



Minister's Message

This is an exciting time to live in Manitoba. There is a renewed spirit of optimism and strong momentum for growth. Our province's success over eight years can be measured in many ways:

- We have more doctors and nurses
- Housing values are up
- Education property taxes are down
- Building cranes dot the skyline of Winnipeg
- Our youth population is growing
- Investments in highway renewal are at historic high levels
- Water and environmental protection are a government priority
- Record tax reductions have been delivered

Budget 2007 – The Building Budget – builds on these collective successes by charting a strong path for the future. I'm proud to note that this is the eighth balanced budget and the first summary budget in Manitoba's history that fully reflects Generally Accepted Accounting Principles (GAAP). This will provide an open and accountable report of our province's financial well-being and dynamic economic future.

With this budget, we are continuing to build our thriving province while supporting our families, paying down the debt, protecting our water and environment and delivering record tax relief for all Manitobans.

Greg Selinger

Greg Selinger
Minister of Finance



What Manitoba's Budget Means to YOU



Building Manitoba



Now, more than ever, Manitoba is building for the future by investing in key infrastructure projects across the province. From schools to hospitals to highways, the buzz of heavy construction is signaling our province's growth and prosperity. Budget 2007 provides funds that will help build this momentum.

- \$400 million is designated for highways spending – part of the five-year, \$2 billion highway renewal plan that will be the largest highways investment in Manitoba's history.
- Major capital investments will be made in public schools – over eight budgets, these investments total more than \$423 million – including 24 new or replacement schools, 49 school additions and renovation projects and over 950 renewal and access projects.
- A new hospital will be built in Selkirk and renovations will be funded at Seven Oaks Hospital, Steinbach's Bethesda Hospital and St. Anthony's Hospital in The Pas – a new acquired brain injury unit will also be built in Thompson.
- \$33 million will be provided for cost-shared projects such as a wastewater treatment upgrade in Winnipeg, water and sewer projects in Grand Rapids, wellness centres in Swan River, The Pas and West St. Paul and YM/YWCA facilities in Brandon as well as north and south Winnipeg.
- A 50-50 funding partnership has been secured with the federal government to complete the entire Red River Floodway Expansion Project.
- Up to \$25 million will be provided to the University of Winnipeg to support capital projects such as the new Richardson College for the Environment.

The province of Manitoba has been recognized in *BusinessWeek* magazine for making sustainable development a key component of economic development.

Building a Green and Growing Economy

We are setting a new course for our province based on our extraordinary entrepreneurship and innovation, growing the skills of our labour force and the expansion of our clean energy advantages. Budget 2007 builds on this success with strategic investments in a prosperous green economy.

- A proposal call has been issued for new wind power projects totaling 300 megawatts – enough to power 100,000 homes – as part of our strategy to harvest 1,000 megawatts of wind power over the next decade.
- A new 10% Green Energy Manufacturing Tax Credit is being introduced to encourage new and expanded manufacturing of machinery and equipment used to produce renewable energy.
- Eligibility for Manitoba Agricultural Services Corporation's alternative energy loan program will be broadened to support economic diversification in rural Manitoba.
- Investments will be made in the Manitoba Interactive Digital Media Fund to assist the growing number of Manitoba digital media companies with content development, marketing and promotion.
- New resources will focus on strengthening Manitoba's position as a national and international transportation hub.



Building Safe and Strong Communities

The safety and strength of our communities is a priority for all Manitobans. Budget 2007 earmarks

funds for programs that will continue to build thriving and safe communities across our province.

- Adding a total of 30 new police officers in Winnipeg and Brandon as well as for the RCMP – including five officers to deal with repeat offenders in Winnipeg's Stolen Auto Unit.
- The budget doubles the support – to \$800,000 – for the Manitoba Integrated Organized Crime Task Force.
- A new specialized unit will be funded to handle child exploitation cases, including a new dedicated Crown Attorney.
- The successful Neighbourhoods Alive! program will be expanded to Dauphin, Flin Flon, The Pas, Portage la Prairie and Selkirk.
- A 50-50 funding partnership with the cities of Winnipeg, Brandon, Flin Flon and Thompson that was terminated in 1993 will be restored to help improve the affordability and accessibility of transit systems.
- New funding support will be provided for the province's strategies to address crystal meth and FASD.
- Funding will be provided for youth-led programs that help promote positive outcomes for northern youth as well as expanded water safety programs in 25 northern and remote communities.

Building and Improving Health Care

Building the health care system has been Manitoba's number one priority. Budget 2007 continues the commitment to provide Manitobans with better care sooner and closer to home.



- More health care professionals will be trained through an expanded Faculty of Medicine class, increased spaces in the licensing program for international medical graduates, more than 50 new technologist training seats and 3,000 nurses in training.
- \$3 million in new funding will be provided for physician specialist training including emergency room doctors, oncologists and pediatricians.
- Investments will be made in a new state-of-the-art Cardiac Centre of Excellence at St. Boniface General Hospital.
- A new leading-edge, non-invasive cancer knife – the first in Canada – will treat cancers in all parts of the body.
- Funding will be provided for a new ACCESS Centre in northwest Winnipeg that will provide local residents with integrated community-based health care and social services.
- Funds will be invested in a new personal care home for Neepawa.
- Significant resources will be invested in a new burn unit at the Health Sciences Centre that will honour Manitoba firefighters and provide improved care for burn victims.
- New funding will expand Manitoba's long-term care strategy in rural and northern Manitoba.



Building Support for Children and Families

Budget 2007 continues the commitment to Manitoba's children and families by investing in key programs to help them grow and prosper.

- A \$104 million multiyear plan – supported by the federal Housing Trust – will fund safe, secure and affordable housing for seniors and Aboriginals as well as inner-city and northern residents.
- More than \$48 million in new resources will be provided to improve child protection services including caseload reductions, increased funds for foster families and early intervention supports for families.
- The Rewarding Work program will be launched – a four-year initiative to help low-income Manitobans achieve employment and higher incomes.
- A new Manitoba Child Benefit will be available for low-income working families – for families on income assistance, a separate Child Benefit will replace a portion of existing child-related assistance.
- The 55 Plus income supplement will be increased providing low-income seniors with an additional \$2 million annually.
- Budget 2007 increases the provincial investment in child care by more than \$14 million.
- \$9.5 million in new funding for immigration services will enhance settlement services, language training, labour market integration and ethno-cultural and anti-racism initiatives.

Building Protection for our Water and Environment



Manitoba has been nationally and internationally recognized for its leadership in environmental initiatives. This year's budget continues this commitment by funding projects and programs that protect our province's precious natural resources.

- More than \$10 million in additional funds will be invested in water protection, water and sewer projects and the implementation of the Lake Winnipeg Stewardship Board recommendations.
- New climate change legislation will be introduced that will set our target for reducing greenhouse gases and protecting the environment while at the same time contributing to economic development in the province.
- A \$2,000 rebate will be available to Manitobans who purchase hybrid electric vehicles.
- As part of the vision to ensure Manitoba is a leader in biodiesel production, the province is supporting new biodiesel use in long-haul trucking fleets and school buses.
- Community-based energy-efficiency projects will be expanded in Winnipeg, Brandon and the four First Nations of the Island Lake region.
- Funds will be provided to support First Nations in securing a UNESCO world heritage designation for the east side of Lake Winnipeg and to develop resource management boards for sustainable land and resource training.

Manitoba received a first place international award for reducing emissions and tackling climate change at the UN Climate Change Conference.

A recent report from the Canadian Institute of Health Information indicates Manitoba has the shortest wait time in Canada for cardiac bypass surgery and is a leader for radiation therapy with a median wait time of one week.

Building Opportunities for Manitoba Youth



Manitoba's economy is moving forward and the opportunities for our youth increase every day. Budget 2007 invests in new and existing programs that help young Manitobans achieve success right here at home.

- The new Manitoba Tuition Fee Income Tax Rebate will provide post-secondary graduates who live and work in Manitoba with a 60% income tax rebate on eligible tuition fees – making post-secondary education an even higher-return investment and encouraging our youth to put down roots and establish careers in Manitoba.
- The 10% reduction in post-secondary tuition is being maintained for the eighth year in a row with full offsetting revenue provided to universities and colleges.
- An average funding increase of 7% is being provided for universities and colleges.
- \$10.2 million will be invested in scholarships and bursaries to make post-secondary education more accessible for Manitoba students – \$8.2 million for Manitoba bursaries and \$2 million for Manitoba Graduate Scholarships.
- More than \$2 million in new resources will be available for key training and skills priorities including apprenticeship training and flexible funding for addressing critical skills labour shortages.
- A new young Aboriginal entrepreneur initiative will be funded to provide assistance with business development costs.

Building Tax Savings for Manitobans

Budget 2007 builds on the commitment to provide strong tax relief with \$297 million in new tax benefits including personal tax cuts for all Manitobans and \$93 million in business tax savings.

Personal Taxes

- The Education Property Tax Credit will increase by a further \$125 to \$525 representing annual savings of an additional \$40 million for Manitobans.
- The middle income tax rate will fall from 13% to 12.75% January 1, 2008 and the upper income tax bracket will be increased to \$66,000 – part of a multiyear plan to raise the middle and upper income tax brackets to \$35,000 and \$70,000 respectively and reduce the first bracket tax rate to 10.5%.
- Farmland education property taxes will be reduced by a further 20% over four years – bringing the total rebate to 80%.
- The basic personal amount as well as the spousal and eligible dependant amounts will be increased – taking over 6,000 Manitobans off the tax rolls.
- Manitoba is matching the federal pension income-splitting tax changes – saving pensioners an estimated \$11 million annually.

Business Taxes

- Building on previous reductions over the past eight years, the small business tax rate will be further reduced to 2% on January 1, 2008 and will be cut again to 1% on January 1, 2009 – benefiting 80% of Manitoba businesses and making it significantly lower than the rate in other Canadian jurisdictions.
- Following cuts in previous budgets, the general Corporation Income Tax Rate will be further reduced to 13% on July 1, 2008 and to 12% on July 1, 2009.
- The Corporation Capital Tax will be phased out by 2011 beginning with a 20% rate reduction for fiscal years starting after January 1, 2008.
- The refundable portion of the Manufacturing Investment Tax Credit will be increased to 50%.
- The payroll tax threshold will be increased – an additional 200 employers will now be exempt from the tax and 600 employers will pay less tax.

2007 Small Business Tax Rates

