

Facts For Investors FALL 2007

MANITOBA

A North American Success Story

Strong financial management, a robust economy and continued improvements in living and business costs - these are just some of the reasons why Manitoba means Business.

Manitoba achieved a summary budget surplus of \$430 million in 2006/2007 while reducing debt by \$117 million. The province is on track for another positive balance in 2007/2008 as Budget 2007 delivers continued debt and pension liability reduction, sustainable tax reductions and funding increases for key priority programs.



Manitoba's fiscal performance has been helped by a robust \$44-billion economy. In 2007, private economic forecasters project that Manitoba will exceed Canada's growth for the second consecutive year, led by strong performances in manufacturing, mining, construction and commercial services. The province's 2007 economic performance is among the best in Canada.

Manitoba's economic performance benefits from the province's affordable living environment and competitive business costs and taxes. These advantages include affordable housing and construction costs, one of the lowest auto insurance rates in Canada, and one of the lowest electricity costs in North America, thanks to abundant and cost-efficient hydroelectricity resources.

MANITOBA means BUSINESS



Manitoba
spirited energy

Manitoba 



Premier's Message

In April, we introduced Manitoba Budget 2007 - The "Building Budget".

"Building" captures the essence of what is taking place in Manitoba. Construction activity and investment are expanding to record levels. In the last two years, Manitoba has led all provinces in capital investment growth. Both the value of construction and building permits grew by over 20 per cent last year. At the same time, the number of housing starts increased to levels not seen in more than 20 years.

Manitoba's real economic growth accelerated to 3.1 per cent last year, surpassing Canada's 2.8 per cent gain. This strong performance has been underpinned by the ongoing growth in investment and exceptional increases in personal disposable income. Major private sector forecasters expect Manitoba's real GDP growth to again exceed the national average in 2007.

Personal and corporate tax reductions introduced in the 2007 Budget will help Manitoba build on its success and keep the province competitive. The budget also provides for a \$110-million payment for debt and pension liability reduction, bringing the eight-year total of these repayments to \$814 million. Our balanced and responsible approach will ensure that Manitoba's public finances remain on a sound and sustainable track.

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



The Limestone generating station, pictured above, is Manitoba Hydro's largest generating facility, with installed capacity of 1,250 MW. Construction of the new, 200 MW, Wuskwatin generating station is now under way, with expected completion in 2011.

Manitoba Economic Performance

2005-2007 Year-to-Date (YTD) (per cent change unless noted)

	2005	2006	2007 YTD
Real GDP ¹	2.8	3.1	2.9
Housing Starts	6.6	6.3	9.6
Building Permits	-1.9	22.2	14.3
Capital Investment ²	2.0	14.2	11.3
Value of New Construction ²	5.9	21.4	13.7
Retail Sales	5.9	4.5	9.3
Employment	0.6	1.2	1.3
Unemployment Rate (%)	4.8	4.3	4.5
Average Weekly Earnings	3.8	2.5	4.1
Foreign Exports	0.9	12.3	18.5
Manufacturing Shipments	-0.2	5.1	14.2
Farm Cash Receipts	-1.2	-3.1	23.2
Population	0.3	0.4	0.7
CPI	2.7	2.0	2.1

Data is current as of October 11, 2007

¹ MBS estimates. Statistics Canada estimate for 2006 growth is 3.3%. 2007 is projected growth based on current survey of private economic forecasters.

² Based on Statistics Canada Survey of Public and Private Investment, February 28, 2007

Manitoba's Economy: Strong & Diversified

Manitoba's economy continues to be robust in 2007 with virtually all economic indicators posting strong increases.

Business confidence is buoyant, with capital investment and building permits growing at double-digit rates for the second consecutive year. Manitoba is the only province in Canada to have seen 16 consecutive years of private capital investment growth.

Strong growth in capital investment helped boost labour productivity in Manitoba. Manitoba recorded the strongest growth in labour productivity among all provinces over the last two years.

Manitoba's foreign exports grew by 12 per cent last year and are on track for 18 per cent growth in 2007. Exports of agricultural products, primary metals, aerospace products, transportation equipment and chemicals were particularly strong.

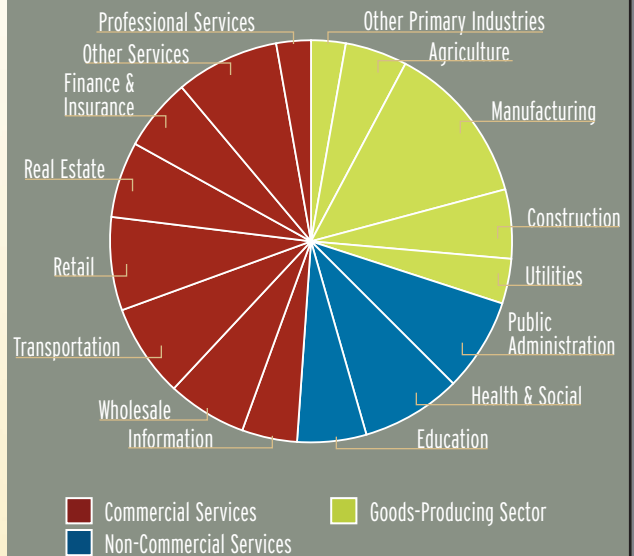
A bounce back in crop production, after a year with weak growing conditions, pushed up farm cash receipts by 23 per cent so far in 2007, the strongest increase among provinces. In manufacturing, vigorous growth in the value of shipments was led by primary metals, transportation equipment, machinery and electrical equipment.

Manitoba's labour market continues to move ahead with 1.3 per cent employment growth and unemployment near record lows. Job growth in 2007 has been led by increases in construction and manufacturing. Manitoba's employment rate and labour force participation rate are both at record-high levels.

Labour income was up by 6.9 per cent in the first six months of 2007. The robust labour-market performance this year, combined with growth in farm incomes, helped boost consumer retail sales by 9.3 per cent. Similarly, housing markets continue to be exceptionally good as resale markets continue to post new record highs and the number of housing starts grows to levels not seen in more than 20 years.

A strong economy has helped boost population growth. Population increased by 0.7 per cent in 2007, the second-best increase in the past decade. The business nominee program continued to promote the immigration of skilled workers as Manitoba posted the highest immigration rate in Canada last year.

Manitoba GDP by Industry, 2006



“Manitoba's healthy economic fundamentals and solid fiscal management should, in DBRS's opinion, keep fiscal results on a sound path, while the plan to eliminate general purpose debt and unfunded pension liabilities in about 30 years will help to maintain the downward trend in the debt-to-GDP ratio.”

DBRS, October 2007

Manitoba Credit Ratings

Moody's Investors Service	Aa1
Standard & Poor's	AA-
Dominion Bond Rating Service	A (high)



Manitoba's Finances: Balanced and Responsible

Manitoba's sound fiscal management strategy, along with strong economic performance, helped the provincial government achieve another budgetary surplus in 2006/2007.

Last year's fiscal results show a summary budget surplus of \$430 million. This is an increase from the \$394-million surplus posted in 2005/06.

With the growth in net income, Manitoba added to the Fiscal Stabilization Fund. The fund is comprised of resources available for general requirements as well as federal funding allocated for provincial health care programs. The fund balance reached \$663 million at the end of last year, the third consecutive annual increase.

Net debt declined last year to \$10.4 billion, or 23.6 per cent of GDP. Over the past nine years, Manitoba's debt-GDP ratio has declined by more than one-quarter. Current projections show the ratio will decline further in 2007/2008 and subsequent fiscal years.

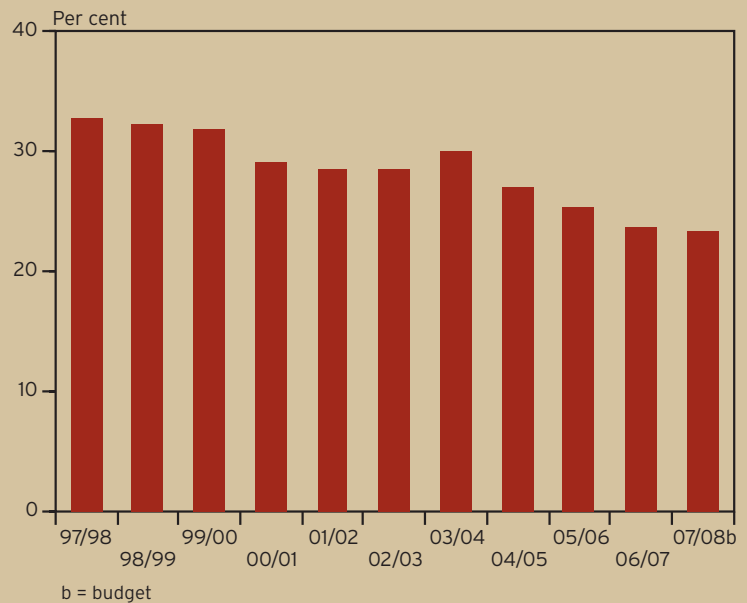
In Budget 2007, Manitoba continues to adopt a balanced fiscal strategy, combining continued debt and pension liability reduction, affordable and sustainable tax cuts, and financial support in priority program areas. The budget projects a positive net income of \$175 million. Current financial reports show 2007/2008 revenues and expenditures tracking closely with estimates.

With Budget 2007, Manitoba continued to work to increase transparency in financial reporting. This is the first Manitoba budget to be fully aligned with the accounting standards established by the Public Service Accounting Board, requiring governments to report on the broader definition of government.

Importantly, for the first time, the Budget includes a financial management strategy that clearly outlines the government's priorities for financial management, as well as measurable outcomes and objectives related to these priorities.

Manitoba Net Debt to GDP Ratio

1997/98 - 2007/08b



“(Manitoba) continues to display discipline, supported by conservative debt management policies, prudent fiscal projections and annual contributions to the Debt Retirement Fund, set at \$110 million annually over the next few years.”

DBRS, September 2007

Quick Facts:

Premier	Honourable Gary Doer
Minister of Finance	Honourable Gregory Selinger
Governing Party	New Democratic Party
Date of Next General Election	Before June 2012
Capital City	Winnipeg
Population (July 1, 2007)	1,186,700
Gross Domestic Product (2006)	\$44 billion
Largest Industry	Manufacturing, 12% of GDP (\$14.2 billion shipments)
Farm Cash Receipts	\$3.7 billion (Principally wheat, oilseeds, hogs, cattle)
Mineral Production	\$2.6 billion (Principally nickel, oil, zinc and copper)
Foreign Merchandise Exports	\$10.9 billion (U.S., 78%; Japan, 4%; China, 3%)