The 2010 Manitoba Budget Address

Honourable Rosann Wowchuk
Minister of Finance
March 23, 2010
This document is available on the Internet at http://www.gov.mb.ca/finance

Information available at this site includes:

- The 2010 Manitoba Budget Address
- Budget 2010
- Budget Papers
  A The Economic Review and Outlook
  Building Manitoba’s Capacity for Innovation
  B Supplementary Financial Information
  C Taxation Adjustments
  The Manitoba Advantage
  D An Update on Improved Infrastructure and Fiscally Sound Economic Stimulus
- Manitoba’s Five-Year Economic Plan
- Estimates of Expenditure and Revenue for the Fiscal Year Ending March 31, 2011
- Tax News
- Facts for Investors
- Financial Reports
- Economic Highlights
- Economic Statistics

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Les documents offerts en français sur le site Internet http://www.gov.mb.ca/finance/index.fr.html comprennent:

- Discours du Budget 2010 du Manitoba
- Budget 2010
- Renforcer la capacité d’innover du Manitoba
- Les avantages du Manitoba
- Le point sur l’amélioration de l’infrastructure et la stimulation responsable de l’économie
- Budget des dépenses et des recettes pour l’exercice se terminant le 31 mars 2011
- Bulletin de nouvelles fiscales
- Renseignements à l’intention des investisseurs
- Rapports financiers
- Points saillants de l’économie du Manitoba
- Statistiques économiques

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THE 2010 MANITOBA BUDGET ADDRESS

CONTENTS

SUPPORTING VITAL FRONT-LINE SERVICES FOR MANITOBA FAMILIES AND COMMUNITIES .......... 1
  Sustaining Health Care and Focusing on Families .............................................................. 2
  Safety and Security ...................................................................................................... 4
  Manitoba Communities ................................................................................................. 5

MANAGING GOVERNMENT SPENDING ........................................................................ 6

RESTORING BALANCE .................................................................................................. 7

STIMULATING ECONOMIC GROWTH ........................................................................ 9
  Investing in Infrastructure ............................................................................................. 9
  Supporting Education .................................................................................................. 12
  Innovation and the Environment .................................................................................. 13

MAINTAINING MANITOBA’S AFFORDABILITY .............................................................. 15

CONCLUSION ................................................................................................................ 17
Mr. Speaker, I am honoured to present Budget 2010.

From our smallest communities to our largest cities, Manitoba continues to be an extraordinary place to live, work and learn. The hard work of Manitobans has created a diverse and resilient economy.

The effects of the global market downturn that began in the fall of 2008 have had a ripple effect on economies around the world. In the past year, we have seen the worst global recession since the end of the Second World War.

Since October 2008, almost 260,000 jobs have been lost across the country, and more than 1.5 million Canadians are now out of work. Housing starts have declined by more than 34 per cent since 2007, and manufacturing sales have decreased for three years in a row, with a 17 per cent decline in 2009 alone.

Our stable economic base has helped Manitoba fare better than most, but our province is feeling the effects of the downturn. Our economy declined in 2009, but less than the Canadian economy as a whole.

On top of these economic pressures, Manitoba also faced almost $150 million in unexpected costs over the past year. We dealt with the second-largest flood in one hundred years as well as the H1N1 flu pandemic.

Across the country, economic pressures have forced federal and provincial governments, including Manitoba, to wrestle with the challenge of budget shortfalls.

Governments across Canada learned hard lessons from short-term decisions made during the last major recession. Crown corporations and other public assets were sold to balance the books. When we emerged from the last major downturn, we faced critical nurse and doctor shortages, higher taxes, crumbling roads and a shortage of skilled workers. Repairing the damage took more than a decade and billions of dollars.

Today, governments are responding to the worldwide recession with a more responsible and balanced approach that meets today’s challenges and invests in tomorrow’s opportunities. Governments are restoring fiscal balance with multi-year plans that invest in economic growth and innovation while protecting front-line services.

Mr. Speaker, Manitoba’s Five-Year Economic Plan takes this approach.

With our plan to move Manitoba forward, the province will take strong action in Budget 2010 to:

- invest in vital front-line services by targeting more than 90 per cent of new spending to health care, education and training, family services and justice;
- stimulate economic growth by investing nearly $1.8 billion in infrastructure and capital renewal stimulus, creating nearly 29,000 direct and indirect jobs;
- manage government spending by reducing spending in one-half of government departments to focus new spending on front-line services;
- restore balance by returning to surplus within five years and paying down debt from the Fiscal Stabilization Account, preserving current revenues to pay for priority services; and
- keep Manitoba affordable and in the top three provinces in Canada for combined living costs and taxes.

There are no quick solutions to the issues we face. Together, we will meet these challenges and implement our plan to bring Manitoba through the global economic recession and into a bright and prosperous future.

Supporting Vital Front-line Services for Manitoba Families and Communities

During the last recession, governments made deep cuts to key services such as health care, education, training and supports for families. While these cuts may save dollars in the short term, the cost of repairing this neglect is much greater in the long term.
Steady, stable investments today will make sure we protect the services Manitobans rely on most. Manitoba’s Five-Year Economic Plan not only maintains these services, but includes investments to move our province forward.

In Budget 2010, our spending is targeted at front-line services, including health, education, justice and supports for families.

Sustaining Health Care and Focusing on Families

Manitobans continue to tell us that health care is a top priority. We agree. Budget 2010 invests 60 per cent of all new spending into health care.

Even with the advances we have seen in medical technology and pharmaceuticals, dedicated professionals remain the heart of quality health care. Compared to a decade ago, there are 2,000 more nurses and almost 350 more doctors caring for Manitoba patients.

This has been achieved in large part by expanding doctor training spaces by close to 60 per cent and by almost doubling the number of nurse training spaces. Continued improvements in health care means we cannot slow down in training and recruiting nurses and doctors.

This year, we are increasing our investment in health care education, with additional funding for:

• more doctors in training, with support for the third intake of 110 students in the Faculty of Medicine’s undergraduate program at the University of Manitoba;
• Brandon University’s successful program for licensed practical nurses who want to become registered psychiatric nurses;
• converting the nursing diploma program at Collège universitaire de Saint-Boniface to an accelerated degree program;
• converting the licensed practical nursing program at Assiniboine Community College to a nursing diploma program; and
• accepting the first intake of students from southern Manitoba in the University College of the North’s midwifery program.

The right tools help health care professionals provide quality care. Budget 2010 continues to fund new and replacement equipment, such as ultrasounds and scanners, for hospitals throughout the province.

Our investments in medical equipment have included high-technology instruments like the Artiste, which offers new hope for patients with otherwise inoperable cancer. Budget 2010 will fund the operation of this lifesaving equipment when it comes online this year at the Health Sciences Centre.

A new computerized radiology system is being implemented in dozens of hospitals across the province. This means that diagnostic imaging results, such as X-rays and CT scans, can be instantly shared between hospitals. This avoids duplicate tests and improves convenience for patients waiting for results, especially patients in rural communities where sites are coming online, such as The Pas, Eriksdale and Killarney.

During the last major recession, the health capital program was frozen. Budget 2010 keeps construction and planning for major hospital projects moving forward, including:

• ongoing construction of a regional cancer centre and the redevelopment of the Westman Laboratory in Brandon;
• designing and planning new facilities in Pine Falls and Selkirk;
• continuing to build the centre of excellence for heart surgery and cardiac care at St. Boniface General Hospital;
• the launch of construction of the mental health crisis response centre in Winnipeg, the first-of-its-kind in Canada; and
• investments in needed repairs and upgrades at hospitals across Manitoba, with approximately 50 per cent being invested in facilities in rural Manitoba.

We are also continuing to improve emergency health care, with additional emergency department upgrades at Health Sciences Centre, and opening new emergency medical services stations in Neepawa and West St. Paul. A new emergency medical services station will also be built in Arborg, and we will buy new ambulances to renew the provincial fleet.

Other projects will focus on women’s health. Site preparations will soon be under way at the planned women’s hospital in Winnipeg. The design of a new birth centre in south Winnipeg is under way, and construction will begin later this year on maternity upgrades at St. Boniface General Hospital.

In Budget 2010, we are introducing a new provincial tax credit to support fertility treatment for Manitoba families, making us only the second jurisdiction in Canada to do so. We will also consolidate specialized services for children and youth with disabilities or special needs in one easy-to-access facility, improving access for children and their families.

We remain committed to help deal with the health care consequences of tobacco use. To help deter smoking, the tobacco tax rate will rise by two cents per cigarette at midnight tonight.

Our social safety net is needed most during challenging economic times. We remain committed to investing in children and providing support for Manitobans in need.

Last year, we successfully launched AllAboard, Manitoba’s poverty reduction strategy. We are now creating the Premier’s Advisory Council on Education, Poverty and Citizenship to give us front-line advice on the complex issue of poverty.

Today’s budget includes new investments in housing, education, training and child care.

Manitobans have told us that quality child-care services are needed, and we agree. Budget 2010 provides new funding to:
• open hundreds of new child-care spaces across the province, targeted for this fall;
• maintain support for the relocation of the Eagle Wing child-care facility in Point Douglas; and
• create an early childhood development and family resource centre in Lord Selkirk Park in Winnipeg.

Mr. Speaker, we will also create a pension plan for early childhood educators, honouring the work they do and supporting recruitment and retention.

Our government is committed to the safety and security of children in need right across the province. To further support child protection, Budget 2010 continues to implement Changes for Children, a multi-year plan to act on external review recommendations and strengthen foster care.

Under this plan, we have added more than 100 new front-line staff and more than 2,200 new foster care spaces. We
are also focusing resources on prevention services that support families.

Further supports for Manitobans include other investments, such as:

- increasing funding for supported living for residential, respite and day services for Manitobans living with a mental disability;
- increased funding for the Manitoba Shelter Benefit; and
- providing more resources for Manitoba’s long-term housing strategy to ensure vulnerable Manitobans have access to stable housing options.

New investments will also be made in addictions services and education, as well as resources for the prevention of fetal alcohol spectrum disorder.

Healthy living remains an important priority for our government. We will continue to support food security, health promotion and prevention efforts, including:

- further increasing the Northern Allowance to ensure families in the north have access to affordable, healthy food;
- partnering with community-based organizations to increase access to healthy food in at-risk communities;
- expanding the successful Northern Healthy Foods Initiative to an additional 17 northern communities; and
- implementing a new program for low-income youth to promote physical activity.

**Safety and Security**

Safe communities are strong communities. Despite the current economic conditions, we remain committed to investing in public safety across the province.

To support the safety and security of Winnipeg residents, we will provide ongoing operating funding for a police helicopter, getting this project off the ground.

Budget 2010 includes continued funding to support police services around the province, including new officers for Winnipeg and Brandon. To further enhance policing services in Manitoba and support all aspects of the justice system, we are:

- funding nine additional full-time prosecutors;
- adding five new sites to our successful Lighthouses youth program;
• creating a police commission to advise on police standards, training and other police issues;
• establishing an independent unit to investigate major incidents involving police officers; and
• expanding correctional capacity in Manitoba.

Manitoba Housing has also enhanced security to protect residents and their families. This work will continue, with new equipment and staffing resources.

Manitoba has become a leader in protecting workers' safety and health. In the last decade, workplace injuries were reduced by close to a third. Manitobans have a right to safe workplaces, so this year, we will hire more health and safety officers to further reduce workplace injuries.

**Manitoba Communities**

Across the province, we have strong, vibrant communities where people come together to work toward a brighter future.

Some provinces have cut back or held their support for municipalities. This is not happening in Manitoba. In fact, Mr. Speaker, our support to municipalities is increasing this year.

In addition to the funding for police officers, the police helicopter and cadets, we continue to support the City of Winnipeg with new funding for public transit and ambulance services.

As part of our four-year commitment, we are providing continued support for the development of rapid transit in Winnipeg. We are also investing in two other major projects – the redevelopment of the Disraeli Freeway and infrastructure improvements as part of bringing IKEA to Winnipeg.

We are continuing to support the revitalization of older neighbourhoods in Winnipeg through capital investments to upgrade community infrastructure and facilities, to enhance public safety and to beautify neighbourhoods.

This year, the tripartite Winnipeg Partnership Agreement is coming to an end. To make sure that ongoing programs are able to continue serving their clients and building healthy communities, we have dedicated resources to the new Winnipeg Regeneration Strategy.

We have allocated new funding to the successful Neighbourhoods Alive! program for community-led projects in the Elmwood area of Winnipeg. This funding will support improvements to housing, education, safety and crime prevention.

This year, we are also supporting rural and northern communities and municipalities by increasing unconditional operating funding.

Last year, we introduced the Waste Reduction and Recycling Support Levy on large landfills to promote recycling. This successful program is being expanded to smaller landfills across the province. Revenues from this levy will continue to be rebated to municipalities based on the amount of waste recycled.

To combat forest fires, we are purchasing four new water bombers over the next three years. Fire equipment and training will also continue to be provided in remote northern First Nations communities.

To support social and affordable housing in the North, we are implementing community-based delivery of housing services and increasing investments to upgrade social and affordable housing in northern communities.

We recently announced the establishment of the Consultation Participation Fund. This supports First Nations, Metis and other Aboriginal communities as they take part in consultations on provincial decisions or actions that may affect Aboriginal and treaty rights.

To enhance community development opportunities in Metis communities, we are working with the Manitoba Metis Federation to finalize and launch a long-term economic development fund to support community projects.

We will increase our funding commitment to the Manitoba Metis Federation for public housing units in southern rural Manitoba communities under a first-of-its-kind agreement in Western Canada.
Budget 2010 maintains support for cultural organizations, museums and historical societies right across the province. This year, we will upgrade our polar bear holding compound and provide new interpretive resources to enhance the tourist experience in Churchill.

We recently celebrated our province with the world at the Vancouver 2010 Olympics and Paralympics. We will provide $3 million in funding over the next four years to support greater participation of Manitoba athletes in sport and Olympic opportunities.

More than 100,000 people attended the Manitoba pavilion at the games, and we invite them to join us for Manitoba Homecoming 2010, at events scheduled throughout the year right across the province.

Manitoba will host a number of important events in 2010. For the first time in more than 20 years, the Assembly of First Nations will hold their annual general assembly in Winnipeg in July, bringing hundreds of representatives to our province.

Manitoba has also been named the host site for the first-ever World Indigenous Games, to be held in 2012. Hosting these games builds on Manitoba’s success as host of the 2002 North American Indigenous Games and the success of the Manito Ahbee Aboriginal Festival for all nations.

Managing Government Spending

Manitoba has made significant progress renewing public services and rebuilding our infrastructure since the last economic downturn. This progress has been made with modest growth in provincial spending.

Manitoba’s per capita spending growth over the last decade has been second lowest of all provincial governments. The most recent data shows that our per capita spending is the fourth lowest in Canada.

Today’s pressures on our budget make it more important than ever to manage our spending strategically and set priorities. This means that in some areas we will need to move more slowly than we had planned in delivering new initiatives. It also means targeting resources to priority services.

That is why Budget 2010 reduces spending in one-half of government departments and dedicates more than 90 per cent of all new spending to health care, education and training, family services and justice.

To free up these resources for front-line services, we are taking responsible steps to better manage costs. Ministerial salaries are being reduced by 20 per cent. We will ask members of this house to approve our proposal that all members of the Legislative Assembly will not receive a general salary increase for the next two years. This would include ministers’ political staff as well as senior government officials. All government overhead costs will also be closely managed.

Wages and benefits for public sector employees are a major component of the provincial budget. Manitobans value the important services they deliver and the dedication they bring to their work.

Managing expenditures without cutting jobs and reducing services requires realistic expectations about the wage costs we can afford. Over the last decade, we have made public sector wages more competitive, but we will now negotiate for a pause in wage increases. We will find
further savings by leaving some positions unfilled, but only where vital front-line services will not be affected.

Over the past decade, we have made significant investments in reducing income taxes and enhancing both the Education Property Tax Credit and the Farmland School Tax Rebate. Further enhancements will come when the economy improves, to maintain revenues for vital front-line services.

Similarly, our planned reduction of the corporation income tax rate to 11 per cent will also be implemented when the economy strengthens.

Cost savings have already been achieved by renegotiating contracts with computer and telecommunications providers. We will continue with this approach and implement more on-line services, building on Manitoba’s leadership in developing and providing innovative services without increasing costs.

The health care system is also implementing new ways of doing business. Innovations in drug procurement have saved millions and allowed new drugs to be covered. Improvements in service access are helping doctors see families more quickly and connecting patients with the right specialists.

Service innovation is a top priority. We will establish a new Health Innovation Network to link health system leaders, local health providers, researchers and the business community and seek their expert advice and ideas. We will use lean management and develop better processes to improve the patient journey and create a stronger health care system.

**Restoring Balance**

Manitoba’s economic growth rate has been the most stable in Canada over the last 10 years, thanks to the diversity of our economy. Manitoba was one of only three provinces that had more people working in 2009 than in 2008, and Manitoba consumers remain optimistic about our economy.

While the resiliency of the Manitoba economy has shielded us from the worst of the worldwide economic storm, our finances will continue to face pressures for some time.

That is why governments across Canada, and indeed, the world, are taking a multi-year approach to restoring budgetary balance. The federal government has a six-year plan to return to surplus and other provinces are projecting shortfalls for several years.

Manitoba’s Five-Year Economic Plan builds on our strong economic foundation with a multi-year strategy to restore a budget surplus. At 1.1 per cent of Manitoba’s gross domestic product, our projected 2009 shortfall was the smallest in Canada.

This budget complies with balanced budget legislation, projecting a four-year positive balance of $9 million, and a summary net loss of $545 million for 2010/11.

The budget shortfall will be reduced by more than one-third by year three of the plan, and Manitoba will return to surplus by Budget 2014.

Continuing to meet the requirements of today’s balanced budget legislation in the current environment would require the cancellation of stimulus spending, short-sighted cuts to front-line services and tax increases.
Our responsible plan to restore balance over five years includes amendments to legislation, including balanced budget legislation, that would:

- require the budget shortfall to be eliminated over four years and a return to surplus in year five of the plan;
- keep the legal requirement to have balanced budgets into the future;
- exceed the debt payment requirements under the current legislation;
- retain restrictions that prohibit increases to major taxes without a referendum; and
- reduce ministerial salaries and freeze pay for members of the Legislative Assembly.

By restoring balance over several years, our plan is both financially and socially responsible, balancing priority investments in vital services and infrastructure with sound fiscal management.

Maintaining vital services means Manitobans will not face the huge costs of rebuilding our health care and education systems experienced after the last major recession. And today’s investments in the national stimulus plan will support economic recovery.

Mr. Speaker, Manitoba’s Five-Year Economic Plan aggressively pays down debt incurred as a result of the economic downturn. We will draw on our rainy day savings account for this purpose, preserving investments for vital front-line services.

Since 1999, we have nearly quadrupled the amount in Manitoba’s Fiscal Stabilization Account, with a balance of more than $800 million. Budget 2010 dedicates $96 million from the account to start paying down principal and interest.

Over the next four years, an estimated $600 million from our rainy day savings will be directed to this debt payment schedule. By the end of the five-year plan, we will have retired almost one-third of the principal on debt resulting from the economic downturn, and exceeded debt payment requirements under current legislation.

With the significant reduction in Manitoba’s debt burden over the past decade, Manitoba’s net debt to GDP ratio remains well below 1999 levels, projected at 26.8 per cent.
in Budget 2010, down from 32.9 per cent in 1999. In Budget 2010, the share of total revenue spent on debt servicing is forecast to be six cents of every dollar – down from 13 cents in 1999.

Addressing the pension liability supports workers and their families. We are the first government since 1961 to pay the employer’s current service contributions for all civil servants and teachers across the province, to ensure pension funds are available in the future.

Over the last decade, our fiscally responsible approach has earned Manitoba six credit rating upgrades, and our credit rating remains strong today.

**Stimulating Economic Growth**

Manitoba’s plan to stimulate economic growth has three components.

First, we are investing in infrastructure projects to create jobs now and make our economy more productive and competitive in the future.

Second, we are expanding education and training to make sure we have the skilled workers our economy needs.

Third, we are supporting research, innovation and environmentally focused projects to position our economy for the global recovery.

Smart investments today will bring continued growth and prosperity in the future.

**Investing in Infrastructure**

Manitoba has been an active partner with other provinces and the federal government in the national economic stimulus program.

Mr. Speaker, Manitoba’s nearly $1.8 billion commitment to infrastructure and capital renewal this year is almost double the amount invested two years ago before the stimulus program was launched.

Our province’s highways keep Manitobans moving while supporting businesses and the economy. This year, we are investing nearly $600 million in roads and bridges, including:

- improvements on Highway 1 East, Highway 1 West between Griswold and Alexander, further work on Highway 75 South, and pavement work on Highway 6 North;
- work on single-access roads such as Provincial Road 483 near Pelican Rapids, Provincial Road 373 near Norway House and Provincial Road 374 near Cross Lake;
- surface rehabilitation work on Highway 2 near Reston, Highway 21, and Highway 45 east of Oakburn in southwestern Manitoba;
- funding to replace and repair bridges, including the bridge over the Red River at St. Adolphe and the twinning of the 18th Street bridges in Brandon, which remains on track to be completed later this year; and
- further progress on CentrePort Canada Way, including construction of an overpass at Canadian Pacific Railway’s main line and an interchange at the Perimeter Highway.

Climate change is shortening the winter road season, particularly on the east side of Lake Winnipeg, making an all-season road a necessity. This year, we will significantly increase our investment in the construction of an all-weather east side road to improve access to health care, goods, services and economic opportunities for the people in these remote communities.

The Floodway and East Side Road Authority will proceed with this project in a way that provides jobs, training and business opportunities for east side communities.

The Floodway and East Side Road Authority will proceed with this project in a way that provides jobs, training and business opportunities for east side communities.

These projects move Manitoba forward on the $4 billion, 10-year plan to revitalize our highways, launched in 2007.

Improved access to the region and the bid to establish a UNESCO World Heritage Site lay the foundation for sustainable jobs in tourism on the east side of Lake Winnipeg.

Budget 2010 will support the construction of a tourism interpretive centre near Hollow Water First Nation. Further
investments will be made to provide training and small business support for tourism on the east side.

This year, the province is contributing an additional $30 million to Canada-Manitoba infrastructure programs to support projects across the province, bringing the total provincial contribution to nearly $72 million in Budget 2010.

Since 1999, the province has invested nearly $200 million to improve drinking and wastewater systems in rural and northern Manitoba. This work will continue with $43 million for new projects across the province.

This fall, construction on the Len Evans Centre for Trades and Technology at Assiniboine Community College in Brandon will be complete. Construction is scheduled to begin this year on University College of the North projects in both Thompson and The Pas. Work is also planned for satellite sites, including Swan River.

Social housing provides low-income Manitobans with affordable shelter, and Budget 2010 continues our support for important projects.

Mr. Speaker, we will:

- add 1,500 new social housing units over five years, with a significant investment this fiscal year;
- upgrade our existing social housing stock, with major projects in Winnipeg and throughout rural and northern Manitoba; and
- increase our investment for operating social housing units and capital investments across the province by close to 10 per cent.

Work on many of the projects will be done by people who live in social housing or in the surrounding neighbourhoods, providing training opportunities and creating and maintaining jobs across the province while building community pride.

We will provide funding to undertake the stabilization of the historic Display Building at the Keystone Centre in Brandon.

### INFRASTRUCTURE AND CAPITAL ASSET RENEWAL ESTIMATED MANITOBA EMPLOYMENT IMPACTS

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<thead>
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<th>Expenditure Estimate ($Millions)</th>
<th>Direct Construction Employment</th>
<th>Sustained Spin-off Employment</th>
<th>Total Employment (person-years)</th>
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Source: Manitoba Bureau of Statistics Economic Impact Assessment Model
Stimulating Economic Growth

Manitoba’s Five-Year Economic Plan focuses on three key areas to stimulate economic growth by investing in infrastructure stimulus projects, expanding education and training and supporting research, innovation and environmentally-friendly projects to position our economy for the global recovery.

Investing in Infrastructure

Since 2000, our government has invested $7.3 billion in public capital assets, including:

- $2.7 billion for new or renewed hospitals, universities, colleges and public schools;
- $2.6 billion to upgrade Manitoba’s roads and highways; and
- $2 billion for water-related projects such as the Manitoba Floodway and to modernize and improve social housing, assist community investments, and improve public service buildings, parks and camping infrastructure.

It is estimated that the insured or replacement value of these assets is more than $36 billion.

Budget 2010 continues this work by investing $1.8 billion in infrastructure and capital renewal projects – a more than 90 per cent increase over the amount invested two years ago before the national stimulus program was launched. Our 2010 highway investments will bring the total amount of roadwork since our ten-year plan was launched in 2007 to 5,073 kilometres.

Not including the $306 million to be spent on the Wuskwatim hydro-electric dam project, these 2010 investments are estimated to support nearly 16,000 direct jobs and close to 13,000 indirect jobs throughout the economy.

Investing in Education

A well-educated and highly skilled work force is key to economic expansion and financial well-being. Investments in education and training prepare people for new possibilities and allow us to quickly adapt to new opportunities.

In this time of economic uncertainty, it is more important than ever before to continue to support students. From the classroom to university labs to apprentices in businesses, Manitoba will maintain a focus on education and training through Manitoba’s Five-Year Economic Plan.

Investing in Innovation

More than ever before, the ‘new’ economy is the ‘now’ economy. Since 1999, provincial investments in research and development have nearly doubled.

Our five-year plan maintains our focus on investing in research, innovation and new opportunities to create good jobs today, while also ensuring productivity continues to increase in the future.
This year marks the 50th anniversary of the Manitoba parks system. Budget 2010 funds campground expansions and upgrades at Asessippi, Winnipeg Beach and Wellman Lake.

We are also partnering with the federal government to further improve park amenities for visitors, including campground and campsite upgrades, trail and playground expansions, and upgrades to water treatment and wastewater systems.

**Supporting Education**

In the last major recession, school divisions had their budgets cut.

Despite challenging economic times, we are providing an overall increase of almost three per cent to public school funding this year, well above the rate of economic growth. Every school division will receive at least a two per cent grant increase.

To support our children’s schools, we are maintaining the balance between residential and commercial contributions to public education.

This year’s education funding investment brings the total increase over the past nine budgets to $276 million, 15 times the increase over the same time period in the 1990s. We have also doubled capital investments in schools during this time. Construction work will continue this year on schools across the province, including new schools in Steinbach, Winkler and La Broquerie.

Mr. Speaker, with these sustained investments in education, the student-teacher ratio in Manitoba classrooms is among the best in Canada.

Every high school student deserves the chance for a post-secondary education. Budget 2010 provides:

- additional support for the Bright Futures Fund, which makes university or college a real possibility for at-risk students by helping them complete high school;
- increased funding for ACCESS programs, which provide academic, financial and personal supports for students facing obstacles to post-secondary education; and
- funding for new Student Success grants for students who need additional financial support to attend a post-secondary school.

Budget 2010 will continue to provide summer job opportunities to students and unemployed youth in communities across Manitoba through the Hometown and Urban Green Team programs.

A key focus of new spending in Budget 2010 is post-secondary education. Despite fiscal pressures, overall operating support for our colleges and universities will increase by 4.5 per cent.

To ensure our institutions have the resources they need to provide quality services, tuition fee increases will be limited to five per cent at universities and to $150 a year at colleges. Manitoba will still have some of the lowest tuition fees in the country, well below the Canadian averages.

I am pleased to announce that starting in 2010, we will provide college and university students with faster access to part of the Tuition Fee Income Tax Rebate while they are still in school. This means a Manitoba student paying...
$3,000 in tuition fees will receive a $150 refund per year while they are still enrolled in school, providing an estimated $7.5 million each year to students when they need it most.

Government has a continuing commitment to increasing opportunities in apprenticeship training, despite the challenges of the current recession.

Meeting the training needs of Manitoba workers and businesses requires a collaborative approach. The provincial sector councils act as key links between Manitoba education, business and labour communities. The co-ordination of skills training supports for Aboriginal people, immigrants and apprentices helped Manitoba companies connect with more than 18,000 workers last year.

Since 1999, the number of registered apprentices has more than doubled, and Apprenticeship Manitoba is anticipating a further 35 per cent increase over the next two years. And as a result of a number of targeted initiatives over the past decade, Aboriginal apprentices now comprise 17 per cent of all apprentices in Manitoba.

Budget 2010 increases apprenticeship training support by $2 million. In addition to the two new designated apprenticeship trades in 2009, six new designated trades are being developed. Red River College will offer a Bachelor of Technology in Construction Management beginning in September 2010.

Budget 2010 also continues our support for the successful Rebound program. Since last July, close to 500 unemployed people who might otherwise have needed to rely on support from income assistance have had the chance to learn new skills and begin new careers. Additionally, we will provide more supports for Manitobans as they transition from welfare to work.

**Innovation and the Environment**

Manitoba needs to continue investing in innovation so that when global markets recover, our businesses are stronger, more adaptable and ready to compete in the changing economy.

We need to build on the progress we have made in recent years. According to the latest data from Statistics Canada, Manitoba is a leader in real business labour productivity, with a total increase of 9.5 per cent over five years, almost triple the national growth.

The Industrial Technology Centre helps small- and medium-sized businesses access the innovative engineering and technical services that helps their companies grow. This year, we will invest more than $1 million to support this work.

Budget 2010 provides continued investments in the Manitoba Research and Innovation Fund, which has supported hundreds of science and health research projects since it was established in 2003.

Genomics research and technology development supports the creation of smarter diagnostic tools and targeted medical treatments. We are partnering with businesses, other organizations and the Saskatchewan government to develop a joint strategy to guide our investments in this area.
The Churchill Northern Studies Centre is internationally recognized as a hub for arctic research and education. The province is supporting the centre’s capital campaign to raise funds to replace the aging main facility, renovate labs and teaching facilities and improve field sites, enabling further research in the North.

We will also continue to build strong partnerships both within and outside of Manitoba.

This spring, the Premier’s Economic Advisory Council will host an economic summit involving leaders from business, labour, Aboriginal and community groups, as well as the education sector. Together, we will discuss strategies for expanding economic growth so Manitoba is ready to seize new opportunities and stay at the forefront of innovation.

This fall, the business-to-business forum Centralia 2010 will be held in Winnipeg, attracting more than 500 business leaders from around the world to network in English, French and Spanish.

Planning is under way to host an arctic summit with key national and international stakeholders to kick-start discussions and encourage innovative ideas about how to use Manitoba’s northern sea access to better distribute goods and services, further building our economy.

Despite global economic conditions, the number of Manitobans working in the mineral and oil industries grew to 5,400 in 2009, a 3.8 per cent increase from 2008. As we move closer to economic recovery, Manitoba will be well-positioned to respond to the sector’s employment needs with the establishment of new mining training facilities in Flin Flon.

We are continuing to invest in the environmental clean up of abandoned mines. Work is under way at 18 sites across the province, including in First Nations communities. Building on these investments, we are also working with the Assembly of Manitoba Chiefs to create a forum to discuss mining-related issues.

Budget 2010 includes a strong focus on the environment. We are acting on our commitment to reduce greenhouse gas emissions and are making investments to further reduce these levels, including:

• investing in capital infrastructure needed to reduce the amount of methane released from landfills in Brandon and Winnipeg; and

• introducing a new grant to support the local production of biodiesel fuels at such facilities as the new plant in Arborg.

Manitoba Hydro has designed and built one of the most energy-efficient office towers in the world, winning international awards for its environmentally-friendly design.

Following this excellent example, we are greening our building codes to improve water and energy efficiency in new homes and buildings, helping Manitobans save money on these costs while reducing greenhouse gas emissions.

Construction will also begin this year on a wind farm at St. Joseph, which will add clean and green wind power to our system.

This past year, Manitoba Hydro signed an agreement with four Cree Nation partners to develop the Keeyask Generating Station to provide clean, renewable energy for Manitobans and our export customers.

The Wuskwatim Generating Station being built in partnership by Nisichawayasihk Cree Nation and Manitoba Hydro is on schedule to be in service next year and yield more than $230 million in annual gross domestic product for Manitoba. Work is also proceeding to ensure Bipole III is built on time to meet our export commitments, generating revenues that will keep rates low for Manitobans into the future.

We will also undertake a joint study with Saskatchewan to look at our transmission capacity and explore ways to increase renewable energy development in both provinces.

Other initiatives that focus on the environment include:

• continuing support for low-income residential retrofit programs in Winnipeg and Brandon, including social
housing, to help families further reduce water and energy bills;

- continuing work to restore the health of Lake Winnipeg with federal and community partners and stakeholders;

- introducing a new WaterSmart initiative to promote water conservation;

- maintaining commitment to the conservation districts program;

- eliminating sales tax on shredded tires used in municipal road construction to encourage the use of recycled products; and

- investing in the restoration of Delta Marsh and Netley Libau Marsh to improve water quality and drought resistance, as well as investments to support a program that provides incentives to producers and other landowners to restore and protect previously drained wetlands.

The protection of our streams, rivers and lakes is important, and so we are increasing funding to help farmers meet water protection objectives. Budget 2010 also continues major investments in drainage capital works and maintenance, such as the North Crooked Lake project in the Interlake, Hatchery Road drain in the Interlake and the St. Elizabeth drains in the Red River corridor.

We are working with cattle producers to create a more responsive pasture insurance program. This builds on our work with the Manitoba Cattle Enhancement Council, which supports Manitoba’s cattle industry, including investing in the Keystone Processors facility in St. Boniface.

We are providing financial support to help farmers hardest hit by flooding in the north Interlake area in the last two years, and will continue to work with them to make sure they can access needed funds to get their crops in the ground this spring.

We are also providing provincial support through the Agri-Opportunities Program for the development of a hemp fibre processing facility in the Parkland region.

We will continue to invest in other priority areas, including food safety, the environment and agri-food innovation. The Agri-Innovation Program under the Growing Forward program looks at commercializing innovative ways to use crop residues and build on the business capacity in rural communities.

The Food Development Centre in Portage la Prairie helps steer a new food product through every stage of development. Plans are underway for a facility expansion at the centre to support rural economic development through additional technological capacity and improved service to clients.

In 2009, we saw first-hand how investments in equipment and other flood mitigation resources helped protect our province. Budget 2010 provides further funding for flood mitigation efforts, including:

- increasing investments in flood forecasting equipment and operations;

- investments in flood mitigation and finding ways to further improve our flood-fighting abilities, particularly along the Red River north of Winnipeg; and

- continuing to work with First Nations communities, such as Peguis and Fisher River, and the federal government to develop long-term flood mitigation plans and agreements.

We are hiring more inspectors to enforce rules on septic systems, with a focus on the Red River corridor and other environmentally sensitive areas. This year, we will provide more resources to the Office of Drinking Water to implement strengthened drinking water standards across the province.

Maintaining Manitoba’s Affordability

Manitoba is one of the most affordable places in Canada to live, work and raise a family. When looking at total combined living costs and taxes, Manitoba is among the top three for families. And for new graduates establishing
their careers, these costs and taxes are the second lowest in Canada.

Manitoba’s Five-Year Economic Plan will keep our province’s affordability advantage.

We have made great progress reducing the tax burden on Manitoba families over the past decade, with $723 million in annual tax relief. Manitoba has been the only province in Canada where residential property taxes have, on average, stayed flat since 2000. To further protect Manitoba families, we have declined invitations to harmonize our sales tax with the GST.

Despite budgetary pressures, Mr. Speaker, Budget 2010 will not increase personal income or sales tax rates.

A critical component of affordability is keeping the cost of government in check. Budget 2010 keeps government affordable by increasing Core Government spending by just one per cent relative to projected spending levels for last year.

Manitoba’s cost of living advantage is also supported by among the lowest hydro and comprehensive auto insurance costs in North America. This year, Manitoba Hydro will enhance emergency financial assistance for low-income customers on their energy bills.

Budget 2010 again offers incentive grants to school divisions that hold the line on taxes. Last year, 20 divisions participated in this initiative to keep property taxes in check, and this year, we expect homeowners in even more divisions will benefit.

We will shield families from rising drug costs. For the duration of our five-year plan, Pharmacare deductible increases will be limited to the rate of inflation while 100 per cent of all eligible drug costs above deductibles will remain covered.

Medical experts tell us of the health risks from using tanning beds. To address the consequences of these risks, the provincial sales tax exemption will be removed from tanning services, beginning this July.

We have already passed payday loan legislation to protect Manitoba consumers. Later this year, we will launch a multi-year consumer protection strategy to make sure businesses compete on a level playing field, while further safeguarding the hard-earned dollars of Manitoba families.

Budget 2010 will also:
• extend the fitness tax credit to Manitobans aged 16 to 24, beginning in 2011;
• introduce a new tax credit to support fertility treatment costs;
• introduce the five per cent advance for the Tuition Fee Income Tax rebate;
• introduce new regulations to improve the security, flexibility and greater transparency of pension plans to better meet the needs of today's workers; and
• support another year of free access to Manitoba parks.

Manitoba is also an affordable and competitive place to do business. Budget 2010 provides $14 million in new tax reductions for business, bringing the total amount of annual business tax relief to $422 million.

Since 1999, the small business tax rate has fallen from 8 per cent to just one per cent today. Mr. Speaker, we are keeping our promise to completely eliminate the small business tax effective December 1 this year, the first jurisdiction in Canada to do so permanently.

The general Corporation Capital Tax is also being eliminated at the end of 2010 to encourage needed investments that improve business productivity and competitiveness. By 2011, the phaseout of this tax will have freed up more than $80 million for companies to reinvest and innovate for the future.

Mr. Speaker, we are phasing in partial refundability for the research and development tax credit, reducing tax bills for companies that invest in new ideas by $12 million annually by 2012.

We are also:
• reducing red tape by eliminating the requirement to register and collect provincial sales tax for small businesses with less than $10,000 in annual taxable sales;
• expanding the Film and Video Production Tax Credit until 2014 and enhancing the credit to include other production costs in addition to labour;
• making it easier for business to hire high school students taking apprenticeship training by extending the Co-op Education and Apprenticeship Tax Credits; and
• providing a new tax credit for co-op enterprise development.

Manitoba remains one of the most attractive places to do business in the country. Mr. Speaker, our business climate has kept Brandon and Winnipeg in the top three most competitive North American cities for small and large manufacturers.

Productive and competitive businesses also need modern transportation infrastructure to succeed. In 2004, our government passed The Gas Tax Accountability Act, requiring all revenue from road-use fuel taxes to be spent on roads, transportation systems and related infrastructure. Since then, our infrastructure investments have increased by 53 per cent.

**Conclusion**

We have worked hard to make sure Budget 2010 keeps Manitoba's future in focus while managing today's challenges. Strategic and responsible decisions had to be made. Manitoba's Five-Year Economic Plan guides our decisions as we move Manitoba forward.

We will manage government spending while focusing on the priorities of Manitobans and returning to surplus by Budget 2014. We will maintain our quality of life by keeping Manitoba affordable, both now and in the years ahead.

Investments in front-line services will strengthen health care, education, training, public safety and supports for families. Continued economic stimulus will create jobs, renew infrastructure and grow the economy.

There are challenges to face, but we are on our way to recovery. We will keep moving forward to make our province an even better place to live. And together, we will build a stronger future for all Manitobans.