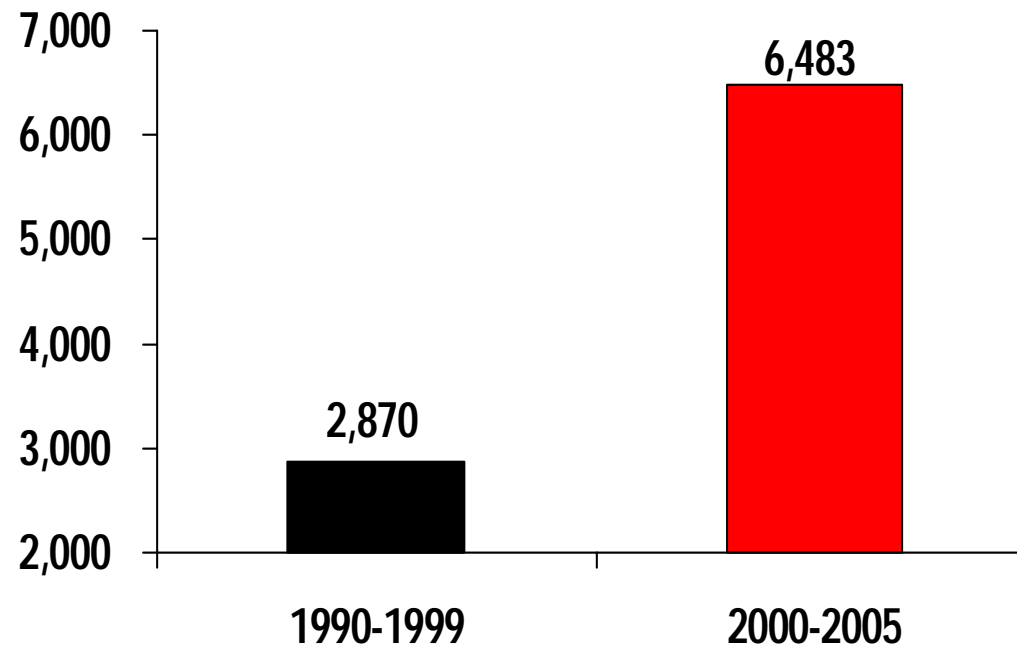
- **Building permits also up 22.3% in 2006
– double Canada's increase of 7.8%**
- **Strong mining activity – 142% increase in oil wells coming on line, Bissett Gold Mine reopening and potential Bucko Lake nickel mine in 2007**

Employment

- In 2006, Manitoba's average unemployment rate is 4.3% – second lowest in Canada
- Over the last six years, Manitoba created an average of 6,483 jobs per year – 126% improvement over the 1990s

Employment

**Growth in Jobs
Average Yearly Increase in Manitoba**



Source: Statistics Canada Labour Force Survey

Manitoba's Seven Point Action Strategy for Economic Growth

- 1. Education First**
- 2. Building through Research and Innovation**
- 3. Raising and Retaining Investment**
- 4. Affordable Government**
- 5. Growing through Immigration**
- 6. Building on our Clean Energy Advantage**
- 7. Building our Communities**

Education First

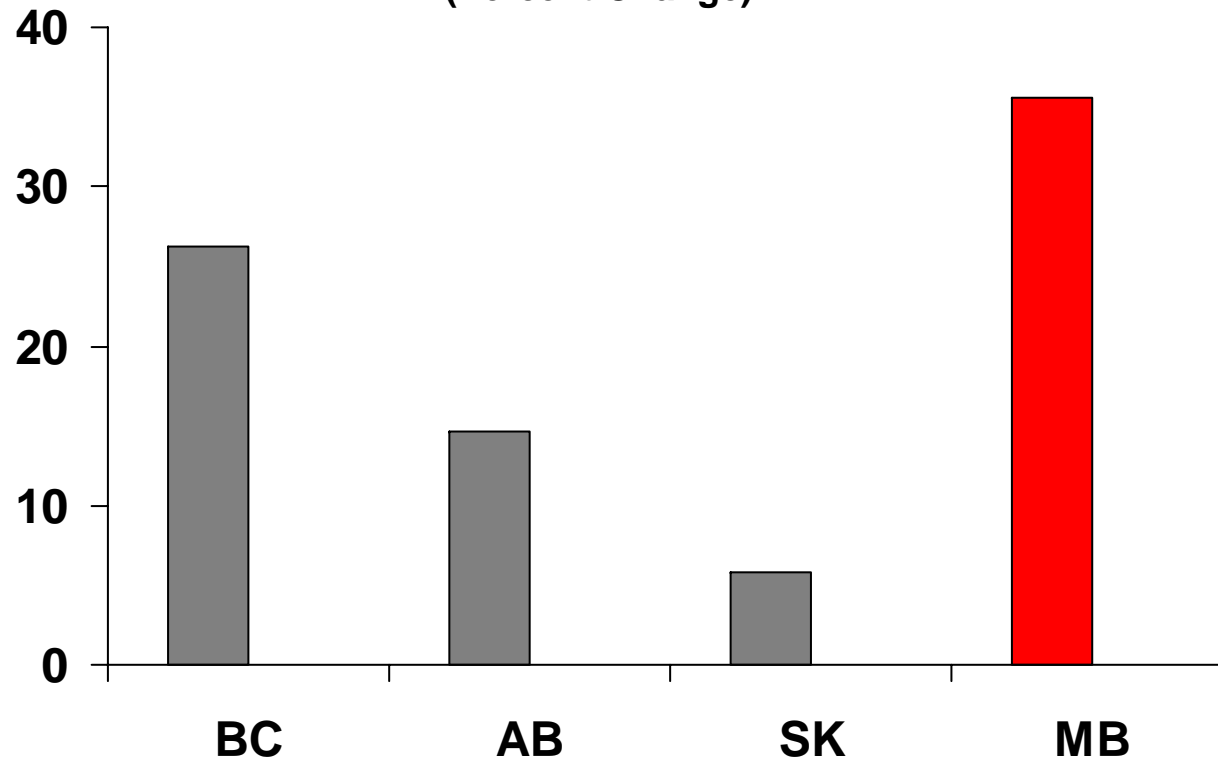
- **\$60 million, three-year increase for universities and colleges – up to 17% increase**
- **New Co-op Graduate Hiring Incentive to support the employment of co-op education students**
- **Extension of the Co-op Education Tax Credit to more employers**

Education First

- **More resources for the College Expansion Initiative and adult-learning centres**
- **Expansion of the Graduate Scholarship and Hope Bursary programs**

Education First

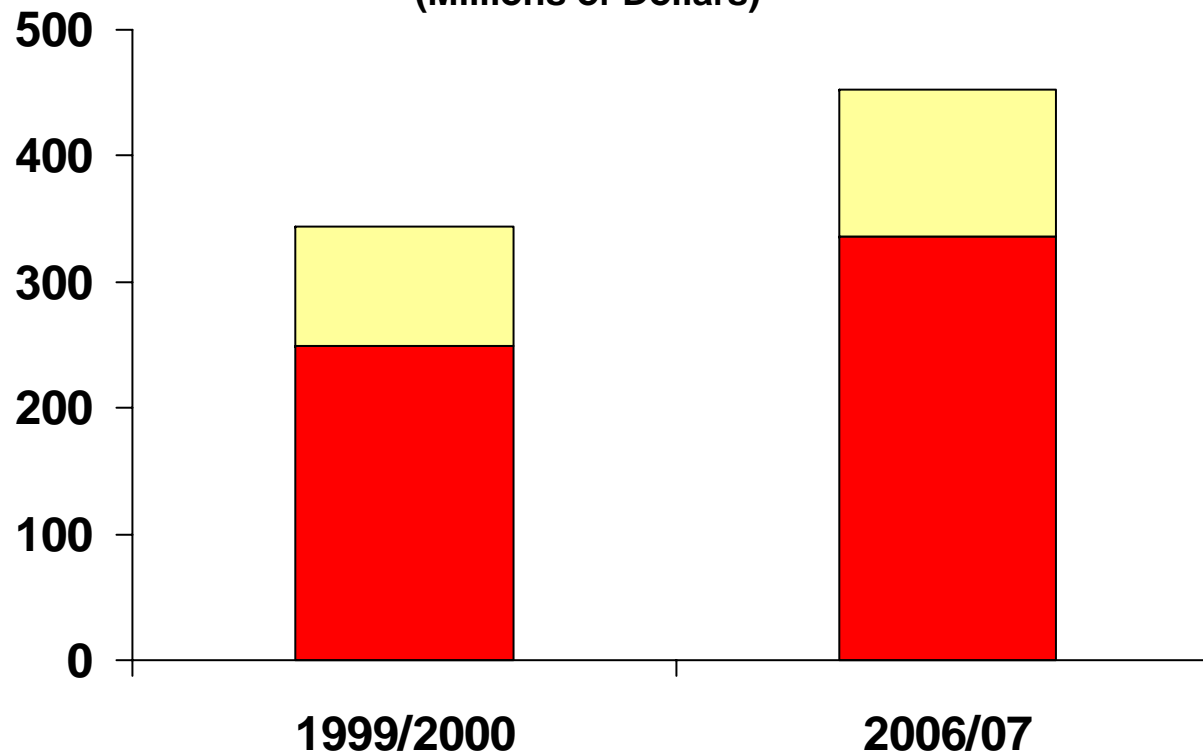
Post Secondary Education Enrolment
1999/00 to 2005/06
(Percent Change)



Source: Council on Post-Secondary Education

Education First

**Manitoba Public Universities Grant and Tuition Fee Revenues
(Millions of Dollars)**



-  Provincial Grants (including Tuition Fee Rebate Grants)
-  Tuition Fee Revenues

Source: Council on Post-Secondary Education

Education First

- **Increased funding for public schools by the rate of economic growth – total provincial operating funding to \$926 million**
- **Investments in special needs education and more funding for professional development**
- **More funding for English as an additional language for students with refugee and war-affected backgrounds**
- **New resources to improve public library services**

Building through Research and Innovation

- **New investment in the Industrial Technology Centre**
- **Richardson Centre for Functional Foods and Nutraceuticals**
- **Composites Innovation Centre**
- **Doubled the capacity of the Manitoba Interactive Media Fund**

Building through Research and Innovation

- **Since its inception, the Research and Development Tax Credit has returned \$105.2 million to local firms**
- **Over \$27 million spent on research and development initiatives in 2005/06, up almost 65% since 1999/00**
- **Manitoba has the fastest growing biotech sector in Canada. Sector expanded by 40% in just a few years**

Raising and Retaining Investment

- **Since 1999, private investment has increased by \$1.7 billion – up 43%**
 - ◆ **expected to grow by another \$540 million in 2006, or 10.4% – increase twice the national growth rate**
- **Renewed the Manufacturing Investment Tax Credit – increased refundable portion from 20% to 35%**
- **Investment in BizCoach Manitoba – mentor support service provided by successful businesses to new entrepreneurs**

Raising and Retaining Investment

- **Manitoba's total capital investment in 2006 to increase 14.6%, highest among provinces – Canada at 6.1%**
- **2006 investment strong in manufacturing, construction, utilities, mining, trade, education**

Affordable Government Our Business Advantage

- **Business taxes reduced by \$146 million since 1999**
- **Small Business Income Tax rate reduced to 3% in 2007 – 63% drop since 1999**
- **Doubled the small business tax threshold from \$200,000 to \$400,000**

Affordable Government Our Business Advantage

- **First reductions to general Corporation Income Tax rate since the Second World War**
- **Corporation Income Tax, from 17% in 1999 to 14% in 2007, and subject to Balanced Budget Legislation 13% in 2008 – a 24% reduction overall**

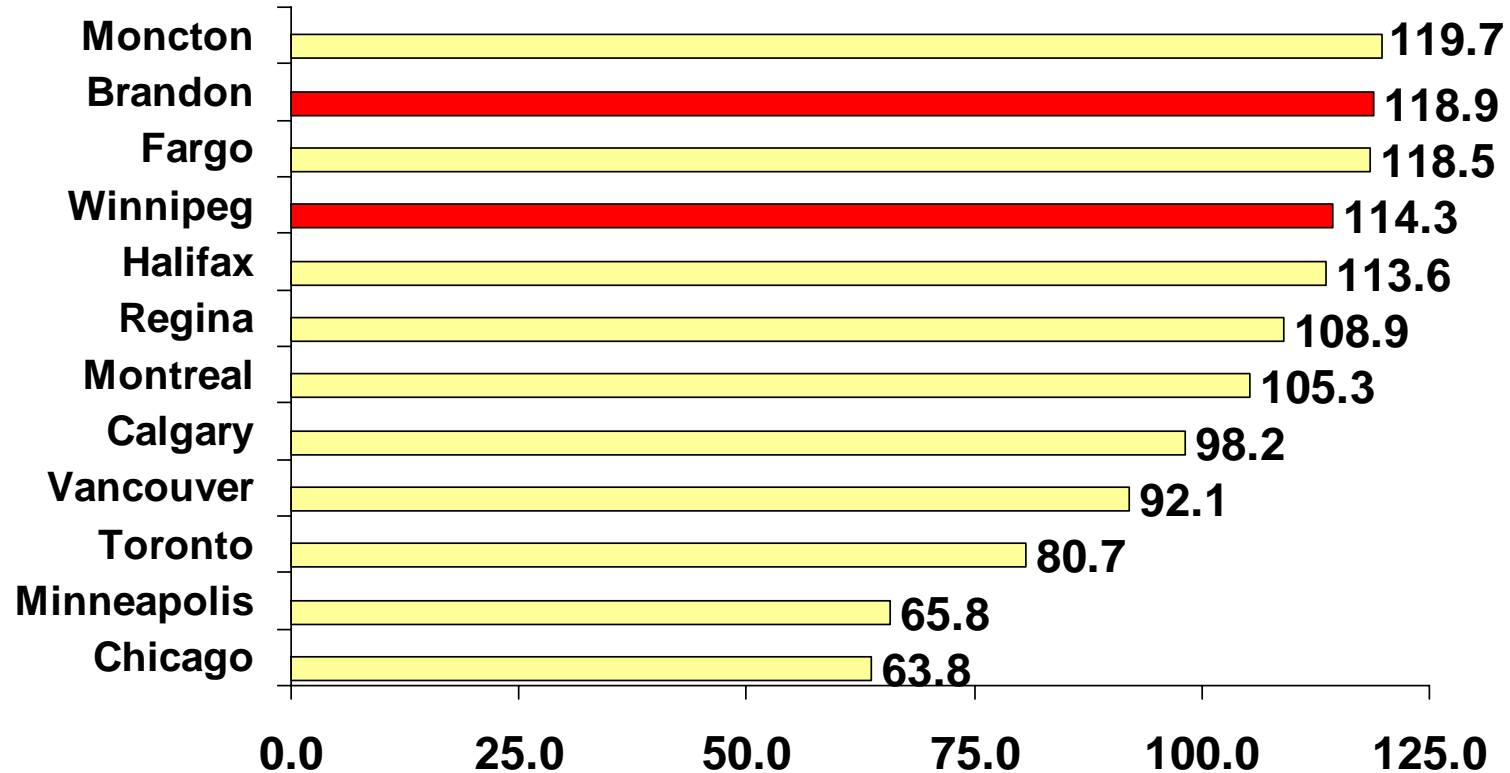
Affordable Government Our Business Advantage

- **Budget 2006 doubled the Corporation Capital Tax deduction from \$5 million to \$10 million**
 - ◆ reducing the number of firms paying this tax by 19%
 - ◆ Phasing out the general corporation capital tax subject to balanced budget requirements

The Manitoba Advantage – Business

Internal Rates of Return – Smaller Manufacturing Firm

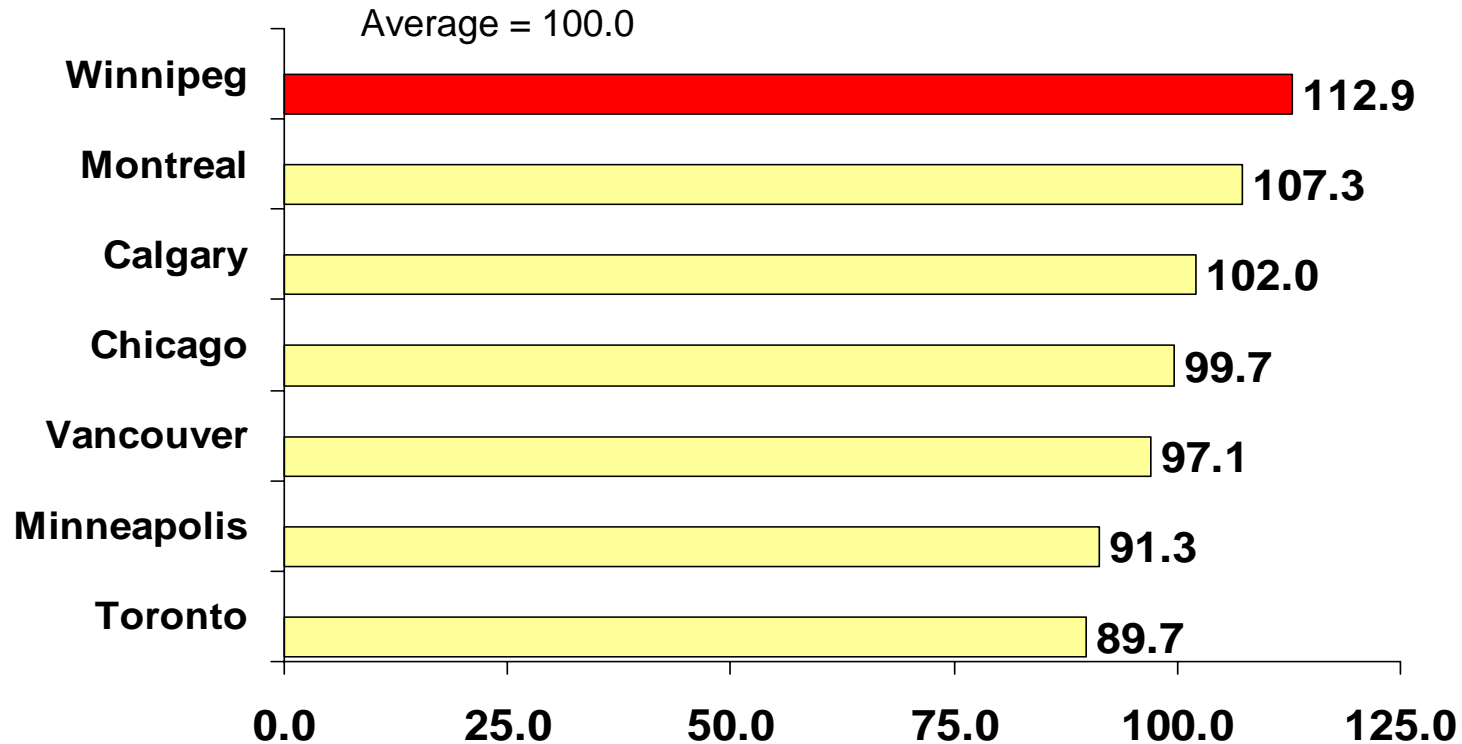
Average = 100.0



Source: Budget 2006

The Manitoba Advantage – Business

Internal Rates of Return – Larger Manufacturing Firm (Cities over 500,000)



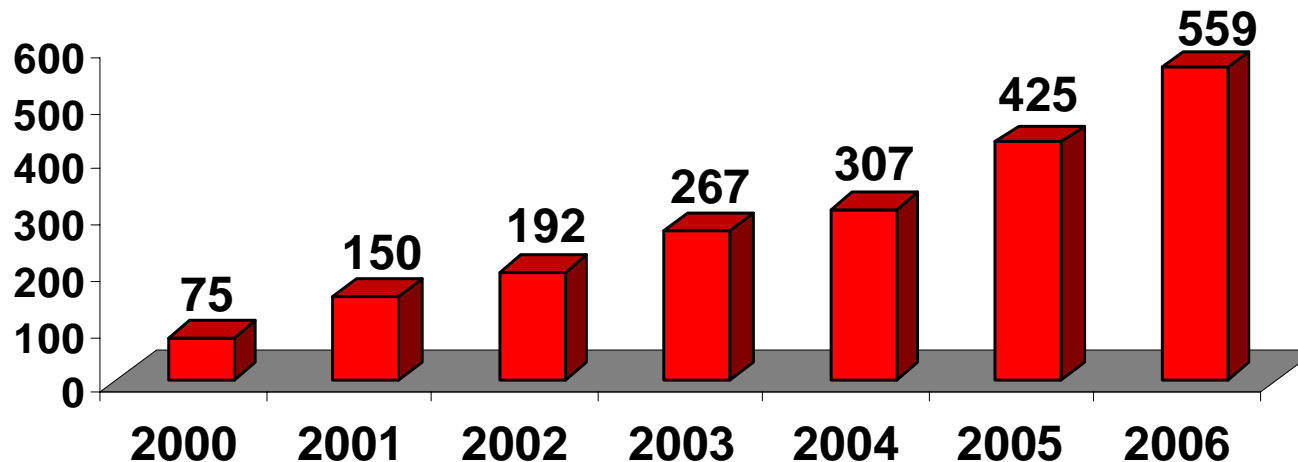
Source: Budget 2006

Lower Taxes for Manitoba Families

- **\$80 million in new personal income and property taxes savings in Budget 2006**
- **One education property tax completely eliminated – education support levy for homeowners**
- **Farmland School Tax reduction commitment was 20% – election promise tripled to 60%**
- **Middle income tax rate reduction from 16.6% in 1999 to 13% in 2007 – a 22% reduction**

Affordable Government Lower Taxes for Manitoba Families

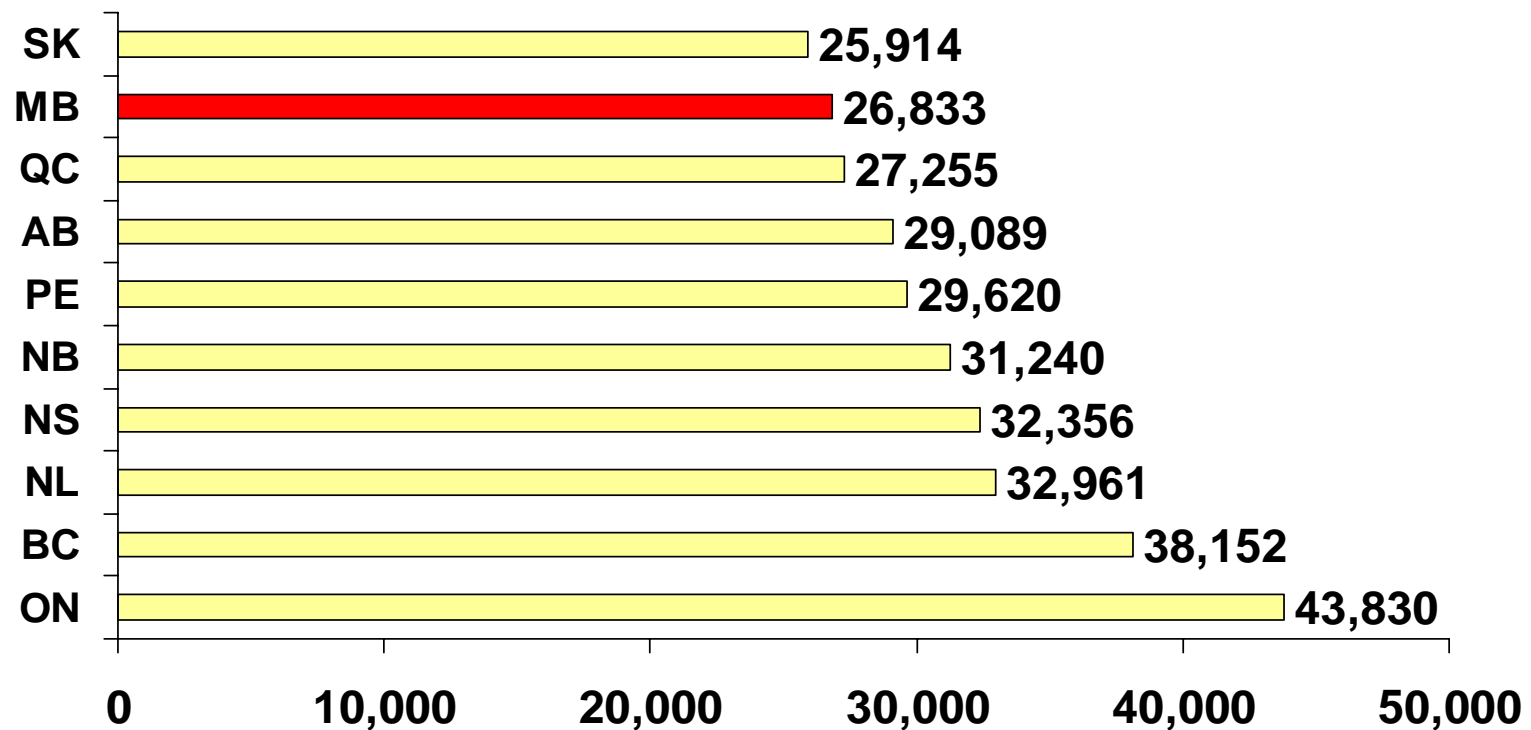
**Education Property Tax Credit and Education Support Levy Savings
for a Home Assessed at \$150,000 in 2006**
(Dollars)



Source: Manitoba Education, Citizenship and Youth

Affordable Government Personal Costs and Taxes

Two Earner Family of Four Earning \$60,000*
(Thousands of Dollars)



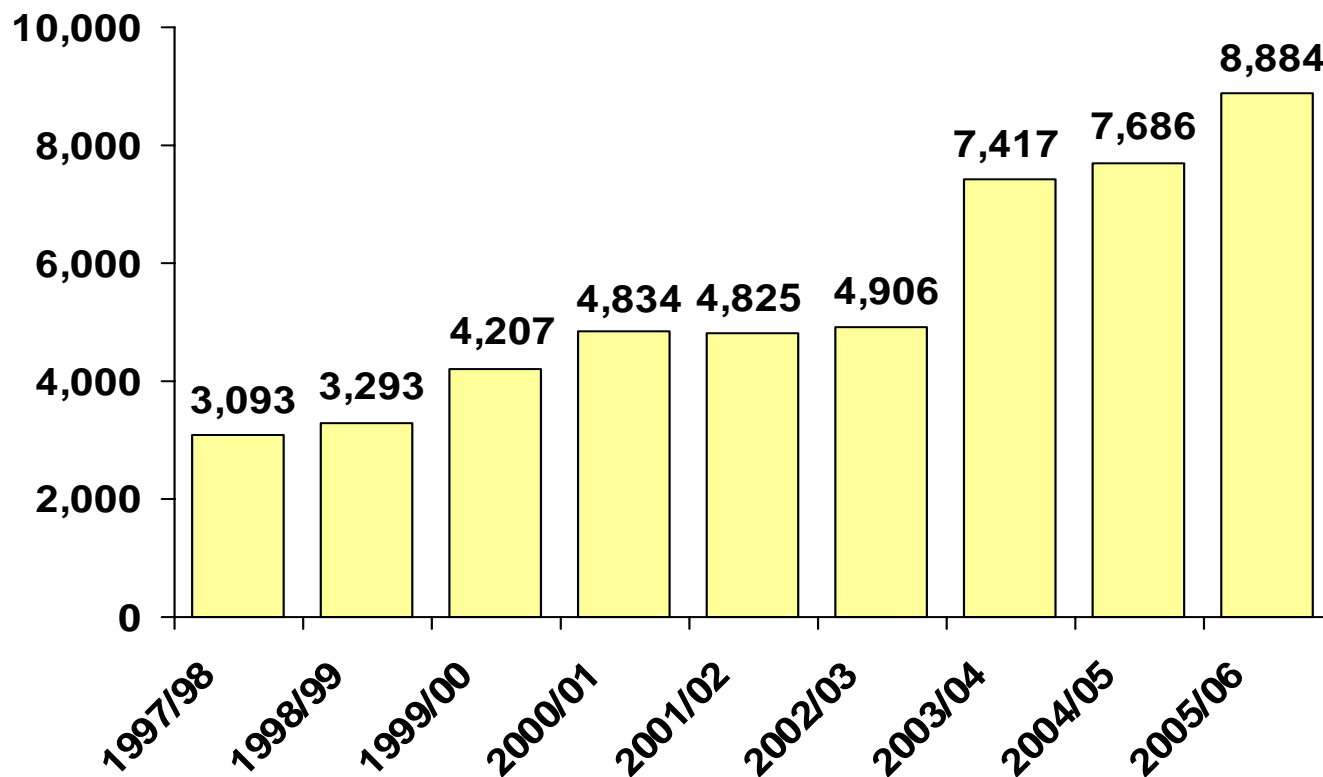
* Includes income tax, retail tax, gasoline tax, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property tax - Source: Budget 2006

Growing through Immigration

- **Strengthened programs for immigrants and English as an additional language**
 - 8,884 new immigrants came to Manitoba in 2005/06
- **Strengthened immigration integration services and more support for ethnocultural community organizations**
- **Manitoba Provincial Nominee Program most successful in Canada**

Growing through Immigration

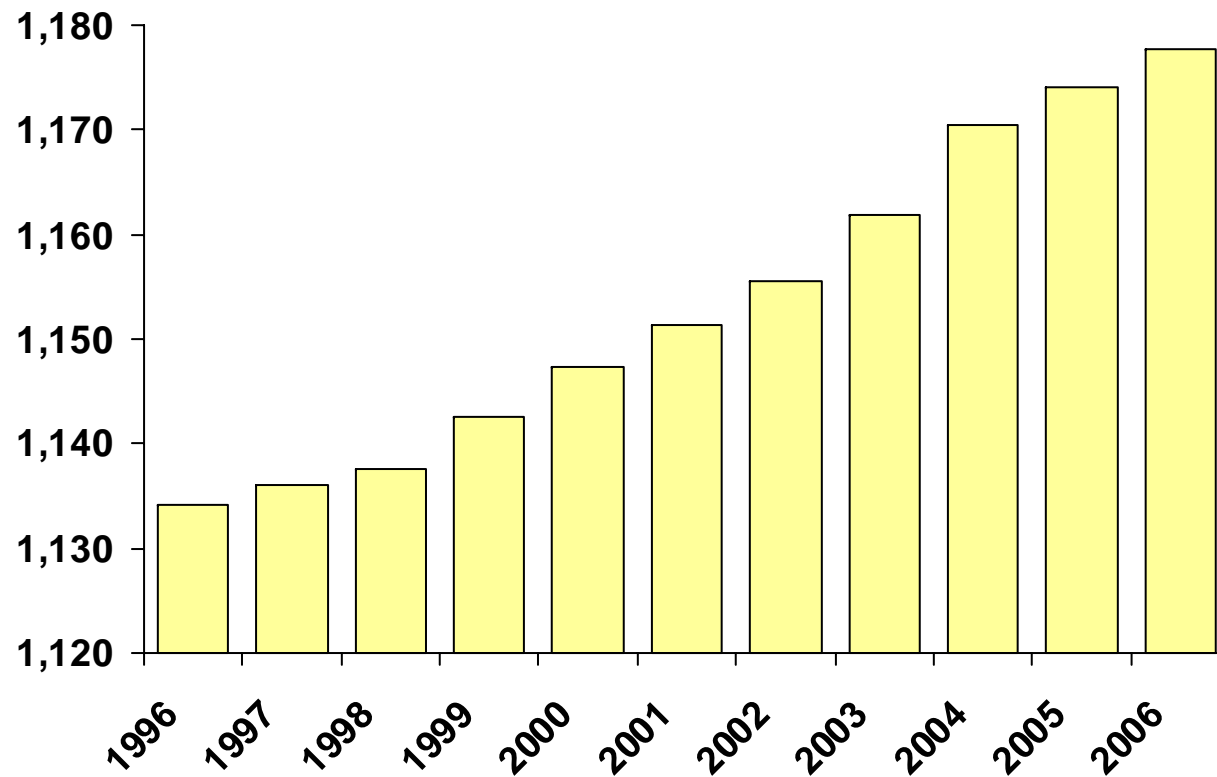
Annual Immigration Increase
(Number)



Source: Statistics Canada

Growing Population

Manitoba Population
(Thousands)



Source: Statistics Canada

Building on our Clean Energy Advantage

- **Increase in Hydro exports from \$363 million in 1999, to all-time high of \$818 million in 2005 – 125% growth**
- **Power Smart loans (started in 2001) now supporting \$100 million of home renovations, saving \$3.6 million in energy bills and creating over 800 person/years of employment**

Building on our Clean Energy Advantage

- **Manitoba has gone from 9th place to 1st place in energy efficiency as rated by the Canadian Energy Efficiency Alliance**
- **Support for more wind development projects – generating \$2 billion in investment and \$100 million in wind-rights payments for farmers over the next 10 years**

Building our Urban Communities Winnipeg

- **Additional \$4.5 million from the Building Manitoba Fund – including more for transit and roads**
- **\$3 million grant for the City of Winnipeg for property assessment costs**
- **Increased Winnipeg's share of casino revenues to 10%**
- **Support for hosting the 94th annual Canadian Football League's Grey Cup**

Building our Urban Communities Brandon

- **Support for the \$15 million redevelopment of the Keystone Centre**
- **Relocation of the Assiniboine Community College campus to the former Brandon Mental Health Centre site**
- **Support for the new Wellness Centre**

Building our Urban Communities Brandon

- **Neighbourhoods Alive! – \$1.8 million to-date for revitalization activities in Brandon**
- **Cost sharing of ambulance services**
- **Medical Transportation Co-ordination Centre**

Building our Municipalities

- **Manitoba continues to be a leader in support for municipalities in Canada**
 - **Statistics Canada reports Manitoba provides the second highest level of per capita funding to municipalities in Canada**

Building our Municipalities

- **Building Manitoba Fund expanded Manitoba's income and corporation tax revenue sharing to include fuel tax revenue sharing, providing municipalities with three major sources of growth revenue – \$119 million in municipal support in 2005**
- **Building Manitoba Fund working the way intended – growing by \$7.9 million in 2006**

Building our Northern Communities

- Partnering with the federal government and private sector to extend broadband access to 60 remote and Aboriginal communities over the next two years
- Supporting the conversion of the community of South Indian Lake into a reserve for Manitoba's newest First Nation
- Funding for water treatment plans in Sherridon, Duck Bay, Dawson Bay and Mallard

Building our Northern Communities

- **Expanding Aboriginal policing and community justice initiatives**
- **Adding a fifth provincial court judge to serve Aboriginal communities**
- **Spending \$4 million this year for rehabilitation projects at Lynn Lake, Ruttan, Sherridon and Snow Lake**

Building our Agricultural Communities

- **More than doubling of support for farm families for 2005/06 – \$129 million provincial contribution to the Canadian Agricultural Income Stabilization program**
- **Manitoba farmers received over \$500 million in production insurance payments for lost crops over past two years – largest two-year payout on record**

Building our Agricultural Communities

- **Further enhancement to the Excess Moisture Support Program**
- **Economic development officers are now in place in each of our 10 GO teams throughout rural Manitoba**

Building our Rural Communities

- **Growing number of products are being farmed and produced in Manitoba**
 - ◆ **Associated Proteins in St. Agathe, now in full commercial production, using Manitoba canola and creating rural employment opportunities**
 - ◆ **Mandated use of ethanol, along with federal funding, supporting Husky Oil's \$145 million investment to expand Minnedosa's ethanol plant**

Building our Rural Communities

- **Partnering with the federal government to deliver a \$1.5 million Biodiesel Production Program**
- **Budget 2006 eliminated tax on Biodiesel – provides 11.5-cent-per-litre advantage over regular diesel**
- **New resources to pursue a federal partnership to double the number of Manitoba soil survey teams**

Commitment to Health Care

- **More doctors, nurses and technologists working and in training**
- **\$30 million for wait list strategy**
- **Centre of Excellence in cardiac surgery announced for St. Boniface General Hospital**
- **Reconstruction of operating and emergency rooms at Health Science Centre**

Commitment to Health Care

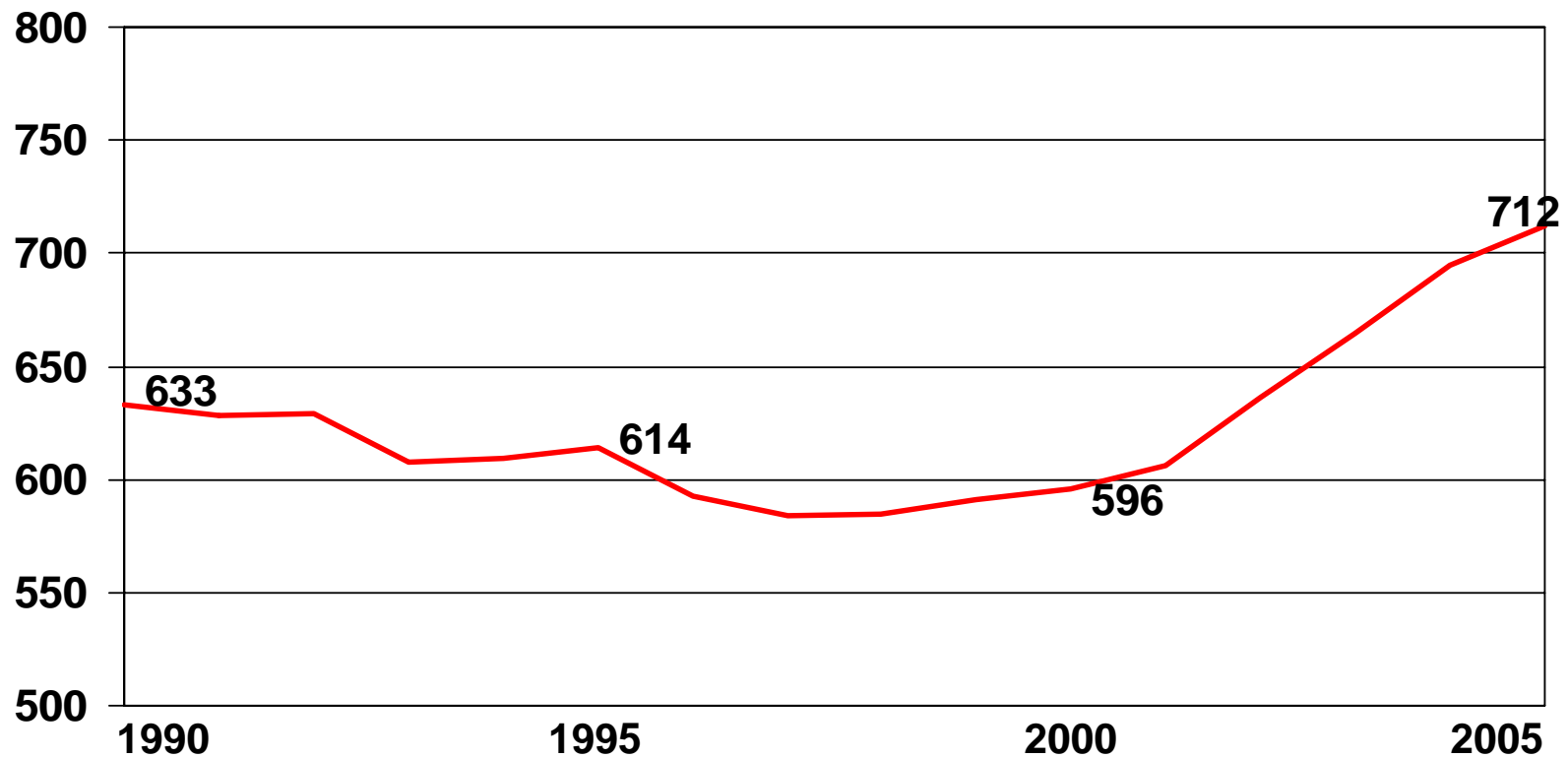
- **Selkirk Mental Health Centre redevelopment**
- **New MRI for Boundary Trails Hospital in the Winkler/Morden area**
- **Eliminating the retail sales tax on lancets and blood glucose monitors purchased by diabetics**

Rural Health Care

- **Since 1999, focused on bringing better care sooner and closer to home for rural Manitobans**
 - ◆ **New or renovated hospitals in Swan River, Brandon, Ste. Anne, Portage la Prairie, Neepawa, Beausejour, Gimli, Steinbach, Thompson and The Pas**
 - ◆ **New Primary Health Centres in Camperville, Waterhen, Flin Flon, Riverton, Niverville, Sprague, Wabowden, The Pas and the RM of Montcalm**

Manitoba Doctors in Training

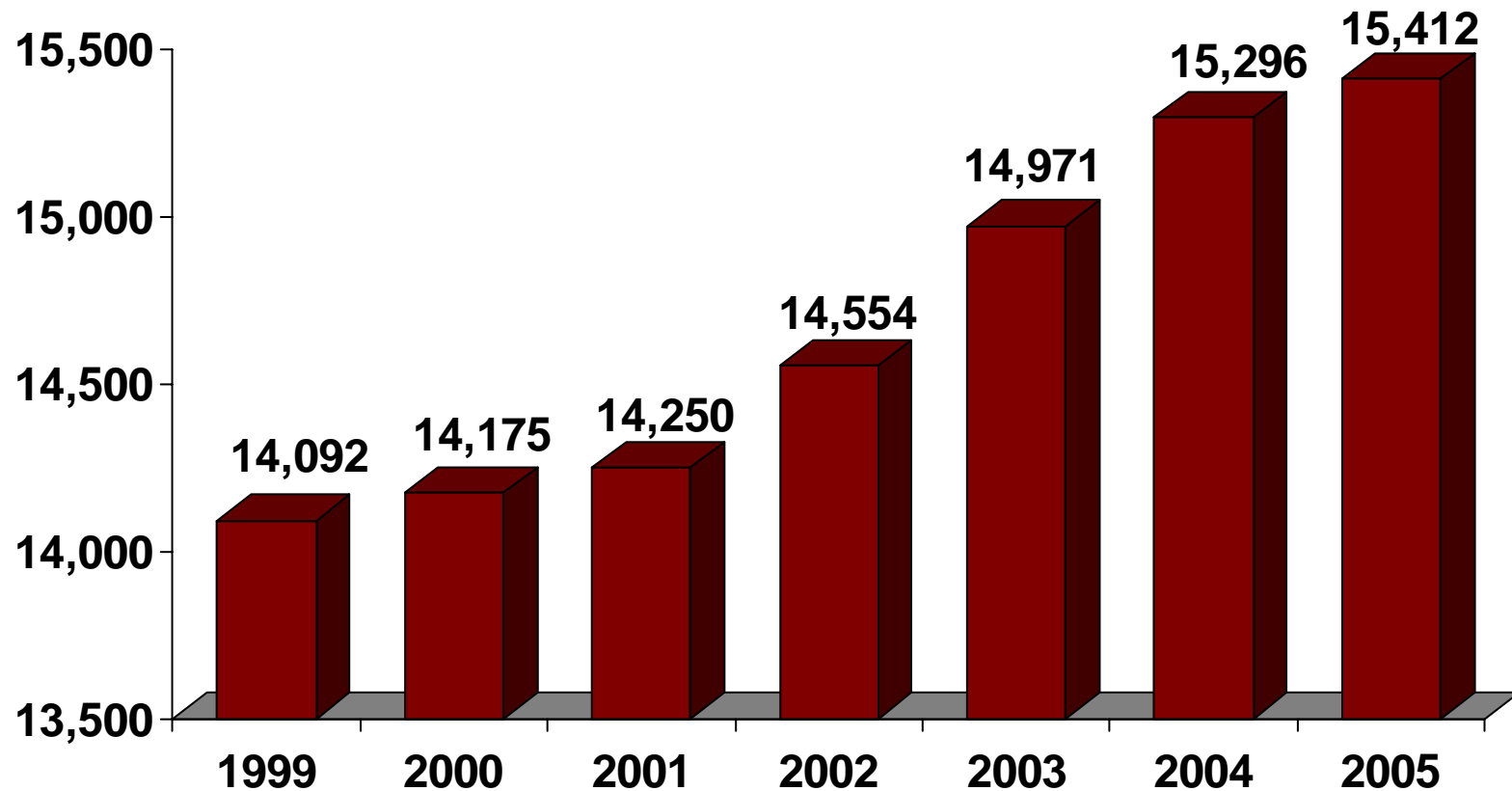
Number of Medical Students and Residents



Source: Canadian Post – M.D. Education Registry and University of Manitoba Faculty of Medicine

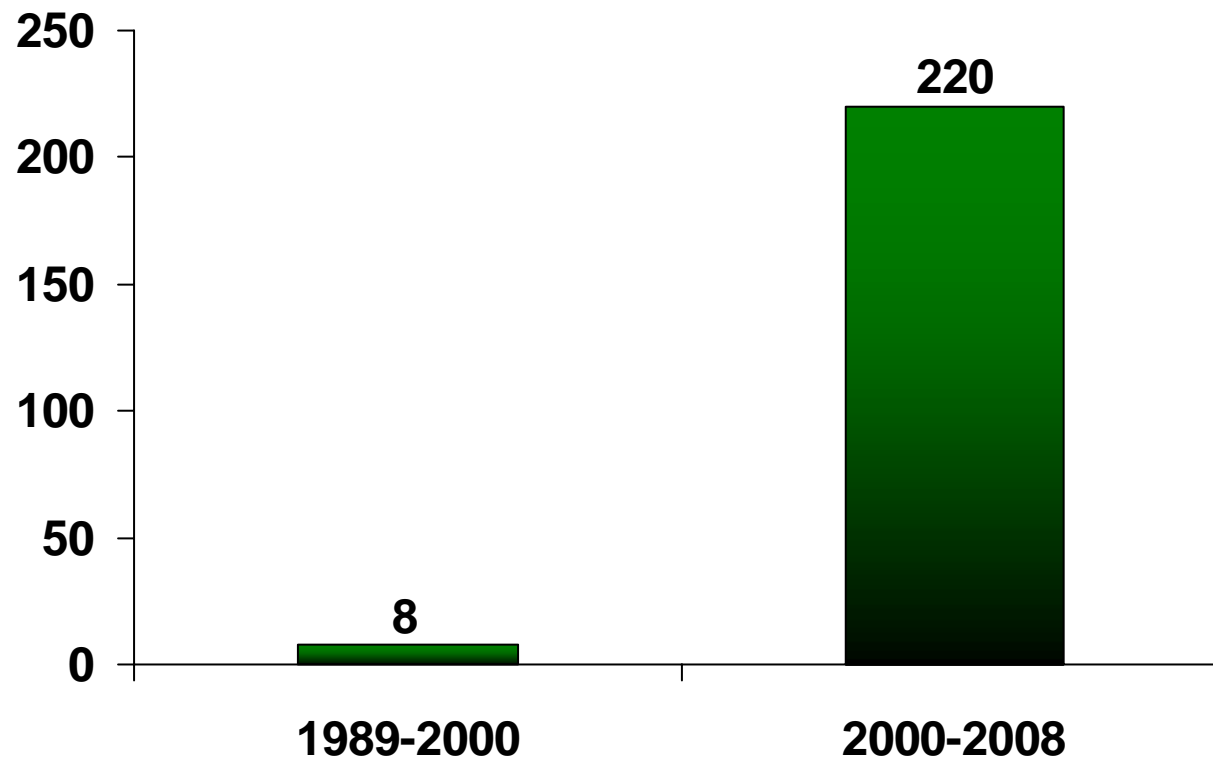
Active Practicing Nurses

Number of Nurses



Commitment to Roads & Highways

**Increase in Infrastructure Expenditures
1989/90 to 1999/2000 and 1999/2000 to 2007/08
(\$ Millions)**



Source: Infrastructure and Transportation

Commitment to Water Stewardship

- **30% increase in funding for water infrastructure projects and doubling funding for drainage**
- **Additional resources for improved drinking water safety initiatives and protection of lakes and waterways**
- **Creating more conservation districts to advance watershed planning**

Commitment to Conservation

- **Additional resources for campground upgrades and more cottage lots**
- **Five new ecological reserves established over last two years**
- **Resources for the Wabanong Nakaygum Okimawin (WNO) to support community planning along the east side of Lake Winnipeg**

Commitment to Children and Families

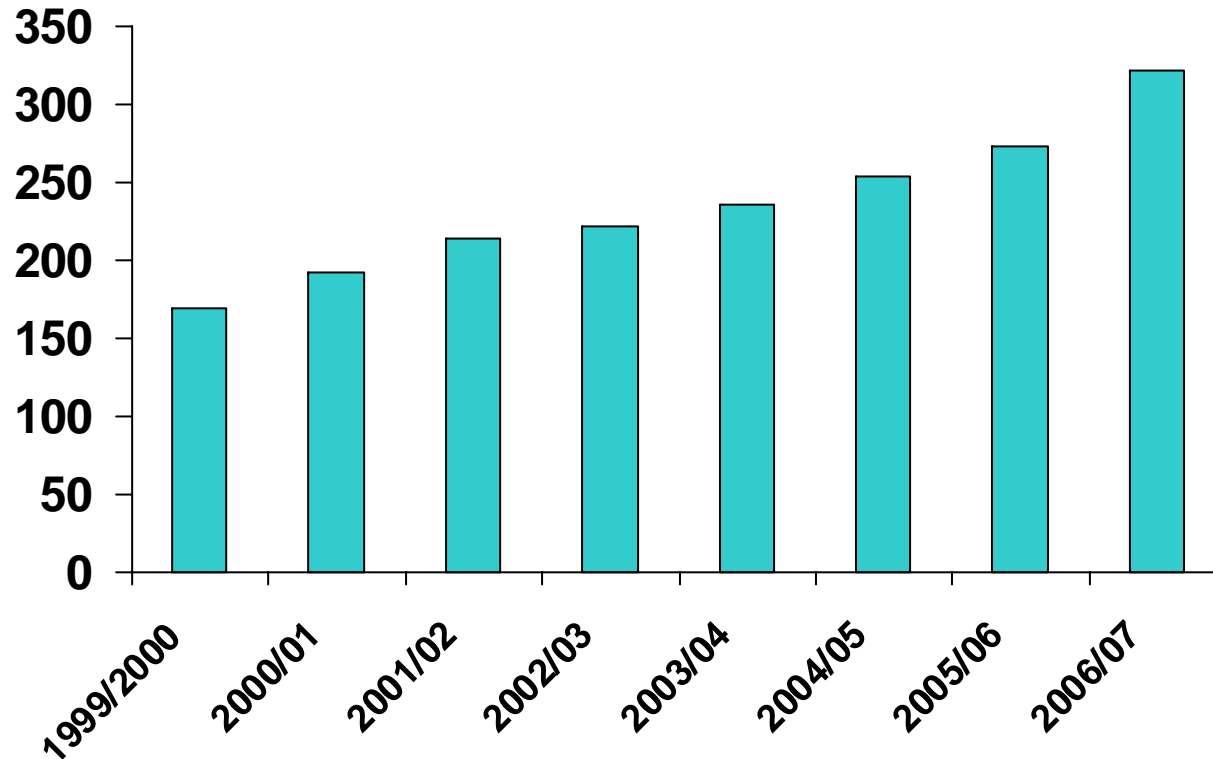
- **\$7.8 million to help low-income Manitobans with rising shelter costs – providing three times as many individuals and families with support**
- **Expansion of Healthy Baby program to more community sites and of *les centres de la petite enfance et de la famille* in francophone schools**
- **1,000 bike helmets to support a new bicycle safety program**

Commitment to Children and Families

- **\$103 million in child care funding for 2006/07**
- **No clawback of the federal Universal Child Care Benefit for EIA recipients**
 - ◆ helping more than 10,000 young children
 - ◆ total amount available for these low-income families expected to exceed \$10 million per year

Commitment to Children and Families

**Funding Towards Child Protection, Child Care and Healthy Child
1999/2000 to 2006/07
(\$ Millions of Dollars)**



Source: Family Services and Housing and Healthy Child Manitoba

Commitment to Children and Families

- **New healthy food and nutrition guidelines for schools and strengthening curriculum for health and physical education**
- **Pursuing the Kelowna accord and working to close the quality-of-life gap between Aboriginal and non-Aboriginal people**
- **\$13.6 million more for supported living for persons with mental disabilities**
- **Funding for the four-year, \$98-million Aging in Place long-term care strategy**

Commitment to Children and Families

- **Additional police positions – 23 for Winnipeg, two for Brandon and six for Aboriginal communities**
- **Doubling the Gang Prosecution Unit and expanding the gang strategy to focus on community mobilization and intensive supervision and supports for youth at risk**
- **Increasing community-based family violence prevention efforts and crisis accommodations for vulnerable adults**

Commitment to Children and Families

- **\$2 million in new annual funding for our strategy on crystal meth and addictions**
- **Expanding the number of Lighthouses for youth around the province to 47**
- **Support for an innovative community financial service centre pilot project to provide affordable and accessible financial services in Winnipeg's north end**

2007/08 Medium Term

(Millions of Dollars)

	2006/07	2007/08
Revenue	8,651	8,911
Expenditure	(8,622)	(8,842)
Operating Fund Result	29	68
Interfund Transfers		
Debt / Pension Repayment	(110)	(110)
Fiscal Stabilization Fund	55	0
Wait Time Reduction	30	45
Balance Under Balanced Budget Legislation	3	3

Totals may not add due to rounding

Source: 2006 Budget

Budget 2007 – Challenges and Opportunities

- **Uncertainty around long-term Federal Revenue commitments**
 - ◆ Wait List Strategy
 - ◆ Child Care
 - ◆ Labour Market Partnership
 - ◆ Climate Change
 - ◆ Literacy
- **Fiscal Imbalance**

Budget 2007 – Challenges and Opportunities

- **Infrastructure Pressures**
- **Increasing Healthcare Expenditures**
- **Child Welfare Commitments**
- **Inter-Provincial Migration**

Budget 2006 – Your Priorities?

- Please take the time to fill in our questionnaire and participate in the discussions
- You can also forward your suggestions to me at: *minfin@leg.gov.mb.ca*
- Thanks