
The 2013 Manitoba Budget Address

Honourable Stan Struthers
Minister of Finance
April 16, 2013

Available in alternate
formats upon request.

Manitoba 

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THE 2013 MANITOBA BUDGET ADDRESS

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Mr. Speaker, I am proud to present Budget 2013.

This budget is about building. It builds a better Manitoba for today and for the long term, while protecting what matters most to families in an uncertain world.

Much of the uncertainty we face today dates back to the global financial crisis of 2008. Our immediate response was to put families first by protecting the jobs and services they rely on.

Since then, we have taken a balanced approach: finding innovative ways to save money while re-directing the savings to front-line services.

A balanced approach means cutting administration in health care by merging regional health authorities, and re-directing the savings into home care, family doctors and free cancer drugs for all patients.

This budget is about building a better Manitoba for today and for the long term...

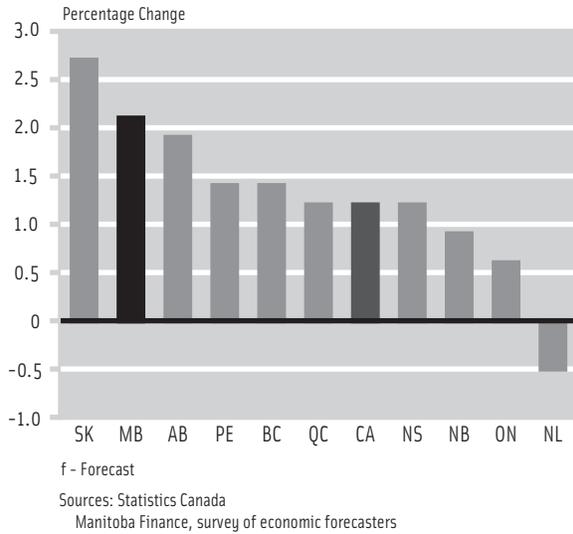
A balanced approach means taking the long view: making smart, targeted investments in education and training to support growth and prepare young people for the jobs of tomorrow.

In short, a balanced approach means focusing on what matters most.

Manitoba has weathered the financial crisis better than most provinces. Over the last five years, our province's average annual economic growth rate was second best out of all provinces, and almost double the rate of national economic growth. Forecasters expect us to outperform the national growth rate again in 2013.

But the economic outlook remains uncertain. The source of that uncertainty lies outside our borders. It is now clear the financial crisis was not a short-term event;

Real GDP, Average Annual Growth, 2007 to 2012f



economies around the world are struggling to regain strength, including our traditional export markets and trading partners.

Most other provinces face similar challenges. In Manitoba, the effects of the slow international recovery have been compounded by a challenge much closer to home: the increased frequency of major flooding. Manitobans have faced three major floods in five years.

Two years ago, our province suffered the worst flood in recorded history, at a cost of over \$1 billion.

Two years before that, the flood of 2009 cost nearly \$100 million.

And today, even as we meet here in this house, hundreds of Manitobans are again working together to protect their homes and communities from this year's flood.

First things first, Mr. Speaker: I say to those Manitobans, you will not face this flood on your own. Our government will be there to support you, as we always have been.

Total flood fighting and protection costs over the last fifteen years were four times greater than over the previous fifteen years.

As costly as these floods have been, the bill would have been much, much higher if it were not for the foresight and investments made by Manitobans in the past.

Just imagine if Winnipeg had not been protected by the floodway, built in the wake of the flood of 1950.

The floodway cost \$63 million to build and another \$665 million to expand to one-in-700-year protection levels. These investments have saved over \$30 billion in damages.

The foresight and determination of previous generations to protect Manitobans have saved homes, businesses and communities.

We know our climate is changing – and the consequences will be far-reaching and unpredictable. The responsibility to build better protection against future floods now falls to us.

*The responsibility to build
better protection against future
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Flood protection used in the past must be enhanced and complemented by new approaches that involve improving drainage licensing and water-storage projects for drought years. A modern approach to flood protection will also require innovative research and extensive engineering and construction projects.

We know major initiatives will be essential to protect homes, farms and communities.

After the record flood of 2011, we ordered two major flood reviews. These reports, which were released this month, identified flood-protection investments that could cost over \$1 billion.

At the same time, we must continue to invest in the renewal of critical infrastructure: streets and highways, sewer and water systems, schools and hospitals.

The 10-year Building Canada Plan announced in last month's federal budget offers real potential for infrastructure renewal in Manitoba. But taking full advantage of this opportunity will require provincial funding to match federal dollars.

These imperatives – the need to protect against future floods and to invest in critical infrastructure – must not be met at the cost of cutting core services.

So this year, we will introduce a time-limited, one point increase in the provincial sales tax. Our PST will remain third lowest in the country. This measure will expire, along with the Building Canada Fund, after 10 years.

This change will be offset by a \$250 increase to the basic personal income tax exemption, which benefits all taxpayers. And we will provide a break to young families by expanding the list of items exempt from PST to include essential baby items, such as diapers, car seats and strollers.

Raising any tax, no matter how small, is not an easy decision, but this revenue will help protect Manitobans against flooding and uncertainty.

It will allow us to continue to protect key services and deliver a balanced budget by 2016.

It will enhance productivity and innovation, and create good jobs in the short term – and the long term.

And, it will provide a dependable revenue stream to match federal infrastructure funding, so we do not leave any federal funds on the table.

The PST is the fairest way to reach these goals, because the cost will be shared by everyone.

Manitobans work hard for what they earn. Manitobans deserve to know how the taxes they pay will be spent.

I am proud to announce the funds raised through this new measure will make up the new Manitoba Building and Renewal Plan.

Mr. Speaker, every dollar that goes into this plan will be spent on infrastructure – guaranteed by law.

In fact, we will now be spending two full points of PST revenue on infrastructure.

One seventh of PST is spent on municipal infrastructure through the Building Manitoba Fund. That amount will increase by almost \$30 million this year.

The remainder of the total two points of PST will be used to support flood prevention infrastructure, as well as additional capital investments - from hospitals to hockey rinks, from schools to splash pads.

The Manitoba Building and Renewal Plan will benefit communities across the province. This plan will be enshrined in legislation this spring.

It will allow us to double our funding for residential road renewal in Winnipeg. And it will support water, sewer and municipal road improvements in rural communities.

Municipalities are ready to get to work on these projects. And, Mr. Speaker, Budget 2013 makes it possible.

AFFORDABILITY

An affordable quality of life is one of the things families value about our province. Our government is committed to keeping life affordable for all Manitobans as we continue to grow our economy.

Manitobans enjoy the lowest cost in Canada on their combined electricity, home heating and auto insurance bills.

Mr. Speaker, we are the only province that protects this advantage in law.

Compared to 1999, families will save more than \$850 million in income and property taxes this year as a result of changes made by our government. For example:

- a family of five with two salaries totalling \$75,000 saves almost \$3,800;
- a senior couple with \$60,000 total income saves almost \$2,600; and

- a university or college graduate earning \$50,000 saves more than \$5,000 thanks, in large part, to our tuition rebate.

Since 1999, the basic personal exemption has increased from \$6,794 to \$8,884. This year's \$250 improvement to the basic personal exemption, the spousal exemption, and the dependent exemption will save Manitobans almost \$20 million this year, and take an additional 5,500 people completely off provincial tax rolls.

By 2015, seniors in Manitoba will no longer pay school tax on their principal residences.

Other provinces have chosen to deal with uncertainty by imposing a harmonized sales tax.

Manitoba is one of the few provinces to reject the HST. As a result, Manitoba families pay no provincial sales tax when they buy clothes for their kids, buy a new home, or pay their home heating bills.

Mr. Speaker, we stand by our decision not to impose the HST on Manitobans, a decision that saves Manitobans \$405 million every year.

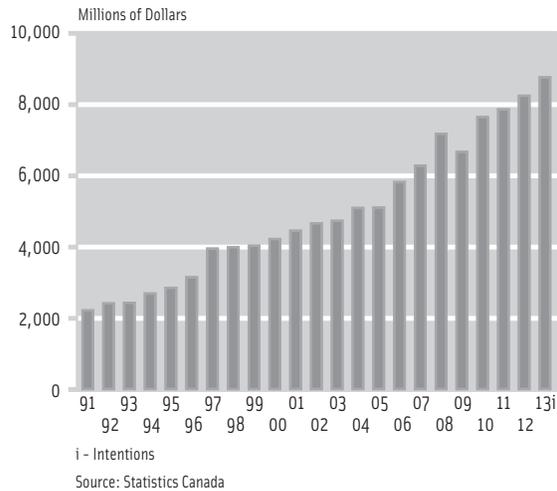
All seniors deserve to be able to enjoy their retirement years in dignity and comfort.

This year, we are increasing the seniors' Education Property Tax Credit to a maximum \$1,100.

Starting in 2014, we will begin to implement our commitment to eliminate school taxes paid by seniors on their principal residences.

Mr. Speaker, by 2015, seniors in Manitoba will no longer pay this tax.

Manitoba Private Sector Capital Investment



FISCAL RESPONSIBILITY, STRONG ECONOMY

Budget 2012 made a number of commitments to find responsible ways to save money and deliver services more efficiently. We said we would:

- reduce the number of regional health authorities;
- merge two crown corporations;
- cut \$128 million from government spending in-year;
- consolidate government offices;
- freeze or reduce the budgets of 10 departments; and
- realize \$75 million through the sale of government assets.

Mr. Speaker, in short: we said it, and we did it. We met all those commitments, and the money we saved is being reinvested in front-line services.

Last fall, we committed to reduce the size of the civil service by 600 over three years, and we are ahead of schedule on realizing that commitment.

Budget 2013 builds on this success and contains additional measures, including:

- freezing or reducing the budgets of 11 departments;
- expanding lean management practices to more departments to improve efficiency;

- extending the 20 per cent reduction on ministerial salaries;
- limiting overall departmental spending increases to 2.1 per cent; and
- initiating program efficiency reviews.

We are also modernizing to provide better services to Manitobans at lower cost to the public purse.

Businesses know that Manitoba is a great place to do business. We know this because each year, they are investing more in new tools, new machinery and new buildings.

In the last five years, total capital investments have increased by 38 per cent, mineral investments have increased by \$700 million, and capital investment in housing has grown by over \$1 billion.

Businesses are optimistic about the future we are building together. Statistics Canada projects private businesses will increase their investments in Manitoba more than in any other province except one this year. This increase is nearly eight times greater than the national rate.

Research and development growth in Manitoba has exceeded national levels for the last two years.

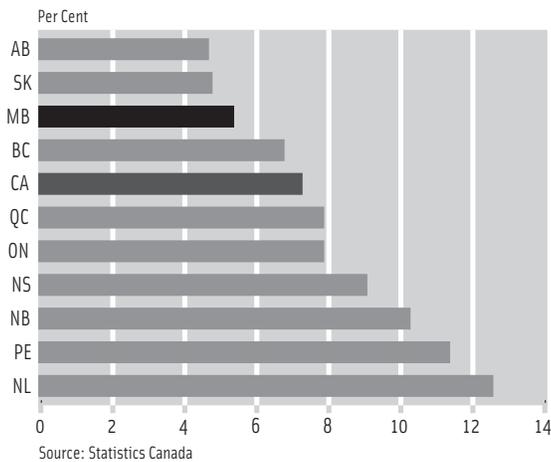
Manitoba businesses are also growing beyond our borders. The made-in-Manitoba expertise of our entrepreneurs and researchers is in high demand.

For example, Westeel is helping India tackle the challenges of food security. New Flyer Industries allows families across North America to get around in more efficient busses. And Standard Aero is keeping airplane passengers flying safely around the world.

This year, we will continue building on the connections made through recent trade missions to China, India and Brazil – and events like Centrallia – to help more Manitoba businesses take their goods and services to other markets.

Small businesses are the engine of job creation in Manitoba. Mr. Speaker, Manitoba is the only province to have eliminated the small business tax, and we are

Unemployment Rate, 2012



expanding the benefit to even more small businesses by raising the threshold to \$425,000.

We will also extend the Small Business Venture Capital Tax Credit to help more small businesses raise the funds they need to grow and create jobs.

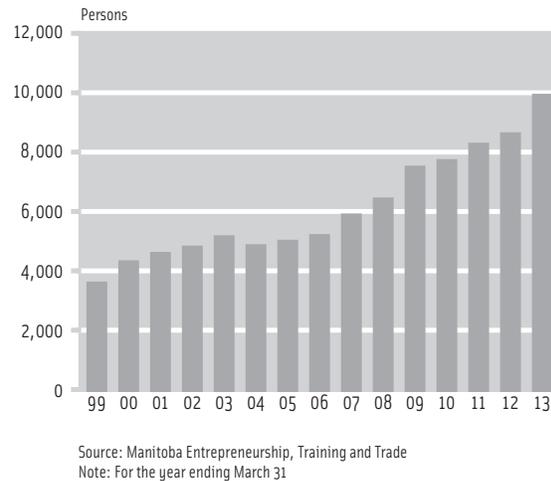
And, we will continue to foster the growth and development of innovative sectors by renewing and enhancing the Interactive Digital Media Tax Credit and extending the Film and Video Production Tax Credit.

In addition, we will help farmers and rural businesses by negotiating a new Growing Forward agreement with the federal government to invest in strategic programs and initiatives that focus on innovation and competitiveness, and promote research and development.

We are renewing our support to the First Peoples Economic Growth Fund. Since it was established five years ago, this fund has approved approximately \$13 million in loans and support to First Nations businesses, and leveraged nearly \$35 million into the Manitoba economy.

Metis people are integral to this province. We are proud to work with the Manitoba Metis Federation on economic development initiatives, recognizing traditional harvesting rights, and other partnerships now and into the future.

Number of Active Registered Apprentices



SKILLS, TRAINING AND JOBS

Our unemployment rate in 2012 was the third best in the country and well below the Canadian average. In fact, Mr. Speaker, more Manitobans were employed in 2012 than at any point in our history – led by 7,500 new private-sector jobs.

Each province has its own labour market, with its own unique needs and opportunities.

Our low unemployment rate means that businesses may not be able to grow if they cannot find the workers with the skills they need.

That is why we have focused on skills development and training. For example, our new Skill Build and Journey-person Business Start programs will help northern and rural Manitobans put their skills to work. These programs build on measures introduced in Budget 2012 to enhance tax credit incentives for employers who hire apprentices.

The measures we have introduced so far to match Manitobans with jobs are effective, but we must continue to build on these successes.

In our 2012 Speech from the Throne, our government made the bold commitment to add 75,000 more workers to the province's labour force by 2020.

This is an ambitious target, but one we can and will reach if all sectors – business, labour, educational institutions and government – work together.

To guide this work, Premier Selinger convened a skills summit this past February to develop strategic priorities for Manitoba.

The community leaders who came together for the summit embraced our ambitious jobs target. They made many helpful suggestions for action.

I can announce today, that as a first step, we have partnered with WANTED Technologies to develop a leading-edge online tool to help job seekers and employers find each other quickly and successfully.

We will not mothball our province's economic future by cancelling new dams.

Hydro electricity is Manitoba's oil. Wuskwatim is now generating power and growth. Our government will build hydro because customers want it. Mr. Speaker, we will not mothball our province's economic future by cancelling new dams.

In 2010, 16,000 fewer Manitobans were living in poverty than in 2000, but there is still more to do to reduce poverty and support social inclusion.

This year, we asked Manitobans for their views to help guide the implementation of our ALL Aboard poverty reduction strategy. We heard about the need for increased resources to help people living in poverty, and supports for those Manitobans who face particular barriers to employment.

That is why we are introducing a \$240 per year increase to RentAid benefits. We will make it easier to apply for RentAid, and increase health care and prescription benefits for people on employment and income assistance.

Our government is also committed to the long-term objective of improving and streamlining portable

shelter benefits to better support transitions to financial independence.

We will never return to the days in Manitoba when the provincial government clawed back the National Child Benefit from families in need. Mr. Speaker, for that government, a "welfare snitch line" was their response to poverty.

Mr. Speaker, the real solution to a shortage of affordable housing is to build more housing. And so, we will develop hundreds more social housing units over the next three years, and support the construction of hundreds of new affordable rental units.

These units will be in addition to the 1,500 social housing and 1,500 affordable housing units that are on schedule for 2014.

As well, we are introducing a new tax credit that will encourage even more rental housing construction.

The best support for vulnerable Manitobans is to help them find jobs and participate in their communities. Doing so is good for everyone involved.

Our government has rewarded work by increasing the minimum wage every year – a policy that helps the lowest income earners and their families most of all. This year, we will increase the minimum wage to \$10.45 per hour.

A sustainable employment strategy will be introduced to enhance training for people with barriers to employment. Services will support transitions to working life and will help employers make jobs sustainable in the long term.

Manitoba Hydro has seen great success in increasing training opportunities in the north. Today, 42 per cent of Hydro's northern employees are First Nations and Metis. We are building on the success of this initiative by providing new training and skills development opportunities in northern Manitoba.

We will help get more women into industrial trades with more skills training and apprenticeship opportunities.

Strong universities and colleges are essential for a modern, growing economy.

We have worked with the University of Manitoba, the University of Winnipeg, Brandon University, l'Université de Saint-Boniface and University College of the North to expand and rebuild their campuses. These investments benefit students as well as surrounding neighbourhoods, and we are working with the institutions to continue building.

Over the last three years, provincial funding to universities has increased by 12.5 per cent. While many other provinces are cutting funding, we will provide an additional 2.5 per cent increase and new supports targeted at enhancing teaching innovation and excellence in post-secondary institutions.

We will help keep a university education within reach by capping tuition increases at the rate of inflation.

Red River College, Assiniboine Community College, and l'École technique et professionnelle will each receive a two per cent increase in operating grants.

International students enrich our universities and our province. We will become the first province in Canada to introduce legislation to help ensure that international students have a safe, positive experience in Manitoba.

We will help integrate internationally trained professionals into our economy by creating programs that support them as they adapt their skills and training to Manitoba's needs and requirements.

Our government will support a new local sustainable food initiative to increase purchasing from local agricultural producers, promoting community economic development by creating linkages with local farmers to bring more fresh healthy foods into public institutions and facilities.

BUILDING MANITOBA: INFRASTRUCTURE

Budget 2013 includes over \$620 million for roads, highways and bridges, including improvements to:

- passing lanes on PTH 10 between Brandon and Minnedosa;
- PTH 1 between Portage la Prairie and PTH 16;
- PTH 83 south of Roblin;
- PTH 6 north of Sasagiu Rapids;
- roads along CentrePort Canada Way;
- Victoria Avenue in Brandon;
- PR 373 north and south of Jenpeg; and
- the interchange of PTH 1 at the east perimeter.

This funding will also support work on the East Side Road. We will continue our efforts to work with the federal government and Little Grand Rapids and Pauingassi First Nations to construct community access roads.

Work will continue on a number of flood-repair projects, including work on roads and bridges on PTH 21 near Hartney, PTH 10 over the Souris River, PR 227 over the Assiniboine River Diversion and PR 513 from PTH 6 to the Dauphin River.

Additional infrastructure funding is also being invested in projects in a number of communities, including:

- improvements to the Keystone Centre in Brandon;
- upgrades to the town centre facility in Churchill;
- the development of a plan to support tourism at Hollow Water First Nation, the gateway to the Pimachiowin Aki World Heritage Site;
- upgrades to northern airports;
- a new recreational multiplex at Peguis First Nation; and
- upgrades at Selkirk Mental Health Centre.

The recently released provincial park strategy will guide investments in parks over the next eight years. This year, investments will include repairs to flood-damaged infrastructure at nine parks, including Spruce Woods and

St. Ambrose provincial parks, as well as improvements in parks throughout the province.

To protect Lake Winnipeg, we have partnered with the City of Winnipeg to upgrade wastewater treatment.

Last year, we expanded our successful Community Places program with the creation of a new Community Places North program which provides grants for recreation and community projects. This year, 17 grants have been approved for projects in more than a dozen northern and First Nations communities.

Our government continues to strengthen ties with Nunavut and northern communities through the HudBay regional round table taking place at the end of this month.

To advance the vision of Churchill as an Arctic gateway to the north, we will work with the federal government to plan the development of a winter road between Churchill and Rankin Inlet.

ENVIRONMENT

Securing a UNESCO World Heritage Site designation for the largest protected area of boreal forest in North America will help keep Lake Winnipeg's cleanest source of water unpolluted.

The province continues to implement TomorrowNOW: Manitoba's Green Plan. To further support the health of Lake Winnipeg, funding will be provided to innovative programs. For example, cattails will be harvested for bio-energy, resulting in the removal of phosphorous from our waterways.

The province is also providing significant funding for the environmental clean-up of the former Dominion Bridge site in Winnipeg. Work will continue to remediate a number of other contaminated sites and abandoned mines across the province.

Budget 2013 invests \$3.2 million in emerging clean energy production and technologies like geothermal and electric vehicle charging infrastructure, creating green jobs and lowering greenhouse gas emissions. We will continue to

use revenues from Manitoba's Emissions Tax on coal to help coal users transition to locally grown biomass energy.

Manitoba's transportation industry is growing, creating jobs and supporting new trade opportunities, while at the same time implementing innovative techniques to protect the environment. In the year ahead, Manitoba will begin working with energy producers and the transportation sector to support further sustainable growth and adoption of greener fuels.

FRONT-LINE SERVICES

The last provincial government to face this degree of economic uncertainty responded by reducing medical school spaces, closing hospitals, firing nurses and cutting capital investments.

Mr. Speaker, nothing is more important than the health of our families. We will continue to invest in better health care for Manitobans.

Nothing is more important than the health of our families. We will continue to invest in better health care for Manitobans.

Budget 2013 includes investments that will make quality care even more accessible to Manitobans.

This year, funding will be invested in initiatives to ensure every Manitoban has access to a family doctor by 2015, including funding to support:

- teams of care providers to better co-ordinate health-care services;
- new clinics to be opened across the province; and
- new tools to make it easier for Manitobans to find a family doctor.

Wait times have been reduced for many services, and targeted investments will be made to support cancer patients. New cancer-treatment "hubs" across the

province will help shorten the time from the suspicion of cancer to diagnosis and treatment to under 60 days.

This budget is also expanding the STARS emergency helicopter program to a 24-hour-a-day, seven-day-a-week operation.

Manitoba patients already benefit from successful initiatives to train and recruit more doctors, nurses, nurse practitioners, paramedics, technologists and other front-line health care providers. This budget funds a number of new programs to educate and retain more health professionals.

Manitoba is recognized as a leader in providing home care and other services for seniors, and this remains a key focus of our health care investments. Budget 2013 funds more personal care home beds and more supports for seniors to live independently.

Prevention continues to be an important part of our health care strategy. This year, increased funding will support the expansion of the provincial tobacco control strategy and smoking cessation supports.

Stronger mental health and addictions services support vulnerable Manitobans. Manitoba Liquor and Lotteries Corporation is committing two per cent of net income to responsible gaming and consumption programming.

It is important to give children a good start to help them reach their full potential. This year, we will increase funding for Manitoba schools by \$27.2 million, or 2.3 per cent, to give students better supports and more of the attention they need. An additional \$4 million is being provided this year to reduce class sizes for Kindergarten to Grade Three.

Our investments are making a difference. Mr. Speaker, yesterday, we announced our high-school graduation rates have increased to 84.1 per cent – up more than 18 per cent since 2002.

Every child in Manitoba deserves the same quality education, whether they live in Rossmere, Rossburn or Roseau River. We commit to work with First Nations and

the federal government on a new model to build and improve schools on reserves.

Budget 2013 also provides supports and resources for parents, teachers and students to fight bullying to make sure all kids feel safe at school.

We believe in investing in children right from the start, from prenatal care to services for older children and teens.

We know that high-quality child care is vital to a growing economy and a strong workforce. This year, we will fund new child-care spaces and new child-care centres, including Le Coin Magique in Ste. Agathe, which will help parents, especially women, find and keep stable, rewarding jobs. Our government will also partner with parents to support efforts to recruit and retain much-needed child-care workers.

The recently announced After School Network brings community-based organizations together to provide more structured after-school activities and programs.

Many business and community leaders have embraced mentorship, and we will recognize their extraordinary contributions by creating a Premier's Award for Mentors.

Budget 2013 adds half a million dollars to support Manitoba's new domestic violence strategy. It will support women's shelters to recruit and retain qualified staff and further expand innovative prevention programs like our partnership to break the silence on violence against women with the Winnipeg Blue Bombers.

We are also increasing funding to support the implementation of Manitoba's Sexual Exploitation Strategy and the Native Women's Transition Centre.

This year, funding will be provided for more police officers and cadets, and to hire new prosecutors and support staff to ensure greater public safety.

New measures will also be introduced to improve road safety and crack down on reckless drivers.

This year, we will reduce public subsidies to horse racing and direct resources to priority services through

legislative changes to *The Pari-Mutuel Levy Act* and the Manitoba Jockey Club VLT site holder agreement.

CONCLUSION

Mr. Speaker, Manitoba has made a lot of progress over the past decade, from better hospitals and health care centres, to new schools and campuses, to world-class attractions such as the MTS Centre, the new Investors Group Field, and the Canadian Museum for Human Rights.

This Budget prepares us for the decade to come.

While Manitoba's economy remains stable, there are risks ahead. The global economic recovery remains uncertain, and major floods are happening more frequently.

This budget rejects short-sighted, reckless cuts to services. Instead, it chooses responsible building and smart investments to protect Manitobans against flooding and economic uncertainty.

This is a growth budget. At a time when some governments are running the risk of cutting off economic growth, we choose to invest in people and communities. Our approach creates jobs, gives more Manitobans training that will help them succeed, and supports healthy families and communities.

By focusing on what matters most to families, Budget 2013 will help guide Manitoba into an even brighter and more prosperous future.