

# SPIRITED ENERGY THAT'S MANITOBA!

Manitoba's economy is built on a diverse mix of new and traditional industries. Manitoba is among Canada's most stable economies and will lead all provinces in capital investment growth this year. Consumer confidence remains strong, reflected in continued strength in housing construction and retail sales. Foreign exports are at a record high, currently growing at more than double the national rate in 2006. Manitoba's employment is at a record high and the province's unemployment rate is at its lowest level in over 30 years. What's behind the confidence in our province? Underlying this growth is a unique combination of factors that we call The Manitoba Advantage:

- A diverse economy, rich in natural resources, combined with a significant manufacturing base and a large and dynamic services sector
- Competitive business costs, including the lowest electricity rates in North America, low construction costs, affordable taxes and attractive operating expenses
- A well-educated, productive and multi-lingual labour force
- A strong public education system including five universities
- An extensive and rapidly-growing network of research facilities in key sectors like agri-foods, biotechnology, engineering and communications
- Excellent communications infrastructure and transportation links by road, rail, air and sea
- Attractive living costs, including reasonable housing costs, affordable taxes and some of the lowest auto insurance rates in Canada
- Clean, uncongested communities and an unblemished natural environment.

**A great place to invest....  
and a great place to live!  
We're investing in our future  
– come join in our success!**

# MESSAGE FROM THE PREMIER



## Strength in Diversity

Manitoba has one of Canada's most dynamic and diversified economies.

Manufacturing is Manitoba's largest industry, accounting for 13% of GDP. Manufacturing itself is highly diversified, producing a wide range of consumer and industrial products. Altogether, primary industries - principally agriculture and mining - account for about 6% of GDP.

Service industries account for 74% of the economy, larger than the 68% share for Canada as a whole. Service industries tend to have smaller fluctuations through the business cycle than goods-producing industries. Manitoba's more important commercial service industries include transportation, wholesale and retail trade, finance, insurance and real estate, and information and culture.

Over the past several years, Manitoba's economy has seen rapid growth in industries that have not traditionally been significant in the province's economic mix. These include film and video production, pharmaceuticals, wind-generated energy, ethanol production and new industrial chemical products. These products continue to support diversification, value-added production and sustainable development in the province.

### Spirited Energy- that's Manitoba!

Manitoba's rich history of diverse cultures, varied climate and location has instilled a unique energy that radiates from the hearts and minds of our people. From the birthplace of many successful artists, musicians and entrepreneurs who compete on the world stage, to the natural resources that fuel our economy, Manitoba is a wellspring of energy. This mobilizing force and enterprising spirit is as transparent as it is contagious. Manitoba's spirited energy propels our province and its people, and drives our success.

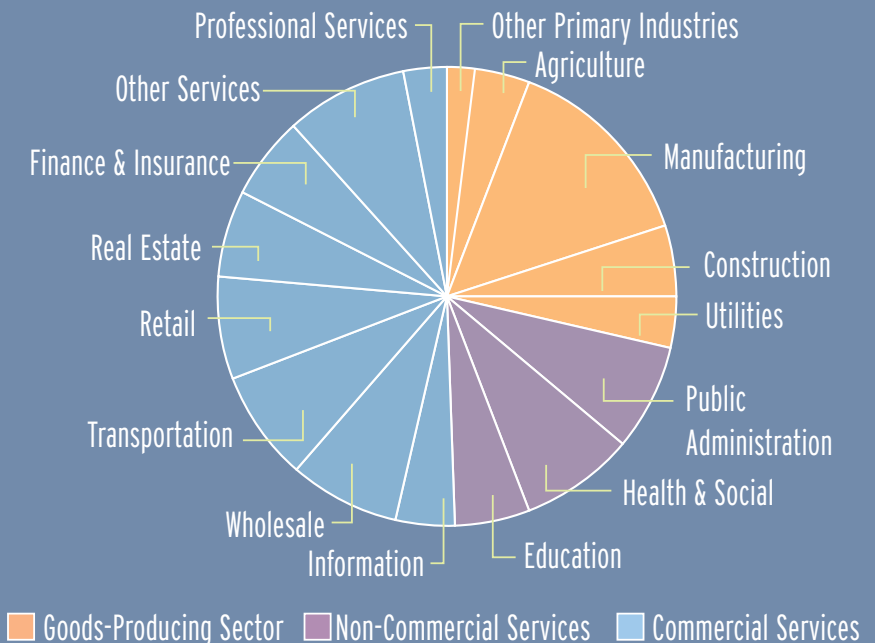
Propelled by our unique, enterprising spirit, Manitoba businesses are primed for success, now and in the future.

Manitoba's strong fiscal position contributes to this success. Our balanced fiscal approach - including affordable tax cuts, focused program spending and continuing to pay down debt and pension liabilities - is paying off with continued balanced budgets. Last year, Manitoba posted a summary budget surplus of \$375 million, bringing down net debt and meeting the requirements of balanced budget legislation for the seventh consecutive year.

There is no better place to live, work and invest than our province. I invite you to find out more about the opportunities waiting for you in Manitoba!

Gary Doer  
Premier

### Manitoba GDP by Industry, 2005



**"Manitoba's economy is highly diversified adding stability and helping to lessen the volatility associated with economic cycles"**

- Moody's Investors Service, August 2006

## Manitoba Quick Facts

Premier	The Honourable Gary Doer
Minister of Finance	Honourable Gregory Selinger
Governing Party	New Democratic Party
Date of Next General Election	Before June 2008
Capital City	Winnipeg
Population (July 1, 2006)	1,177,800
Gross Domestic Product (2005)	\$42 billion
Largest Industry:	Manufacturing, 13% of GDP (\$14 billion shipments)
Farm Cash Receipts:	\$3.7 billion (Principally hogs, cattle, oilseeds, wheat)
Mineral Production:	\$1.6 billion (Principally nickel, oil, zinc and copper)
Hydro-Electricity Sales:	\$1.8 billion
Foreign Merchandise Exports:	\$9.7 billion (USA, 77%; Japan, 5%; China, 3%)



## Harvesting the Wind

With 5,000 MW of installed hydro-electric generating capacity, Manitoba is one of Canada's major electricity producers. However, the province is also one of North America's most promising wind power locations. Earlier this year, a new 100 MW wind power facility was established in the province, while a further 300 MW of wind power capacity is planned for 2007-2008.



## Innovation for a Better Environment

New Flyer Industries, with its head office in Winnipeg, is the leading manufacturer of heavy-duty transit vehicles in Canada and the U.S. A highly innovative company, New Flyer is the first to build a low-floor bus, a 60-foot articulated electric trolley, a natural gas-fueled bus, diesel hybrid bus, gasoline hybrid bus, and a new hydrogen-powered hybrid bus. The pictured diesel-electric hybrid 60-foot articulated BRT vehicle (shown in these photos) combines fuel economy and lower emissions with numerous passenger amenities. The result is a vehicle that is better for the environment and encourages ridership.



## Manitoba Economic Statistics

Per cent change unless noted

	2004	2005	2006 year to date
Real GDP	2.7	2.9	3.2 <sup>F</sup>
Nominal GDP	6.3	4.8	4.4 <sup>F</sup>
Employment	1.1	0.6	1.3
Unemployment Rate %	5.3	4.8	4.3
Consumer Price Index	2.0	2.7	2.2
Capital Investment	8.7	3.9	14.6 <sup>F</sup>
Housing Starts	5.6	6.6	22.8
Retail Sales	6.7	6.4	6.6
Manufacturing Shipments	6.5	3.3	2.6
Foreign Exports	3.7	1.5	9.5

F - forecast

Source: Statistics Canada and Manitoba Bureau of Statistics. Forecasts are from Manitoba Finance Survey of Private Economic Forecasts as of October 12, except Capital Investment, which is Statistics Canada survey.

# Balanced and Responsible Fiscal Management

Manitoba's finances are on a sound and sustainable track. Strong fiscal results demonstrate the Province's responsible approach to public finances including lowering business and personal taxes, paying down debt and pension liabilities and investing in important programs.

Manitoba posted a consolidated budget surplus of \$375 million for the entire provincial government entity in 2005/06. For the seventh consecutive year, Manitoba also met the tests of the Province's balanced budget legislation.

In 2004/05, Manitoba recorded a consolidated budget surplus of \$599 million. The 2006 Budget, introduced in March 2006, forecasts a surplus of \$148 million in 2006/07, with surpluses over the medium term projected to average \$130 million per year.

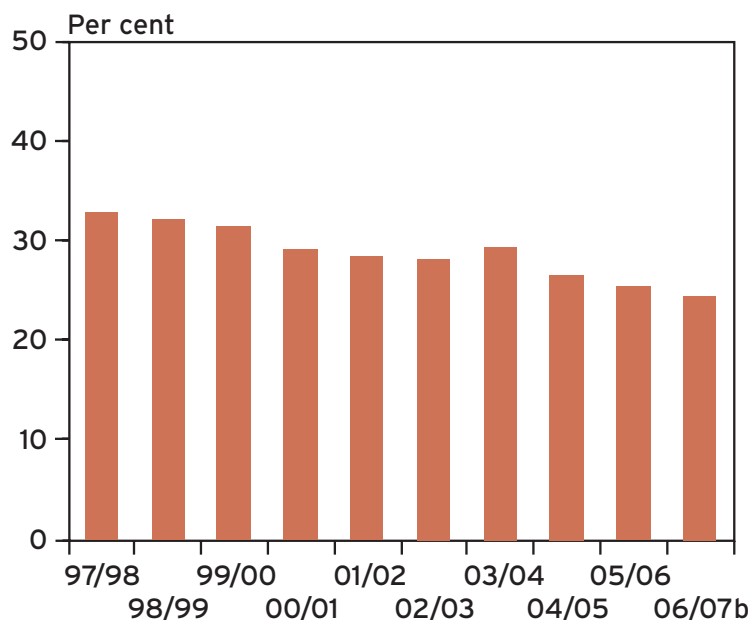
In 2000, Manitoba introduced a plan to eliminate the province's pension liability. Under the plan, the pension liability will be eliminated in about 20 years. Budget 2006 provided a further \$110 million towards debt and pension liability reduction, bringing the six year total commitment to \$704 million.

Manitoba's net debt has fallen sharply relative to GDP over the past seven years. At 24.5%, the 2006/07 net debt to GDP ratio will be down considerably from the 1999/2000 level of 31.4%.

In Budget 2006, Manitoba continues to reduce both personal and corporate taxes. Business tax reductions continue to support the province's competitive business cost environment. Personal tax reductions, including the elimination of the provincial residential property tax and ongoing personal income tax cuts, keep Manitoba's living cost and tax environment attractive for families.

Over the past several years, the Province has adopted measures to improve the transparency of financial reporting and increase accountability. These include improved accounting practices for capital acquisitions and presenting annual budgets for the entire government entity. The provincial government is committed to adopting consolidated GAAP-compliant budgeting and financial reporting in the 2007/08 fiscal year.

## Manitoba Net Debt to GDP Ratio, 1997/98 to 2006/07b



b - budget

Source: 2006 Manitoba Budget and Public Accounts

**“Manitoba’s debt-to-GDP ratio has declined steadily over the past ten years, which has provided financial flexibility to the province”**

- Dominion Bond Rating Service, April 2006

## Manitoba Credit Ratings

Manitoba has a high-quality provincial credit rating. Two credit rating agencies recognized the Province for its sound financial management with rating upgrades in 2002: Moody's Investors Service boosted the Province's credit rating to Aa2, while Dominion Bond Rating Service raised Manitoba's credit rating to A (high).

### Manitoba Credit Ratings

Moody's Investors Service	Aa2
Standard & Poor's	AA-
Dominion Bond Rating Service	A (high)

**“Manitoba has managed to meet its fiscal targets over the past several years while continuing to make contributions to its debt retirement fund and to address pension obligations.”**

- Moody's Investors Service, August 2006