

Budget 2009

Pre-Budget
Consultation Meeting

Fall 2008



Agenda

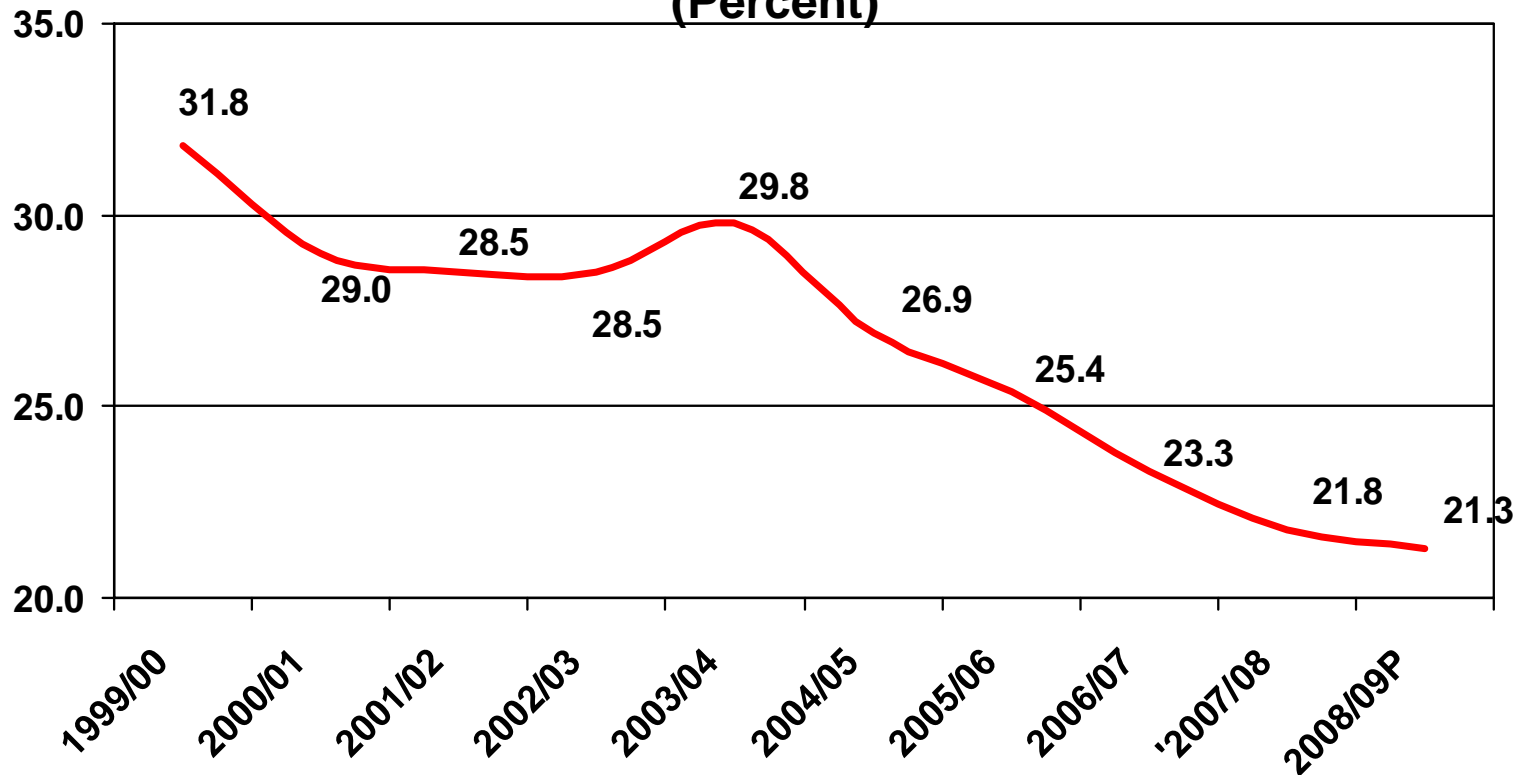
- **Current Fiscal Position**
- **Manitoba's Economy**
- **2008 Budget Overview**
- **Action Strategy for Economic Growth**
- **Our Commitment to Manitobans**

Current Fiscal Position

- **Manitoba achieved a surplus of \$576 million on a summary basis in 2007/08.**
- **The net debt was reduced by \$277 million in 2007/08.**
- **Debt servicing costs are down 50% in the last 9 years. They are forecast to equal 6.6¢ of every dollar in revenue in 2007/08 compared to 13.2¢ in 1999/00.**
- **Debt to GDP in 2008/09 will be less than 21.3% compared to 31.8% in 1999/00.**
- **The government followed through on its commitment on highways, health care and vital services, with no Fiscal Stabilization Fund draw.**
- **Invested \$1 billion in tangible capital assets.**

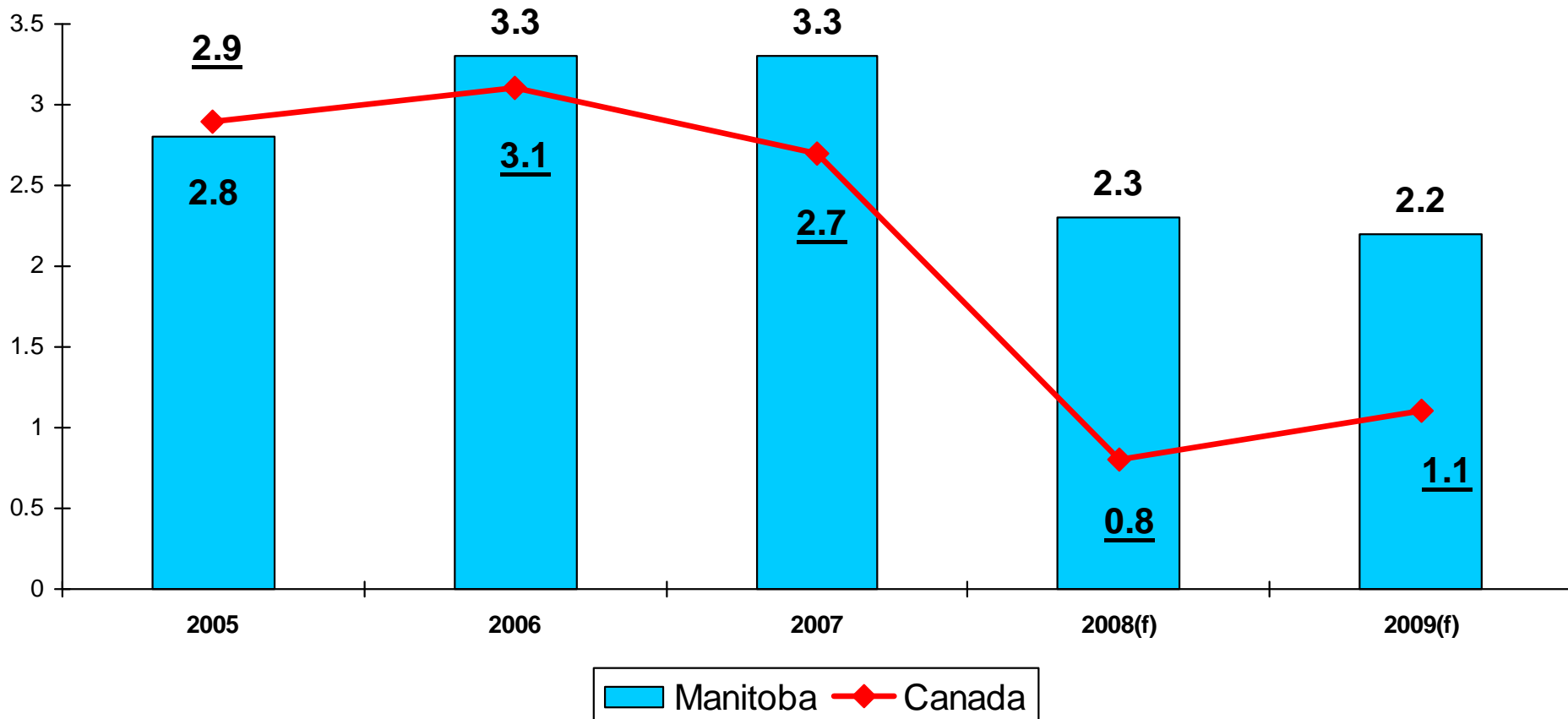
Current Fiscal Position

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



Economic Growth

Real GDP Growth Manitoba & Canada, 2005 - 2009f



Manitoba Performance

Growth Rates Unless Specified

	2007	2008 YTD	Rank
Private Capital Investment*	9.5	22.4	1
Construction Work*	20.5	22.2	1
Capital Investment*	16.8	18.8	1
Consumer Price Index	2.0	2.0	1
Retail Trade	8.8	9.4	2
Total Unemployment Rate	4.4	4.1	2
Real GDP At Basic Prices**	3.3	2.7	2
Private Employment	1.1	1.9	2
Manufacturing Employment	6.0	-0.9	2
Total Employment	1.6	1.9	3
Farm Cash Receipts	17.1	11.8	4

* Statistics Canada projections for 2008

** Conference Board of Canada projections for 2008

Sources: Manitoba Finance, Manitoba Bureau of Statistics & Statistics Canada

Economic Challenge

- **Strong economic performance despite weaker U.S. growth, global competition and strong Canadian dollar**
- **Capital investment more than doubled since 1999, making Manitoba industries more competitive**
- **Over 9,500 new jobs created so far in 2008.**
- **2nd highest labour productivity growth in the country over the period 1999-2006**

Change in Economic Outlook for 2008

	Manitoba At Budget Forecast	Current Forecast	Canada At Budget Forecast	Current Forecast
Real Gross Domestic Product	2.7	2.3	1.9	0.8
Employment	1.6	1.7	1.4	1.6
Inflation	1.7	2.0*	1.6	2.4*

* Actual inflation estimate based on performance in the first eight months of 2008

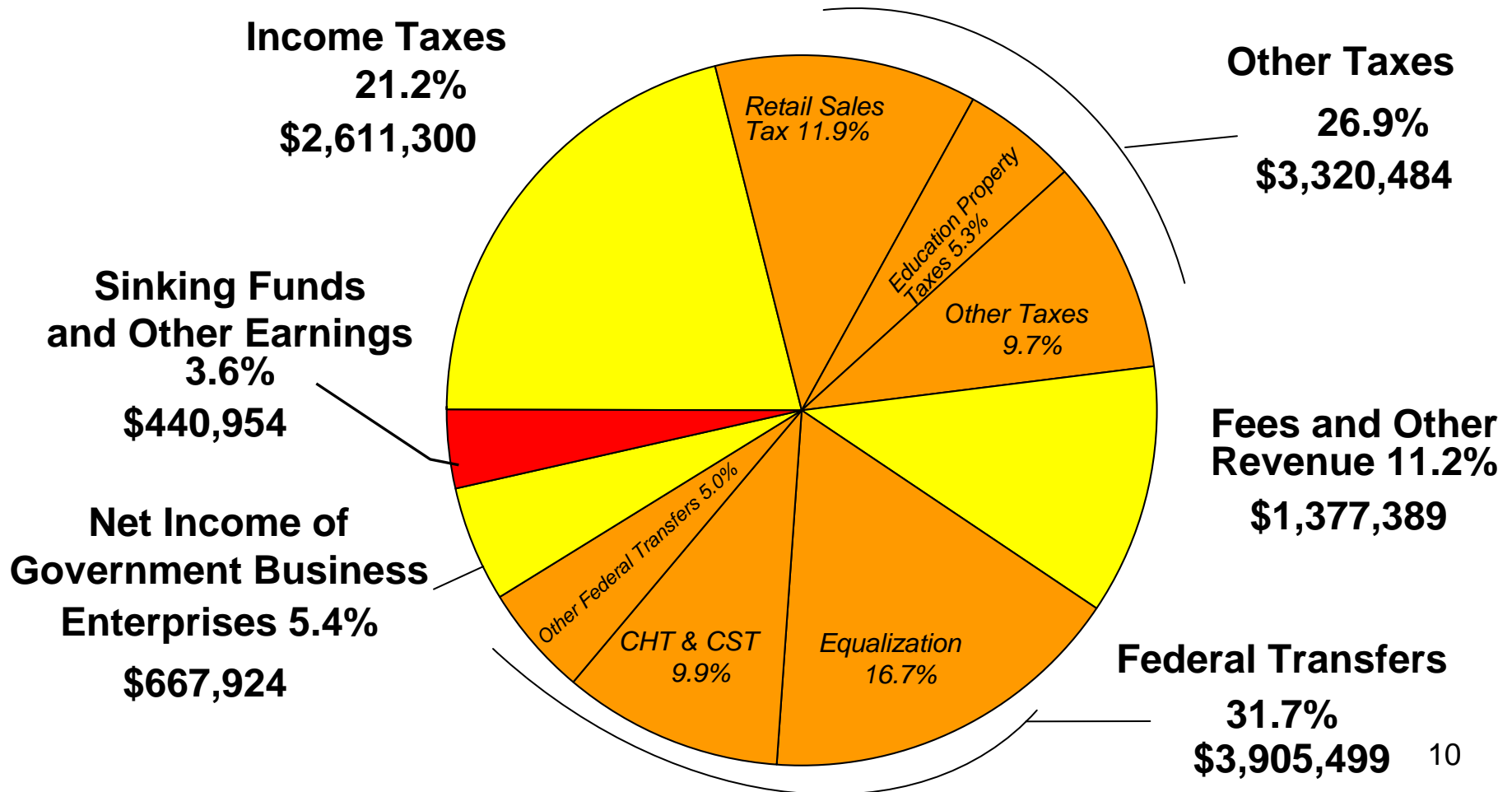
Sources: Manitoba Finance Forecast Survey & Statistics Canada

Budget 2008 – Opportunity and Stability

- **Delivering a ninth balanced budget**
- **Summary budgeting and reporting to improve transparency and accountability and reflect GAAP**

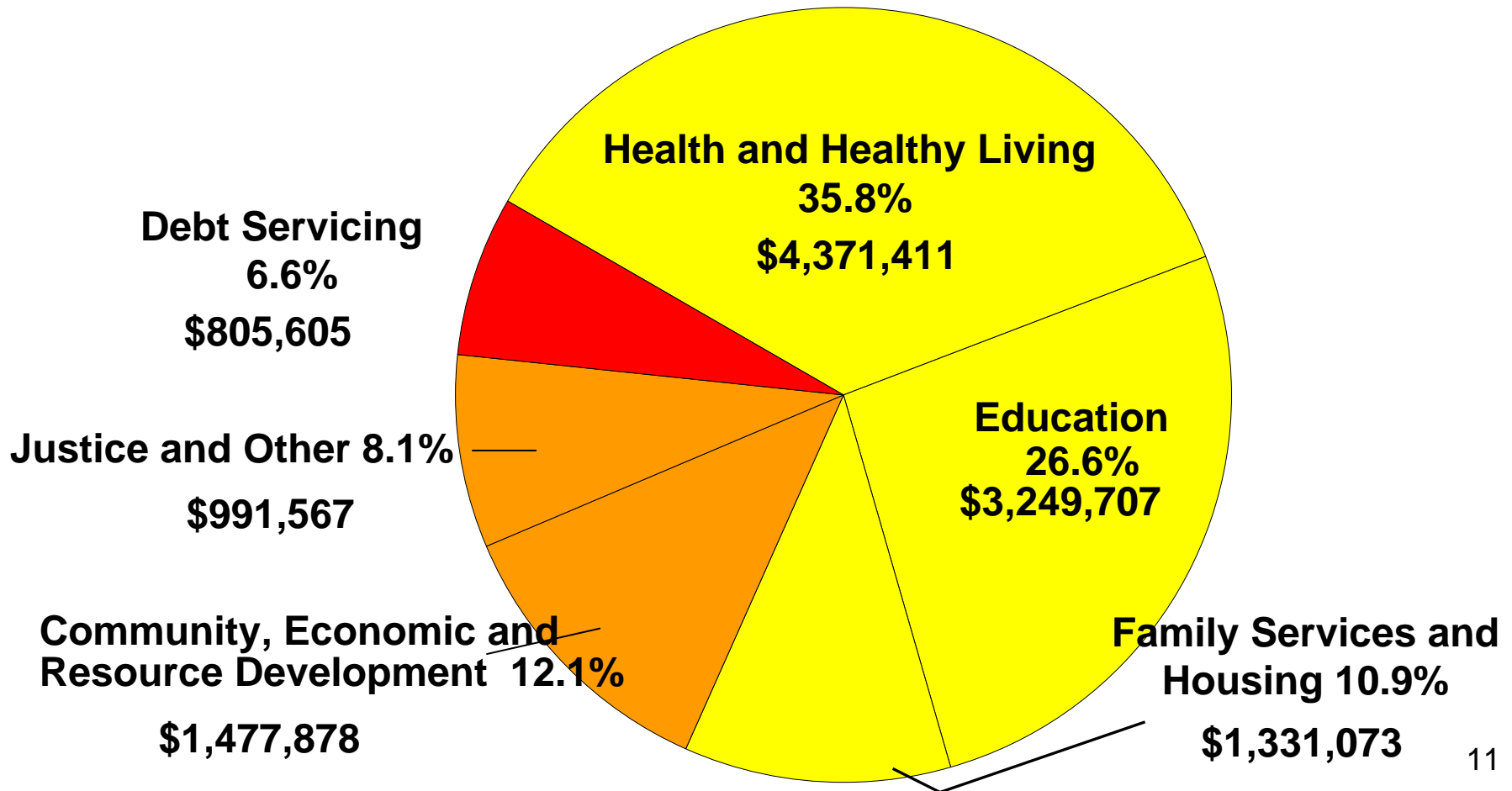
2008 Budget – Summary Government Revenue

Total Revenue: \$12,323,550



2008 Budget – Summary Government Expenditure

Total Expenditures \$12,227,241



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

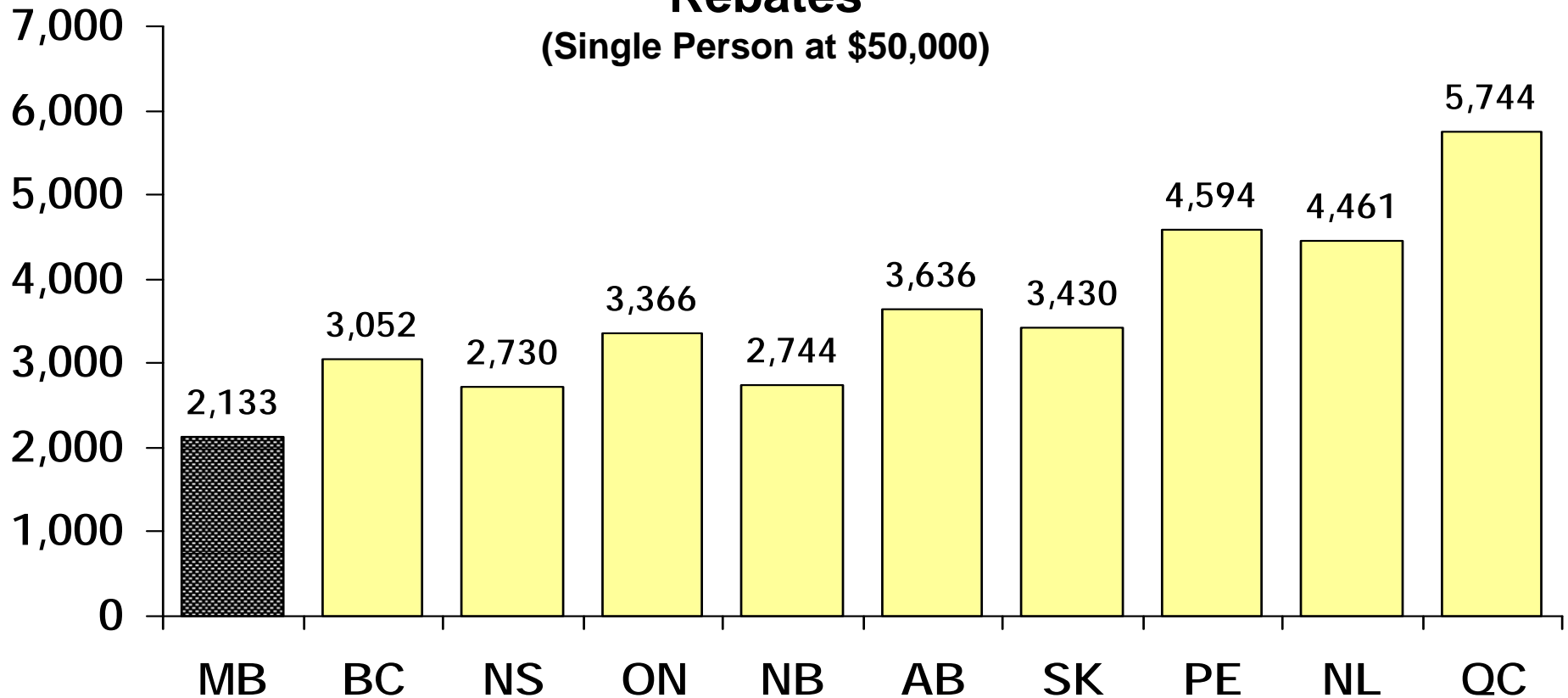
Education First

- **Moving to 80% provincial funding – including \$53.5 m increase in 08/09**
- **Three year, \$79 m increase for colleges and universities**
- **Reduced interest on Manitoba Student Loans 1%**
- **Improved teachers' pensions**
- **Second year of Manitoba Tuition Fee Income Tax Rebate**

Education First

Provincial Income Tax after Graduate Credits and Tuition Rebates

(Single Person at \$50,000)



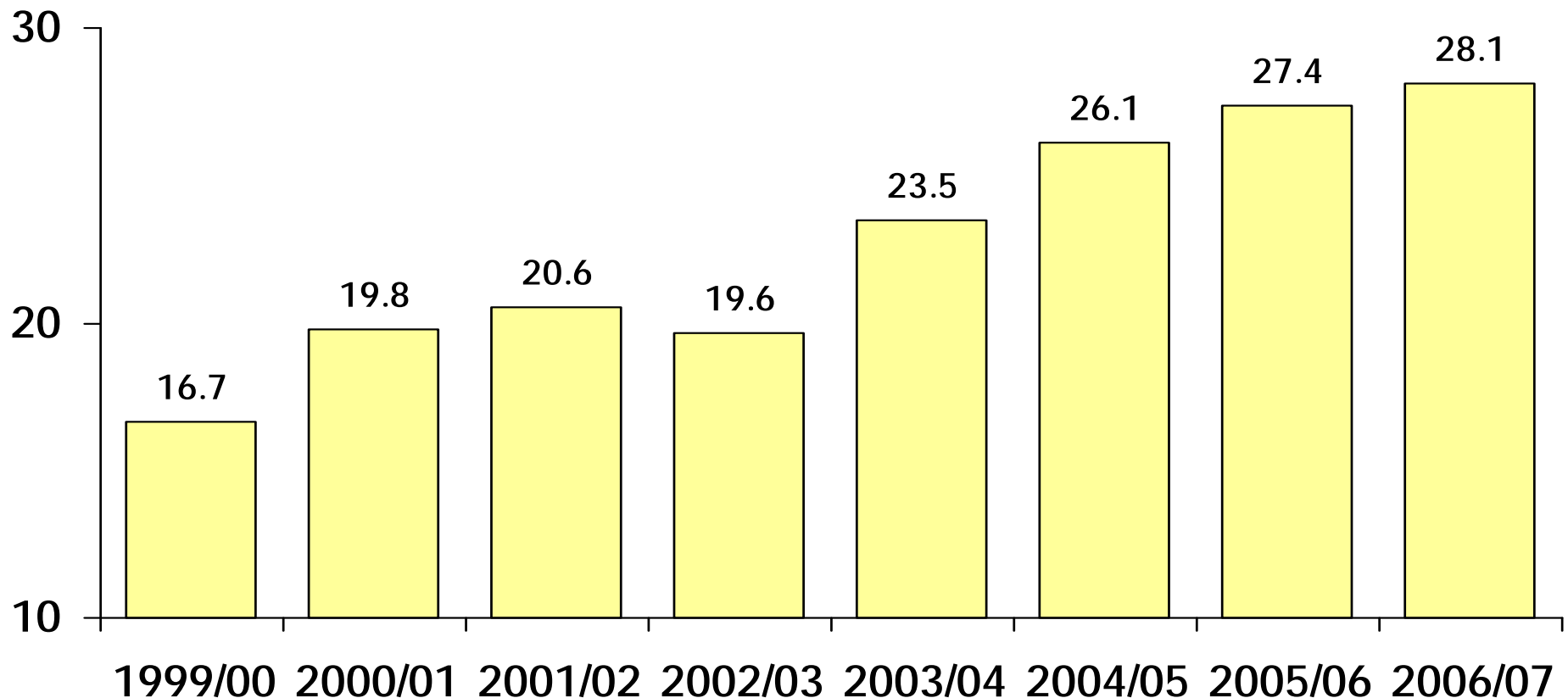
Source: Manitoba Finance

Building through Research and Innovation

- **Established the Manitoba Innovations Council – including business, research and community leaders**
- **Increased funding to the Manitoba Health Research Council to \$6 million**
- **Manitoba is home to one of Canada's fastest growing biotechnology industries**

Building through Research and Innovation

Provincial Government Expenditure on R & D (Millions of Dollars)



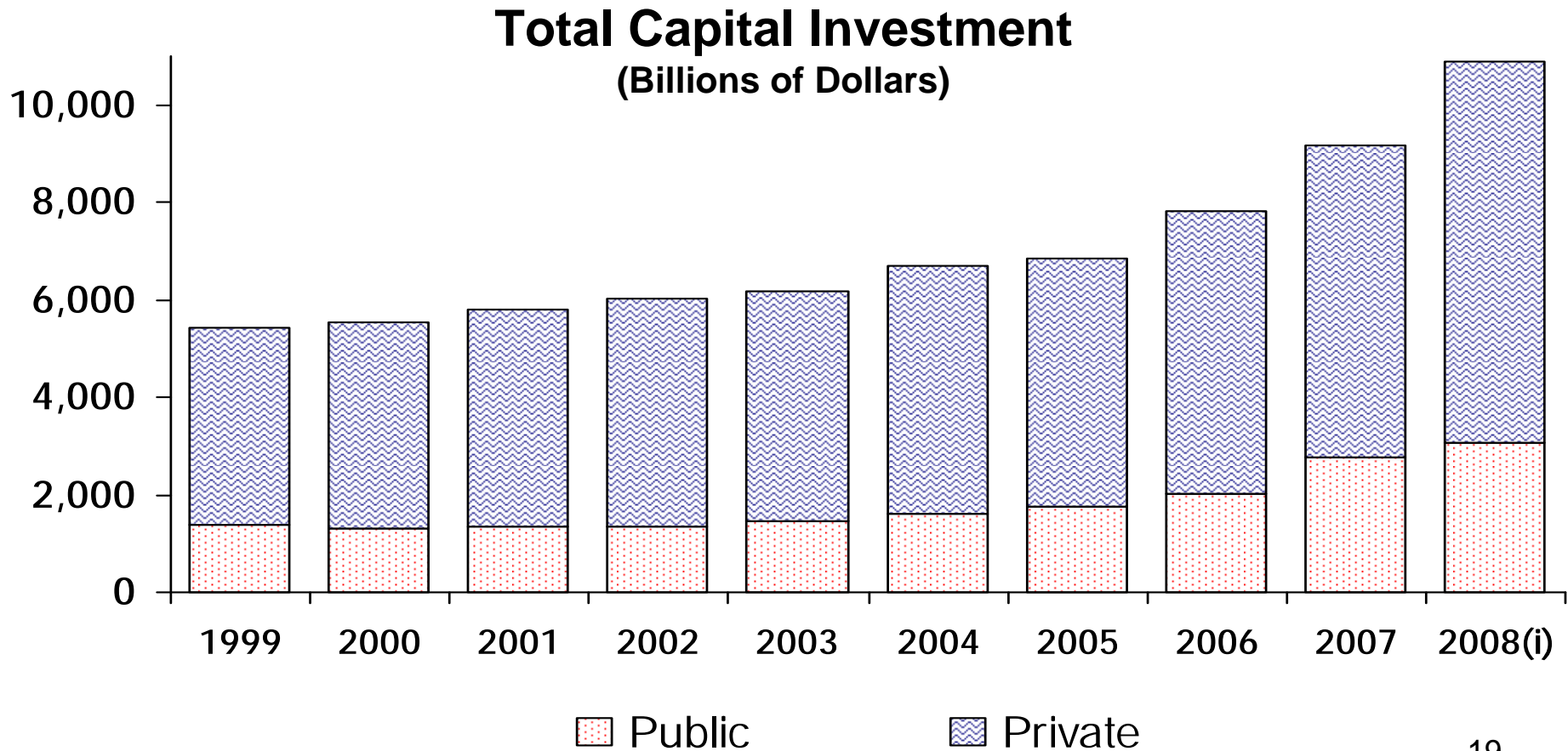
Raising and Retaining Investment

- **Introduced 30% Community Enterprise Development Tax Credit and 30% Community Enterprise Investment Tax Credit**
- **Enhanced Manufacturing Investment Tax Credit—introduced a 20% refundable portion in 2005 with an increase to 35% in 2006 with a further increase in the refundable portion to 70% in 2008**

Raising and Retaining Investment

- **Total capital investment is forecast to be up 18.3% in 2008, best in Canada, and more than triple the national average of 5.5%**
- **Private capital investment is forecast to rise 22.4% in 2008, best in Canada, and more than 6 times the national average (3.7%)**
- **Housing investment expected to average over 15% annual growth over the last three year**

Raising and Retaining Investment



Affordable Government

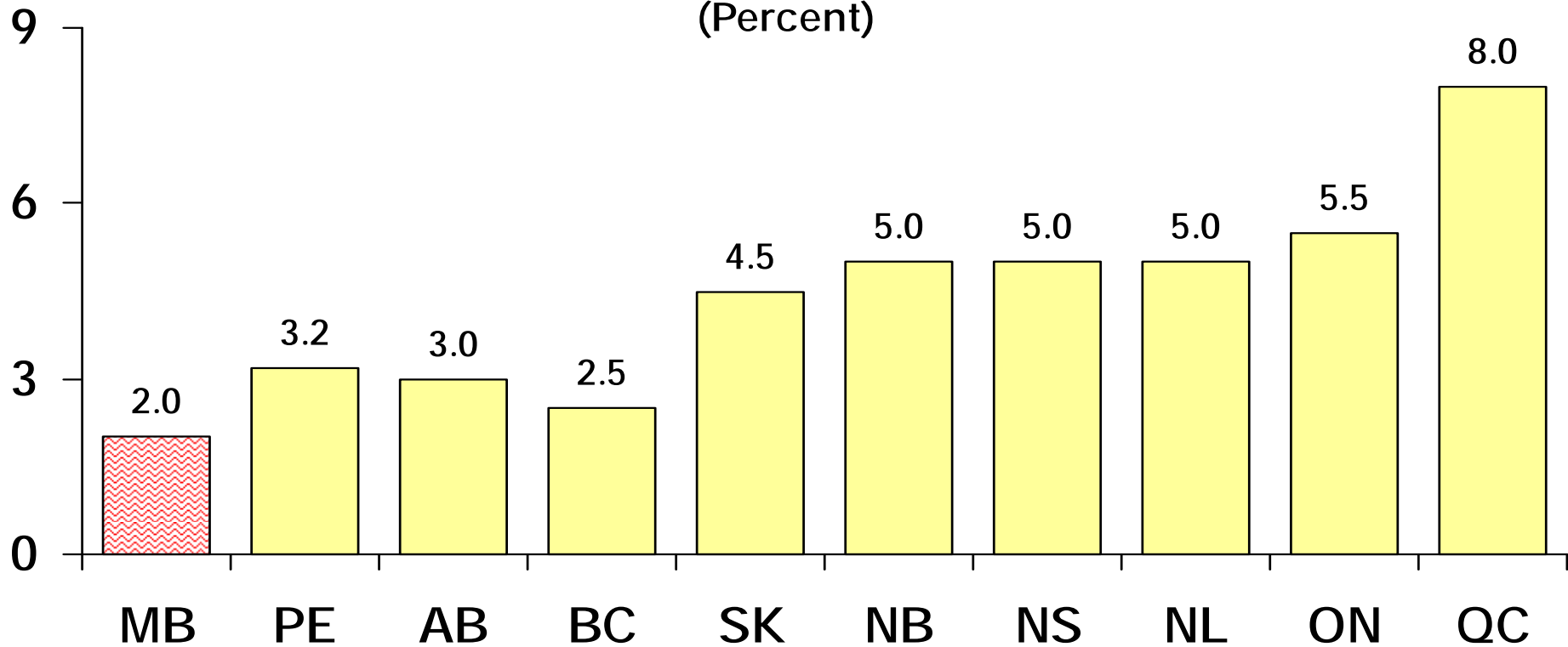
- **Between 1999/00 and 2007/08, per capita expenditure growth in Manitoba has been 4th lowest in the country**

Affordable Government - Business

- **Small business tax rate has gone from 2nd highest in Canada in 1999 to the lowest in Canada at 2% in 2008**
- **Cutting General Corporate Income Tax rate to 12% in 2009**
- **Eliminated the Corporation Capital Tax for manufacturers on July 1, 2008 and for all businesses by the end of 2010.**
- **New measures in Budget 2008 are saving businesses \$120 M**

Affordable Government – Businesses

Small Business Tax Rate 2008 (Percent)

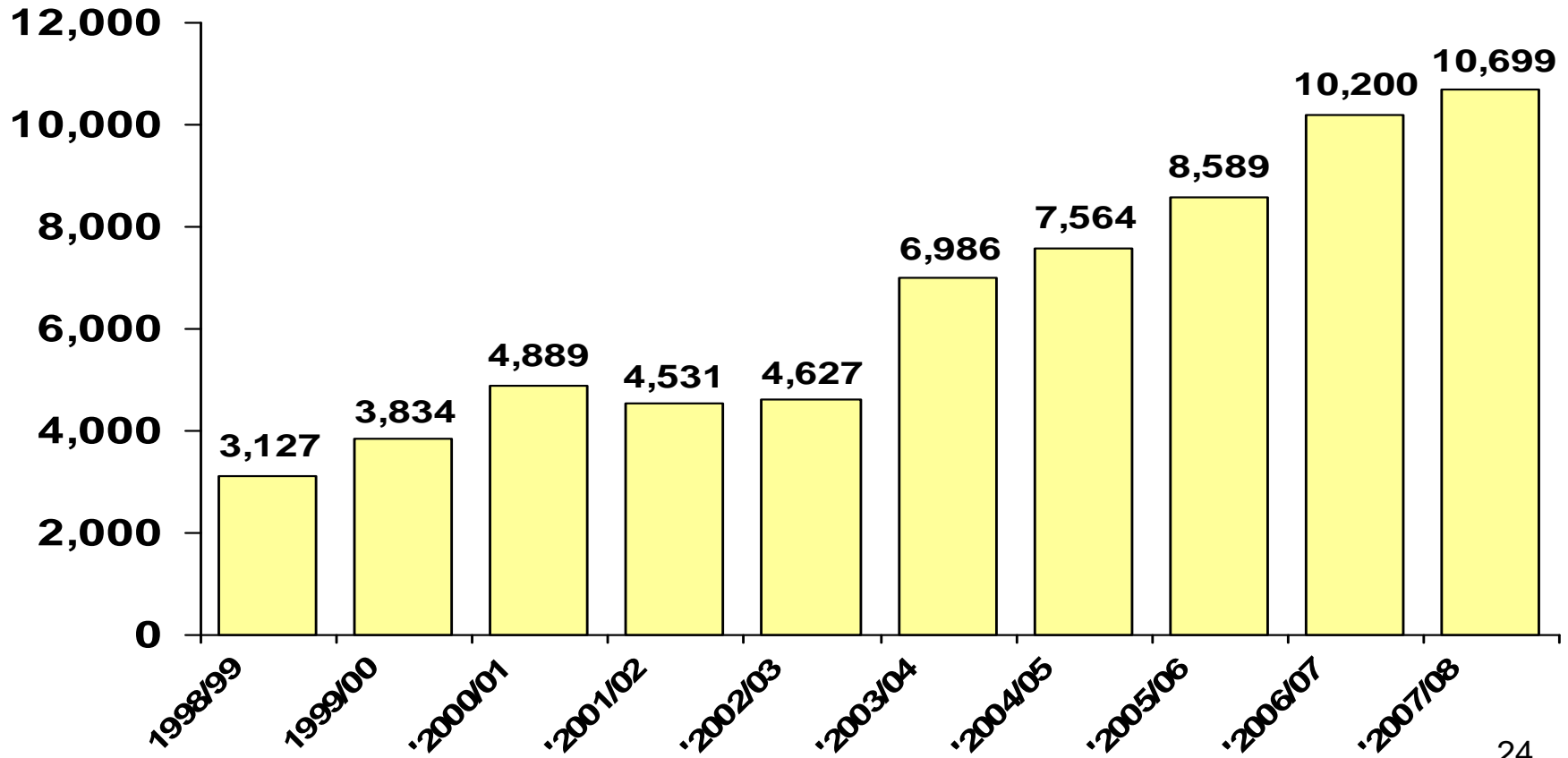


Affordable Government – Families

- **Increased Education Property Tax Credit to \$600**
- **\$100 more to the Basic Personal Amount deduction**
- **Cut first income tax rate to 10.8%**
- **Increased upper threshold of the middle bracket to \$67,000**
- **Introduced Primary Caregivers Tax Credit**

Growing through Immigration

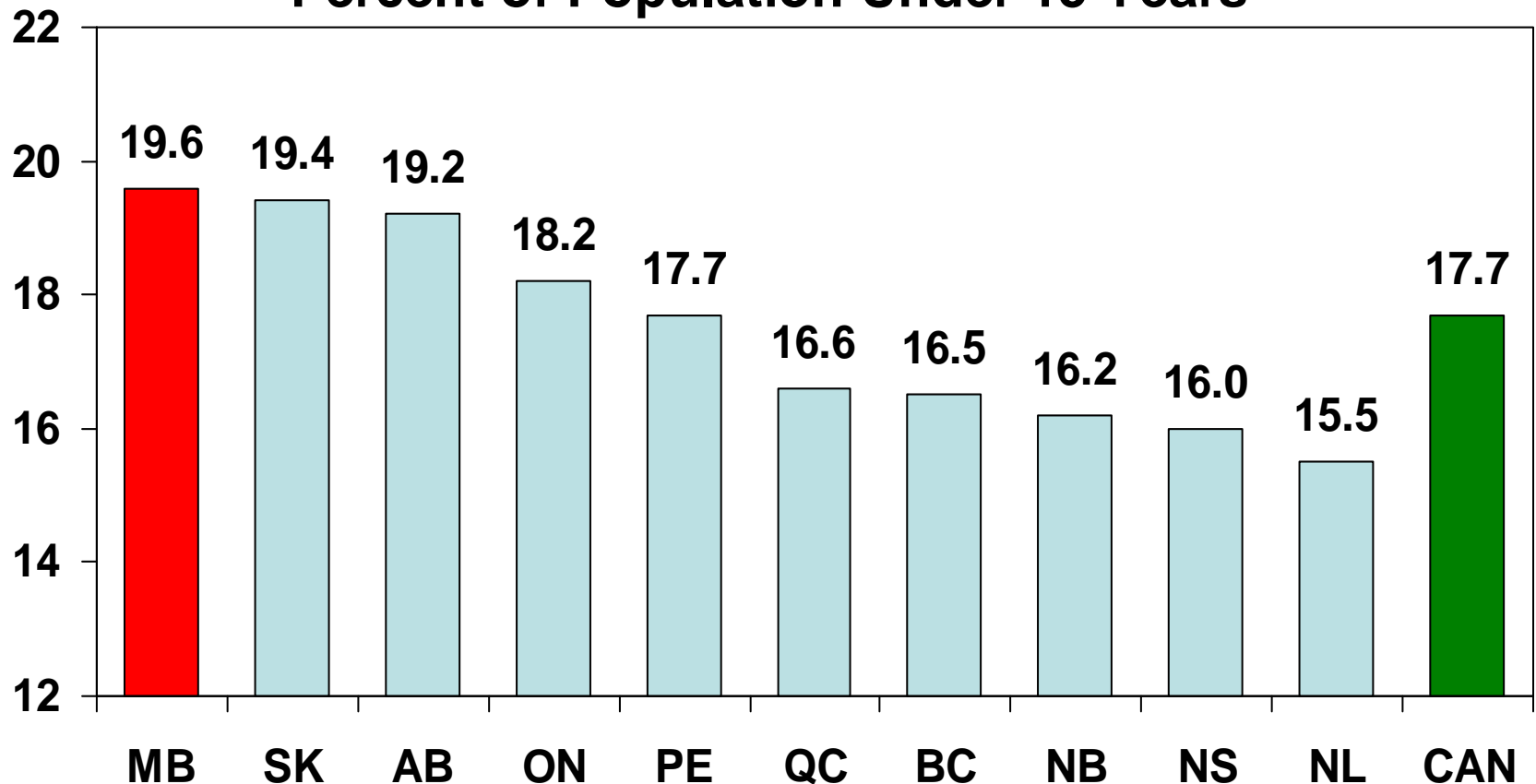
Annual Gross Immigration Level (Number)



Sources: Statistics Canada

Manitoba has the Largest Youth Population Relative to Total Population

Percent of Population Under 15 Years

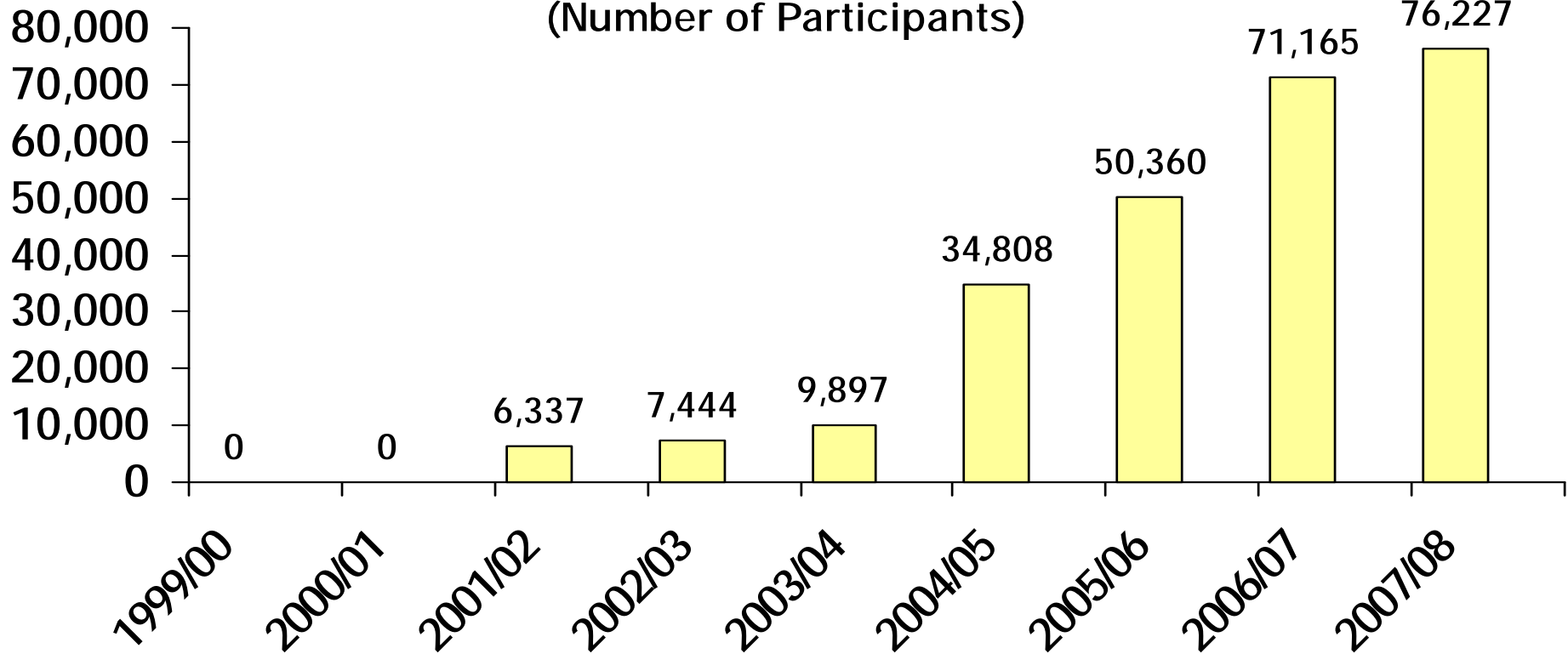


Source: 2006 Census

Building on our Clean Energy Advantage

Residential POWER SMART Program

(Number of Participants)



Building on our Clean Energy Advantage

- **New power deals with Wisconsin Public Service for 500 MW and Minnesota Power for 250 MW**
- **Wuskwatim construction is now well underway**
- **Manitoba received an A+ for energy efficiency from the Canadian Alliance for Energy Efficiency – tied with BC for best in Canada, and up from a C+ in 1999.**

Building our Municipalities

More funding for municipalities including:

- **Overall funding to municipalities outside Winnipeg increased 6% this year through the Building Manitoba Fund including 3% more in unconditional per capita General Assistance payments. Manitoba's revenue sharing with municipalities is the broadest provincial-municipal revenue sharing arrangement in all of Canada. It includes income tax, fuel taxes, VLT revenues, casino revenues.**

Building our Municipalities

- **Expansion of Neighbourhoods Alive! to five more urban centres:**
 - **Dauphin**
 - **Flin Flon**
 - **The Pas**
 - **Portage la Prairie**
 - **Selkirk**

Building our Communities

- **The Province delivers significant annual funding support to all municipalities. Through our unique Building Manitoba Fund, municipalities receive a share of provincial income and fuel taxes – revenues that grow with the economy - to support their infrastructure and service delivery priorities.**

Building our Agricultural Communities

- **Increased Farmland School Tax Rebate (FSTR) to 70% in 2008, bringing \$30M in annual tax savings for the Manitoba farm community**
- **FSTR rates for 2009, and 2010 will increase to 75%, and 80% respectively**
- **More than \$217M in CAIS payments over the last three years**
- **Increase to young farmer rebate on MASC loans**
- **Bridging Generations Initiative**

Commitment to Health Care

- **Increased nurse practitioner positions**
- **\$3M to increase the number of nurses, health care aids and allied health care workers**
- **\$2.7M to bolster cancer strategy including funding for more screenings and staff.**
- **\$2.4M for dialysis facilities in Berens River, Gimli and Hodgson/Peguis**

Commitment to Healthy Living

- **\$23.7M for physical, speech and occupational therapies for children**
- **\$2.1M for physical education in Grades 11 and 12**
- **Introduced First Sport initiative**
- **Multiyear \$60M recreation facilities commitment**
- **\$500,000 to hire 7 recreation directors in the inner city and Neighbourhoods Alive! communities.**
- **Non-prescription smoking cessation aids are now tax exempt**
- **\$40M over last 2 years for addictions facilities capital and programs**
- **Planning underway for Canada's first mental health emergency room**

Commitment to Rural and Northern Health Care

- **New or renovated hospitals in Swan River, Thompson, The Pas, Beausejour, Pinawa, Gimli, Morden/Winkler, Ste. Anne, Steinbach and Shoal Lake, and one on the way in Selkirk**
- **Redevelopment of the Villa Youville in Ste. Anne to provide 29 housing units for Seniors, a Bilingual Service Centre and South Eastman RHA offices**
- **Construction underway on a \$5 million expansion and redevelopment of the ER at Portage District General Hospital**
- **CT scanners added in Steinbach, Thompson, The Pas, Selkirk, Morden-Winkler, Portage la Prairie**

Commitment to Rural and Northern Health Care

- **With \$7.8M in annual support from Manitoba, the Northern Medical Unit of the University of Manitoba's Faculty of Medicine provides physicians and medical specialist services to the following 16 Manitoba communities: Churchill, Norway House, Hodgson, Fisher Branch, Berens River, Bloodvein, Little Grand Rapids, Pauingassi, Poplar River, St. Theresa Point, Wasagamack, Garden Hill, Red Sucker Lake, Mathias Colomb (Pukatawagan), Chemawawin (Easterville), and Grand Rapids.**

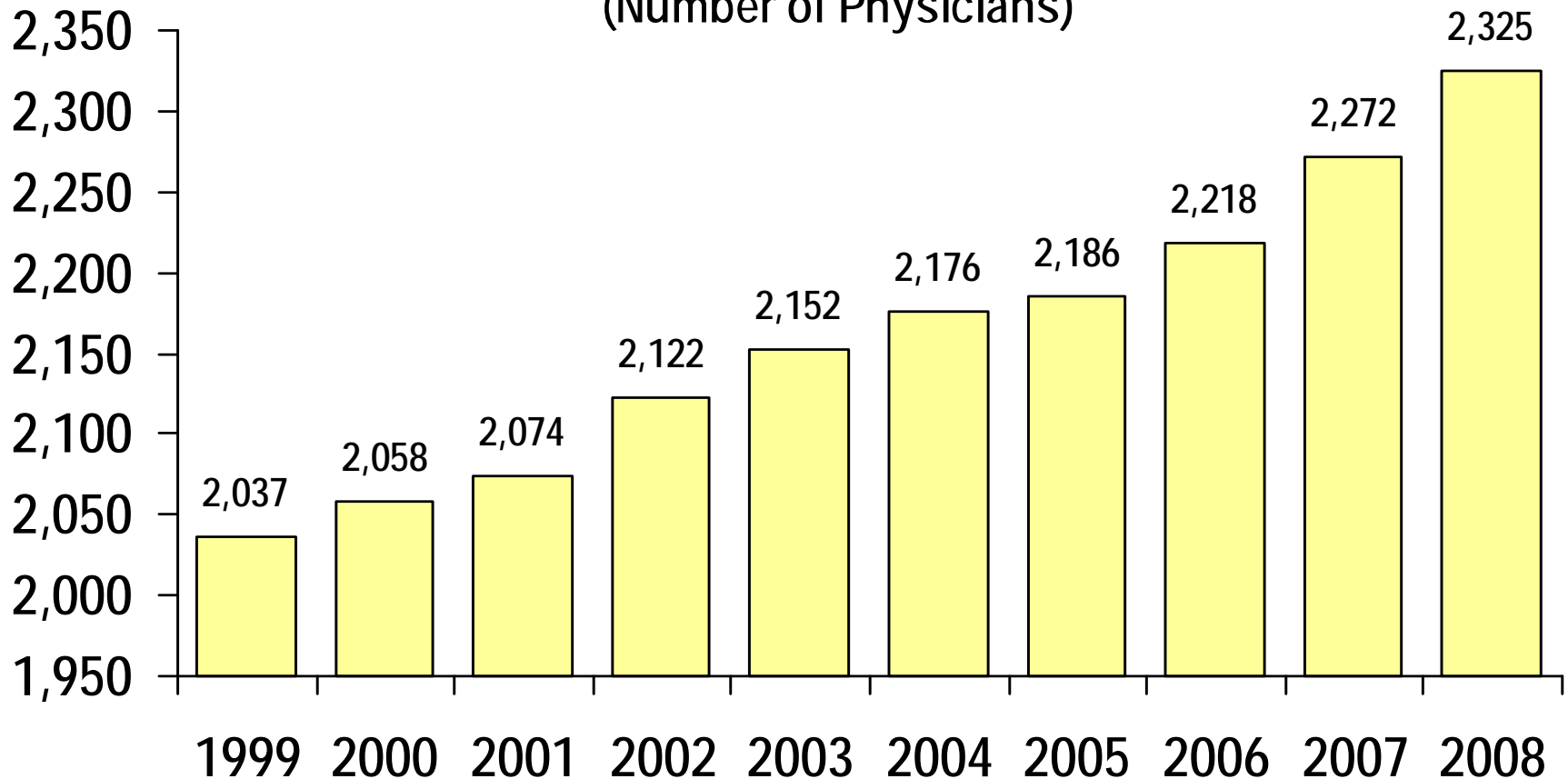
Commitment to Rural and Northern Health Care

- **A new two-year northern and remote family-medicine-streamed residency program at the University of Manitoba, it will begin this fall.**
- **Dialysis units in Garden Hill, Norway House, Portage la Prairie and Swan River**
- **Community Cancer programs throughout the province; Boundary Trails (Morden/Winkler), Brandon, Dauphin, Deloraine, Flin Flon, Gimli, Hamiota, Neepawa, Pinawa, Portage, Russell, Selkirk, Steinbach, Swan River, The Pas, and Thompson.**

Commitment to Health Care

Doctors in Manitoba

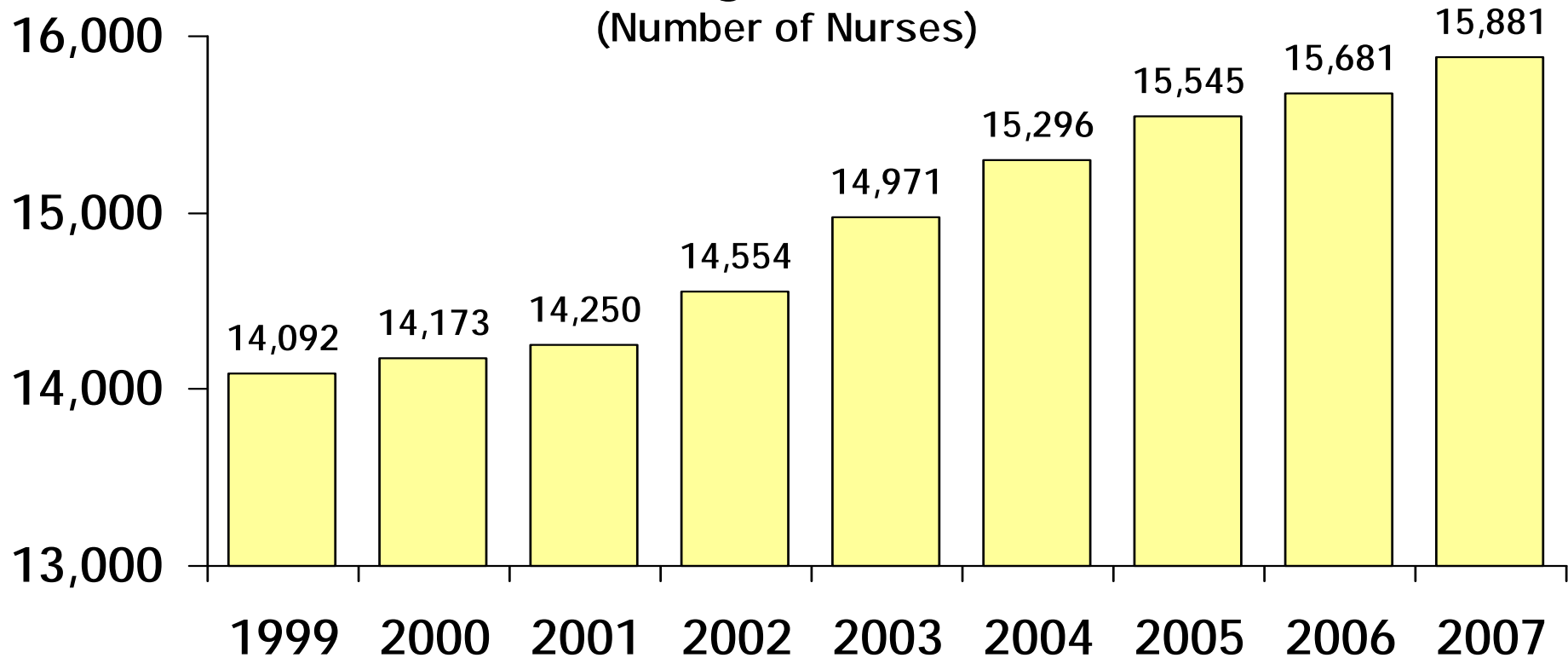
(Number of Physicians)



Sources: College of Physicians and Surgeons of Manitoba

Commitment to Health Care

Active Practising Nurses in Manitoba

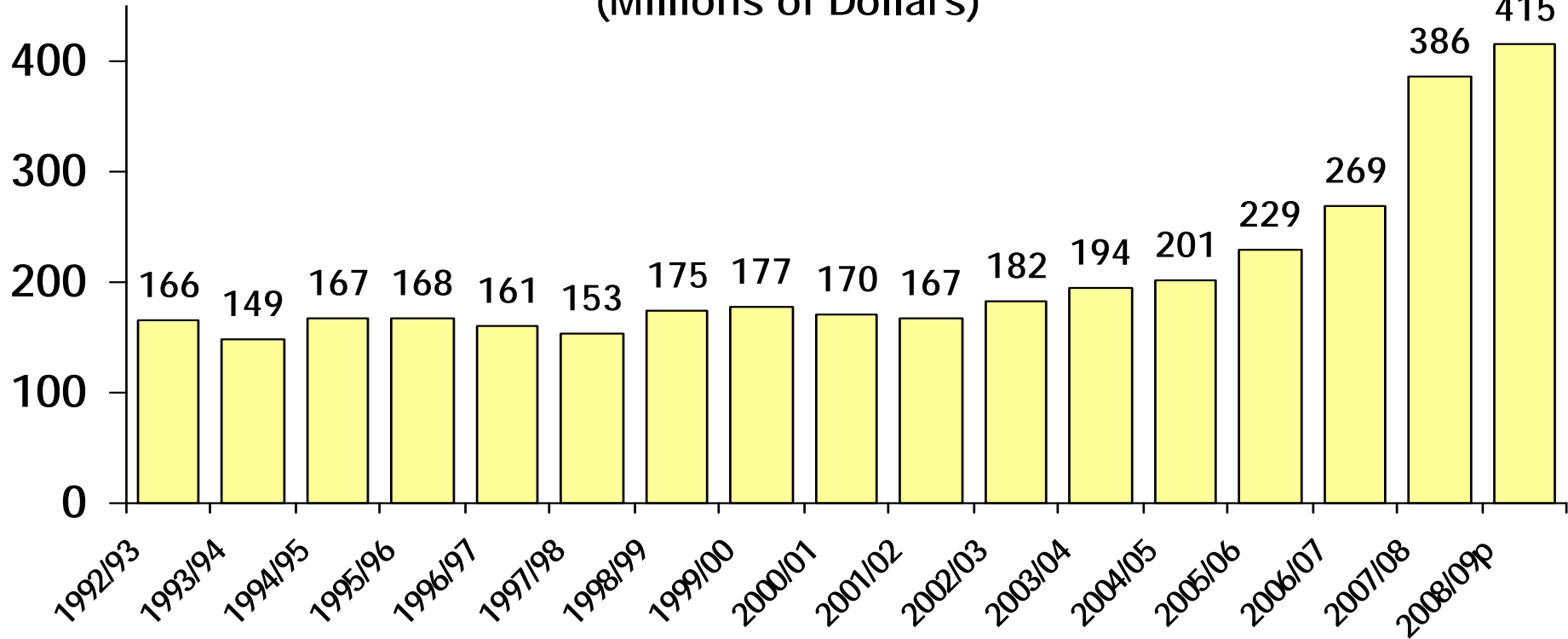


Commitment to Roads and Highways

- **Advances Manitoba's plan for highways and bridges**
- **1,300 kms of roads upgraded in 2008/09 as part of 10 year, \$4 billion highway renewal**
- **\$125M over 4 years to increase bridge maintenance, rehabilitation and inspection**

Commitment to Roads and Highways

Manitoba Highways Investments (Millions of Dollars)



Sources: Manitoba Infrastructure and Transportation
p = projected

Commitment to the Environment and Water Protection

- **\$5.3M for Conservation Districts**
- **More resources for monitoring and inspection of septic disposal**
- **\$13M in ecoTrust projects to reduce Green House Gas emissions**
- **New water conservation to encourage less consumption of water**

Commitment to Children and Families

- **\$16.6M more for HomeWorks housing projects, building on 2007 multiyear strategy**
- **New funding for people making transition to work**
- **\$12.4M more for supported living**
- **Extending Manitoba Shelter Benefit to more Manitobans**

Commitment to Children and Families

- **In April, Family Choices, a multi-year child care plan was unveiled:**
 - 6,500 more funded child-care spaces
 - Centralized wait list system
 - A \$37 million building fund
 - Nursery school for 1,300 more children
 - 20% overall funding increase for pension plans, wage increases and adjustments to establish a minimum wage base.

Commitment to Children and Families

- **\$24M more to continue changes to improve child protection services**
- **20 more police officers**
- **5 more Lighthouses programs**
- **2 additional crown attorneys**

Financial Outlook – Key Points

Medium term projection includes:

- **Commitment to balance budgets**
- **Modest core government revenue (average 3.0%) and expenditure (average 3.0%) growth**
- **Continued debt and pension payments in core government**

Fiscal Management Strategy

- **Modernized balanced budget legislation: the Fiscal Management, Balanced Budget and Accountability Act**
 - **GAAP compliant, as per Auditor recommendation**
 - **maintains the debt retirement payment same as existing legislation**
 - **retains the requirement for a public referendum to increase taxes**
 - **requires government to table annual and multi-year financial management plans**
 - **ensures government reports on the results of its core operations**

Fiscal Management Strategy

- **Transparency, Accountability and Fiscal Discipline**
- **Stable and Affordable Government**
- **Managing Debt**
- **Infrastructure and Capital Asset Renewal**
- **Performance Reporting**

Fiscal Management Strategy

- **Transparency, Accountability and Fiscal Discipline**
 - Summary Budgeting and Financial Reporting
 - Balancing Summary Net Income
 - Maintaining accountability for Core Government program expenditure and revenue
- **Stable and Affordable Government**
 - credit ratings
 - expenditures as a percentage of Gross Domestic Product (GDP)
 - addressing the unfunded pension liability

Fiscal Management Strategy

- **Managing Debt**
 - Net Debt to GDP ratio
 - debt retirement
- **Infrastructure and Capital Asset Renewal**
 - capital Improvements
- **Performance Reporting**
 - implementing key elements of an overall performance reporting framework

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

Thank you