The 2009 Manitoba Budget Address

Honourable Gregory F. Selinger
Minister of Finance
March 25, 2009
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- The 2009 Manitoba Budget Address
- Budget 2009
- Budget Papers
  A The Economy
  B Supplementary Financial Information
  C Recent Developments in Fiscal Arrangements
  D Taxation Adjustments
  E The Manitoba Advantage
  F Improved Infrastructure and Fiscally Sound Economic Stimulus
- Estimates of Expenditure and Revenue for the Fiscal Year Ending March 31, 2010
- Budget in Brief
- Tax News
- Facts for Investors
- Financial Reports
- Economic Highlights
- Economic Statistics

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- Le discours du Budget 2009
- Budget 2009
- Les avantages du Manitoba (Rapport supplémentaire du Budget)
- Moderniser le gouvernement (Rapport supplémentaire du Budget)
- Amélioration de l'infrastructure et stimulation responsable de l'économie (Rapport supplémentaire du Budget)
- Le Budget des dépenses et des recettes pour l'exercice se terminant le 31 mars 2010
- Budget en bref
- Le Bulletin de nouvelles fiscales
- Investir au Manitoba
- Rapports financiers
- Fait saillants de l’activité économique
- Statistiques économiques

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THE 2009 MANITOBA BUDGET ADDRESS

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Building Manitoba’s Future

I am honoured to present the 2009 Manitoba budget, a balanced budget and our tenth consecutive balanced budget. Our government is the first in 50 years to bring in a full decade of balanced budgets.

Manitoba has had the most stable provincial economy over the last decade. Investment has increased in Manitoba companies and our labour force has expanded, with more than 10,000 jobs added to Manitoba’s economy in 2008.

We have seen increased immigration, with more than 71,000 new Manitobans coming to the province in the last ten years. Enrolment has increased in our universities and colleges.

Mr. Speaker, we continue to monitor precipitation levels and flood forecasts closely, and we are already working with municipalities to prepare for spring flooding.

Record investments have been made in flood-proofing efforts around the province, with more than $850 million spent since 1999. We have also advanced funding to purchase and deploy additional equipment to enhance our flood-fighting capacity this spring.

Because of these investments, we are confident we will be able to cope with the forecasted flood levels, reducing the effects and minimizing damage to communities, property and infrastructure.

We are living through a time of extraordinary change on a global scale. Since last fall, the world’s financial circumstances have changed dramatically.

Today, news reports from around the world are filled with stories of layoffs, falling profits and reduced revenues, reflecting this uncertain economic reality.

The sound financial management practiced by Manitobans and Manitoba businesses puts our province in a better position than many to face the current economic upheaval. Last year, Manitoba’s economy continued to

MANITOBA’S ECONOMIC PLAN

We are implementing our 10-point economic plan outlined in last November’s Throne Speech to maintain a steady economy while building for the future.

1. Balanced Budget – Balancing the budget allows us to continue to support Manitobans, their families and their communities.

2. Savings for the Future – Manitoba’s Fiscal Stabilization Account will stand at $634 million in 2009/10, up from $226 million in Budget 1999 and allowing for a $110 million investment in vital services.

3. Focusing on Skills and Knowledge – Investments in education, training and skills development will help Manitoba prosper in the knowledge economy.

4. Growing Through Innovation – Budget 2009 recognizes that research and innovation generates new business opportunities, creates jobs, supports immigration and builds the economy.

5. Modernizing Infrastructure – Investing more than $1.6 billion in infrastructure projects will create jobs and stimulate our economy.

6. Strategic Tax Cuts – Personal, corporate and small business tax initiatives planned for 2009 will continue to maintain the purchasing power of families and the financial strength of business.

7. Increasing Access to Credit and Capital – We will help businesses deal with tighter credit and capital markets.

8. Tackling Debt and Pension Liabilities – Addressing debt and our pension liability supports Manitobans by reducing costs and ensuring pension funds are available in the future.

9. Helping Manitoba Communities – We are making investments to keep Manitoba affordable and safe in uncertain economic times.

The dividend of this steady financial management is the ability to stimulate our economy today and build for the future. Manitoba will not be immune to a global recession, but we are determined to take advantage of our economic strengths to sustain our quality of life.

We have moved quickly to implement an economic stimulus plan by accelerating infrastructure projects and investing in education, training and innovation. Going forward, we will continue to implement this plan by pursuing opportunities for economic growth, while maintaining affordability for Manitobans.

We must be realistic about the challenges that lie ahead. Experts predict the economy will continue to be volatile over the next 12 to 24 months. To deal with this, we have developed a plan to create and maintain jobs and critical services. We have made some difficult decisions, but have been balanced in those decisions.

We are dedicating investments to create jobs in the near term and building the foundation for prosperity in the future.

This budget offers a balanced plan that:

- stimulates the economy and improves access to credit for businesses;
- makes key investments for Manitobans and their families for the services they need; and
- identifies practical strategies to reduce costs and modernize government.

In the last decade, we have supported new initiatives in health care, education, training and housing. We continue to increase our investments in these key areas, to ensure the improvements we have made are maintained and strengthened.

More than one-third of government departments will hold the line or see slight decreases. But we are not standing still. We are continuing to modernize government and build innovative partnerships to improve services for Manitobans.

Mr. Speaker, Manitoba is well positioned to take advantage of our fundamental strengths – our diversity, our agility and our creativity.

This budget will help our province weather the current economic storm and prepare us for a more prosperous future.

**Infrastructure Investments**

Manitobans have told us we need to invest in infrastructure projects to create jobs and stimulate our economy.

We are acting on this sound advice. We have already made record investments in social housing and schools, highways and roads, health care, and water and sewer systems.

Budget 2009 builds on this approach with further investments in priority areas. It increases capital investment to $1.6 billion, a $625 million increase that will create and maintain about 10,000 person-years of employment.

To ensure these infrastructure investments achieve the maximum effect, we need to be agile and flexible in our approach.

We support the strategic investments recently announced by the federal government, providing significant funding for infrastructure projects, with a particular focus on much-needed investments in social housing.

We are matching the federal social and affordable housing funding to further our work in this area.

Mr. Speaker, I am pleased to announce the province’s largest-ever investment in social housing. We will spend $387 million on social and affordable housing, more than double the amount spent in 1999/00.

We know low-income Manitobans, especially women, struggle to find affordable housing. Our investments include more than $160 million in capital funding for the rejuvenation of existing facilities, including Lord Selkirk Park and Gilbert Park in Winnipeg and the
Brandon Tenant Park. We are also increasing our funding to the successful HOMEWorks! program to provide new, affordable housing across the province.

Budget 2009 also provides funding for a range of housing options for individuals with mental health issues at risk of homelessness.

We will also continue to work with the Manitoba Métis Federation on housing options and opportunities.

Our schools must grow to meet the needs of our expanding communities. Since 1999, the provincial government has provided more than $483 million in capital funding for public schools.

Budget 2009 includes funding for a significant new, multi-million four-year school capital program which will include the construction of new schools as well as renovations to existing facilities.

At post-secondary institutions, we have provided more than $565 million in new capital and maintenance projects over the last decade.

This work will continue with additional investments for:

- projects at University College of the North in The Pas, Thompson and other regional centres;

- projects at Brandon University and the Len Evans Centre for Trades and Technology at Assiniboine Community College in Brandon;

- trades facilities at Red River College;

- the University of Winnipeg’s science complex and the Richardson College for the Environment; and

- Project Domino and maintenance projects at the University of Manitoba.

Our roads and highways link our families and communities, supporting business and connecting us to the continent. We have introduced major investments into our highway program, creating a five-year renewal plan to modernize aging infrastructure. We will also use stimulus funding provided through the 2009 federal budget to add to this work.
During the 2009/10 construction season, investment in road-related projects is increasing by approximately 30 per cent, to $535 million. This additional funding will create new jobs while building better roads and supporting our economy.

Manitoba is in a prime position to build on its strengths as a trade and transportation province, a vision we share with the business community.

CentrePort Canada, a private sector-led corporation created to develop and promote Manitoba’s inland port, takes advantage of our location in the heart of the continent and relies on the skills and expertise of Manitoba business and labour.

We continue to support CentrePort Canada by building on our modern transportation connections to provide reliable access to markets across the continent. We are also expanding the fuel tax exemption for international cargo flights to include direct and indirect flights to the United States.

This project will provide a competitive advantage and help make Manitoba the location of choice for industries and manufacturers looking for new and innovative ways to get their goods to market.

Our investments in facilities and equipment have modernized the health care system, bringing state-of-the-art services to Manitobans. Later this year, the Artiste, a linear accelerator combined with imaging technology, will begin providing high-precision non-invasive surgery to Manitoba patients – a first in Canada.

In 2004, the Emergency Care Task Force undertook a review of emergency health care in Winnipeg, and recommended plans for service improvements. This included a number of capital investments in emergency care, including expanding and upgrading emergency departments at Seven Oaks General Hospital and Concordia Hospital in Winnipeg.

We are continuing that work. Work has been done to improve emergency care at Health Sciences Centre, and construction will soon begin on the redevelopment of the emergency department at Victoria General Hospital. We continue to develop the first-in-Canada mental health crisis centre, and a site is expected to be announced shortly.

Our government has invested in building modern health care facilities throughout the province, such as:

- renovations to the pediatric asthma and allergy clinic at Children’s Hospital in Winnipeg;
- a residential care and outreach facility for addictions services in Thompson; and
- the redevelopment of the emergency room at the Portage and District General Hospital.

We continue to invest in health capital initiatives. Work will soon begin on several projects, including:

- renovations and upgrades to the Westman Regional Laboratory in Brandon;
- construction of a state-of-the-art cardiac sciences facility at St. Boniface General Hospital;
- additional hemodialysis investments in Russell, Gimli and Winnipeg; and
- a new, 80-bed Aboriginal personal care home in Winnipeg.
An important part of healthy communities is ensuring that drinking water and wastewater systems are properly managed to protect water supplies for the future and encourage community development.

With federal and municipal government support, investments in Manitoba water protection will total over $1 billion in the coming years. In Budget 2009, our provincial contribution of $46 million will be augmented with additional funding from other governments to support work in urban, rural and Aboriginal and Northern Affairs communities.

We are also supporting the development of a water and wastewater technician training program to ensure the long-term availability of qualified operators in Manitoba communities.

Flood damage poses significant risks not only to Manitobans, but also to our provincial economy. The Red River Floodway Expansion Project has substantially increased flood protection for the residents of the City of Winnipeg, East St. Paul and West St. Paul, and the project is on schedule to deliver 1-in-700 year flood protection in 2009.

The expansion has already resulted in economic opportunities, providing work for more than 2,500 people and more than 120 companies.

These investments will help us protect Manitoba communities from flooding this spring and in the years ahead.

As the floodway project reaches completion, the Manitoba Floodway Authority will partner with East Side communities to build an all-purpose road. Building on the floodway’s successful Aboriginal Set-Aside Initiative, the program will ensure local residents have the opportunity to share in the project’s economic benefits.

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**Provincial Share of Education Costs**

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<td>09/10</td>
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1 - forecast

Notes: Data shown includes operating costs, capital costs, teachers’ pension costs and the property tax credit

Sources: Education, Citizenship and Youth - FRAME
Manitoba Finance

**Manitoba’s Education Opportunities**

When other governments faced economic uncertainty in the past, cuts were made to much-needed services. Admissions to physician and nursing schools were reduced, college and university enrolments fell, funding for innovation and training slowed and tuition costs rose dramatically.

Our government’s plan is to emerge stronger than ever before. We know we must keep investing to strengthen our province and grow our economy in new and knowledgeable ways.

Education and training are the cornerstone of our economy. To keep moving forward and building our province’s future, we will continue to invest in our greatest resource – the people of Manitoba.

Mr. Speaker, we are investing in today’s skills to build tomorrow’s innovation.

This year, we have made significant investments in our public schools, raising operating investments by $53 million, or 5.25 per cent, and ensuring every single school division in Manitoba will receive increased financial support.
We have also continued the Tax Incentive Grant to encourage divisions to hold the line on property taxes while focusing on the needs of students and parents.

Our post-secondary institutions provide exciting and vibrant settings for learning. We are focusing on programs and services to ensure quality education and training opportunities are available.

Mr. Speaker, we are increasing base operating grants and strategic program investments, totalling a six per cent increase for our colleges and universities.

Over the last decade, we have introduced new measures to train more health care providers in Manitoba, ensuring a strong health care sector.

We have increased physician training seats at the medical school from 70 to 110 and enhanced access for rural students. Mr. Speaker, this year more medical students are staying in Manitoba to continue their residency training. We have also launched a first-of-its-kind physician assistant master’s program at the University of Manitoba.

To continue our support of Aboriginal medical students, we are doubling the amount for scholarships to ensure funds for both first- and second-year students.

Mr. Speaker, Budget 2009 will also create new training opportunities for nurses in Manitoba, increasing opportunities at the University of Manitoba, Brandon University and the University College of the North.

All Manitobans should have the opportunity to go to college or university. We will increase funding to the Bright Futures Fund to encourage disadvantaged students to stay in school and consider a post-secondary education. This investment will help expand successful youth-oriented programs such as Career Trek, and provide support for new initiatives.

Our Tuition Fee Income Tax Rebate continues to offer an incentive for graduates to start their careers in Manitoba, returning 60 per cent of eligible tuition fees up to a maximum of $25,000.

To help support Manitoba students and ensure continued access to affordable education, we are increasing funding to the Manitoba Bursary Fund.

We expect to receive the Levin report on tuition and accessibility in the next ten days. We will continue to consult and work with the public and other stakeholders to ensure continued access, affordability and excellence in education for Manitoba youth and their families.

We have already committed to implementing new training opportunities to help workers in northern communities adjust to difficult economic times. With support from the federal government, Manitoba will expand skills training opportunities for individuals, particularly those affected by labour market changes.

Budget 2009 reflects increased federal funding under the Canada-Manitoba Labour Market Agreement and the Canada-Manitoba Labour Market Development Agreement, to support training opportunities for Manitobans affected by the economic downturn who need to learn new skills.

Budget 2009 will also provide increased funding to develop and expand programs, including literacy, at adult learning centres across the province.
We are further investing in apprenticeship programs to ensure industry has the skilled labour needed to grow companies and create new opportunities for young Manitobans.

Mr. Speaker, Budget 2009 will:

- fund additional apprenticeship training seats;
- establish a new bursary fund for current and prospective apprentices demonstrating financial need; and
- provide a new financial incentive to encourage youth to pursue careers in the skilled trades after graduation from high school.

Budget 2009 continues our support of the Northern Essential Skills Training Initiative, which helps unemployed and under-employed people upgrade the skills they need to enter apprenticeship programs and advance their careers. This helps address potential labour and skill shortages that could limit economic growth in the north.

Aboriginal workers make up a growing segment of Manitoba’s population. We are committed to working with our partners – First Nations and Métis leaders, Aboriginal communities, the private sector and our federal and provincial counterparts – to ensure a bright and secure future for Aboriginal youth, while building our workforce and growing our economy.

**Business and Innovation**

The world is Manitoba’s market, and our province’s diverse population connects us to the far reaches of the globe. We have one of the faster-growing biosciences sectors in Canada, a strong research sector and innovative companies that continue to develop and market new products.

In these turbulent times, it is vitally important for our government to continue to build business and innovation opportunities.

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**Research and Development Expenditures**

<table>
<thead>
<tr>
<th>Years</th>
<th>Millions of Dollars</th>
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Note: Dates are for the fiscal year ending March 31.
Sources: Statistics Canada and Manitoba Science, Technology, Energy and Mines

Research makes innovation possible. It finds new solutions to old problems and leads to new technological discoveries.

Mr. Speaker, Budget 2009 builds on our investments in knowledge and provides additional funding for innovation, to support Manitoba Research and Innovation Fund initiatives and develop opportunities for the future.

Since this fund’s creation in 2003, the province has provided research and innovation support for health and agriculture, technology and aerospace, new media industries and alternative energy developments.

To help Manitoba companies emerge from the current economic situation stronger than before, and to encourage co-operation between companies and research organizations, the Research and Development Tax Credit will be made refundable for corporations that work with research institutes in Manitoba on new technologies. At 20 per cent, Manitoba has the highest research and development tax credit in the country.

In January, we signed a new, four-year Canada-Manitoba Economic Partnership Agreement to support competitiveness in our province. Under the agreement, each government will invest $25 million to fund projects...
that promote sustainable regional development, further diversifying our economy.

This will support successful projects such as the Advanced Manufacturing Initiative, which encourages industry to reduce waste and implement lean manufacturing principles to increase productivity and better weather difficult financial times.

The Premier’s Economic Advisory Council brings together the business and labour communities, along with Aboriginal, academic and community leaders, to advise us on pressing economic issues. Their much-valued advice and leadership on projects such as CentrePort Canada helps us make the best possible decisions for Manitoba’s economy.

The newly-formed Manitoba Innovation Council is beginning their work. The council will work to build closer relationships between the business, research and investment communities, and lead in the development of a stronger culture of innovation in Manitoba.

Businesses can save by looking at ways to use resources more efficiently. Green Manitoba and Manitoba Hydro will introduce a new PowerSmart Shops program to help small businesses save energy and dollars through energy-efficiency upgrades.

We are working to support small businesses and provide easier and faster access to services and credit that will help them grow in these turbulent economic times.

The Business Start Program offers loan guarantees to help entrepreneurs establish new businesses and create jobs. To create more opportunities, we increased the maximum loan guarantee from $20,000 to $30,000.

We are expanding the use of tax increment financing to support revitalization and renewal initiatives focused on projects that will result in significant economic development and community revitalization.

The Manitoba Industrial Opportunities Program provides loans for businesses wishing to create or maintain jobs by expanding or upgrading their Manitoba operations.

New Flyer Industries is just one example of a company that has used this program to build their company and achieve great success.

Mr. Speaker, we are tripling the value of loans available through the program to ensure companies have access to the credit they need to support their businesses.

We are also making a tangible investment to protect Manitoba workers. Budget 2009 provides funding to implement Manitoba’s first-in-the-country legislation, which improves protection for foreign workers wanting to live and work in the province.

We are increasing resources to address workplace safety and health issues, ensuring Manitoba workers remain safe on the job.

Ongoing sustainability of the mining industry is also needed to ensure the stability of our provincial economy.

Mr. Speaker, we are introducing reduced taxation rates for mining to stimulate investment in this sector. Effective this July 1, rates will fall to ten, 15 and 17 per cent, depending on taxable income.

We are increasing support for additional exploration by doubling the available tax credit from ten per cent to 20 per cent effective April 1, 2009, rising to 30 per cent effective April 1, 2010. We are also extending the Manitoba Mineral Exploration Tax Credit for three more years.

Manitoba’s Aboriginal Procurement Initiative, the first comprehensive provincial program of its kind in Canada, has resulted in a 28 per cent increase in Aboriginal businesses providing goods and services. This initiative, recommended by the Premier’s Economic Advisory Council, has increased the participation of Aboriginal businesses working with government.

None of this work would be possible without strong links to Manitoba’s business and labour communities. We will continue to consult with them to ensure Manitoba’s economy remains strong and competitive.
Mr. Speaker, Budget 2009 is balanced, with a projected net income of $48 million and includes 1.8 per cent growth in summary expenditures.

Our summary budget includes core government departments, all Crown corporations, other reporting entities and our pension obligations.

Manitobans’ personal disposable income per capita, after accounting for inflation, has increased by 6.7 per cent over the last two years. In 2009, Manitoba is expected to outperform Canada in real income growth for the third consecutive year. Real incomes per capita are forecasted to grow about one per cent, compared to virtually no growth projected for Canada.

The net debt-to-GDP ratio has been reduced by more than 25 per cent since 1999. This year, given the extent of our economic stimulus investments, we expect it will increase but will still remain more than 25 per cent lower than in 1999.

Manitoba’s debt servicing cost has been cut by 55 per cent, from 13.2 cents of every dollar of revenue in 1999/2000 to 6.0 cents in 2009/2010.

We’ve seen similar improvements in our Crown corporations. For example, Manitoba Hydro’s debt-to-equity ratio is projected to be 75:25 in the coming year, compared to 86:14 in 1997/98.

Since coming into office, we have implemented specific measures to ensure sound fiscal management. We have continued to pay down debt while ensuring the costs of core government capital investments are amortized and fully reflected in annual budgets.

Starting April 1, 1961, the province failed to fund the employer’s current service contributions. This led to an accumulated and unfunded liability of almost $3 billion in 1999/00 and would have reached $8.5 billion by 2035.

In 2002, our government began to pay these costs for new employees. We are proud to confirm that today, we meet our obligations to sound pension funding. Mr. Speaker, we now pay the employer’s current service contributions for all civil servants and teachers across the province.

Addressing this pension liability supports workers and their families by ensuring pension funds are available in the future.

We will also consult with all members of the Legislative Assembly about directing slated salary increases to their pension liability.
We have a responsibility to make the best possible choices to ensure a sound future for this province. The Fiscal Stabilization Account acts as a shock absorber to ensure core government programs are not disrupted when exceptional circumstances arise.

And so, we have made the choice to use $110 million from the Fiscal Stabilization Account to ensure we can maintain vital programs and key services.

This allows us to continue to support Manitobans, their families and their communities, providing both stability and new opportunities while we face economic challenges.

We remain committed to providing vital services while paying down our debt. However, we must do so in a responsible way, reflecting the current economic environment, slowing down some of our commitments and only implementing initiatives that are sustainable within a balanced budget framework.

Most jurisdictions in Canada will fund stimulus through deficit this year. In Manitoba, our stimulus will be partially funded through reducing debt repayments within the balanced budget legislation.

To balance these needs, amendments will be introduced to provide the government more flexibility in making the debt payment required by balanced budget legislation.

However, we will continue to address our unfunded debt, and have budgeted $20 million in 2009/10 for further debt...
repayment and pension liability reduction. We anticipate, at a minimum, making a payment of a similar level next year.

The balance that would otherwise be used for debt retirement will be used to address infrastructure, stimulate the economy and create jobs.

Mr. Speaker, we have a solid record of reducing taxes for Manitoba families and businesses while keeping budgets in balance, reducing debt and pension liabilities and increasing support for key services, from social housing to health care.

Manitoba is one of the most affordable provinces in the country, with a reasonable cost of living and a high quality of life. We have reduced personal taxes to ensure Manitoba remains an affordable place to live.

Despite tough times, Mr. Speaker, Budget 2009 lowers taxes. We are implementing all the 2009 tax commitments made in earlier budgets. We are also introducing tax savings to help maintain the purchasing power of families and the financial strength of businesses.

In 2009, Manitobans are realizing $30 million in personal income tax savings thanks to changes announced a year ago. These include tax rate and tax bracket changes, new and enhanced tax credits, and the introduction of Tax-Free Savings Accounts, which are exempt from both Manitoba and federal income taxes.

Since 2000, the average Manitoba property owner has experienced significant tax relief. Statistics Canada reports property taxes here have remained flat, while average growth in other provinces was 24 per cent.

We continue to act on property taxes, at a pace that reflects our current economy. This year, we will increase the basic Education Property Tax Credit to $650. In future years, we will further increase this credit to fulfill our $700 commitment.

We are also increasing the Farmland School Tax Rebate to 75 per cent.

Small- and medium-sized businesses employ thousands of Manitobans, providing much of the entrepreneurship and vitality in our economy. To keep business strong and growing, we have reduced the small business income tax rate from eight per cent in 1999 to just one per cent today.
## Summary Budget Outlook

<table>
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<td>10,091</td>
<td>10,222</td>
<td>10,428</td>
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<tr>
<td>Programs and Services</td>
<td></td>
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<tr>
<td>Other Reporting</td>
<td>2,364</td>
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<tr>
<td>Entities</td>
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<td><strong>TOTAL EXPENDITURE</strong></td>
<td>12,455</td>
<td>12,681</td>
<td>12,941</td>
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<tr>
<td>Restatement</td>
<td>(8)</td>
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<td>Adjustment</td>
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<td><strong>SUMMARY NET INCOME</strong></td>
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<td>Balance under</td>
<td>424</td>
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<td>244</td>
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<tr>
<td>Balanced Budget</td>
<td></td>
<td></td>
<td>Legislation</td>
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</table>

Numbers may not add due to rounding.

**NOTES:**

1 Core Government revenue includes net income of Manitoba Lotteries Corporation and Manitoba Liquor Control Commission; that income is eliminated in the Consolidation Adjustment.

*Revenue and expenditure projections for GBEs and Other Reporting Entities are based on information provided by the entities.

Fiscal projections beyond 2010/11 have become subject to a very high degree of uncertainty due to the current volatility in both the global and national economic outlooks.
Mr. Speaker, I am very pleased to announce that we will become the first province to permanently eliminate the small business income tax. Starting December 1, 2010, companies eligible for the small business rate will pay zero tax on eligible income up to $400,000, ensuring Manitoba will have one of the friendliest tax environments for small businesses in North America.

We remain committed to two previously announced business tax reductions: the general Corporation Income Tax rate will drop to 12 per cent this coming July 1, and the phase-out of the general Corporation Capital Tax will continue, with final elimination by the end of 2010.

In the current economic environment, it is more important than ever to provide incentives for investment, innovation and skill development.

To do just that, we will:

- double funding for the Community Enterprise Investment Tax Credit, providing $17 million more in investment capital for small- and medium-sized businesses;
- double the value of shares a business can apply for under the Community Enterprise Development Tax Credit, giving businesses increased access to capital;
- expand apprenticeship tax credits to include advanced level apprentices;
- extend the co-op student and graduate components of the Co-op Education and Apprenticeship Tax Credit, the most comprehensive credit of its kind in the country; and
- parallel business tax changes announced in the 2009 federal budget, including increased depreciation rates for manufacturing machinery and equipment, as well as computer systems.

We are proud of our record and recognize the challenges the current economic environment poses to all Manitobans. Consistent with our plan to keep moving forward, we will maintain our dialogue with the business community to look at reasonable and equitable approaches to business taxation.

The majority of Manitobans acting as primary caregivers are women. Those caring for family members or others may be eligible for the Primary Caregiver Tax Credit. We are now introducing changes to make it easier to access the credit for caregivers of people with disabilities.

We will also introduce tax initiatives focusing on the health of Manitobans and the health of the environment.

These include:

- increasing tobacco tax rates, which will rise by one cent per cigarette to 18.5 cents at midnight tonight;
- extending the Green Energy Equipment Tax Credit to include solar thermal systems in addition to geothermal systems;
- doubling the basic credit for agricultural producers who take action to protect riverbanks and lakeshore areas under the Riparian Tax Credit program beginning in 2009;
- making the retail sales tax exemption for manure slurry tanks and lagoon liners permanent to help livestock producers meet their environmental responsibilities; and
- extending the Odour Control Tax Credit to the end of 2011.

To promote recycling, the Waste Reduction and Recycling Support Levy will be introduced on Class 1 landfills, starting in 2009. Revenues from this levy will be rebated to municipalities based on the amount of waste recycled. For example, the city of Winnipeg could expect to receive as much as $2 million annually. Funds will also be used to expand e-waste and hazardous waste recycling throughout the province.

**Focusing on Key Services**

Manitoba will not be immune to the challenges posed by the global economic slowdown. The services we provide have to benefit the province as a whole, and we must balance current and future needs carefully.

Our government has listened to the concerns of Manitobans.
Investing in the basics – health care, families, communities and the environment – will provide for Manitobans now and add stability to our economy, while positioning Manitoba more strongly for economic growth in the years ahead.

Enhancing Health Care

Health care remains a top priority of this government. We will continue to move forward to make strategic investments and maintain quality care for Manitobans, building on our record over the last ten years.

Front line staff make our health care system work, and strategic investments have been made in health human resources. Mr. Speaker, the number of nurses and doctors in Manitoba has grown dramatically. Since 1999, there are more than 1,800 additional nurses and 288 more doctors working today to meet the needs of Manitobans across the province.

Budget 2009 invests funding to continue this work, including investments in the successful recruitment and retention of physicians, particularly in northern and rural Manitoba, and supporting training for advanced intensive care nurses.

Funding in Budget 2009 will expand the successful midwifery baccalaureate program to students in southern Manitoba.

According to the Canadian Institute of Health Information, Manitoba provides the highest provincial drug coverage in the country, paying 53 per cent of prescription drug expenditures for Manitobans. Since 1999, we have added more than 2,000 new drugs to Pharmacare and the average benefit paid has risen from $1,211 in 1998/99 to $2,542 in 2008/09.

Prices of drugs continue to rise, making it difficult to maintain quality coverage without adjusting costs. Since 1999, the costs of Pharmacare have risen more than 220 per cent. Because of these rising costs, provincial drug costs are projected at $282 million in 2009/10.

We remain committed to providing quality Pharmacare coverage while maintaining affordable deductibles for Manitobans. We are making changes to the program to reduce the effect of income increases on Pharmacare deductibles. This means that for more than 70 per cent of recipients, increases will be less than $5 per month.

We are implementing additional improvements to emergency care in Manitoba. Budget 2009 also includes funding to hire more emergency room staff and add new ambulances to our provincial fleet.

Manitoba is recognized as a leader in reducing wait times. Significant investments have shown results for Manitobans. For example, the median wait for hip and
knee surgeries was 31 weeks in January 2007. Mr. Speaker, the median wait was 15 weeks in January 2009.

We continue to invest in innovative programs to improve access to health care for patients.

Budget 2009 provides funding to expand the successful Advanced Access initiative, helping clinics reduce wait times by modernizing scheduling systems so patients can access their doctor in a more timely fashion.

We have also invested in supports for people with acquired brain injuries, including opening a new facility at Selkirk Mental Health Centre.

Budget 2009 provides more funding for capital investments in addictions and mental health. We are continuing the development of Magnus Centre, a multi-agency facility in Winnipeg that will offer a comprehensive range of services under one roof.

Manitobans also need information on options that can reduce their risk of illness and encourage healthy living. We will raise awareness about screening for and preventing chronic diseases, such as diabetes, cancer and stroke.

We will continue our work with Aboriginal communities and leaders to enhance access to primary and acute health care services, as well as healthy living programs.

**Stronger Families**

A strong and thriving province must work for the good of all its residents. Investments in education and training, economic development and job creation not only build our economy, but also support poverty reduction efforts and improve the well-being of Manitobans.

Since 1999, we have introduced a number of measures to support Manitoba families and reduce poverty. Increases to the Education Property Tax Credit reduce the tax burden for low-income Manitobans, especially women. Increases to the minimum wage have strengthened the purchasing power of more than 28,000 minimum wage earners and their families.

Our investments in social housing and the Manitoba Shelter Benefit have also made a difference for Manitobans in need, including low-income women.

Today, 40 per cent fewer Manitoba children are living in poverty than a decade ago, but there is still work to be done. We must ensure we create conditions for Manitobans at all income levels to have the opportunity to be successful.

We will create a new program called Rebound, to provide training and employment opportunities for Manitobans to
support skill development and reduce the need for income assistance.

Today, we are also proud to announce further enhancements to the Manitoba Shelter Benefit, including raising income eligibility levels and additional support for some Manitobans receiving Employment and Income Assistance.

Through the Northern Healthy Foods Initiative, the province co-ordinates projects to promote nutrition and build capacity to access healthy foods. Our government will take further action on food security to ensure Manitobans have access to healthy and nutritious food.

We are also providing additional funding to Siloam Mission and the Thompson Homeless Shelter to support the services they provide.

Every child deserves the opportunity to flourish. We continue to act on recommendations to protect Manitoba children through Changes for Children, our multi-year plan of action to strengthen Manitoba’s child welfare system. We are funding increased supports for children in care, as well as hiring more workers to focus on prevention and protection, and an improved case management system.

Budget 2009 also includes funding to:

- continue support for the Fetal Alcohol Spectrum Disorder Strategy;
- expand mental health crisis stabilization services in Thompson and the Interlake to provide short-term intensive care and treatment for youth in the community; and
- implement the second phase of Tracia’s Trust, the province’s sexual exploitation reduction strategy.

Healthy Child Manitoba will also receive additional funding for programs that support Manitoba children and their families.

Many Manitoba families need access to high-quality child-care services for their children. As part of our strategy to create 6,500 newly funded child-care spaces, we introduced funding for 2,350 newly-funded spaces last fall.

Recent studies say that affordable child care is one of the top priorities for women. We continue to make child care a priority in Budget 2009, providing funding to support:

- additional child-care and nursery school spaces;
- wage increases for child-care centre staff of three per cent, effective July 1;
- investments in a record number of training spaces initiated last year; and
- recruitment and retention initiatives.

We will also fund the development of new school-based family resource centres, to help Manitoba families become more involved in and supported by their schools.

We need to continue to support people with disabilities in Manitoba, ensuring they have the services they need to reach their full potential.

Budget 2009 provides increases for community living supports for Manitobans with mental disabilities, and will enhance access to applied behaviour analysis services for preschool and school-aged Manitoba children living with autism.

**Building Manitoba Communities**

In times of economic uncertainty, it is important we continue to support our cities, towns and municipalities, balancing their current needs with investments in their futures.

**Urban**

Manitoba’s urban communities are centres of economic development and growth. Over the last decade these communities have grown, taking possibilities and turning them into opportunities.

Budget 2009 continues to support urban communities.

For services such as affordable transit, road maintenance and repair, and public safety, the City of Winnipeg will receive more than $213 million in funding, an increase of $10.5 million over 2008 levels.
We have examined the issue of funding for ambulance services in the City of Winnipeg. As a result, the city will receive $4 million in new funding, reducing costs to the city and taxpayers and increasing our commitment for emergency care.

We have also increased our funding for the Main Street Project to maintain services for people in need.

As part of our commitment to reducing the effects of climate change, Budget 2009 includes close to $3 million in additional operating funding for Winnipeg transit services.

The best ideas for neighbourhood revitalization come directly from communities. Neighbourhoods Alive! helps community organizations in designated areas rebuild their neighbourhoods.

In Budget 2009, funding will continue the expansion of this successful program in seven Winnipeg inner-city neighbourhoods (Daniel McIntyre, St. Matthews, Centennial, West Alexander, North Portage, Dufferin and St. Johns) as well as five other centres (Dauphin, Flin Flon, Portage la Prairie, Selkirk and The Pas).

When newcomers arrive in Manitoba, it is important we ease their transition into our province's social and economic life.

Budget 2009 continues to encourage immigration and help people make Manitoba their home. Our investments will continue to foster welcoming and inclusive communities across the province.

**Rural and Northern**

Successful communities don't happen without hard work and commitment. Mr. Speaker, Budget 2009 includes funding to support communities outside Winnipeg today, and build the foundation for growth in the future.

In 2009, Manitoba’s municipalities and communities will receive $84 million, a more than $4 million increase in funding over 2008 levels for roads, transit, public safety and other municipal infrastructure and service priorities.

In addition, we are increasing funding for rural economic development initiatives by 8.7 per cent over last year.

A key government priority is ensuring the food that Manitobans eat is safe. New legislation was introduced last fall to strengthen food safety systems as food moves from our farms to the forks of Manitoba families.

Budget 2009 includes funding to expand our food safety programs including:

- increasing inspections of provincially registered food processing and manufacturing facilities;
- introducing on-farm food safety programs for livestock producers;
- developing and implementing a food safety database; and
- creating a food safety strategic plan.

We are investing in value-added food processing in Brandon and Neepawa, which will help position Manitoba during ongoing negotiations regarding country-of-origin labelling.

We are enhancing the Rural Entrepreneur Assistance Program for full-time, small and home-based businesses, by making more businesses eligible for the program.
We continue to support producers with our business risk management programs, including increased funding for our AgriStability program, and providing enhanced coverage for forage crops and soybeans through our AgriInsurance program.

We continue to work with livestock producers as they invest in improved nutrient management technologies and systems.

We will invest in resources for the province’s animal welfare program, as well as enhancements to laboratory capacity to help producers with diagnosis and treatment of animal diseases to maintain Manitoba’s high-quality livestock and processed livestock exports.

We are also working with our partners from Aboriginal organizations and communities on development initiatives, local and regional infrastructure projects and new opportunities to build strong, vibrant communities.

Budget 2009 includes support for technology training through the Northwest Community Futures Development Corporation, which supports 13 communities in Northwestern Manitoba.

We will also establish a GO Centre in Northern Manitoba to support the production of local healthy foods in the North.

We are continuing to partner with the Manitoba Métis Federation to establish a Métis economic development fund, and support other opportunities such as education.

Our long-term care plan to strengthen community housing in rural and northern areas will continue to expand to ensure access to community-based housing options for seniors.

In addition, seniors in our rural and northern communities will have continued access to community-based programs that provide support services, such as congregate meal programs that keep seniors in their communities longer.

**Auto-theft Rates**

People need to feel safe in their homes and their communities, at work and at play. We have worked with communities, organizations and local neighbourhood groups to reduce crime.

In fact, Mr. Speaker, auto theft in Winnipeg has decreased by approximately 66 per cent since 2004.

Total costs for police, prosecutions, courts and corrections have increased $24 million since Budget 2008. To enhance the safety of Manitobans and offset these costs, we are increasing court costs, small claims courts filing fees and fines for speeding by a total of $4.3 million.

Police officers lead our efforts to prevent and address criminal behaviour, and work hard to keep Manitoba communities safe. Mr. Speaker, we are supporting hiring ten new police officers for the City of Winnipeg and one new police officer for Brandon.

Manitobans have also been asked to provide input into changes to The Provincial Police Act, to ensure the legislation will meet the needs of both the police and the citizens they protect.

Recently, construction has been completed on the expansion of the Milner Ridge Correctional Facility, and
this year, construction will begin to replace the Women’s Correctional Facility.

Budget 2009 also includes funding for additional staff and resources at Milner Ridge and other correctional facilities.

We will continue to expand the successful Lighthouses program, which helps prevent crime by supporting youth and providing community-based recreation opportunities.

The SafetyAid program will be further expanded to support seniors in rural and northern Manitoba, as well as enhancing a program to help victims of crime obtain restitution ordered by the court.

Reducing family violence and providing safe places for victims is another way to ensure the safety of Manitoba women and children.

Budget 2009 includes increased funding for shelter renovations, improved shelter security and expanded services for children in Winnipeg, including the expansion of a low-conflict access program.

Severe weather can also create unsafe conditions for Manitobans. We are moving ahead with plans to improve emergency alerts and public awareness. New radio towers will be constructed to enhance weather radio coverage across the province.

Increased funding for the ice jam mitigation program, along with the addition of a second Amphibex, will further protect Manitobans from floods. We are expanding hydrologic services to further support flood protection efforts.

**Renewing Environmental Resources**

Investing in the emerging green economy today will position Manitoba to be an economic leader in the future. We will continue to encourage sustainable development and address climate change while ensuring our natural resources are protected.

Manitoba’s green strategy is already benefiting our province. We continue to support the development of hydro-electric projects in Northern Manitoba to create clean energy sources that fuel the economy and reduce the effects of climate change.

Manitoba Hydro is a key partner in our fight against climate change. Arrangements have been made for sales of clean hydro-electric power into Minnesota and Wisconsin.

Manitoba Hydro has partnered with Nisichawayasihk Cree Nation on the construction of the Wuskwatim generating station, development work continues on Conawapa and talks are currently underway for the hydro-electric development of the Keeyask generating station.

Investments have been made to ensure the timely reviews of licencing for these and other projects.

The Governments of Canada and Manitoba, along with Manitoba Hydro, have committed more than $60 million for northern Aboriginal pre-project training related to hydro-electric development in northern Manitoba. To date, 2,000 Aboriginal Manitobans have received skills assessments and training for employment on new dam projects.

Manitoba Hydro is also in negotiations to develop a new 300-megawatt wind farm project, further diversifying
our energy resources. And, we are continuing to invest in expanding geothermal power. These continuing investments in wind, geothermal and other alternative energies are an important part of our climate change action plan.

To further support Manitobans making energy-efficient improvements to their homes, Manitoba Hydro will reduce the interest rate on its popular PowerSmart Residential Loan from 6.5 per cent to 5 per cent. Since 2002, the program has provided $188 million to 48,000 Manitoba homes, reducing energy bills and creating jobs.

Our green strategy includes programs to ensure Manitobans can access environmentally responsible options for recycling unwanted electronic equipment and household hazardous waste.

Mr. Speaker, we are increasing support to our e-waste initiative so electronics can be recycled at no cost to the public. We are also expanding funding to continue the collection and disposal of household hazardous waste to keep products out of Manitoba landfills.

The Office of the Fire Commissioner will research and develop ways to incorporate more environmentally-friendly and safer practices for building construction in Manitoba.

We will continue to invest in our natural resources by:

- working with Manitoba fishers to establish a new governance framework for Lake Winnipeg;
- undertaking more scientific research to support nutrient reduction options;
- developing long-term objectives for nutrient reduction in the Lake Winnipeg basin;
- investing additional resources for the inspection of livestock manure storage facilities and on-site wastewater facilities;
- investing in the growth and development of conservation districts to deliver more effective land and water management; and
- funding the Nature Conservancy of Canada to protect natural environments in Manitoba.

We are developing a new wetlands protection and restoration initiative, including the restoration of the province's largest marshes, including Delta Marsh. This will help reduce greenhouse gases, improve drought resistance and water quality, enhance flood protection and restore wildlife habitat.

Healthy forests are important to the ecosystem. To protect the environment and support our recreation and eco-tourism industry, we have introduced legislation to prohibit logging in 80 out of 81 provincial parks and all future parks.

We are also investing in improvements to the Pineland Forest Nursery, to ensure more energy efficient production of seedlings for reforestation efforts.

Manitoba's provincial parks and campgrounds provide tremendous opportunities for recreation across the province. The new Duff Roblin Park Reserve in St. Norbert is part of our commitment to support recreational and economic opportunities along an expanded floodway.

In tough times, families may look for recreation opportunities closer to home. To encourage Manitobans to see more of their magnificent province, there will be no entrance fees to provincial parks for the next two years.

Budget 2009 also commits to the development of a new provincial campground, as well as recreation and infrastructure upgrades to current parks and campgrounds, including bicycle paths in Birds Hill Provincial Park.

Support is also going toward the development of a new youth project in Whiteshell Provincial Park. And, we continue to support East Side Manitoba First Nations communities in their bid to develop a UNESCO World Heritage Site by investing in research and management planning.

As a precautionary measure, we will follow through on our commitment to clean up metals in the soil of ten Flin Flon parks.
Vibrant Culture

Manitoba’s cultural spirit brings energy to our communities and enjoyment to our lives. Our artists use their creativity and immense talents to celebrate our diversity and our achievements. Community organizations make a wide range of artistic, cultural, heritage, tourism and sport opportunities available to Manitobans, enhancing our quality of life while contributing to our economy.

According to the most recent data from Statistics Canada, our total culture spending was the second highest per capita among the provinces.

Investing in the arts builds our cultural strengths, and we support the production, exhibition and publication of art across the province.

Mr. Speaker, we are increasing operating grants to major agencies and other arts, recreation, heritage and sports organizations by two per cent in Budget 2009, effective this July.

We continue to invest in recreation opportunities to ensure Manitobans have access to activities that support healthy lifestyles and enhance social connections in communities around the province.

This year, we will provide funding for several initiatives, including constructing a new community hall in Grandview and the completion of an aquatic centre in Arborg.

We are also continuing to fulfill our commitment to fund the development of bicycle paths in the city of Winnipeg.

Manitoba’s filmmakers and musicians produce extraordinary works of art, and we continue to support their efforts. We are increasing our grant assistance to several organizations, including On Screen Manitoba and the Western Canadian Music Alliance, to support their continued success.

The Manito Ahbee Festival celebrates Aboriginal culture. We will continue to provide operating grants to ensure the festival showcases the talents of Aboriginal Manitobans for many years to come.

Provincial Government Per Capita Expenditures on Culture, 2005/06

Manitoba’s rich heritage must also be protected. To do so, we are providing funding for the preservation of the ruins at the Trappist Monastery Heritage Park in St. Norbert, as well as celebrating the centenary of Gabrielle Roy, one of Manitoba’s greatest writers.

Major sporting events are another opportunity to promote our province. We are pleased to support the 2009 Allen Cup in Steinbach, the 2009 National Aboriginal Hockey Championships in Winnipeg and the Memorial Cup in Brandon in 2010. We are also a key participant in planning a bid to host the World Fire and Police Games in 2015.

Next February, the Olympic Games are returning to Canada for the first time in more than 20 years. Budget 2009 includes funding to support our efforts to tell Manitoba’s story to the world.

Modernizing Government

A modern and effective civil service is vital to the economic stability and future success of Manitoba. Government must embrace different ideas and perspectives, reach out and listen to the needs of the people we serve and act in the best interests of Manitobans.

Since 1999/2000, Manitoba’s total per capita expenditure growth has been among the most moderate of all provincial
governments. We continue to strive to provide better services without increasing the cost of government.

Prudent control, management and use of public resources are key to making government more efficient, accountable and transparent, while delivering results that matter to Manitobans.

In tough economic times, it is especially important for government to make the best use of public resources. To do this, we will manage our staff vacancies and reduce overhead costs.

It is also important that information is easy to find and understand. We continue to reduce red tape and make it easier for people to find information and streamline access to government services.

We have used technology to develop innovative ways of providing services to Manitobans. Through our website, manitoba.ca, people can now apply for child-care assistance, book a campsite at a provincial park or apply for a student loan, while businesses can manage their tax accounts.

Government is also streamlining and improving services for businesses. This includes the Manitoba Business Portal, a user-friendly web-based gateway for a wide range of information and services for businesses and entrepreneurs.

The provinces and the federal government have agreed to reduce the red tape on infrastructure projects by making application processes easier. This results in more efficient environmental and regulatory reviews and ensures we get shovels in the ground sooner.

Recently, all provinces signed amendments to the Agreement on Internal Trade to ensure effective dispute mechanisms and establish full labour mobility across the country.

**Conclusion**

Mr. Speaker, Budget 2009 is planting the seeds today for growth tomorrow.

This is a balanced budget, with a strong plan to focus on the priorities of Manitobans and address economic uncertainty, including:

- planning for long-term prosperity with investments in infrastructure, education, training and job creation, while increasing access to credit and investment for businesses;
- supporting vital services and enhancing the environment; and
- modernizing government.

Building economic stability, maintaining and increasing employment and continuing to provide key services will be our top priorities.

Budget 2009 has a plan to confront challenges head on and position our province for a strong and promising future.

Mr. Speaker, this plan supports our vision of Manitoba as a place where all can live and prosper with dignity.