

■ Appendix 2: THE MANITOBA ADVANTAGE

Manitoba provides businesses and residents with a unique set of benefits that we call *The Manitoba Advantage*:

- a productive, 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 R&D facilities, supporting innovation and productivity
- a convenient mid-continent location in the North American central time zone
- cost-effective transportation links and intermodal facilities providing shipping by road, rail, air and sea, enhanced by new, major infrastructure investments planned over the next several years, including CentrePort Canada, the country's first foreign trade zone and inland port
- a favourable cost of living, including among the lowest electricity costs in North America
- reliable and accessible public services, including quality universal public health care and education
- a culture of caring, with a history of high levels of charitable giving and community volunteering
- a dynamic cultural and artistic community
- an attractive natural environment with plenty of opportunities for recreation and relaxation which further enhance Manitobans' quality of life.

To show Manitoba's cost competitiveness in more detail, two analyses are provided. The interprovincial comparison of annual personal costs and taxes (see p.C22), compares provinces' living costs and tax levels for a variety of family types. 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.C33).

Since 1999, Manitoba's overall provincial rankings for personal costs and taxes have been among the best in Canada. Manitoba remains one of the most affordable provinces in which to live, among the best three in total combined living costs and taxes for six representative families.

Competitive operating costs and taxes have made Manitoba one of the least expensive provinces in Canada to do business. Among representative North American cities, both small and large manufacturers in Brandon and Winnipeg rank at or near the best on start-up costs, net income, overall taxes and return on investment.

Celebrating Manitoba

Manitoba's vibrant arts and cultural assets range from opera to folk music, from Manitoba Theatre Centre, stage plays to the Fringe Festival, from the deep traditions of First Nations to the new-to-us traditions of Manitoba's many ethno-cultural groups. The province's renowned arts and cultural scene has much to offer in celebrating the spirit of Manitobans.

Just a few weeks ago, Canada's Olympic Games in Vancouver celebrated Canadian achievements in sport and culture. Manitoba's CentrePlace pavilion at the LiveCity Olympic site attracted over 100,000 visitors. The unique pavilion won a sustainability award and shared information about Manitoba and the Canadian Human Rights Museum.

Manitoba Homecoming 2010 hosted a Manitoba-style social the evening before Manitoba Day at the Olympics. Music by DJ Hunnicutt and Co-op, Doc Walker, Streetheart, Eagle & Hawk, Sierra Noble and Chic Gamine helped 900 people, including ex-Manitobans, athletes, tourists, friends and families celebrate Manitoba style. Over 30 Manitoba artists provided entertainment for the two-week Olympic events in Vancouver.

Manitoba Homecoming 2010 is a multi-partnership effort spearheaded by Destination Winnipeg, Travel Manitoba and the Manitoba Government. It's a year-long experience to bring former and current Manitobans together to celebrate Manitoba's many events, festivals and year-round fun. The World's Largest Social is scheduled for May 15, 2010 and will celebrate Manitoba's 140th birthday. So far, 60 communities around the province will be holding simultaneous socials for an estimated 30,000 people.

2010 Comparison of Personal Costs and Taxes

Single Person: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	869	1,134	1,428	1,514	773
Health Premiums	684	0	0	0	300
<u>Subtotal PIT and Premiums</u>	<u>1,553</u>	<u>1,134</u>	<u>1,428</u>	<u>1,514</u>	<u>1,073</u>
Retail Sales Tax	386	0	198	310	531
Carbon Tax Credit	(105)	0	0	0	0
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>1,834</u>	<u>1,134</u>	<u>1,626</u>	<u>1,824</u>	<u>1,605</u>
Rent	11,028	10,956	8,100	7,380	11,112
Electricity	309	668	553	324	554
Public Transit	832	921	758	792	1,364
Telephone	312	279	258	286	260
<u>Total Living Costs</u>	<u>12,480</u>	<u>12,823</u>	<u>9,670</u>	<u>8,782</u>	<u>13,290</u>
Total Personal Costs and Taxes	<u>14,314</u>	<u>13,958</u>	<u>11,296</u>	<u>10,606</u>	<u>14,895</u>
Single Parent One Child: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	(391)	0	(442)	95	(898)
Health Premiums	490	0	0	0	300
<u>Subtotal PIT and Premiums</u>	<u>99</u>	<u>0</u>	<u>(442)</u>	<u>95</u>	<u>(598)</u>
Family/Employment Tax Credits	0	(694)	0	0	0
Child Benefits	0	0	0	0	(210)
Retail Sales Tax	502	0	258	403	691
Carbon Tax Credit	(210)	0	0	0	0
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>391</u>	<u>(694)</u>	<u>(184)</u>	<u>497</u>	<u>(118)</u>
Rent	11,028	10,956	8,100	7,380	11,112
Child Care	5,521	3,600	3,696	3,335	996
Electricity	309	668	553	324	554
Transit	832	921	758	792	1,364
Telephone	312	279	258	286	260
<u>Total Living Costs</u>	<u>18,001</u>	<u>16,423</u>	<u>13,366</u>	<u>12,117</u>	<u>14,286</u>
Total Personal Costs and Taxes	<u>18,392</u>	<u>15,729</u>	<u>13,181</u>	<u>12,615</u>	<u>14,169</u>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					Single Person: \$30,000
1,198	1,718	1,778	2,005	1,566	Provincial Income Tax
578	0	0	0	0	Health Premiums
<u>1,776</u>	<u>1,718</u>	<u>1,778</u>	<u>2,005</u>	<u>1,566</u>	<u>Subtotal PIT and Premiums</u>
428	507	534	343	588	Retail Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>2,204</u>	<u>2,225</u>	<u>2,312</u>	<u>2,348</u>	<u>2,154</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,248	6,492	8,520	6,720	7,104	Rent
328	513	612	825	523	Electricity
658	705	766	649	775	Public Transit
260	266	303	296	266	Telephone
<u>8,494</u>	<u>7,976</u>	<u>10,201</u>	<u>8,491</u>	<u>8,668</u>	<u>Total Living Costs</u>
<u>10,697</u>	<u>10,201</u>	<u>12,513</u>	<u>10,839</u>	<u>10,822</u>	<u>Total Personal Costs and Taxes</u>
					Single Parent One Child: \$30,000
1,523	231	819	1,148	0	Provincial Income Tax
408	0	0	0	0	Health Premiums
<u>1,931</u>	<u>231</u>	<u>819</u>	<u>1,148</u>	<u>0</u>	<u>Subtotal PIT and Premiums</u>
(372)	0	0	0	0	Family/Employment Tax Credits
(2,823)	(323)	0	0	0	Child Benefits
556	659	694	446	764	Retail Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>(708)</u>	<u>567</u>	<u>1,513</u>	<u>1,594</u>	<u>764</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,248	6,492	8,520	6,720	7,104	Rent
1,820	2,922	4,170	3,652	7,094	Child Care
328	513	612	825	523	Electricity
658	705	766	649	775	Transit
260	266	303	296	266	Telephone
<u>10,314</u>	<u>10,898</u>	<u>14,371</u>	<u>12,143</u>	<u>15,762</u>	<u>Total Living Costs</u>
<u>9,606</u>	<u>11,465</u>	<u>15,884</u>	<u>13,736</u>	<u>16,527</u>	<u>Total Personal Costs and Taxes</u>

Sums may not add due to rounding.

2010 Comparison of Personal Costs and Taxes

One-Earner Family of 4: \$40,000	BC	AB	SK	MB	ON
Provincial Income Tax	810	625	(137)	2,034	141
Health Premiums	1,368	0	0	0	450
Subtotal PIT and Premiums	2,178	625	(137)	2,034	591
Family/Employment Tax Credits	0	(1,325)	0	0	0
Child Benefits	(56)	0	0	0	0
Property Tax Credits	(570)	0	0	(650)	(213)
Retail Sales Tax	949	0	542	871	1,381
Gasoline Tax	536	180	300	230	446
Carbon Tax Credit	(139)	0	0	0	0
Total Provincial Taxes, Credits and Premiums	2,898	(520)	705	2,485	2,205
Mortgage Costs	20,509	14,576	11,372	8,790	15,382
Property Taxes	3,698	2,011	2,947	2,629	3,296
Home Heating	1,404	920	1,208	1,361	1,198
Electricity	557	1,202	995	583	998
Auto Insurance	1,355	1,290	876	1,035	2,952
Telephone	312	279	258	286	260
Total Living Costs	27,835	20,278	17,656	14,684	24,086
Total Personal Costs and Taxes	30,733	19,758	18,361	17,169	26,291
One-Earner Family of 4: \$60,000	BC	AB	SK	MB	ON
Provincial Income Tax	2,554	2,584	2,766	4,776	3,069
Health Premiums	1,368	0	0	0	600
Subtotal PIT and Premiums	3,922	2,584	2,766	4,776	3,669
Family/Employment Tax Credits	0	(1,325)	0	0	0
Child Benefits	(439)	0	0	0	0
Property Tax Credits	(570)	0	0	(650)	0
Retail Sales Tax	1,388	0	866	1,176	1,992
Gasoline Tax	536	180	300	230	446
Total Provincial Taxes, Credits and Premiums	4,836	1,439	3,932	5,532	6,107
Mortgage Costs	20,509	14,576	11,372	8,790	15,382
Property Taxes	3,698	2,011	2,947	2,629	3,296
Home Heating	1,404	920	1,208	1,361	1,198
Electricity	557	1,202	995	583	998
Auto Insurance	1,355	1,290	876	1,035	2,952
Telephone	312	279	258	286	260
Total Living Costs	27,835	20,278	17,656	14,684	24,086
Total Personal Costs and Taxes	32,671	21,717	21,588	20,216	30,194

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					One-Earner Family of 4: \$40,000
1,967	1,915	2,749	2,770	2,372	Provincial Income Tax
786	0	0	0	0	Health Premiums
<u>2,753</u>	<u>1,915</u>	<u>2,749</u>	<u>2,770</u>	<u>2,372</u>	<u>Subtotal PIT and Premiums</u>
(562)	0	0	0	0	Family/Employment Tax Credits
(3,136)	(250)	0	0	0	Child Benefits
(350)	0	0	0	0	Property Tax Credits
1,202	1,310	1,432	924	1,622	Retail Sales Tax
498	360	464	316	486	Gasoline Tax
0	0	0	0	0	Carbon Tax Credit
<u>405</u>	<u>3,335</u>	<u>4,645</u>	<u>4,010</u>	<u>4,480</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
9,192	8,350	7,837	5,860	7,636	Mortgage Costs
3,182	2,402	2,335	2,368	1,681	Property Taxes
1,780	1,416	1,117	1,995	1,814	Home Heating
591	923	1,013	1,485	941	Electricity
825	859	1,091	840	1,416	Auto Insurance
260	266	303	296	266	Telephone
<u>15,830</u>	<u>14,216</u>	<u>13,696</u>	<u>12,844</u>	<u>13,754</u>	<u>Total Living Costs</u>
<u>16,236</u>	<u>17,552</u>	<u>18,341</u>	<u>16,854</u>	<u>18,234</u>	<u>Total Personal Costs and Taxes</u>
					One-Earner Family of 4: \$60,000
5,378	4,708	5,717	5,490	4,900	Provincial Income Tax
1,155	0	0	0	0	Health Premiums
<u>6,533</u>	<u>4,708</u>	<u>5,717</u>	<u>5,490</u>	<u>4,900</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,473)	(250)	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
1,640	1,895	1,797	1,291	2,082	Retail Sales Tax
498	360	464	316	486	Gasoline Tax
<u>6,198</u>	<u>6,713</u>	<u>7,978</u>	<u>7,097</u>	<u>7,468</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
9,192	8,350	7,837	5,860	7,636	Mortgage Costs
3,182	2,402	2,335	2,368	1,681	Property Taxes
1,780	1,416	1,317	1,995	1,914	Home Heating
591	923	1,013	1,485	941	Electricity
825	859	1,091	840	1,416	Auto Insurance
260	266	303	296	266	Telephone
<u>15,830</u>	<u>14,216</u>	<u>13,896</u>	<u>12,844</u>	<u>13,854</u>	<u>Total Living Costs</u>
<u>22,028</u>	<u>20,930</u>	<u>21,874</u>	<u>19,941</u>	<u>21,322</u>	<u>Total Personal Costs and Taxes</u>

Sums may not add due to rounding.

2010 Comparison of Personal Costs and Taxes

Two-Earner Family of 4: \$60,000	BC	AB	SK	MB	ON
Provincial Income Tax	1,156	1,332	937	3,100	773
Health Premiums	1,368	0	0	0	300
Subtotal PIT and Premiums	2,524	1,332	937	3,100	1,073
Family/Employment Tax Credits	0	(1,325)	0	0	0
Child Benefits	(252)	0	0	0	0
Property Tax Credits	(570)	0	0	(650)	(93)
Retail Sales Tax	1,388	0	866	1,176	1,992
Gasoline Tax	804	270	450	345	669
Carbon Tax Credit	(19)	0	0	0	0
Total Provincial Taxes, Credits and Premiums	3,875	277	2,253	3,971	3,641
Mortgage Costs	20,509	14,576	11,372	8,790	15,382
Property Taxes	3,698	2,011	2,947	2,629	3,296
Child Care	16,442	13,200	11,952	9,776	8,000
Home Heating	1,404	920	1,208	1,361	1,198
Electricity	557	1,202	995	583	998
Auto Insurance	2,624	2,479	1,692	1,984	5,767
Telephone	312	279	258	286	260
Total Living Costs	45,546	34,667	30,424	25,409	34,901
Total Personal Costs and Taxes	49,420	34,944	32,678	29,380	38,543
Two-Earner Family of 5: \$75,000	BC	AB	SK	MB	ON
Provincial Income Tax	1,820	2,214	1,689	4,226	1,724
Health Premiums	1,368	0	0	0	516
Subtotal PIT and Premiums	3,188	2,214	1,689	4,226	2,240
Family/Employment Tax Credits	0	(1,704)	0	0	0
Child Benefits	(688)	0	0	0	0
Property Tax Credits	(570)	0	0	(650)	0
Retail Sales Tax	1,752	0	1,009	1,572	2,396
Gasoline Tax	804	270	450	345	669
Total Provincial Taxes, Credits and Premiums	4,486	780	3,148	5,493	5,305
Mortgage Costs	25,014	17,281	11,793	11,561	22,066
Property Taxes	4,473	2,573	4,163	3,477	4,702
Child Care	24,663	20,952	17,928	14,485	12,500
Home Heating	2,340	1,533	2,013	2,268	1,997
Electricity	928	2,003	1,658	972	1,663
Auto Insurance	2,624	2,479	1,692	1,984	5,767
Telephone	312	279	258	286	260
Total Living Costs	60,354	47,100	39,505	35,033	48,955
Total Personal Costs and Taxes	64,839	47,880	42,654	40,526	54,260

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					Two-Earner Family of 4: \$60,000
4,762	2,519	2,669	3,045	2,568	Provincial Income Tax
1,155	0	0	0	0	Health Premiums
<u>5,917</u>	<u>2,519</u>	<u>2,669</u>	<u>3,045</u>	<u>2,568</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,473)	(250)	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
1,640	1,895	1,797	1,291	2,082	Retail Sales Tax
747	540	696	474	729	Gasoline Tax
0	0	0	0	0	Carbon Tax Credit
<u>5,830</u>	<u>4,704</u>	<u>5,162</u>	<u>4,810</u>	<u>5,379</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
9,192	8,350	7,837	5,860	7,636	Mortgage Costs
3,182	2,402	2,335	2,368	1,681	Property Taxes
3,640	12,844	14,750	11,492	16,708	Child Care
1,780	1,416	1,317	1,995	1,914	Home Heating
591	923	1,013	1,485	941	Electricity
1,546	1,667	2,124	1,605	2,780	Auto Insurance
260	266	303	296	266	Telephone
<u>20,191</u>	<u>27,868</u>	<u>29,679</u>	<u>25,101</u>	<u>31,926</u>	<u>Total Living Costs</u>
<u>26,021</u>	<u>32,572</u>	<u>34,841</u>	<u>29,911</u>	<u>37,305</u>	<u>Total Personal Costs and Taxes</u>
					Two-Earner Family of 5: \$75,000
7,244	3,729	3,935	4,544	3,989	Provincial Income Tax
1,155	0	0	0	0	Health Premiums
<u>8,399</u>	<u>3,729</u>	<u>3,935</u>	<u>4,544</u>	<u>3,989</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,918)	(146)	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
2,086	2,632	2,556	1,580	2,589	Retail Sales Tax
747	540	696	474	729	Gasoline Tax
<u>8,313</u>	<u>6,755</u>	<u>7,187</u>	<u>6,598</u>	<u>7,307</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
14,906	13,873	11,353	9,083	12,177	Mortgage Costs
5,342	4,502	3,382	3,670	2,706	Property Taxes
5,460	19,266	22,548	13,896	25,062	Child Care
2,967	2,360	2,195	3,325	3,190	Home Heating
985	1,538	1,688	2,475	1,568	Electricity
1,546	1,667	2,124	1,605	2,780	Auto Insurance
260	266	303	296	266	Telephone
<u>31,466</u>	<u>43,472</u>	<u>43,593</u>	<u>34,350</u>	<u>47,749</u>	<u>Total Living Costs</u>
<u>39,779</u>	<u>50,228</u>	<u>50,780</u>	<u>40,948</u>	<u>55,056</u>	<u>Total Personal Costs and Taxes</u>

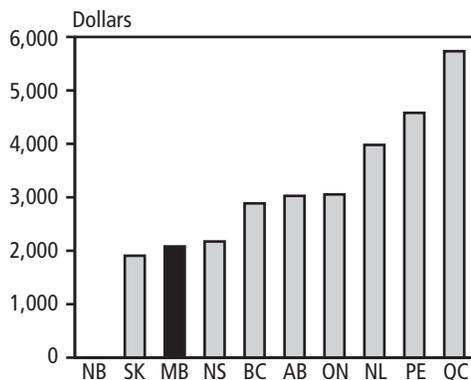
Sums may not add due to rounding.

2010 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	2,199	3,026	3,904	4,578	2,455
Graduate Tuition/Credit Rebates	0	0	(2,000)	(2,500)	0
Health Premiums	684	0	0	0	600
Subtotal PIT, Credit and Premiums	2,883	3,026	1,904	2,078	3,055
Property Tax Credits	(570)	0	0	(650)	0
Retail Sales Tax	584	0	352	512	843
Gasoline Tax	536	180	300	230	446
Total Provincial Taxes, Credits and Premiums	3,434	3,206	2,556	2,169	4,344
Mortgage Costs	20,509	14,576	11,372	8,790	15,382
Property Taxes	3,698	2,011	2,947	2,629	3,296
Home Heating	1,404	920	1,208	1,361	1,198
Electricity	557	1,202	995	583	998
Auto Insurance	1,355	1,290	876	1,035	2,952
Telephone	312	279	258	286	260
Total Living Costs	27,835	20,278	17,656	14,684	24,086
Total Personal Costs and Taxes	31,268	23,484	20,213	16,854	28,431

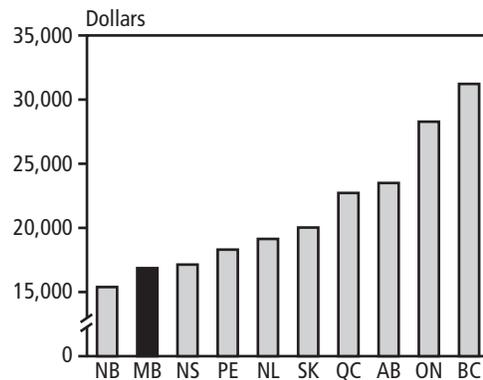
Sums may not add due to rounding.

Income Tax and Health Premiums, Net of Graduate Credits and Tuition Rebates



Source: Manitoba Finance

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



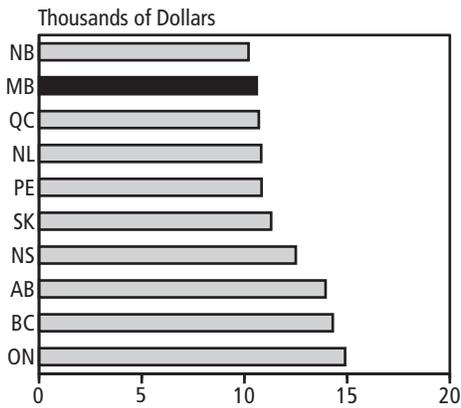
Source: Manitoba Finance

QC	NB	NS	PE	NL		Single Person: \$50,000
5,157	3,998	4,673	4,580	3,978		Provincial Income Tax
0	(3,998)	(2,500)	0	0		Graduate Tuition/Credit Rebates
578	0	0	0	0		Health Premiums
<u>5,734</u>	<u>0</u>	<u>2,173</u>	<u>4,580</u>	<u>3,978</u>		<u>Subtotal PIT, Credit and Premiums</u>
(50)	0	0	0	0		Property Tax Credits
711	801	807	554	926		Retail Sales Tax
498	360	464	316	486		Gasoline Tax
<u>6,893</u>	<u>1,161</u>	<u>3,444</u>	<u>5,450</u>	<u>5,390</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
9,192	8,350	7,837	5,860	7,636		Mortgage Costs
3,182	2,402	2,335	2,368	1,681		Property Taxes
1,780	1,416	1,117	1,995	1,814		Home Heating
591	923	1,013	1,485	941		Electricity
825	859	1,091	840	1,416		Auto Insurance
260	266	303	296	266		Telephone
<u>15,830</u>	<u>14,216</u>	<u>13,696</u>	<u>12,844</u>	<u>13,754</u>		<u>Total Living Costs</u>
<u>22,724</u>	<u>15,378</u>	<u>17,140</u>	<u>18,294</u>	<u>19,143</u>		Total Personal Costs and Taxes

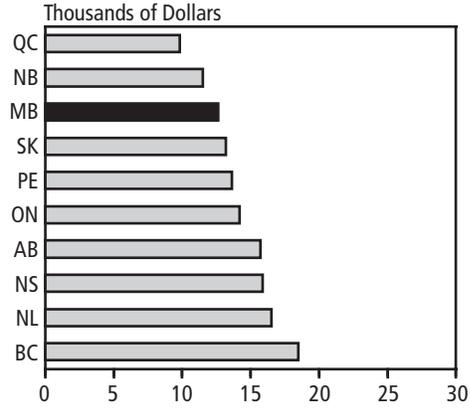
Sums may not add due to rounding.

2010 Comparison of Personal Costs and Taxes

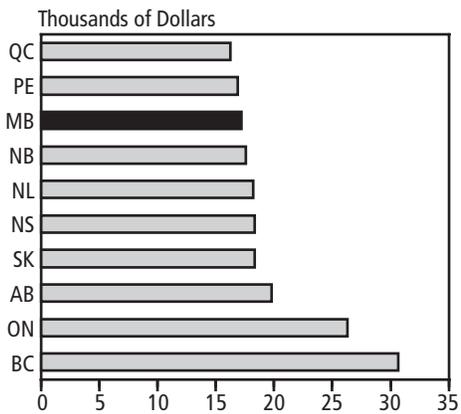
Single Person Earning \$30,000



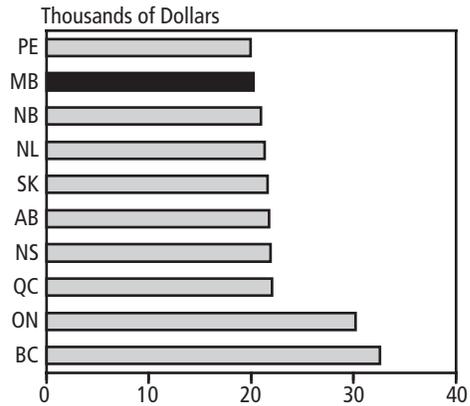
Single Parent Earning \$30,000



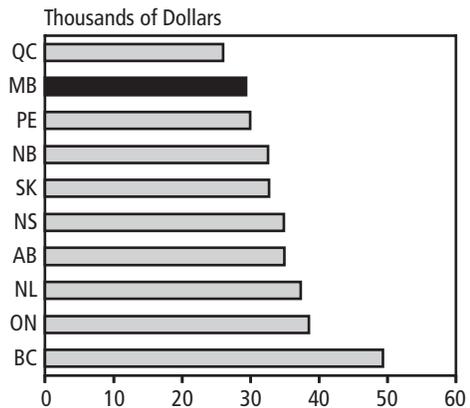
Single-Earner Family of Four Earning \$40,000



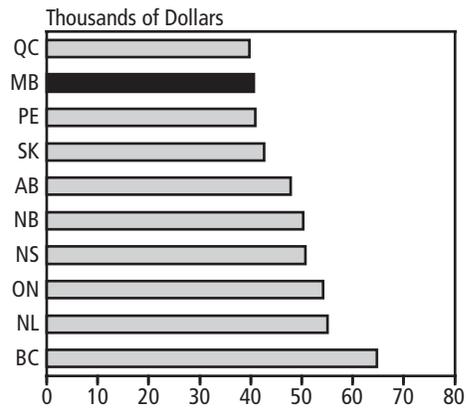
Single-Earner Family of Four Earning \$60,000



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



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



■ NOTES

Provincial taxes,¹ credits and premiums are based on information available prior to March 23, 2010, for the following major urban centres in each province: Vancouver, Calgary, Saskatoon, Winnipeg, Toronto, Montréal, Saint John, Halifax, Charlottetown and St. John's.

Auto Insurance coverage includes \$2 million Third Party Liability, a \$500 All Perils Deductible, accident benefits and \$2 million Standard Policy Form #44 family protection coverage for those jurisdictions without no-fault injury coverage, and 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; and the auto is driven to work and school on a limited commuting basis. Rates were provided by the Insurance Corporation of British Columbia for British Columbia, SGI Canada for Saskatchewan, and Manitoba Public Insurance for Manitoba. Rates for other cities are the average of the quotes from 10 private insurers providing coverage in those provinces. Discounts for second or multiple vehicles, where available, are not included in the auto insurance calculations. Rebates issued by MPI or other insurers are also excluded. Auto insurance for the 2000 Dodge Caravan and the 2003 Chevrolet Malibu 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 costs are based on annual parent fees, less subsidies paid, for preschool aged children, typically over two years of age and under six years of age, for 260 days or 12 months per year. Manitoba and Quebec are the only provinces with regulated maximum parent fees. Fees for other provinces are those obtained online and/or in a survey conducted in the first quarter of 2010.

Electricity charges are based on annual consumption of 8,100 kWh for a detached bungalow for families with \$40,000 and \$60,000 of income. Annual consumption of 4,500 kWh is used for the single person and single parent renters and 13,500 kWh for the family at \$75,000. 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. The gasoline tax includes all provincial levies on gas, including carbon tax and sales tax where applicable. Sales tax is based on pump prices as of December 15, 2009.

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 level of 3,200 cubic metres for a detached bungalow for families with \$40,000 and \$60,000 of income. 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 where applicable.

Mortgage Costs are based on 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 of income, and on an executive detached two storey for a family with \$75,000 of income, from the Royal LePage Fourth Quarter 2009 Survey of Canadian House Prices, with one-half of the home price being financed over 25 years at a five-year closed mortgage rate of 5.5%.

¹ Tables reflect 2010 budget changes for Alberta, British Columbia, New Brunswick and Canada.

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), Manitoba (Manitoba Child Benefit), 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 New Brunswick Working Income Supplement), Nova Scotia (Nova Scotia Child Benefit), and Newfoundland and Labrador (Newfoundland and Labrador 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 2009 by the property tax component of each province's 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, and three family profiles with \$40,000, \$60,000 and \$75,000 of earned income, respectively. These incomes are before receipt of the Universal Child Care Benefit (UCCB) but the UCCB is used in the calculation of income tax. For the single parent, UCCB is treated as taxable income of the dependent child. 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, child-care costs less subsidies 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 2009, 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 2009 values using each province's Consumer Price Index. Amounts for British Columbia and Ontario are based on the new HST regime.

Transit Fares are based on adult monthly pass rates in effect in February 2010. 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.

■ Appendix 3: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

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 and Canada's third-largest centre for the manufacture of aerospace equipment. Biovail, located in Steinbach, is one of the largest Canadian-owned pharmaceutical companies in the world. 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 due to:

- our central location and excellent transportation links to the rest of North America
- low industrial and commercial land costs
- electricity costs which are among the lowest in the world
- a skilled and well-educated work force
- one of the best R&D tax credit regimes.

Manitoba Finance's competitiveness model compares 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 unconditional changes in taxes that have been announced by the federal and provincial or state governments. The representative firms' profiles have been updated using the most recent data available from Statistics Canada, local economic development boards and other public sources.

Interjurisdictional Competitiveness

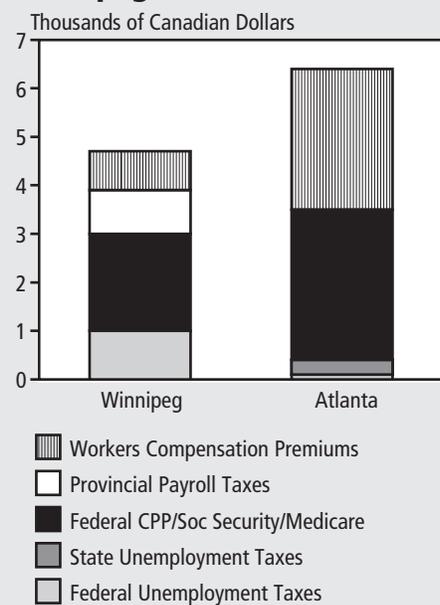
The following indicators are used to assess cost and tax competitiveness for both a smaller and a larger manufacturing firm:

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

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 unemployment 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

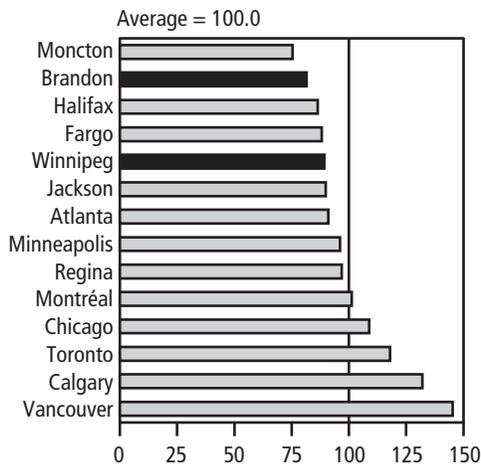


The model uses actual costs for each city and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location². The results for each city are compared to the overall average of all cities for each of the indicators and presented in the charts that follow.

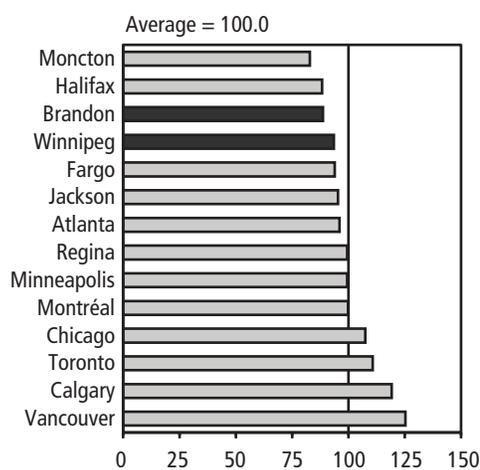
Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, and machinery and equipment) in Manitoba are among the lowest of all cities. Investment tax credits on capital asset purchases reduce the net cost of investment. Start-up costs in larger

Net Cost of Investment Smaller Manufacturing Firm



Net Cost of Investment Larger Manufacturing Firm



cities tend to be higher due to the cost of land and construction labour.

Pre-Tax Net Income

Pre-tax net income compares Manitoba's cost competitiveness to other jurisdictions. It is calculated by deducting production material costs and location-specific 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.

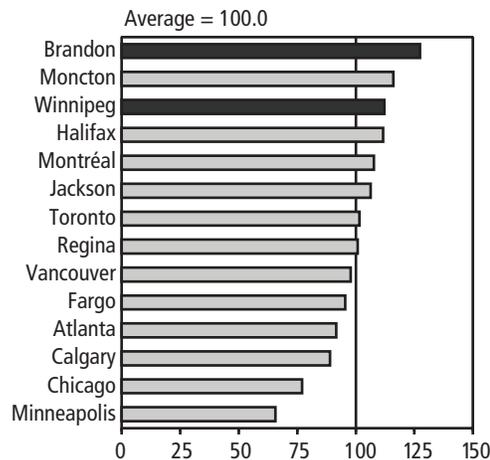
The following location-specific costs are also deducted from annual sales:

- 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

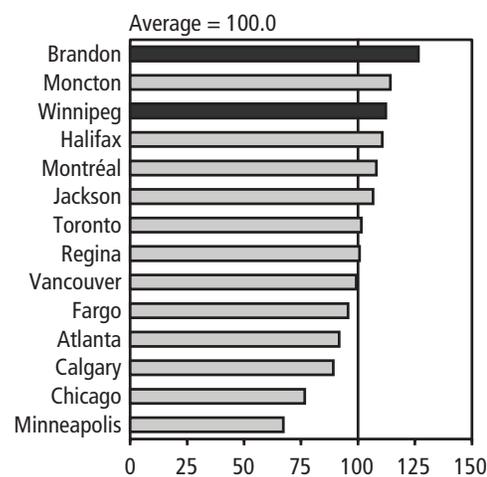
² For comparison purposes U.S. data is converted to Canadian dollars at an exchange rate of C\$1.06 (average rate November 2009).

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



- 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)

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.

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 annual operating taxes are taken into account:

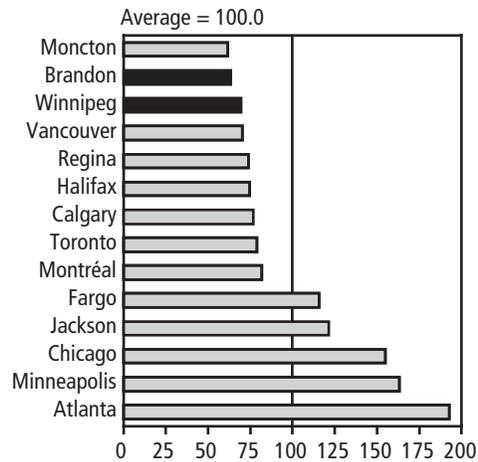
- corporation income taxes
- local property and business taxes
- corporation capital and U.S. franchise taxes
- payroll taxes
- workers' compensation premiums
- statutory pension and unemployment insurance premiums.

For U.S. firms, employer-paid health insurance premiums are also included.

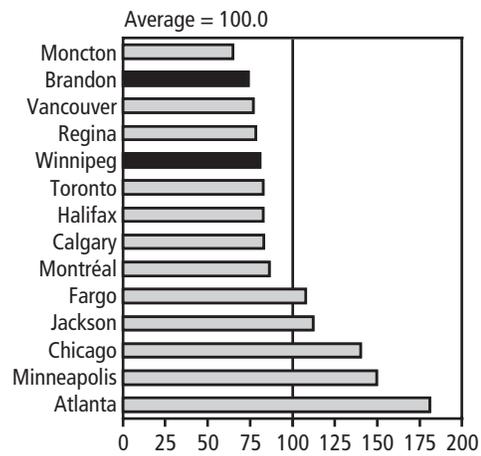
The following tax expenditures that benefit the manufacturing sector are also taken into account:

- investment tax credits

Effective Tax Rates Smaller Manufacturing Firm



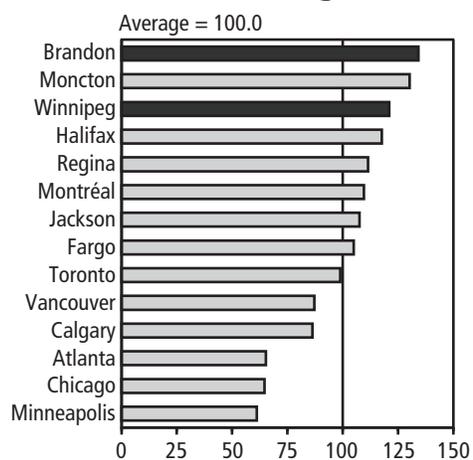
Effective Tax Rates Larger Manufacturing Firm



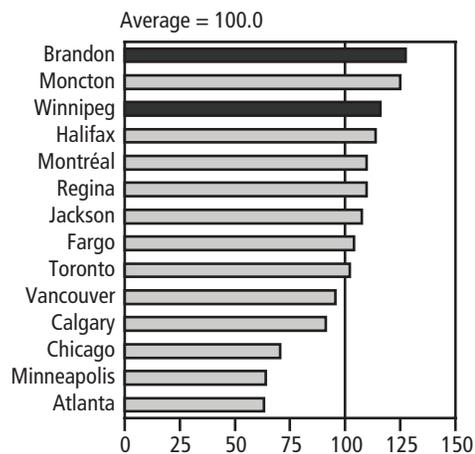
- tax holidays
- accelerated capital cost allowances
- preferential tax rates.

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

Internal Rates of Return Smaller Manufacturing Firm



Internal Rates of Return Larger Manufacturing Firm



For both the smaller and larger manufacturing firms, both Winnipeg's and Brandon's effective tax rates are well below the average. For smaller firms, only Moncton has a lower rate.

Overall Competitiveness

Overall competitiveness is compared by calculating internal rates of return which are commonly used by businesses in their investment and location decisions. Internal rates of return for each city are calculated using start-up costs and cash flow over a 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.

■ CONCLUSION

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