

**Budget Paper E**

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**THE  
MANITOBA  
ADVANTAGE**

# THE MANITOBA ADVANTAGE

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## ■ THE MANITOBA ADVANTAGE

2008 was a year of considerable global economic instability. International financial turmoil and a sharp U.S. recession brought major changes to Canada, with retrenchment and restructuring across several regions and industries.

Over the last decade, Manitoba's economy has been the most stable in Canada. Through the ups and downs of the business cycle, Manitoba has posted a steady, predictable economic performance. Manitobans have enjoyed uninterrupted increases in capital investment, buoyant housing markets and continuous strength in labour markets. In 2008, Manitoba was estimated to have posted one of the highest growth rates among provinces. With a diversified economy, a large and stable service sector and a broad export market, Manitoba's economy is on track in 2009 to outpace the national average for a fourth consecutive year.

It is also this strength that's made Manitoba a destination for those looking for a place to live, work and invest. Over the last two years, Manitoba's population has grown at a higher rate than any time over the past 36 years. At the same time, Manitoba's unemployment rate in 2008, at 4.2%, was the lowest since the early 1970s.

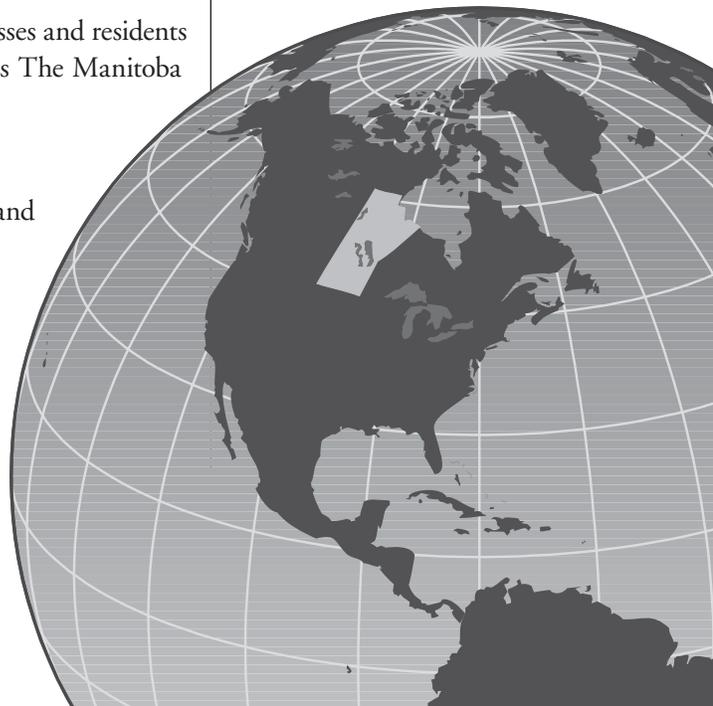
A stable, predictable economic environment is an important asset for a young family considering the purchase of a first home, a recent graduate looking to start a career or a business looking for opportunities to invest. This is particularly true now, as the international economy enters a period of tremendous uncertainty not seen for a generation.

While a stable, growing economy is important, Manitoba provides businesses and residents with a wide variety of other advantages. Together, we call these strengths The Manitoba Advantage:

- a productive, growing, well-educated and multilingual labour force
- a favourable business cost environment, including competitive office and land costs, reasonable construction costs and affordable taxes
- modern and extensive communications infrastructure
- an extensive network of research and development (R&D) facilities and personnel, supporting innovation and productivity growth
- a convenient mid-continent location in the North American central time zone

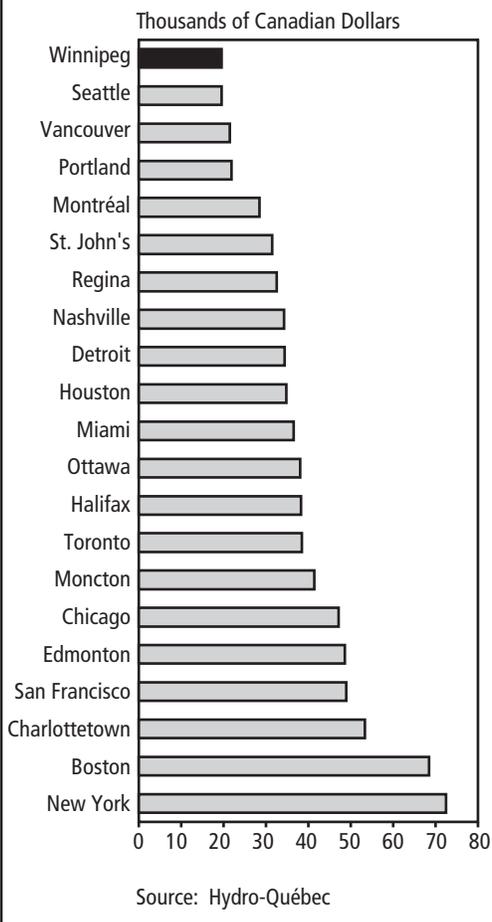
### Credit Rating Agency Improvements for Manitoba, 2000-2008

Date	Agency	Actions
January 2003	Moody's	Upgraded to Aa2
September 2003	DBRS	Upgraded to A (high)
October 2006	DBRS	Upgraded Short-Term Debt Rating to R-1 Mid
November 2006	Moody's	Upgraded to Aa1
November 2006	Standard & Poor's	Outlook upgraded from (stable) to (positive)
December 2007	Standard & Poor's	Upgraded to AA (stable)



- cost-effective transportation links and intermodal facilities providing shipping by road, rail, air and sea
- extensive natural resources including expansive fertile land and abundant clear water
- a very favourable cost of living, including among the lowest auto insurance rates in Canada and North America's lowest electricity costs
- reliable and accessible public services, including quality universal public health care and affordable advanced education opportunities
- safe communities, a dynamic cultural and artistic community, and an attractive natural environment – all of which contribute to an unsurpassed quality of life.

**Monthly Electricity Cost  
Commercial/Industrial Customer  
1,000 kW and 400,000 kWh, 2008**



This budget paper provides details on The Manitoba Advantage, including business and personal costs and taxes, facts on Manitoba's quality of life and Manitoba's Arts and Culture Advantage.

**What is the Manitoba Advantage?**

Manitoba has posted Canada's most stable growth over the last ten years. Diversity is the key to this stability, as the province is home to a wide variety of industries producing a range of industrial and consumer goods including aerospace and bus manufacturing, food processing, pharmaceuticals, financial services, entertainment, electricity, chemicals, minerals, agriculture and transportation. Manitoba's consistent economic performance contributes to a more stable workforce and a predictable local business environment.

Manitoba Hydro is one of North America's major electricity companies and the lowest-cost electricity provider in Canada. About 98% of Manitoba Hydro's installed generating capacity produces clean, reliable and environmentally desirable water power. In Manitoba this is a plentiful resource – about 13% of Canada's fresh water enters Manitoba and moves through to Hudson Bay. Manitoba Hydro currently has a generating capacity of almost 5,500 megawatts (MW) in the province and tremendous potential for future growth with over 5,000 MW more of hydro resources identified for possible development. The utility has started construction on the new 200 MW Wuskwatim hydro-electric generating facility, now due for completion in late 2011. In 2006, Manitoba became home to a new 99 MW wind farm and is currently planning for the addition of a further 300 MW of wind generation.

Manitoba's central location in North America has long made the province a transportation hub. Together, Manitoba's intermodal transportation facilities offer substantial flexibility and cost savings to business, with ready access to the United States. Winnipeg is the largest distribution centre between the Pacific coast and Toronto, and the only major city between Vancouver and Thunder Bay with direct U.S. rail connections. Winnipeg's

extensive and modern rail car marshalling facilities for both national railway systems, Canadian Pacific Railway and Canadian National Railway, can handle over 5,000 rail cars per day. Burlington Northern Santa Fe Railroad has direct connections from Manitoba to the U.S. and service into Mexico. Manitoba is a central nexus for truck cargo, with several of Canada's top for-hire trucking carriers headquartered in Winnipeg. Manitoba has more than 1,000 for-hire trucking companies that operate either interprovincially or internationally. The rapid increase in Manitoba's exports has vaulted the Emerson-U.S. border crossing facility into top spot in the value of truck trade among western Canada's border crossings. With \$14.7 billion in trade traffic in 2007, Emerson is the fifth largest among all Canadian border crossings.

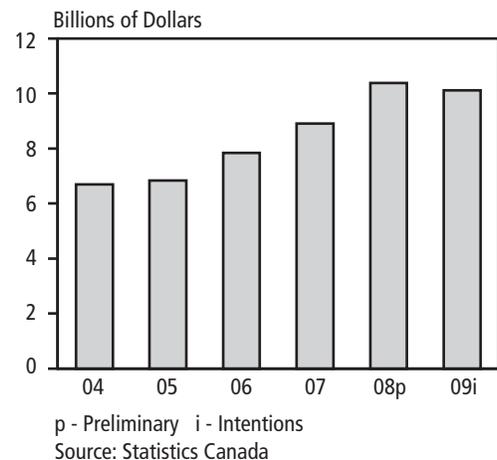
A flexible and convenient air transportation system is vital to business success. Winnipeg James Armstrong Richardson International Airport is one of the few major North American airports that operates 24 hours a day. The airport is also one of the most reliable in the world, averaging less than two hours down time per year. It offers a broad range of services including international carriers, commuter airlines, jet freight, and extensive cargo and courier facilities. The Airport is currently undergoing an extensive, multi-year capital program with total construction investment of \$585 million, including the construction of a new air terminal building. The project will be completed in 2010.

Manitoba is home to the only deep-sea port on the prairies. The Port of Churchill, offers shippers cost advantages for ocean shipping to and from major overseas trading markets through Hudson Bay. The Port has four deep-sea berths to allow loading and unloading of cargo and grain from vessels with up to 70,000-tonne capacity. In 2008, Churchill benefitted from above-average annual grain shipments through the Port. In 2007, Churchill shipped 621,000 tonnes of grain, the most in 30 years.

Manitoba is moving ahead with the development and promotion of CentrePort Canada, Manitoba's inland port. Substantial infrastructure investments will build on the province's well-established network of air, rail, sea and trucking routes. As well, 20,000 acres of land in the vicinity of the Winnipeg James Armstrong Richardson International Airport have been designated for the inland port to serve as a transportation, trade, manufacturing, distribution, warehousing and logistics centre.

With an extensive resource base, Manitoba is a major producer of primary goods. The mining industry processes a wide variety of minerals including nickel, copper, zinc, cesium, tantalum and gold. Manitoba has seen a rapid growth in its oil industry, with record levels of drilling activity over the past few years. Manitoba has a large and long-established forestry industry that produces paper, newsprint and lumber. The inland commercial fishing industry is one of Canada's largest, employing over 3,000 fishers and, with a catch worth \$26 million, accounting for one-quarter of Canada's commercial freshwater catch. A temperate climate, rich soil, fresh water and a large land base have made Manitoba a key

### Capital Investment in Manitoba, 2004 to 2009i



agriculture producer. Careful management of Manitoba's natural endowments ensures the sustainable development of these resources now and in the future.

Manitobans enjoy advanced connectivity through a comprehensive telecommunications infrastructure. Broadband services are widely available and the extensive cellular network covers virtually all of the province's population. High-speed internet is available to the substantial majority of Manitoba households, making Manitoba one of the most broadband-enabled provinces in the country.

Research and innovation continue to play an important role in Manitoba's economic growth and diversification. The province has a strong and growing knowledge cluster in a number of fields, although the R&D presence is most notable in life sciences. Private industry, government and post-secondary institutions contribute to the province's growing R&D infrastructure.

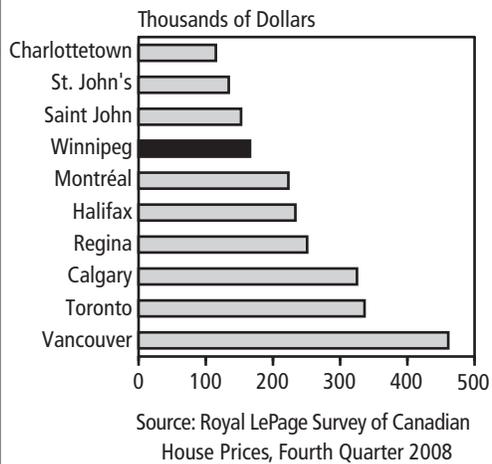
Manitoba remains committed to providing quality public services such as health care. There are no premiums or personal charges for medical services in Manitoba for either employers or individual Manitobans. This is a major advantage over U.S. locations for both businesses and residents. In the U.S., 2008 premiums for employer-sponsored health insurance averaged over US\$12,680 per employee for family coverage, up 119% since 1999.

Having the skills and knowledge to take on the challenges of the 21st century is a prerequisite for a prosperous and growing economy. Manitobans enjoy a quality public education system, including affordable, high quality post-secondary education opportunities in several universities and colleges. Higher education is accessible in Manitoba, with undergraduate tuition among the most affordable in Canada. Approximately 26,000 students attend the University of Manitoba on a full-time or part-time basis. The University offers a wide range of post-secondary programs, including a wide range of graduate programs, sciences and arts, medicine, law, architecture, fine arts, engineering and agriculture. Another 14,000 students are enrolled in study at Manitoba's other four universities. As well as university study, about 16,000 students are enrolled in Manitoba's three community colleges.

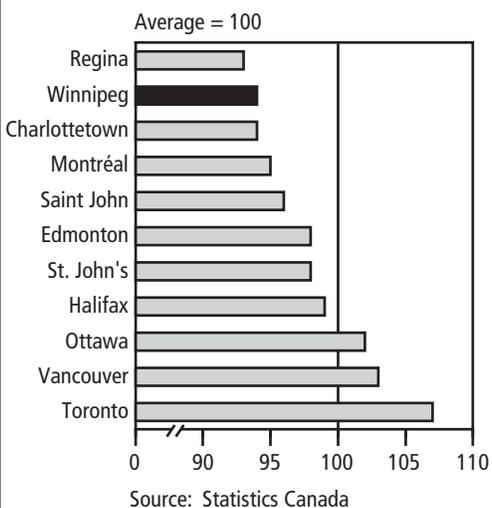
Manitoba's Tuition Fee Income Tax Rebate provides recent graduates with a significant tax advantage for living and working in Manitoba. Manitoba taxpayers qualify if they graduated from a post-secondary institution on or after January 1, 2007, regardless if the post-secondary training took place in Manitoba or elsewhere. Eligible taxpayers receive a 60% income tax rebate on their eligible tuition fees. The maximum rebate is \$25,000, and can be claimed over a minimum of six years or up to 20 years.

Competitive operating costs and taxes have made Manitoba one of the least expensive provinces in Canada to do business. More details on Manitoba's business cost advantage can be found in Appendix 2, Manitoba's Competitive Environment for Manufacturing (see p. 27).

### Average House Price Standard Townhouse



### Index of Retail Prices, October 2007



## Manitoba's Quality of Life Advantage

Manitoba's capital, Winnipeg, is a growing cosmopolitan centre of 712,000. While Winnipeg is a large and modern centre, workers enjoy the benefits of convenient and community-minded living. For example, the median commuting distance to work in Winnipeg is about 6.1 kilometers, the shortest commute of any major Canadian city with a population over 500,000.

Manitobans have a strong community spirit and long tradition of helping others. Manitobans are among the country's leaders in terms of volunteer activity with community, social and charitable groups, with half of the province's population reporting voluntary service. Similarly, Manitoba has the highest percentage of residents among all provinces donating to registered charities.

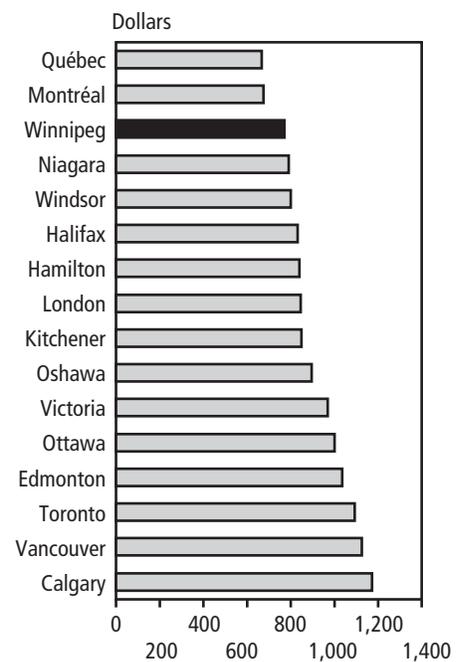
Winnipeg has an active and vibrant artistic and cultural scene, including the Winnipeg Art Gallery, the Manitoba Museum, the Royal Winnipeg Ballet, the Winnipeg Symphony Orchestra, the Manitoba Chamber Orchestra, the Manitoba Theatre Centre and many other live theatre groups. Manitobans love to celebrate their heritage and the arts, so the province boasts 100 festivals held throughout the year – including the Winnipeg Fringe Festival, Folklorama, the Royal Manitoba Winter Fair, the Festival du Voyageur and the Winnipeg Folk Festival.

Manitoba's diverse population has created a rich and rewarding fabric of cultural and artistic accomplishments. For more details, see The Manitoba Arts and Culture Advantage, page 7.

Manitoba has a long sporting tradition. There are professional sports teams in the Canadian Football League, the American Hockey League and the Northern Baseball League. The sport of golf came to the province in the early 1800s and now, with more than 125 golf courses, Manitoba has one of the highest ratios of golf courses to golfers in Canada and one of the highest participation rates in Canada with almost one in three Manitobans teeing off in the province.

Manitoba is recognized for a variety of outdoor attractions. Beaches, lakes, rivers and parks are integral parts of Manitoba's quality of life. Manitoba is a province of 100,000 lakes, with almost 15% of the province covered by lakes and rivers. In Manitoba, you're never far from an opportunity to participate in water sports like canoeing, kayaking, or swimming, or to just relax at one of Manitoba's world-class beaches. Proximity to lakes and affordable vacation homes has given Manitobans one of the highest rates of vacation home ownership in the country. Winters offer extensive family recreation opportunities for skiing, curling, snowmobiling and (of course) hockey! Whether you are an observer or a participant, the choices for recreation are almost endless.

**Average Rents, October 2008  
Private Two-Bedroom Apartments  
CMAs with Population over 250,000**



Note: excludes provincial renters' credits

Source: Canada Mortgage and Housing Corporation

## A Composite Index of Living Costs

While there are several methods of measuring living cost differences between locations, no one measurement method is completely satisfactory. What is being measured, how it is measured and when it is measured are all important factors in establishing reliable living cost differentials.

Manitoba Finance has developed a Composite Index (CI) of Living Costs based on four different measures of living costs. The CI for each province is the simple average of the four index measures for each jurisdiction, with the Canadian average set equal to 100. Each of the indices are based on a method that measures living costs differently, though the results show that there is not a great deal of variance in the relative rankings among provinces in respect of personal costs.

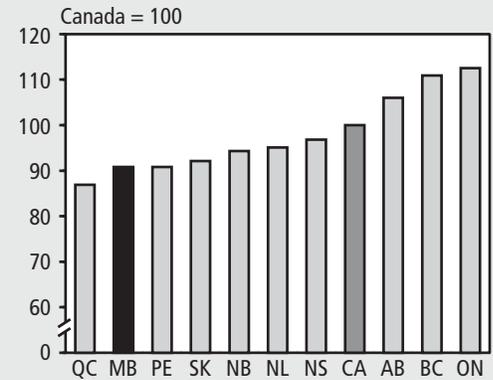
The CI results for the provinces using the latest available data are shown in the adjacent chart with an index value of 100 equal to Canada.

The CI of Living Costs represents the average of four different living cost indices. The four index measurement methods used are:

- Index of Retail Prices, Statistics Canada, for October 2007 (see Chart p. 4)
- Manitoba Budget 2009 Comparison of Personal Costs and Taxes (weighted income and family categories)
- Cost of living measure based on the Human Resources and Social Development Canada's Market Based Measure for a reference family of four for 2007
- Average household expenditures as a share of average income in each province based on 2007 family spending from the Statistics Canada Family Expenditure Survey

The CI of Living Costs currently shows Manitoba to be ranked second-lowest among provinces, tied with P.E.I., with an index value of 91, well below the national benchmark index value of 100.

## Composite Index of Living Costs



Source: Manitoba Finance

### The Manitoba Advantage: Affordable, Competitive

To show Manitoba's cost competitiveness in more detail, two appendices are attached. The first, Interprovincial Comparison of Annual Personal Costs and Taxes (see p. 14), compares provinces' living costs and tax levels for a variety of family types. The second, Manitoba's Competitive Environment for Manufacturing, provides a detailed comparison of the taxes and costs faced by representative manufacturers in various Canadian and U.S. cities (see p. 27).

### ■ THE MANITOBA ARTS AND CULTURE ADVANTAGE

Culture and the arts are an integral part of the Manitoba way of life and the economy. Our strong cultural scene enriches our lives, and is built on our diverse ethnic fabric, world-class attractions, and the imagination and creativity of our citizens. As an economic sector,



culture stimulates creativity and growth. It is for all of these reasons that the Manitoba Government actively supports and promotes arts and culture in the province.

### **The Diversity of Manitoba Arts and Culture**

Manitoba has one of the most diverse cultural environments in Canada. This diversity, combined with our love of the arts and culture, provides the nurturing environment for artistic and cultural expression to flourish.

The Aboriginal communities in Manitoba are among the largest and most creative in Canada. One of the most vibrant Métis communities in North America makes its home here. New initiatives by the Government of Manitoba continue to enrich our communities. The Aboriginal Cultural Initiatives Program, through its Aboriginal Arts Education component and the Aboriginal Music component, help to bring the creative genius of the Aboriginal community together to benefit all Manitobans. The Manito Ahbee Festival for All Nations has celebrated its third successful year showcasing Aboriginal music, arts,

Take the Fort! Concert with Darren Lavallee and the Norman Chief Memorial Dancers (Canadian Cultural Olympiad 2009)



One of North America's premier outdoor music festivals, the Winnipeg Folk Festival attracts an attendance over 40,000 every July.

culture and heritage along with presenting the Aboriginal Peoples' Choice Music Awards. The 2009 Festival and Music Awards will take place from November 4th to 8th, 2009.

Manitoba is home to one of Canada's largest and most dynamic Francophone communities in Canada outside of Quebec and is recognized regionally and nationally for its rich pool of artistic talent and accomplishments. The French Quarter of St. Boniface is home to many arts and cultural groups, such as the Centre culturel franco-manitobain, with its resident Francophone organizations such as the Ensemble folklorique de la Rivière-Rouge, and Le 100 Nons, as well as Le Cercle Molière; Canada's oldest continuously operating professional theatre company. Productions Rivard is an innovative St. Boniface-based film company experiencing rapid growth as a multi-faceted producer and is seen as a leader in Francophone film production outside of Quebec. Independent Francophone musicians are also gaining profile outside the province, with an increased number of national and

## Manitoba Film and Video Production

At 65 per cent, Manitoba now boasts the highest Film Tax Credit in Canada. The television and film production industry continues to do well despite the nation-wide slowdown in 2008/09. The slow-down was attributable to prolonged labour negotiations between U.S. producers and the Screen Actors Guild, and to the high value Canadian dollar early in 2008. Production volumes for 2007/08 reached \$123.4 million on 53 projects. As of January 1, 2009, 31 films have been shot or were being shot in Manitoba representing \$43.7 million. During 2008/09, three Manitoba-made television series were broadcast in primetime, and a number of new feature films and television series are in development. From 2003 through to 2008, the industry has met or exceeded \$100 million in annual production activity. Through the Manitoba Film and Video Production Tax Credit, direct equity financing and other programs, the Manitoba Government provided an estimated \$17.1 million in support for this industry in 2007/08. Over the five-year period from 2003 to 2008, the film and television industry has contributed \$365 million to Manitoba's GDP.

international tours. Other Francophone communities throughout the province are home to numerous annual cultural events and organizations that make Manitoba a great place to live, in both official languages. Co-operation agreements between Manitoba and other Francophone provinces such as Quebec and New Brunswick provide for a broad range of exchanges and opportunities for Franco-Manitoban artists, producers, and organizations to promote the work of Manitoban artists outside of the province, to access expertise and training opportunities, and to develop new models and best practices. In 2008/09, exchanges took place with France, Quebec and New Brunswick in areas such as heritage, theatre, literature, film, sound and the visual arts.

Over a century of immigration has contributed to Manitoba being the most ethnically diverse province in Canada. Today more than 100 languages are spoken across the province as Manitobans proudly maintain the traditions of their ancestors. We celebrate the unique and vibrant blend of our many heritages in a myriad of festivals and celebrations. Manitoba continues to be a preferred destination of new immigrants, whose contributions continue to add to our diversity, enriching visitors and Manitobans alike.

Manitoba is home to the largest Icelandic settlement in the world outside Iceland, one of the largest Filipino communities in Canada, and many vibrant Ukrainian and Mennonite communities throughout the province. In 2009, Manitobans will celebrate the 100th anniversary of Chinese settlement in Winnipeg.



The Festival du Voyageur celebrated its 40<sup>th</sup> year in 2009 with a new record estimated attendance of 105,000 guests.

## Manitoba's Cultural Industries Flourish

Manitoba's cultural industries continue to enjoy a high degree of profile, success and recognition on national and international stages. Miriam Toews won the 2008 Rogers Writers' Trust Fiction Prize for *The Flying Troutmans*, and David Bergen was nominated for his second Giller Prize for his novel *The Retreat*. Both led one of Manitoba's busiest publishing seasons ever and led *Quill and Quire*, Canada's national book trade magazine, to name Winnipeg the Canlit capital of Canada. *The Gargoyle*, a novel written by the first-time Manitoba author, David Anderson, was on the New York Times bestseller list for several weeks in the last half of 2008. The novel was published by The Doubleday Publishing Group.

2008/09 sales by Manitoba's fourteen book publishers increased by \$200,000 to over \$3.3 million. The Manitoba Book Publishing Tax Credit was announced in the 2008 Budget, with publishers' estimating an impact of approximately \$500,000 supporting job creation, better wages and working conditions, and increased use of recycled paper. Key developments in Manitoba's book publishing industry in 2008 included the successful sale of Portage and Main Press, Manitoba's largest publisher, to a new Manitoba partnership ensuring the retention of publishing capacity in the province. Portage and Main Press also completed the publication of the new Grade 5 and Grade 6 social studies text for use in Manitoba schools.

Manitoba's sound recording industry continues to be one of our most dynamic cultural industries with an economic impact similar to that of the film sector. In 2008, Manitoba's audio recording industry association, Manitoba Music, conducted a new Economic Impact Analysis that attests to the continued success of this sector. In 2007, total music industry expenditures reached \$127.9 million and the net positive impact on Manitoba's GDP was \$55.5 million. In 2006/07, there were 180 new music releases and Manitoba artists received over 156 nominations for national and international music awards. This list includes everything from the Grammy Awards, Canadian Country Music Awards, Aboriginal Peoples Choice Music Awards, Western Canadian Music Awards (WCMA), Canadian Independent Music Awards to the Juno Awards. Ten Manitoba acts have been nominated for the 2009 Juno awards in Vancouver. This is more than double the nominations received in 2008. Following Winnipeg's successful hosting of the 2005 Juno Awards and the 2008 Canadian Country Music Awards, Brandon is proud to have been chosen to host the 2009 WCMA.



## Manitoba Attractions and Festivals

Many of Canada's premier cultural attractions are found in Manitoba. The world famous Royal Winnipeg Ballet was the first dance company to be established in Canada and brings Winnipeg to the world through touring performances. The Manitoba Museum is a highlight for visitors to the province, and is one of only three Canadian attractions to achieve the Michelin Guide three-star rating. In 2007, almost 500,000 hometown tourists and travelers visited the Manitoba Museum and seven Manitoba Signature Museums that showcase our province's rich and colourful heritage. The Winnipeg Art Gallery has the world's largest collection of contemporary Inuit art, including over 10,000 sculptures, prints, paintings and textiles. The Manitoba Theatre Centre, Winnipeg Symphony Orchestra, Manitoba Opera, Costume Museum of Canada, and sites like Lower Fort Garry and The Forks, are only a small sample of the hundreds of attractions found throughout the province.

A significant new attraction, The Canadian Museum for Human Rights, is slated to begin construction in Winnipeg in 2009, and is the first national museum to be created since 1967 and the first to be located outside of the National Capital Region. This world-class facility will enhance the public's understanding of human rights and is an important example of Manitoba's vision for continuing to revitalize downtown Winnipeg.

Manitoba also features many contemporary cultural attractions such as the Plug-In Institute for Contemporary Art, the Winnipeg Film Group, the Manitoba Printmakers Association, Graffiti Gallery, and Urban Shaman, an Aboriginal artist-operated centre that presents contemporary visual art exhibitions.

Folklorama is the largest and longest running multicultural event of its kind in the world. In 2008, the festival challenged visitors with "How Far Will You Go?" – visitors responded with 446,000 visits to 44 pavilions at the 39th annual festival. The 40th Folklorama festival is scheduled for August 2nd to 15th, 2009.

*People from around the world are also drawn to Winnipeg's summer festivals, such as Folklorama, one of the world's largest and longest-running multicultural festivals. Folklorama attracted almost 446,000 visits to 44 pavilions during its two-week run in 2008.*

Manitoba is also home to the Hudson's Bay Company Archives, a world renowned documentary heritage collection. The HBC Archives, one of only two archival collections in Canada included by UNESCO in its Memory of the World Registry, reflects the heritage of Canada's west and north and its peoples, and contributes to understanding our land as it is today. The HBC Archives is used by researchers worldwide who have created books, films, television productions, websites and exhibitions from its documents, images and maps. Through an ongoing donation agreement with the Hudson's Bay Company, this rich collection of Canadian Heritage continues to grow and evolve.

There are also exceptional venues across the province, ranging from the newly expanded Keystone Centre and the Western Centennial Auditorium in Brandon, to Prairie Theatre Exchange, Rainbow Stage and the Manitoba Theatre for Young People. In 2004, Manitobans saw the opening of the MTS Centre, a 15,000-seat, \$135 million entertainment centre and arena. According to industry surveys, the MTS Centre is the third-busiest ticket venue in Canada and among the top-thirty busiest facilities in the world.

Manitoba celebrates many world-class festivals throughout the year. In winter, the Festival du Voyageur, the largest winter festival in Western Canada, attracts thousands of visitors to Winnipeg's French quarter. The Northern Manitoba Trappers' Festival in The Pas is a celebration that brings the frontier spirit of the north to life. In Brandon, the Royal Manitoba Winter Fair attracts people from across Canada. St. Laurent hosts the Manipogo Festival, a celebration of ice fishing and of Métis culture.

2009 is Winnipeg Chinatown's centennial year. The Winnipeg Chinese Cultural and Community Centre (WCCCC) will be hosting a series of celebrations to commemorate this milestone. In addition to several New Year celebrations hosted by the WCCCC, in May, His Honour John Harvard and Her Honour Lenore Bersheid will host a reception at Government House to honour Chinatown's 100 years in Manitoba. In the weeks following the reception, a street festival and special community-hosted reception will be held. The WCCCC will also host its biennial Golden Dragon Awards Gala on November 10th at the Winnipeg Convention Centre. This year's honourees are Dr. Lloyd Axworthy, Dr. Tse- Li Luk and Mrs. Eva Luk. To remember this historic year, a commemorative book will be commissioned and published.

People from around the world are also drawn to Winnipeg's summer festivals, such as Folklorama, one of the world's largest and longest-running multicultural festivals. Folklorama attracted almost 446,000 visits to 44 pavilions during its two-week run in 2008. The Winnipeg Fringe Festival, the second-largest festival of its kind in North America, boasted a total paid attendance of over 72,000 in the summer of 2008. The Winnipeg Folk Festival has been providing folk music lovers with great entertainment since 1974 and attracts over 45,000 people each season. The Festival also contributes more than \$16 million to the provincial economy. Other important festivals include the Jazz Winnipeg Festival, Canada's National Ukrainian Festival in Dauphin and the Islandingadagurinn Festival in Gimli. Vibrant community fairs and exhibitions can be found in every corner of the province. Several festivals are also geared for young people, including Freeze Frame,

a film festival for children and young people and the Winnipeg International Children's Festival, which builds on first-rate children's attractions such as the Manitoba Theatre for Young People and the Manitoba Children's Museum.

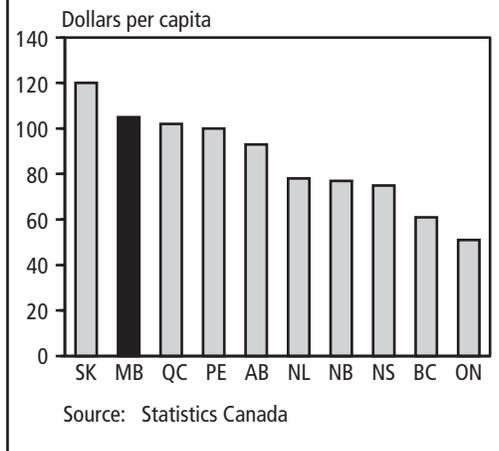
In addition, Manitoba boasts a diverse collection of film festivals that present the best in Manitoban, Canadian and international film and video. A cluster of film festivals take place annually each fall including The Winnipeg Aboriginal Film Festival, Wyndx, the Reel Pride! Film Festival and Cinémental, a French-language film festival. Spring and summer film festivals include the Jewish Film Festival, Freeze Frame and the Gimli Film Festival.

### Provincial Support for Arts and Culture

Culture and the arts are actively supported by the Manitoba government. Statistics Canada reports that Manitoba's per capita spending on culture was the second-highest in Canada at \$105 in 2005/06 (the latest year for which data are available). This is an increase of 10.3% from the previous year and is well above the national average provincial culture expenditure of \$75 per person. The Province also provides substantial support to cultural organizations in Manitoba through tax credits on charitable contributions to these organizations.

Arts and culture play a key role in enhancing our economy and economic competitiveness. Manitoba has one of the highest per capita revenue and attendance levels for arts and culture in Canada and the sector employs over 25,000 people.

**Provincial Government Per Capita Expenditures on Culture, 2005/06**



**■ Appendix 1:  
2009 INTERPROVINCIAL COMPARISON OF PERSONAL COSTS AND TAXES**

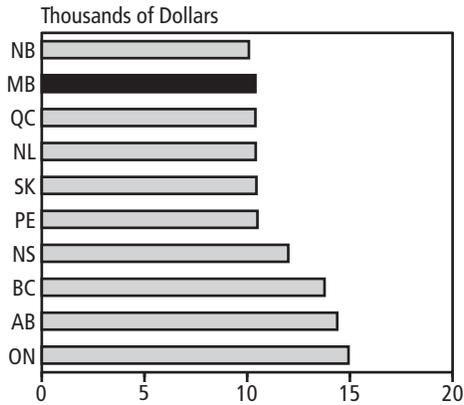
Since 1999, Manitoba’s overall provincial rankings for personal costs and taxes have been among the best in Canada. The following charts show that for 2009 Manitoba remains one of the most affordable provinces in which to live, with among the lowest total combined living costs and taxes for six representative families.

A superior quality of living with lower personal costs and taxes – that is The Manitoba Advantage.

The following charts summarize “Total Personal Costs and Taxes” from the tables in the subsequent pages.

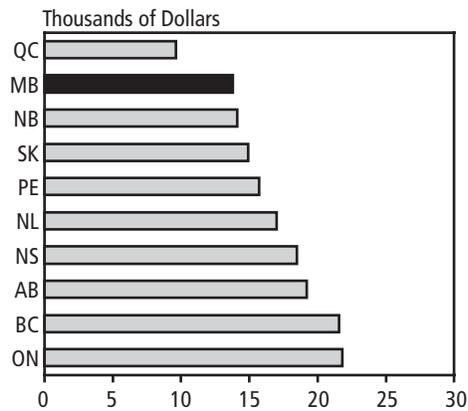
**Single Person Earning \$30,000**

- Second-lowest combined taxes and living costs



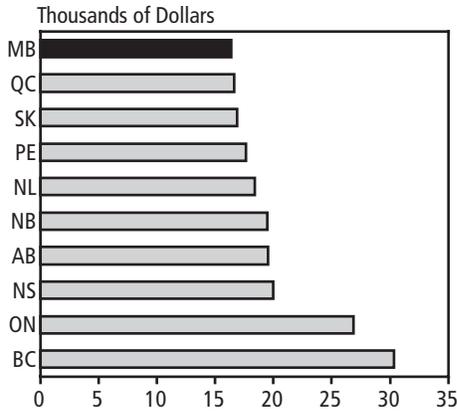
**Single Parent Earning \$30,000**

- Second-lowest combined taxes and living costs



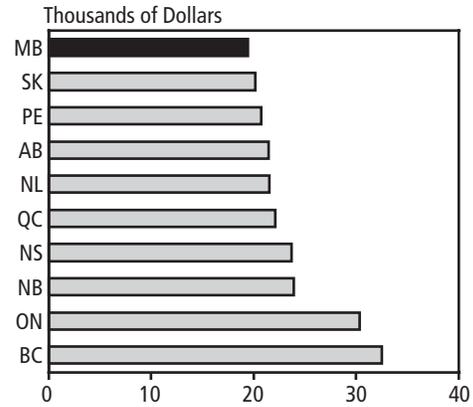
**One-Earner Family of Four Earning \$40,000**

- Lowest combined taxes and living costs



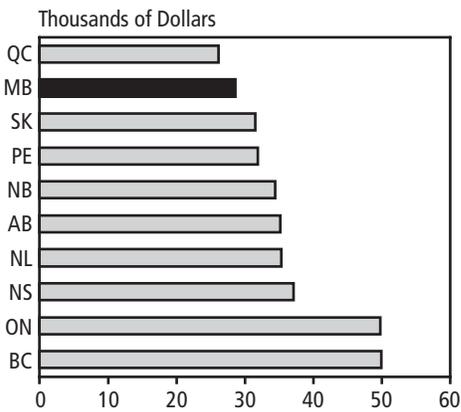
**One-Earner Family of Four Earning \$60,000**

- Lowest combined taxes and living costs



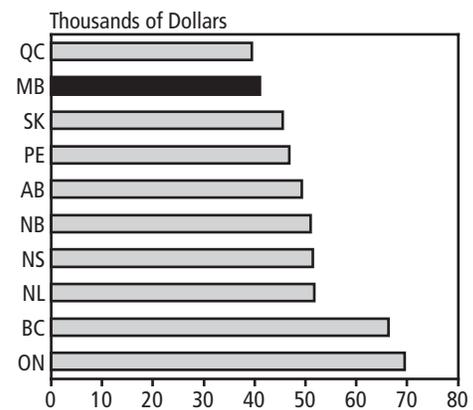
**Two-Earner Family of Four Earning \$60,000**

- Second-lowest combined taxes and living costs



**Two-Earner Family of Five Earning \$75,000**

- Second-lowest combined taxes and living costs



## 2009 Comparison of Personal Costs and Taxes

<b>Single Person: \$30,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	876	1,139	1,240	<b>1,514</b>	1,114
Health Premiums	648	0	0	<b>0</b>	300
<u>Subtotal PIT and Premiums</u>	<u>1,524</u>	<u>1,139</u>	<u>1,240</u>	<u><b>1,514</b></u>	<u>1,414</u>
Retail Sales Tax	332	0	220	<b>287</b>	386
Carbon Tax Credit	(105)	0	0	<b>0</b>	0
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>1,751</u>	<u>1,139</u>	<u>1,460</u>	<u><b>1,801</b></u>	<u>1,801</u>
Rent	10,560	11,412	7,608	<b>7,224</b>	11,124
Electricity	317	649	519	<b>308</b>	510
Public Transit	832	896	609	<b>779</b>	1,229
Telephone	312	279	258	<b>286</b>	263
<u>Total Living Costs</u>	<u>12,021</u>	<u>13,237</u>	<u>8,994</u>	<u><b>8,598</b></u>	<u>13,126</u>
<b>Total Personal Costs and Taxes</b>	<u><b>13,772</b></u>	<u><b>14,376</b></u>	<u><b>10,455</b></u>	<u><b>10,399</b></u>	<u><b>14,927</b></u>
<b>Single Parent One Child: \$30,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	9	0	(516)	<b>(92)</b>	(150)
Health Premiums	691	0	0	<b>0</b>	252
<u>Subtotal PIT and Premiums</u>	<u>700</u>	<u>0</u>	<u>(516)</u>	<u><b>(92)</b></u>	<u>102</u>
Family/Employment Tax Credits	0	(669)	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	(1,443)
Retail Sales Tax	432	0	286	<b>373</b>	502
Carbon Tax Credit	(210)	0	0	<b>0</b>	0
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>922</u>	<u>(669)</u>	<u>(230)</u>	<u><b>281</b></u>	<u>(839)</u>
Rent	10,560	11,412	7,608	<b>7,224</b>	11,124
Child Care	8,616	6,624	5,532	<b>4,888</b>	9,537
Electricity	317	649	519	<b>308</b>	510
Transit	832	896	609	<b>779</b>	1,229
Telephone	312	279	258	<b>286</b>	263
<u>Total Living Costs</u>	<u>20,636</u>	<u>19,861</u>	<u>14,526</u>	<u><b>13,486</b></u>	<u>22,663</u>
<b>Total Personal Costs and Taxes</b>	<u><b>21,558</b></u>	<u><b>19,192</b></u>	<u><b>14,296</b></u>	<u><b>13,767</b></u>	<u><b>21,824</b></u>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					<b>Single Person: \$30,000</b>
1,035	1,888	1,737	2,005	1,570	Provincial Income Tax
570	0	0	0	0	Health Premiums
<u>1,605</u>	<u>1,888</u>	<u>1,737</u>	<u>2,005</u>	<u>1,570</u>	<u>Subtotal PIT and Premiums</u>
430	509	542	343	589	Retail Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>2,034</u>	<u>2,397</u>	<u>2,278</u>	<u>2,348</u>	<u>2,159</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,128	6,216	8,196	6,456	6,696	Rent
323	510	574	748	521	Electricity
658	705	657	649	775	Public Transit
263	266	303	296	266	Telephone
<u>8,372</u>	<u>7,697</u>	<u>9,729</u>	<u>8,149</u>	<u>8,258</u>	<u>Total Living Costs</u>
<u>10,407</u>	<u>10,094</u>	<u>12,008</u>	<u>10,497</u>	<u>10,418</u>	<u>Total Personal Costs and Taxes</u>
					<b>Single Parent One Child: \$30,000</b>
1,549	8	422	756	634	Provincial Income Tax
440	0	0	0	0	Health Premiums
<u>1,989</u>	<u>8</u>	<u>422</u>	<u>756</u>	<u>634</u>	<u>Subtotal PIT and Premiums</u>
(298)	0	0	0	0	Family/Employment Tax Credits
(2,823)	(116)	0	0	0	Child Benefits
559	662	704	446	766	Retail Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>(574)</u>	<u>553</u>	<u>1,126</u>	<u>1,201</u>	<u>1,400</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,128	6,216	8,196	6,456	6,696	Rent
1,820	5,850	7,632	6,370	7,356	Child Care
323	510	574	748	521	Electricity
658	705	657	649	775	Transit
263	266	303	296	266	Telephone
<u>10,192</u>	<u>13,547</u>	<u>17,361</u>	<u>14,519</u>	<u>15,614</u>	<u>Total Living Costs</u>
<u>9,619</u>	<u>14,100</u>	<u>18,487</u>	<u>15,721</u>	<u>17,014</u>	<u>Total Personal Costs and Taxes</u>

Sums may not add due to rounding.

## 2009 Comparison of Personal Costs and Taxes

<b>One-Earner Family of 4: \$40,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,141	635	(84)	<b>2,034</b>	985
Health Premiums	1,296	0	0	<b>0</b>	450
<b>Subtotal PIT and Premiums</b>	<b>2,437</b>	<b>635</b>	<b>(84)</b>	<b>2,034</b>	<b>1,435</b>
Family/Employment Tax Credits	0	(1,277)	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	(408)
Property Tax Credits	(570)	0	(163)	<b>(650)</b>	(58)
Retail Sales Tax	825	0	603	<b>814</b>	1,016
Gasoline Tax	585	180	300	<b>230</b>	294
Carbon Tax Credit	(139)	0	0	<b>0</b>	0
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>3,138</b>	<b>(462)</b>	<b>656</b>	<b>2,428</b>	<b>2,279</b>
Mortgage Costs	19,639	14,077	10,159	<b>8,030</b>	15,786
Property Taxes	3,570	1,895	2,847	<b>2,623</b>	3,193
Home Heating	1,550	1,255	1,206	<b>1,462</b>	1,660
Electricity	571	1,169	934	<b>555</b>	918
Auto Insurance	1,565	1,311	833	<b>1,009</b>	2,756
Telephone	312	279	258	<b>286</b>	263
<b>Total Living Costs</b>	<b>27,207</b>	<b>19,986</b>	<b>16,237</b>	<b>13,965</b>	<b>24,576</b>
<b>Total Personal Costs and Taxes</b>	<b>30,344</b>	<b>19,524</b>	<b>16,893</b>	<b>16,394</b>	<b>26,855</b>
<b>One-Earner Family of 4: \$60,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	2,733	2,600	2,802	<b>4,783</b>	3,395
Health Premiums	1,296	0	0	<b>0</b>	600
<b>Subtotal PIT and Premiums</b>	<b>4,029</b>	<b>2,600</b>	<b>2,802</b>	<b>4,783</b>	<b>3,995</b>
Family/Employment Tax Credits	0	(1,277)	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	0
Property Tax Credits	(570)	0	(163)	<b>(650)</b>	0
Retail Sales Tax	1,230	0	960	<b>1,107</b>	1,499
Gasoline Tax	585	180	300	<b>230</b>	294
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>5,274</b>	<b>1,503</b>	<b>3,899</b>	<b>5,470</b>	<b>5,788</b>
Mortgage Costs	19,639	14,077	10,159	<b>8,030</b>	15,786
Property Taxes	3,570	1,895	2,847	<b>2,623</b>	3,193
Home Heating	1,550	1,255	1,206	<b>1,462</b>	1,660
Electricity	571	1,169	934	<b>555</b>	918
Auto Insurance	1,565	1,311	833	<b>1,009</b>	2,756
Telephone	312	279	258	<b>286</b>	263
<b>Total Living Costs</b>	<b>27,207</b>	<b>19,986</b>	<b>16,237</b>	<b>13,965</b>	<b>24,576</b>
<b>Total Personal Costs and Taxes</b>	<b>32,481</b>	<b>21,489</b>	<b>20,136</b>	<b>19,435</b>	<b>30,364</b>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					<b>One-Earner Family of 4: \$40,000</b>
2,113	2,408	2,748	2,770	2,391	Provincial Income Tax
820	0	0	0	0	Health Premiums
<u>2,934</u>	<u>2,408</u>	<u>2,748</u>	<u>2,770</u>	<u>2,391</u>	<u>Subtotal PIT and Premiums</u>
(467)	0	0	0	0	Family/Employment Tax Credits
(3,136)	0	0	0	0	Child Benefits
(307)	0	0	0	0	Property Tax Credits
1,211	1,317	1,463	930	1,637	Retail Sales Tax
304	214	310	316	330	Gasoline Tax
0	0	0	0	0	Carbon Tax Credit
<u>538</u>	<u>3,940</u>	<u>4,521</u>	<u>4,016</u>	<u>4,358</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
9,078	8,340	8,893	5,818	6,926	Mortgage Costs
3,144	2,276	2,259	2,339	1,676	Property Taxes
2,010	2,493	1,895	2,940	2,832	Home Heating
582	918	1,033	1,346	938	Electricity
1,016	1,211	1,095	890	1,415	Auto Insurance
263	266	303	296	266	Telephone
<u>16,093</u>	<u>15,504</u>	<u>15,478</u>	<u>13,629</u>	<u>14,053</u>	<u>Total Living Costs</u>
<u>16,631</u>	<u>19,444</u>	<u>19,999</u>	<u>17,645</u>	<u>18,411</u>	<u>Total Personal Costs and Taxes</u>
					<b>One-Earner Family of 4: \$60,000</b>
5,402	5,319	5,721	5,495	4,924	Provincial Income Tax
1,140	0	0	0	0	Health Premiums
<u>6,542</u>	<u>5,319</u>	<u>5,721</u>	<u>5,495</u>	<u>4,924</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,513)	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
1,653	2,890	1,831	1,301	2,107	Retail Sales Tax
304	214	310	316	330	Gasoline Tax
<u>5,986</u>	<u>8,423</u>	<u>7,862</u>	<u>7,112</u>	<u>7,361</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
9,078	8,340	8,893	5,818	6,926	Mortgage Costs
3,144	2,276	2,259	2,339	1,676	Property Taxes
2,010	2,493	2,245	2,940	2,932	Home Heating
582	918	1,033	1,346	938	Electricity
1,016	1,211	1,095	890	1,415	Auto Insurance
263	266	303	296	266	Telephone
<u>16,093</u>	<u>15,504</u>	<u>15,828</u>	<u>13,629</u>	<u>14,153</u>	<u>Total Living Costs</u>
<u>22,079</u>	<u>23,927</u>	<u>23,690</u>	<u>20,741</u>	<u>21,514</u>	<u>Total Personal Costs and Taxes</u>

Sums may not add due to rounding.

## 2009 Comparison of Personal Costs and Taxes

<b>Two-Earner Family of 4: \$60,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,242	1,684	1,239	<b>3,100</b>	1,253
Health Premiums	1,296	0	0	0	300
<b>Subtotal PIT and Premiums</b>	<b>2,538</b>	<b>1,684</b>	<b>1,239</b>	<b>3,100</b>	<b>1,553</b>
Family/Employment Tax Credits	0	(1,277)	0	0	0
Child Benefits	0	0	0	0	0
Property Tax Credits	(570)	0	(163)	<b>(650)</b>	0
Retail Sales Tax	1,230	0	960	<b>1,107</b>	1,499
Gasoline Tax	878	270	450	<b>345</b>	441
Carbon Tax Credit	(19)				
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>4,057</b>	<b>677</b>	<b>2,486</b>	<b>3,901</b>	<b>3,493</b>
Mortgage Costs	19,639	14,077	10,159	<b>8,030</b>	15,786
Property Taxes	3,570	1,895	2,847	<b>2,623</b>	3,193
Child Care	17,231	13,248	11,064	<b>9,776</b>	19,074
Home Heating	1,550	1,255	1,206	<b>1,462</b>	1,660
Electricity	571	1,169	934	<b>555</b>	918
Auto Insurance	3,012	2,549	1,615	<b>1,949</b>	5,363
Telephone	312	279	258	<b>286</b>	263
<b>Total Living Costs</b>	<b>45,885</b>	<b>34,472</b>	<b>28,083</b>	<b>24,681</b>	<b>46,257</b>
<b>Total Personal Costs and Taxes</b>	<b>49,942</b>	<b>35,149</b>	<b>30,569</b>	<b>28,583</b>	<b>49,750</b>
<b>Two-Earner Family of 5: \$75,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,907	2,544	2,082	<b>4,206</b>	2,091
Health Premiums	1,296	0	0	0	450
<b>Subtotal PIT and Premiums</b>	<b>3,203</b>	<b>2,544</b>	<b>2,082</b>	<b>4,206</b>	<b>2,541</b>
Family/Employment Tax Credits	0	(1,642)	0	0	0
Child Benefits	0	0	0	0	(213)
Property Tax Credits	(570)	0	(234)	<b>(650)</b>	0
Retail Sales Tax	1,553	0	1,113	<b>1,498</b>	1,850
Gasoline Tax	878	270	450	<b>345</b>	441
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>5,063</b>	<b>1,172</b>	<b>3,411</b>	<b>5,399</b>	<b>4,619</b>
Mortgage Costs	24,345	18,876	15,276	<b>11,858</b>	21,863
Property Taxes	4,289	2,541	4,081	<b>3,564</b>	4,422
Child Care	25,847	19,872	16,596	<b>14,664</b>	28,611
Home Heating	2,583	2,092	2,010	<b>2,437</b>	2,767
Electricity	952	1,948	1,557	<b>925</b>	1,530
Auto Insurance	3,012	2,549	1,615	<b>1,949</b>	5,363
Telephone	312	279	258	<b>286</b>	263
<b>Total Living Costs</b>	<b>61,340</b>	<b>48,157</b>	<b>41,393</b>	<b>35,683</b>	<b>64,819</b>
<b>Total Personal Costs and Taxes</b>	<b>66,403</b>	<b>49,329</b>	<b>44,804</b>	<b>41,082</b>	<b>69,438</b>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
4,783	2,893	2,669	2,923	2,461	<b>Two-Earner Family of 4: \$60,000</b>
1,140	0	0	0	0	Provincial Income Tax
<u>5,923</u>	<u>2,893</u>	<u>2,669</u>	<u>2,923</u>	<u>2,461</u>	Health Premiums
					<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,553)	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
1,653	2,890	1,831	1,301	2,107	Retail Sales Tax
456	321	465	474	495	Gasoline Tax
					Carbon Tax Credit
<u>5,479</u>	<u>6,104</u>	<u>4,966</u>	<u>4,697</u>	<u>5,064</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
9,078	8,340	8,893	5,818	6,926	Mortgage Costs
3,144	2,276	2,259	2,339	1,676	Property Taxes
3,640	11,700	15,264	12,740	14,712	Child Care
2,010	2,493	2,245	2,940	2,932	Home Heating
582	918	1,033	1,346	938	Electricity
1,944	2,329	2,136	1,700	2,779	Auto Insurance
263	266	303	296	266	Telephone
<u>20,661</u>	<u>28,322</u>	<u>32,133</u>	<u>27,179</u>	<u>30,229</u>	<u>Total Living Costs</u>
<u>26,140</u>	<u>34,426</u>	<u>37,099</u>	<u>31,877</u>	<u>35,292</u>	<b>Total Personal Costs and Taxes</b>
QC	NB	NS	PE	NL	<b>Two-Earner Family of 5: \$75,000</b>
7,271	4,236	3,930	4,035	3,495	Provincial Income Tax
1,140	0	0	0	0	Health Premiums
<u>8,411</u>	<u>4,236</u>	<u>3,930</u>	<u>4,035</u>	<u>3,495</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,998)	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
2,100	2,890	2,611	1,593	2,619	Retail Sales Tax
456	321	465	474	495	Gasoline Tax
<u>7,968</u>	<u>7,447</u>	<u>7,007</u>	<u>6,102</u>	<u>6,609</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
14,452	13,977	10,931	8,893	10,894	Mortgage Costs
5,005	3,814	2,777	3,576	2,636	Property Taxes
5,460	17,550	22,896	19,110	22,068	Child Care
3,350	4,155	3,742	4,900	4,887	Home Heating
970	1,530	1,722	2,243	1,563	Electricity
1,944	2,329	2,136	1,700	2,779	Auto Insurance
263	266	303	296	266	Telephone
<u>31,444</u>	<u>43,621</u>	<u>44,506</u>	<u>40,718</u>	<u>45,093</u>	<u>Total Living Costs</u>
<u>39,412</u>	<u>51,068</u>	<u>51,513</u>	<u>46,821</u>	<u>51,701</u>	<b>Total Personal Costs and Taxes</b>

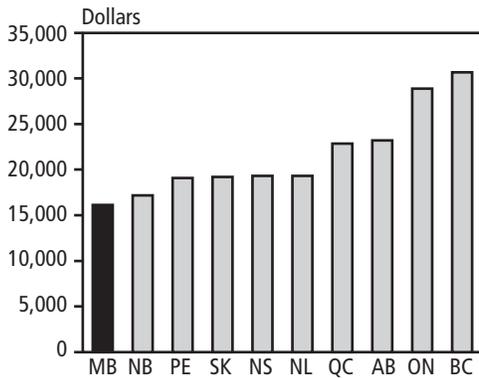
Sums may not add due to rounding.

## 2009 Comparison of Personal Costs and Taxes Net of Graduate Credits and Tuition Rebates

Single Person: \$50,000	BC	AB	SK	MB	ON
Provincial Income Tax	2,289	3,037	3,925	<b>4,584</b>	2,773
Graduate Tuition/Credit Rebates	0	0	(1,500)	<b>(2,500)</b>	0
Health Premiums	648	0	0	<b>0</b>	600
<b>Subtotal PIT, Credit and Premiums</b>	<b>2,937</b>	<b>3,037</b>	<b>2,425</b>	<b>2,084</b>	<b>3,373</b>
Property Tax Credits	(570)	0	(163)	<b>(650)</b>	0
Retail Sales Tax	514	0	391	<b>480</b>	629
Gasoline Tax	585	180	300	<b>230</b>	294
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>3,465</b>	<b>3,217</b>	<b>2,952</b>	<b>2,144</b>	<b>4,296</b>
Mortgage Costs	19,639	14,077	10,159	<b>8,030</b>	15,786
Property Taxes	3,570	1,895	2,847	<b>2,623</b>	3,193
Home Heating	1,550	1,255	1,206	<b>1,462</b>	1,660
Electricity	571	1,169	934	<b>555</b>	918
Auto Insurance	1,565	1,311	833	<b>1,009</b>	2,756
Telephone	312	279	258	<b>286</b>	263
<b>Total Living Costs</b>	<b>27,207</b>	<b>19,986</b>	<b>16,237</b>	<b>13,965</b>	<b>24,576</b>
<b>Total Personal Costs and Taxes</b>	<b>30,672</b>	<b>23,203</b>	<b>19,190</b>	<b>16,110</b>	<b>28,872</b>

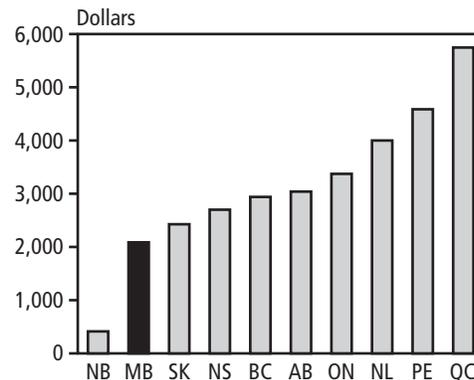
Sums may not add due to rounding.

### Personal Costs and Taxes - Graduate Earning \$50,000



Source: Manitoba Finance

### Net Taxes - Graduate Earning \$50,000



Source: Manitoba Finance

QC	NB	NS	PE	NL		<b>Single Person: \$50,000</b>
5,173	4,413	4,700	4,586	3,998		Provincial Income Tax
0	(4,000)	(2,000)	0	0		Graduate Tuition/Credit Rebates
570	0	0	0	0		Health Premiums
<u>5,743</u>	<u>413</u>	<u>2,700</u>	<u>4,586</u>	<u>3,998</u>		<u>Subtotal PIT, Credit and Premiums</u>
(7)	0	0	0	0		Property Tax Credits
716	1,052	824	558	936		Retail Sales Tax
304	214	310	316	330		Gasoline Tax
<u>6,756</u>	<u>1,679</u>	<u>3,834</u>	<u>5,460</u>	<u>5,264</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
9,078	8,340	8,893	5,818	6,926		Mortgage Costs
3,144	2,276	2,259	2,339	1,676		Property Taxes
2,010	2,493	1,895	2,940	2,832		Home Heating
582	918	1,033	1,346	938		Electricity
1,016	1,211	1,095	890	1,415		Auto Insurance
263	266	303	296	266		Telephone
<u>16,093</u>	<u>15,504</u>	<u>15,478</u>	<u>13,629</u>	<u>14,053</u>		<u>Total Living Costs</u>
<u>22,849</u>	<u>17,183</u>	<u>19,312</u>	<u>19,089</u>	<u>19,317</u>		<b>Total Personal Costs and Taxes</b>

Sums may not add due to rounding.

## NOTES

Provincial taxes<sup>1</sup>, credits and premiums are based on information available on March 20, 2009, for the following major urban centres in each province: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montréal, Saint John, Halifax, Charlottetown and St. John's. Results are not comparable to previous years due to changes in representative cities and data availability at the time of publication.

**Auto Insurance** coverage includes \$2 million Third Party Liability, a \$500 All Perils Deductible, accident benefit and \$2 million Standard Policy Form #44 family protection coverage for those jurisdictions without no-fault injury coverage, and SAAQ (La Société de l'assurance automobile du Québec) injury protection in Montréal. The driver is married, age 35, has been accident- and conviction-free for 15 or more years; the auto is driven to work (a distance of 15 km one way was used when required by insurers). Rates were provided by The Insurance Corporation of British Columbia (BC), SGI Canada (SK), and Manitoba Public Insurance (MB) for those provinces. Rates from other urban centres are the average of the quotes from 10 private insurers available in those provinces. Discounts, if available, for second or multiple vehicles are not included in the auto insurance calculations. Auto insurance for the 2003 Chevrolet Malibu and the 2000 Dodge Caravan are used in these examples, two of the more common vehicles driven in Manitoba. The single-earner families of four at \$40,000 and \$60,000 insure the Malibu, while the two-earner family of four at \$60,000 and the two-earner family of five at \$75,000 insure both the Malibu and the Caravan.

**Child Care** is based on average fees for full-time preschool care. Average fees were based on *Early Childhood Care and Education in Canada: Provinces and Territories*, published by Childcare Resource and Research Unit, and were updated by Manitoba Family Services and Housing.

**Electricity charges** are based on an annual consumption of 8,100 kWh for a detached bungalow for families with \$40,000 and \$60,000 of income, as per the Canadian Intercity Comparison of Taxes, Utilities and Housing (Saskatoon Regional Economic Development Authority Inc.) updated for 2008 by the electricity component of each provinces' Consumer Price Index. Annual consumption is 4,500 kWh for the single person and the single parent, 13,500 kWh for the family at \$75,000, and the cost has been proportionally adjusted using 5,100 kWh as the base charge. Rates do not include municipal taxes or charges.

**Gasoline Tax** is based on annual consumption of 2,000 litres for the single-vehicle families and 3,000 litres for the two-vehicle families; this includes the 6 cents and 1.5 cents per litre levies applied by Vancouver and Montréal, respectively. Harmonized sales tax has been applied to the wholesale price in New Brunswick, Nova Scotia and Newfoundland and Labrador and provincial sales tax has been applied to the wholesale price in Prince Edward Island. The BC Carbon Tax, which came into effect July 1, 2008, has been included in the amount for Vancouver.

**Health Premiums** are annual premiums for hospital insurance and medical services in provinces which levy them. Quebec's Prescription Drug Plan fee is included.

**Home Heating** charges are based on an annual consumption of 3,200 cubic metres for a detached bungalow for families with \$40,000 and \$60,000 of income, as per the Canadian Intercity Comparison of Taxes, Utilities and Housing (Saskatoon Regional Economic Development Authority Inc.) updated for 2008 by the home heating component of each provinces' Consumer Price Index. Annual consumption for the detached bungalow has been proportionally adjusted for a family with \$75,000 of income to reflect the consumption for an executive detached two storey. For the Atlantic provinces, the figures represent the BTU equivalent consumption of fuel oil. Refundable home-heating benefits have been deducted from home-heating costs in Alberta, Nova Scotia, and Newfoundland and Labrador.

**Mortgage Costs** are based on one-half the average home prices for a detached bungalow for families with \$40,000 and \$60,000 of income, and for the graduate with \$50,000, and on an executive detached two storey for a family with \$75,000 of income, per the Royal LePage Survey of Canadian House Prices, Fourth Quarter 2008, assuming a 25-year term, amortized at a five-year interest rate of 5.62% (average of 6 major banks at March 20, 2009).

**Net Child Benefits** represent provincial programs comparable to the Canada Child Tax Benefit for families with children. Provincial child benefit measures are available in British Columbia (BC Family Bonus and the BC Earned Income Benefit), Alberta (Alberta Family Employment Tax Credit), Ontario (Ontario Child Care Supplement for Working Families and the Ontario Child Benefit), Quebec (Child Assistance Payments), New Brunswick (New Brunswick Child Tax Benefit and the NB Working Income Supplement), Nova Scotia (NS Child Benefit), and Newfoundland and Labrador (NL Child Benefit).

**Property Taxes** are based on the assessed values for a detached bungalow for families with \$40,000 and \$60,000 of income, as per the 2007 Residential Property Taxes and Utility Charges Survey (City of Edmonton) updated for 2008 by the property tax component of each provinces' Consumer Price Index. Property taxes for the detached bungalow have been proportionally adjusted for a family with \$75,000 of income to reflect the taxes paid for an executive detached two storey.

**Provincial Income Tax** is calculated for a single renter with \$30,000 earned income, a single parent with one preschool child who rents and has \$30,000 in earned income<sup>2</sup>, and three family profiles with \$40,000, \$60,000 and \$75,000 of earned income<sup>2</sup>, respectively. Families include one income earner, a spouse and two preschool dependent children; two income earners and two preschool children; or two income earners and three preschool children. For two-earner families, one spouse is assumed to earn 60% of the family income while the other spouse earns 40%. Personal non-refundable credits include the CPP/QPP and EI contribution credits. For the single parent, full child care costs for each province have been deducted from income. For two-earner families, eligible child-care costs have been deducted from the income of the spouse with the lower income. Gross Quebec personal income tax has been reduced by the 16.5% abatement from federal income tax. Refundable sales tax credits and provincial tax reductions and rebates have been deducted from income tax payable. Property tax credits for renters are included in income tax, but property tax credits for homeowners are shown separately.

**Rent** is from Canada Mortgage and Housing Corporation's *Rental Market Survey, October 2008*, and is based on the average one-bedroom apartment rent for each urban centre.

**Retail Sales Tax** is based upon an average expenditure basket at the selected gross income levels from the *2007 Survey of Household Spending* (Statistics Canada), inflated to 2008 values using each provinces' Consumer Price Index.

**Transit Fares** are based on adult monthly pass rates in effect in February 2009. The full impact of the federal non-refundable public transit tax credit has reduced the cost of transit fees shown for the single individual and single parent with one child examples.

**Telephone** charges are the basic service rates for individual residences.

<sup>1</sup> Tables reflect 2009 budget changes for British Columbia, Saskatchewan, Quebec, New Brunswick and Canada.

<sup>2</sup> Earned income is net of the Universal Child Care benefit. However, the Universal Child Care benefit has been used in the calculation of taxable income.



## ■ Appendix 2: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

Manufacturing is the largest economic sector in the province, accounting for approximately 12% of provincial GDP and about two-thirds of total foreign merchandise exports. In 2008, manufacturing firms employed 69,000 people in Manitoba. Jobs in the manufacturing sector equal 11.3% of Manitoba's total employment, and only in Quebec and Ontario do manufacturing jobs account for a greater proportion of workers (about 14%). Many more Manitobans work in other industries that directly or indirectly depend on manufacturing activities.

Manitoba's manufacturing sales grew 1.8% in 2008, better than the national decrease of 0.5%. Manitoba's manufacturing sales have outpaced the national increase for eight consecutive years.

Manitoba's manufacturing sector is highly diversified, producing a broad range of industrial and consumer goods. Major manufactured goods include urban and intercity buses, aerospace equipment, primary metals, fabricated metals, industrial chemicals, machinery, pharmaceuticals, processed meats, processed vegetables and grain products, furniture, plastic products and manufactured windows. Manitoba is North America's largest manufacturer of buses. Canada's largest furniture factory, owned by Palliser Furniture Ltd., is located in Manitoba. Maple Leaf Foods operates one of the world's largest and most technologically advanced meat processing plants in Brandon, Manitoba's second-largest city.

Manitoba's competitive business environment continues to attract manufacturing investment. Manufacturers are taking advantage of the province's central location and its excellent transportation links to the rest of North America. Industrial and commercial land costs are lower than in many other major metropolitan centres, and Manitoba's electricity costs are among the lowest in the world. Manitoba has a skilled and well-educated work force ready to take advantage of the opportunities provided by the province's growing manufacturing sector.

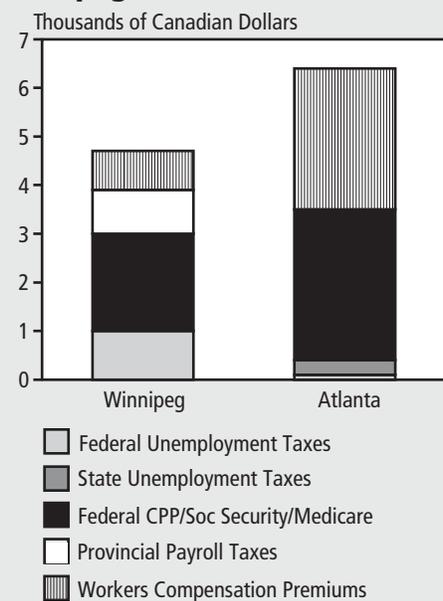
Manitoba Finance's competitiveness model is used to compare the tax structure and cost environment for representative smaller and larger manufacturing firms relative to several other North American cities.

The model simulates start-up, operating, financial and taxation costs over a period of 20 years. It incorporates future changes in taxes that have been announced by the federal and provincial or state governments. Changes announced by Manitoba that are subject to balanced budget requirements are not included. The representative firms' profiles have been updated using the most recent data available from Statistics Canada, local economic development boards and other public information sources.

### Payroll-related levies

U.S. employers pay federal and state unemployment taxes, social security tax and medicare tax and are also required to provide workers' compensation coverage. Canadian employers do not pay provincial employment or federal medicare taxes, though some provinces have payroll taxes. For example, at the same wage level, a firm in Atlanta will have higher payroll-related taxes and levies than in Winnipeg.

### Payroll-Related Taxes and Levies per Employee Larger Manufacturing Firm Winnipeg and Atlanta



## Interjurisdiction Competitiveness

This year's model adds two new cities – Jackson, Mississippi and Atlanta, Georgia – to the comparison. A Canada-U.S. exchange rate of C\$1.22 is used to convert U.S. data to Canadian dollars.

The following indicators are used to assess cost and tax competitiveness for both a smaller and a larger manufacturing firm over a 20-year period:

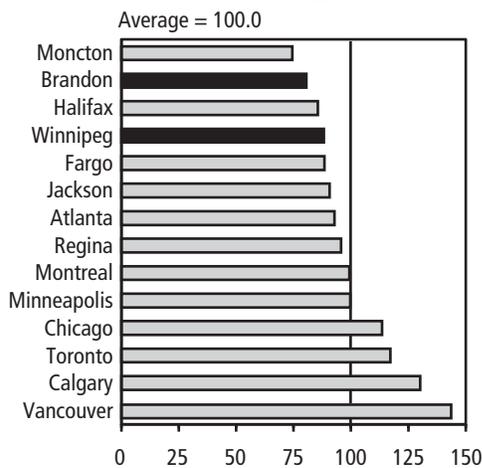
- net cost of investment, or start-up costs (including applicable taxes)
- pre-tax net income
- effective tax rates
- internal rates of return

The model assumes actual costs for each city and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location. The results for each city are compared to the overall average of all cities for each of the indicators and presented in the charts that follow.

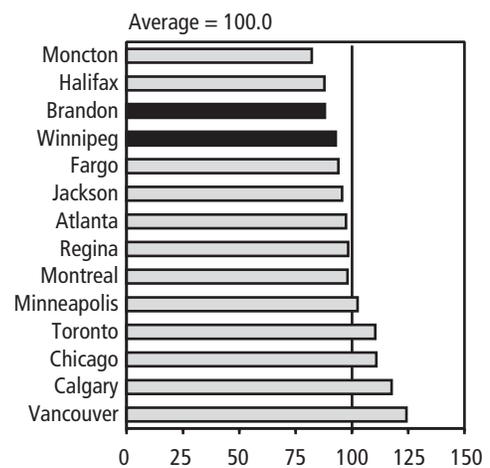
### Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, and machinery and equipment) are lower in Manitoba than the average for all cities. Taxes have a minimal impact on net start-up costs. Investment tax credits on capital asset purchases reduce the net cost of investment. The net cost of investment for larger metropolitan centres tends to be higher than the overall average, primarily because of the cost of land and construction labour costs.

#### Net Cost of Investment Smaller Manufacturing Firm



#### Net Cost of Investment Larger Manufacturing Firm



## Pre-Tax Net Income

Pre-tax net income is used to compare Manitoba's cost competitiveness to the other locations in the model. It is calculated by deducting production material costs and location-sensitive operating costs from fixed annual sales figures. Annual sales are uniform for all locations and are ramped up through the first four years then fixed across the cities at \$4 million for the smaller firm and \$45 million for the larger firm for years five to twenty. Annual production material costs are equal to 46% of sales in a given year.

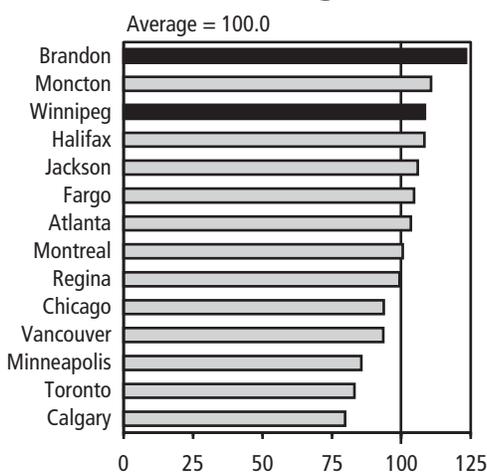
The following location-sensitive costs are also deducted from annual sales:

- average manufacturing wages
- local utility costs for electricity and basic business telephone lines
- interest charges on debt used to finance construction of the manufacturing plants
- depreciation of capital assets: building costs (which vary by city based on local construction wages) and machinery and equipment (which are assumed to be the same across all cities)

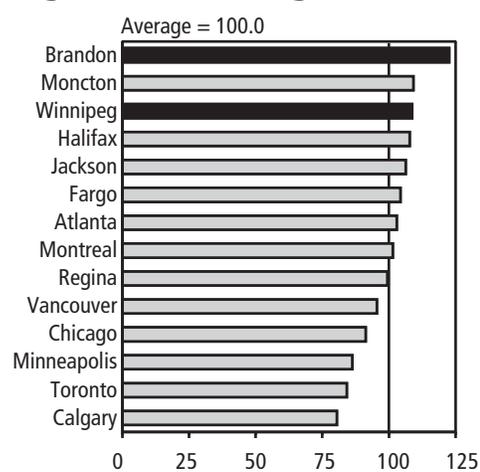
It is common practice to assume in provinces that impose health care premiums that the employer will pay those premiums on behalf of their employees. Previous editions of the manufacturing model followed this practice but that is no longer the case in the 2009 model. The model continues to include as a business cost US health insurance coverage. In the 2009 model, US firms pay the equivalent of \$3,100 per employee, based on a single person's coverage.

Brandon yields the highest pre-tax net income for both the smaller and larger manufacturing firms, while Winnipeg has the third-highest pre-tax net income for both model firms. A talented, well-educated and productive labour force, low utility costs and lower than average start-up costs contribute to the cost advantages of operating a manufacturing plant in Manitoba.

**Pre-Tax Net Income  
Smaller Manufacturing Firm**



**Pre-Tax Net Income  
Larger Manufacturing Firm**



## Effective Tax Rates

Effective tax rates are generated by computing gross taxes as a proportion of pre-tax net income over the 20-year period. The following operating taxes are included in the analysis:

- corporation income taxes
- local property and business taxes
- corporation capital and U.S. franchise taxes
- payroll taxes
- workers' compensation premiums
- statutory pension and unemployment insurance premiums

The following tax expenditures that benefit the manufacturing sector are also taken into account:

- investment tax credits
- tax holidays
- accelerated capital cost allowances
- preferential tax rates

Not included in the model are enterprise zones, grants, and other forms of governmental and third-party financial assistance programs that are subject to an approval process.

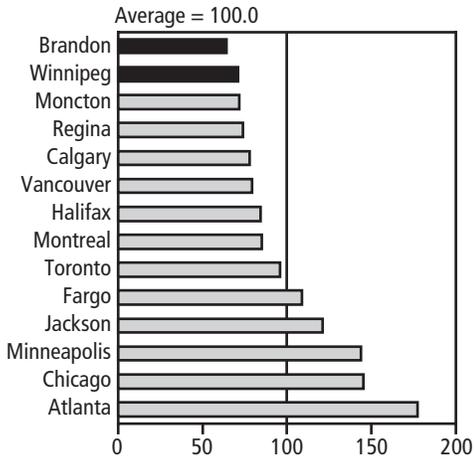
In previous editions of the model, annual operating taxes included employer-paid health insurance premiums in the U.S. and, as is common practice, assumed that employers in Vancouver and Calgary paid their employees' provincial health care premiums. Alberta has eliminated provincial health care premiums, and beginning this year the model does not treat health care premiums paid by employers as a tax. As indicated in the Pre-Tax Net Income section, private health insurance coverage is still captured as a business cost for US employers, but not in Vancouver (health care premiums assessed in British Columbia are captured in Appendix 1: 2009 Interprovincial Comparison of Personal Costs and Taxes).

For both the smaller and larger manufacturing firms, Winnipeg's effective tax rates are lower than the overall average and Brandon has the lowest effective tax rate for a smaller firm. This is consistent with the calculation of marginal effective tax rates (METRs) by the C.D. Howe Institute<sup>1</sup> and Finance Canada, which both show that Manitoba has the lowest METR for manufacturing among provinces west of New Brunswick. The METR is lower in the Atlantic Provinces because of the federal Atlantic investment tax credit, which is available only in that region (and the Gaspé). Though Manitoba has a lower METR than Saskatchewan, the effective tax rate shown for a larger firm in Winnipeg is higher than Regina because effective tax rates in Manitoba's manufacturing model capture more taxes (payroll, local and business taxes) as well as local business cost differentials (like local wages and land costs), unlike the METR model.

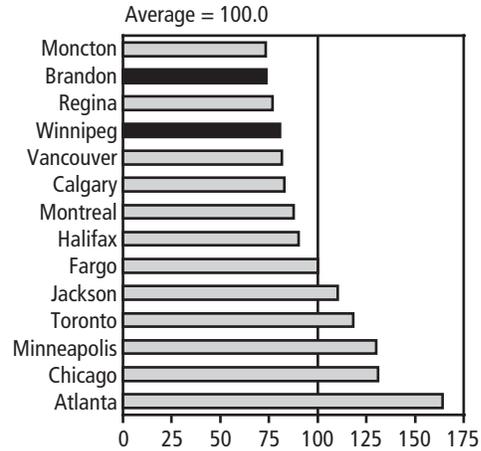
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<sup>1</sup> "Business Tax Reform: More Progress Needed — Supplementary Information," by Duanjie Chen and Jack M. Mintz. See [http://www.cdhowe.org/pdf/ebrief\\_31.pdf](http://www.cdhowe.org/pdf/ebrief_31.pdf).

### Effective Tax Rates Smaller Manufacturing Firm



### Effective Tax Rates Larger Manufacturing Firm

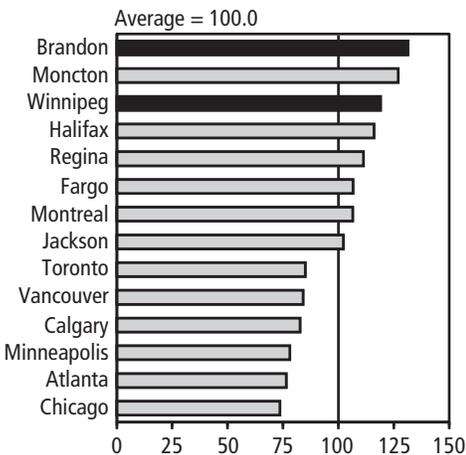


### Overall Competitiveness

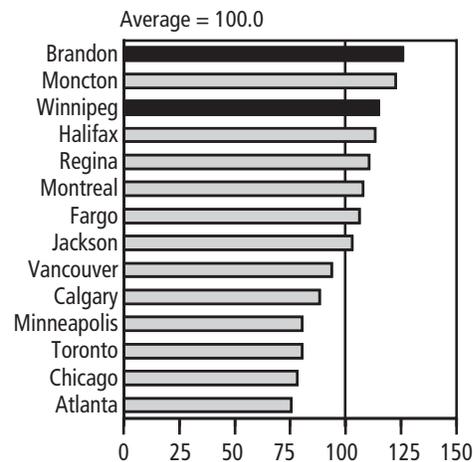
Overall competitiveness is compared by calculating internal rates of return. The internal rate of return is commonly used for business investment and location decision making. The model calculates the internal rate of return for each city using start-up costs and cash flow over the 20-year period, specific to a smaller and a larger manufacturing firm and discounted using commercial interest rates. The following charts illustrate the combined effect of taxes and costs on the internal rates of return for the representative smaller and larger manufacturing corporations in the selected jurisdictions.

The internal rates of return for both Winnipeg and Brandon are above the overall average of the cities included in the study. Brandon has the highest internal rate of return and Winnipeg has the third-highest internal rate of return for both the smaller and larger manufacturing firms.

### Internal Rates of Return Smaller Manufacturing Firm

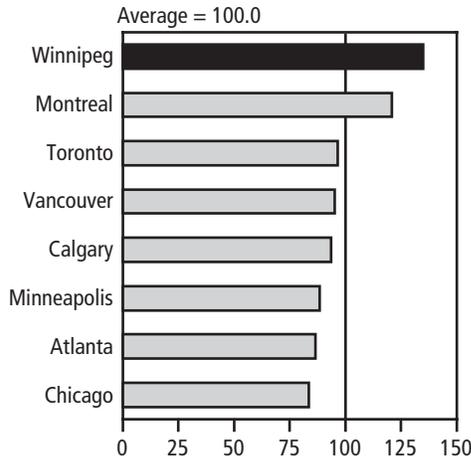


### Internal Rates of Return Larger Manufacturing Firm

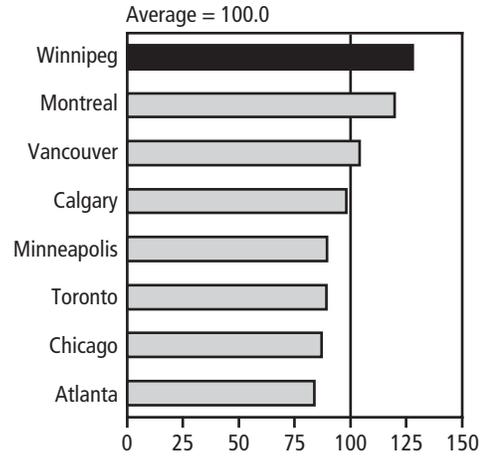


Among cities with populations over 500,000, Winnipeg has the highest internal rate of return for both smaller and larger manufacturing firms.

**Internal Rates of Return  
Smaller Manufacturing Firm  
in Cities over 500,000**



**Internal Rates of Return  
Larger Manufacturing Firm  
in Cities over 500,000**



**CONCLUSION**

Manitoba continues to maintain a highly competitive overall business cost environment for both smaller and larger firms engaged in manufacturing and processing.