

Budget Paper C

**TAXATION ADJUSTMENTS
INCLUDES
THE MANITOBA ADVANTAGE
AGE-FRIENDLY MANITOBA: THE GOLDEN YEARS**

TAXATION ADJUSTMENTS

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■ SUMMARY OF 2011 TAX MEASURES

A negative number represents a tax reduction.

	2011/12	Full Year
	(Millions of Dollars)	
Ongoing Reductions ¹		
Personal Tax reductions	-8.2	-26.2
Business Tax reductions	-64.8	-71.4
	-73.0	-97.6
Personal Measures		
Basic Personal Amount, Spousal Amount and Eligible Dependent Amount increased	-28.6	-76.7
Basic Education Property Tax Credit increased ²	-16.0	-16.0
Seniors' Education Property Tax Credit increased ²	-2.0	-4.8
Children's Arts and Cultural Activity Tax Credit introduced	-3.8	-3.0
Primary Caregiver Tax Credit increased	-2.0	-1.6
Mineral Exploration Tax Credit extended	-0.4	-1.5
Community Enterprise Development Tax Credit extended	-	-0.1
	-52.8	-103.7
Health and Green Measures		
Tobacco Tax increased	17.4	18.0
Emissions Tax on coal introduced	0.4	1.6
Sales Tax Exemption on Biomass Materials	-	-0.1
Green Energy Equipment Tax Credit increased	-0.3	-0.3
	17.6	19.2
Business and Farm Measures		
Manufacturing Investment Tax Credit extended	-8.4	-34.3
Farmland School Tax Rebate increased ²	-2.5	-2.0
Capital Tax exemption for small banks introduced	-0.8	-0.7
Cultural Industries Printing Tax Credit introduced	-0.1	-0.5
Book Publishing Tax Credit extended and expanded	-0.1	-0.5
Neighbourhoods Alive! Tax Credit introduced	-	-0.4
Co-op Education and Apprenticeship Tax Credits extended	-0.1	-0.2
Sales Tax exemption for municipal flood protection introduced	-0.1	-0.1
Odour Control Tax Credit extended	-	-0.1
	-12.1	-38.8
Total Changes, 2011 Budget	-47.3	-123.3
Total Changes Including Ongoing Tax Reductions	-120.3	-220.9

¹ Tax measures previously announced that take effect after 2010:

- Fitness Tax Credit for young adults
- increased take-up in Tuition Fee Income Tax Rebate
- elimination of the general Capital Tax and small business corporation income tax rate
- enhanced R&D Tax Credit refundability
- expanded Co-op Education and Apprenticeship Tax Credits

² Expenditure program

2011/12 savings for new measures that begin January 1, 2011 include January to March 2011 savings.

■ PERSONAL MEASURES

Basic Personal Amount, Spousal Amount and Eligible Dependent Amount

(2011/12 revenue impact: -\$28.6 million)

The values for all three amounts are increased by \$1,000. The increases will be made incrementally over four years with the amounts going from \$8,134 to \$8,384 in 2011, \$8,634 in 2012, \$8,884 in 2013 and \$9,134 in 2014.

The basic personal amount benefits all Manitoba taxpayers. The spousal amount benefits married couples and common-law partners, and the eligible dependent amount benefits single parents with a minor child.

The following table summarizes the tax savings for an individual Manitoban, a couple (married or common-law partners), and a single parent.

	Tax Savings		
	Individual	Couple	Single Parent
2011	\$27	\$54	\$54
2012	\$54	\$108	\$108
2013	\$81	\$162	\$162
2014	\$108	\$216	\$216
Cumulative Savings	\$270	\$540	\$540

The increased amounts will benefit over 648,000 individual Manitobans, over 36,000 couples and common-law partnerships, and nearly 18,000 single parents. By 2014, almost 22,000 Manitobans will no longer pay Manitoba income tax because of the increased amounts.

The full-year revenue impact of these increased credits is -\$76.7 million.

For more information, contact Location B, page C10

Basic Education Property Tax Credit

(2011/12 expenditure impact: \$16.0 million)

The basic Education Property Tax Credit is increased from \$650 to \$700 commencing in 2011.

The basic tax credit is a refundable tax credit that reduces property taxes payable by homeowners and provides residential tenants with an annual income tax benefit. The basic credit is not income-tested and benefits low-income Manitobans who do not pay income tax.

Homeowners with sufficient property taxes will have the basic tax credit subtracted from their property tax bill, starting in 2011. Residential tenants who pay at least \$4,750 in annual rent (\$395 monthly on average) will benefit from the increased basic credit when they file their income tax return, beginning with their 2011 returns filed in early 2012.

The province reimburses school divisions and municipal governments for the basic credits claimed by homeowners in their jurisdiction.

The increased basic credit will save 293,000 homeowners and 128,000 tenants an estimated \$16.0 million annually.

For more information, contact Location B, page C10

Seniors' Education Property Tax Credit

(2011/12 expenditure impact: \$2.0 million)

The maximum tax credit for seniors is increased from \$800 to:

- \$950 in 2011, providing an average benefit of \$62 to about 21,000 senior households with family income of less than \$25,000;
- \$1,025 in 2012, providing an average benefit of \$107 to over 27,000 senior households with family income of less than \$32,500; and
- \$1,100 starting in 2013, providing an average benefit of \$151 to over 31,000 senior households with family income of less than \$40,000.

These increased benefits are in addition to the \$50 increase in the basic tax credit.

The full-year increase in total benefits when the maximum \$1,100 seniors' credit is reached in 2013 is \$4.8 million.

For more information, contact Location B, page C10

Children's Arts and Cultural Activity Tax Credit

(2011/12 revenue impact: -\$3.8 million)

In order to foster enriching extra-curricular activities for children, a new Children's Arts and Cultural Activity Tax Credit is introduced in 2011 to recognize organized and supervised arts and cultural activities taking place in Manitoba and outside a school's regular program, including: supervised lessons in music, dramatic arts, dance and visual arts; language instruction; natural environment and wilderness activities; private tutoring in school subjects; and the development of interpersonal skills. Children's organizations, including Girl Guides, Scouts, 4-H and Cadets, will also qualify.

The Children's Arts and Cultural Activity Tax Credit is a 10.8% non-refundable income tax credit. Eligible activities costs of up to \$500 can be claimed annually for a child under the age of 16, providing a family up to \$54 in income tax savings for each child. For a child with a disability under the age of 18 on whom at least \$100 is spent on eligible activities, the family qualifies for an additional \$54 in income tax savings.

It is estimated that families representing up to 186,000 children will benefit from an additional \$3.0 million in annual Manitoba income tax savings from the new credit.

The Manitoba Fitness Tax Credit, which is currently available for children and young adults under age 25, is not affected by this change.

For more information, contact Location A, page C10

Primary Caregiver Tax Credit

(2011/12 revenue impact: -\$2.0 million)

The Primary Caregiver Tax Credit is increased by 25% from a maximum annual amount of \$1,020 to \$1,275 beginning in 2011.

The tax credit was introduced in 2009 to provide recognition and financial supports to Manitobans who serve as volunteer primary caregivers to assist care recipients to live independently in their own homes. The credit builds upon the Manitoba Home Care Program, the Community Living Disability Services (formerly Supported Living) and the Children's disABILITY Services (formerly Children's Special Services). One volunteer caregiver can claim up to three care recipients at one time, for a

potential maximum annual tax credit of \$3,825. The credit is claimed on the volunteer primary caregiver's income tax return and is not income tested.

The increase provides an estimated \$1.6 million annually in additional credits to over 5,000 volunteer primary caregivers.

For more information, contact Location B, page C10

Mineral Exploration Tax Credit

(2011/12 revenue impact: -\$0.4 million)

The Mineral Exploration Tax Credit, scheduled to expire with respect to flow-through share agreements entered into after March 2012, will be extended to cover flow-through share agreements entered into before April 1, 2015.

The tax credit is a 30% non-refundable personal income tax credit for Manitoba residents who invest in eligible flow-through shares of qualifying mineral exploration companies. There is no cap on the maximum eligible investment by an individual investor, and no limit on the maximum amount of tax credits claimable in a given year.

The full-year revenue impact is estimated at -\$1.5 million.

For more information, contact Location D, page C10

Community Enterprise Development Tax Credit

(2011/12 revenue impact: less than -\$0.1 million)

The Community Enterprise Development Tax Credit, scheduled to expire on December 31, 2011, will be extended to December 31, 2014.

The tax credit is a non-refundable personal income tax credit that encourages Manitobans to invest in enterprises in their communities. Eligible enterprises can apply to issue up to \$1,000,000 in tax creditable shares to Manitoba investors. Investors receive a 30% tax credit on a maximum annual investment of \$30,000 (up to \$9,000 in tax credits). Shares acquired through an individual investor's registered retirement savings plan or tax free savings account are also eligible for the tax credit.

The full-year revenue impact is estimated at -\$0.1 million.

For more information, contact Location G, page C10

■ HEALTH AND GREEN MEASURES

Tobacco Tax

(2011/12 revenue impact: \$17.4 million)

The Tobacco Tax rate is increased effective midnight, April 12, 2011. The rate per cigarette will increase from 20.5¢ to 22.5¢; the rate on fine-cut tobacco will increase from 19.5¢ to 21.5¢ per gram; and the rate on raw leaf tobacco will increase from 18¢ to 20¢ per gram.

The estimated additional full-year revenue is \$18.0 million.

For more information, contact Location C, page C10

Emissions Tax on Coal

(2011/12 revenue impact: \$0.4 million)

Commencing January 1, 2012, coal used in Manitoba will be subject to a new Emissions Tax equal to \$10 per tonne of carbon-dioxide-equivalent emissions.

Burning coal generates the highest level of greenhouse gas emissions compared to other fossil fuels. Beginning on January 1, 2014, coal used for space and water heating will be banned in Manitoba. Coal used for generating electricity or for industrial purposes will continue to be subject to the Emissions Tax in 2014.

The estimated additional full-year revenue is \$1.6 million.

For more information, contact Location A, page C10

Sales Tax Exemption on Biomass Materials

(2011/12 revenue impact: less than -\$0.1 million)

The sales tax exemption on straw pellets used for heating or cooking is expanded to include biomass materials, commencing May 1, 2011.

The full-year revenue impact is -\$0.1 million.

For more information, contact Location C, page C10

Green Energy Equipment Tax Credit

(2011/12 revenue impact: -\$0.3 million)

The total Green Energy Equipment Tax Credit on geothermal heating systems is increased from 10% to 15%, effective for installations after April 12, 2011.

The tax credit for Manitoba manufacturers of qualifying geothermal heat pumps will increase from 5% to 7.5%. The tax credit for purchasers of qualifying made-in-Manitoba geothermal heat pumps installed in Manitoba will also increase from 5% to 7.5%. The tax credit applicable to other eligible installation costs for geothermal heating systems installed in Manitoba will increase from 10% to 15%.

The tax credit for purchasers of solar heating systems will remain at 10%. The province is also examining broadening the 10% tax credit to made-in-Manitoba transformers and converters which are sold for use in Manitoba.

The tax credit is a refundable income tax credit that is available to individuals, institutions and businesses.

The estimated increase in full-year tax credits is \$0.3 million.

For more information, contact Location A, page C10

■ BUSINESS AND FARM MEASURES

Manufacturing Investment Tax Credit

(2011/12 revenue impact: -\$8.4 million)

The Manufacturing Investment Tax Credit, scheduled to expire on December 31, 2011, will be extended to December 31, 2014.

The tax credit provides Manitoba companies with a 10% corporation income tax credit based on the capital cost of new and used manufacturing buildings, machinery and equipment acquired for use in manufacturing or processing in Manitoba.

Seven-tenths of the 10% tax credit is refundable and the remaining three-tenths can be applied against Manitoba corporate income tax payable in the year earned, or carried back to recover Manitoba income tax paid in the previous three years, or carried forward up to 10 years to reduce future Manitoba income taxes.

The full-year revenue impact is estimated at -\$34.3 million.

For more information, contact Location A, page C10

Farmland School Tax Rebate

(2011/12 expenditure impact: \$2.5 million)

The Farmland School Tax Rebate is increased from 75% to 80% starting in 2011.

The rebate offsets school taxes paid on farmland. It was introduced in 2004 at 33% and increased progressively to 75% in 2009.

The increased rebate reduces school taxes on farmland for over 10,000 farm families by an additional \$2.0 million annually.

For more information, contact Location E, page C10

Capital Tax Exemption for Small Banks

(2011/12 revenue impact: -\$0.8 million)

In order to attract and encourage the expansion of small, innovative financial institutions in Manitoba, banks with taxable paid-up capital under \$4 billion are exempted from the 3% capital tax, commencing with taxation years ending after April 12, 2011. This provides Manitoba companies with access to more diverse sources of capital for growing their businesses.

The estimated reduction in full-year revenue from the exemption for small banks is \$0.7 million.

For more information, contact Location C, page C10

Cultural Industries Printing Tax Credit

(2011/12 revenue impact: -\$0.1 million)

The Cultural Industries Printing Tax Credit is a new 15% refundable credit for Manitoba printers based on eligible printing costs incurred and paid after April 12, 2011 and before 2015 in the production of eligible books. The new credit provides needed support to Manitoba's cultural industries, while promoting the maintenance and creation of printing jobs in Manitoba.

Qualifying costs are amounts invoiced by the Manitoba printer to the publisher of a book for printing, assembly and binding services performed in Manitoba.

The criteria for eligible books will include hardcover or paperback format Canadian-authored non-periodical publications categorized as fiction, non-fiction, poetry, drama, biography, or children's books. An eligible book is not limited to first editions. Excluded books include corporate and vanity publications, directories, agendas, catalogues, calendars, loose-leaf publications, colouring, sticker, and activity books, and those containing advertising other than the publisher's own promotional material.

A qualifying publisher must not be related to the Manitoba printer and must be carrying on business anywhere in Canada.

The full-year benefit to Manitoba printers is estimated at \$0.5 million.

For more information, contact Location A, page C10

Book Publishing Tax Credit

(2011/12 revenue impact: -\$0.1 million)

The Book Publishing Tax Credit, scheduled to expire on December 31, 2011, will be extended to December 31, 2014.

The tax credit is also expanded to include non-refundable monetary advances and labour costs related to publishing an electronic or digital version of an eligible literary work, for eligible expenses incurred and paid after April 12, 2011.

In addition, the bonus applied to Manitoba printing costs when an eligible book is printed on paper with a minimum of 30% recycled content is increased from 10% to 15%, for printing expenses incurred and paid by a publisher after April 12, 2011.

The tax credit was introduced in 2008 to assist the development of the book publishing industry in Manitoba. This fully refundable income tax credit is equal to 40% of eligible Manitoba labour costs plus non-refundable author advances. The maximum tax credit claimable by a publisher is \$100,000 per year.

The estimated full-year revenue impact of these measures is -\$0.5 million.

For more information, contact Location F, page C10

Neighbourhoods Alive! Tax Credit

(2011/12 revenue impact: less than -\$0.1 million)

To promote community economic development and to assist Manitobans facing barriers to employment, the 30% Neighbourhoods Alive! Tax Credit is introduced. This unique and innovative tax credit encourages corporations with a permanent establishment in Manitoba to support and work with charitable organizations to establish new social enterprises in Manitoba.

The newly created social enterprise must be fully owned and controlled by a charitable organization in Manitoba, with a charitable purpose that matches the charity, and a mandate that includes hiring hard-to-employ Manitobans facing multiple barriers to employment.

Corporate donations provided in the year prior to the establishment of the social enterprise and during the first three years of the social enterprise are eligible for the tax credit. Eligible donations must be made after April 12, 2011 and before 2020 to qualify for the tax credit.

The maximum tax credit a corporation can earn in a given year is \$15,000, based on a minimum \$50,000 donation made to a qualifying registered charity in the previous year. The corporation must provide in-kind services to the charity during the year to support developing, managing and operating a new social enterprise. The tax credit offsets Manitoba corporation income tax otherwise payable. Tax credits earned but unused by a contributor in a given year can be carried back up to three years, but no earlier than a tax year ending after April 12, 2011, and any remaining credits can be carried forward up to 10 years.

The full-year revenue impact is estimated at -\$0.4 million.

For more information, contact Location A, page C10

Co-op Education and Apprenticeship Tax Credits

(2011/12 revenue impact: -\$0.1 million)

Components of the Co-op Education and Apprenticeship Tax Credits, scheduled to expire on December 31, 2011, will be extended to December 31, 2014. In addition, the province is examining ways to simplify the application process.

The tax credits are a family of income tax credit programs that provide incentives to employers who offer work experience to young Manitobans. The Co-op Students Hiring Incentive was first introduced as the Co-operative Education Tax Credit in the 2003 Manitoba Budget for placement of students in post-secondary co-operative education programs. In 2006, the Co-op Graduates Hiring Incentive extended the credit to cover hiring graduates of co-op programs. In 2008, the Journeypersons Hiring Incentive extended the credit to cover hiring recent graduates of apprenticeship programs. In 2009 and 2010, two more components were introduced to include apprentices: the Advanced-Level Apprentices Hiring Incentive and the Early-Level Apprentices Hiring Incentive.

All components of the tax credit are fully refundable. Eligible employers include taxable corporations or exempt corporate entities (including not-for-profit agencies, Manitoba Crown entities, municipalities, universities, schools and hospitals). Unincorporated employers may claim the refundable credit on their individual income tax return.

The full-year revenue impact is estimated at -\$0.2 million.

For more information, contact Location B, page C10

Sales Tax Exemption for Municipal Flood Protection

(2011/12 revenue impact: -\$0.1 million)

The sales tax exemption for municipalities is expanded commencing March 1, 2011 to include sandbag-filling services and the following flood protection materials: flood tubes, sand/salt mixtures for sandbags, and sandbag ties.

The full-year revenue impact is -\$0.1 million.

For more information, contact Location C, page C10

Odour Control Tax Credit

(2011/12 revenue impact: less than -\$0.1 million)

The Odour Control Tax Credit, scheduled to expire on December 31, 2011, will be extended to December 31, 2014.

The tax credit was established in 2004 to provide a 10% non-refundable corporate income tax credit for businesses that invest in capital property for the purpose of preventing, eliminating or significantly reducing nuisance odours arising from the use or production of organic waste. Budget 2006 expanded the credit making it refundable to agricultural producers, including individual farmers. The maximum refundable credit is equal to the total of Manitoba income tax payable and the amount of property taxes paid on Manitoba farmland by the agricultural producer in the year in which eligible capital property was acquired.

The full-year revenue impact is estimated at -\$0.1 million.

For more information, contact Location A, page C10

■ TECHNICAL AND ADMINISTRATIVE MEASURES

The Land Transfer Tax exemption on transfers of title between common-law partners will be amended to include partners registered under *The Vital Statistics Act*, retroactive to 2004. Eligible transferees can apply for a refund of tax paid.

For more information, contact Location A, page C10

The taxpayer's ability to elect to renounce, in whole or in part, the Manitoba R&D Tax Credit will be extended to the Manufacturing Investment Tax Credit and the Odour Control Tax Credit.

For more information, contact Location A, page C10

As announced last year, the refundable Fertility Treatment Tax Credit will be amended, retroactive to October 1, 2010 when the credit began, as follows:

- allowing the tax credit to be claimed by either spouse or partner, but not split between spouses or partners;
- recognizing fertility treatments provided by Manitoba physicians and clinics;
- covering medications prescribed by a licensed physician in Manitoba for fertility treatments even if the medications are tied to fertility treatments received outside of Manitoba; and
- clarifying that fertility treatments to reverse elective sterilization procedures such as vasectomies or tubal ligations do not qualify for the tax credit.

For more information, contact Location A, page C10

Enhanced enforcement measures will be implemented under *The Tax Administration and Miscellaneous Taxes Act*.

For more information, contact Location C, page C10

■ CONTACTS FOR FURTHER INFORMATION

- | | | |
|----------|---|---|
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e-mail: artsbranch@gov.mb.ca |
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Web: www.gov.mb.ca/agriculture/ri |

■ PERSONAL TAX SAVINGS SINCE 1999

Personal Income Taxes, Education Property Tax Credits, Residential Education Support Levy and Farmland School Tax Rebate

	2000	2001	2002	2003	2004	2005	2006	2007
	(Millions of Dollars)							
Income Tax Reductions								
BUDGET								
2000	9	68	34					
2001		29	7	18				
2002			15					
2003					39			
2005							30	
2006							8	34
2007								25
2008								
2010								
2011								
SUBTOTAL	9	97	56	18	39	-	38	59
Property Tax Reductions¹								
BUDGET								
2000	26							
2001		27						
2002			10					
2003				19				
2004					23			
2005						37		
2006							39	
2007								42
2008								
2009								
2011								
SUBTOTAL	26	27	10	19	23	37	39	42
Annual Totals	35	124	67	37	62	37	77	101
Cumulative Annual Totals	35	159	226	262	324	361	438	539

Totals may not add due to rounding.

¹ Reductions include increases to the Education Property Tax Credit of \$156 million; the introduction of and increases to the Farmland School Tax Rebate of \$35 million; and reductions to the Education Support Levy which was eliminated in 2006 (the elimination of ESL now provides annual tax savings of \$145 million compared to \$100 million in 2006).

2008	2009	2010	2011	2012	2013	2014	Cumulative Annual Totals	
(Millions of Dollars)								
								Income Tax Reductions
								BUDGET
							111	2000
							54	2001
							15	2002
							39	2003
							30	2005
							42	2006
51	28	16					120	2007
1	24	11					36	2008
		3	8				11	2010
			24	20	19	19	81	2011
52	52	30	32	20	19	19	539	SUBTOTAL
								Property Tax Reductions¹
								BUDGET
							26	2000
							27	2001
							10	2002
							19	2003
							23	2004
							37	2005
							39	2006
2	2						46	2007
25							25	2008
	16						16	2009
			19	2	2		23	2011
27	18	-	19	2	2	-	291	SUBTOTAL
79	70	30	51	21	21	19	830	Annual Totals
618	688	718	769	790	811	830		Cumulative Annual Totals

■ MANITOBA INCOME TAX SAVINGS FOR TYPICAL TAXPAYERS

Income	Tax Payable/(Refunds)		Tax Savings in 2011	2011 Savings over 1999 (Percentage)	Cumulative Savings over 12 Years (Dollars)
	1999	2011			
	(Dollars)				
SINGLE PERSON¹					
10,000	88	(95)	183	207.0%	1,397
20,000	1,369	1,099	270	19.7%	2,290
40,000	4,012	3,318	694	17.3%	5,780
70,000	9,153	7,230	1,923	21.0%	15,360
100,000	14,572	12,450	2,122	14.6%	17,684
FAMILY OF FOUR – ONE EARNER¹					
25,000	411	(192)	603	146.7%	4,865
40,000	2,861	1,740	1,120	39.1%	8,871
60,000	6,625	4,474	2,150	32.5%	17,611
75,000	9,435	6,905	2,530	26.8%	20,488
100,000	13,951	11,498	2,453	17.6%	19,701
FAMILY OF FOUR – TWO EARNERS¹					
30,000	533	24	509	95.6%	3,972
40,000	1,360	793	567	41.7%	4,754
60,000	4,107	3,150	957	23.3%	8,388
80,000	7,169	5,566	1,603	22.4%	13,648
100,000	10,188	8,084	2,104	20.7%	17,459
SENIOR COUPLE²					
30,000	39	(316)	355	910.4%	3,335
40,000	1,667	769	898	53.9%	6,424
60,000	5,635	3,396	2,239	39.7%	15,132
80,000	8,893	6,441	2,452	27.6%	17,937

Note: Some values may differ from previous years' tables due to changed assumptions regarding pension income splitting and the Personal Tax Credit.

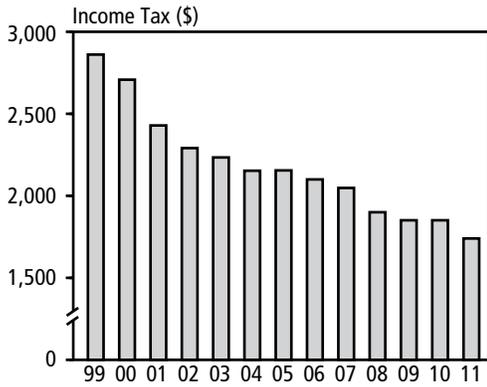
¹ Taxfilers in the single and family examples have earned income and pay Canada Pension Plan and Employment Insurance premiums. In the two-earner family, one taxfiler earns 60% of the income and the other earns 40% and pays child-care fees. The Fitness Tax Credit and the Children's Arts and Cultural Activity Tax Credit is claimed for one child in both family examples. Where applicable, tax payable has been reduced by the Personal Tax Credit.

² For the senior couple, both receive the Old Age Security Pension and each spouse splits private pension income in applicable tax years.

Note: Income does not reflect Universal Child Care Benefit entitlements but entitlements have been used to determine year-over-year savings.

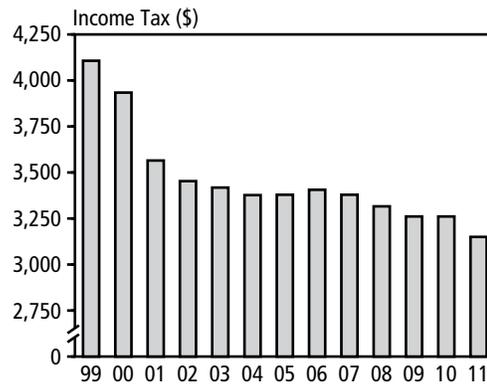
MANITOBA INCOME TAX SINCE 1999

One-Earner Family of Four at \$40,000



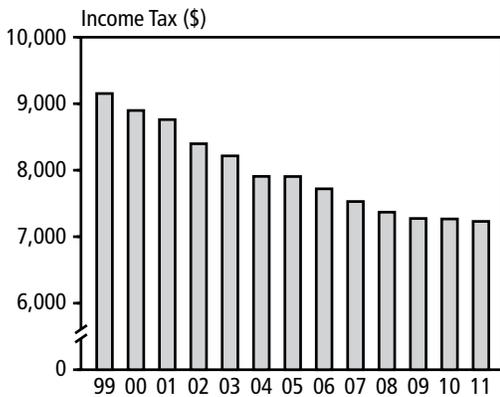
Source: Manitoba Finance

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



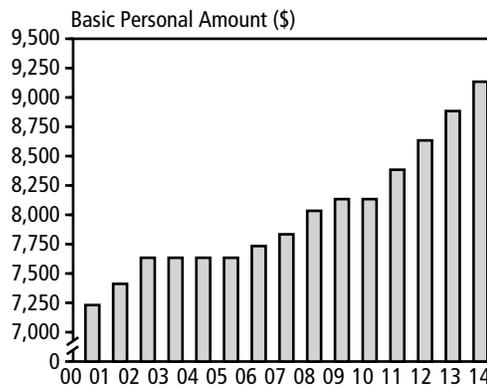
Source: Manitoba Finance

Single Individual at \$70,000



Source: Manitoba Finance

The Basic Personal Amount



Source: Manitoba Finance

■ 2011 INTERPROVINCIAL COMPARISON OF TAX RATES

Shows rates applicable on December 31, 2011. Data as of April 1, 2011

	BC	AB	SK	MB	ON
Personal Income Tax					
Top Marginal Rate (%) ¹	14.7	10.00	15.00	17.40	17.41
Health Care Premiums (\$) ²	1,452				0 to 900
Health and Education Levy (%) ³				2.15	1.95
Corporation Income Tax (%)					
Small ⁴	2.50	3.00	2.00	0.00	4.50
Large ⁵	10.00	10.00	12.00	12.00	11.50
Manufacturing	10.00	10.00	10.00	12.00	10.00
Small business threshold (\$000)	500	500	500	400	500
Capital Tax (%)					
Banks			3.25	3.00	
Small Financial Institutions ⁶			0.70		
Sales Tax (%)	7.0		5.0	7.0	8.0
Gasoline Tax (¢/l)⁷	18.95	9.0	15.0	11.5	14.7
Diesel Fuel Tax (¢/l)⁸	20.11	9.0	15.0	11.5	14.3
Tobacco Tax (¢/cigarette)⁹	18.50	20.00	21.00	22.50	12.35
Corporation Income Tax Credits					
Manufacturing (%)			5.00	10.00	
Research and Development (%)	10.00	10.00	15.00	20.00	15.00

¹ Top marginal provincial rates include surtaxes.

² The premium for BC is the maximum family rate. ON calculates premiums based on taxable income: for incomes of \$20,000 or less the premium is zero and the maximum premium of \$900 is reached at an income of \$200,600. QC calculates premiums for the Prescription Drug Plan on net income: maximum \$600 for a single person and \$1,200 for a family. The QC health contribution is income tested and the 2011 maximum per adult is \$100.

³ MB exempts firms with payrolls of less than \$1.25 million. ON exempts firms with payrolls of less than \$400,000. QC has graduated rates for firms with payrolls under \$5 million. NL exempts firms with payrolls of less than \$1 million.

⁴ SK rate is reduced to 2.0% effective July 1, 2011 and NB rate will be reduced to 4.5% on January 1, 2012.

⁵ NB large rate is reduced to 10% on July 1, 2011 and the ON large rate is reduced to 11.5% on July 1, 2011.

⁶ SK has a reduced tax rate for small financial institutions with less than \$1.5 billion in taxable paid-up capital. MB exempts small financial institutions with less than \$4 billion in taxable paid-up capital.

■ FEDERAL AND MANITOBA INCOME TAX RATES, 2011

Personal Income Tax Rates

Federal		Manitoba	
Rate	Taxable Income Range	Rate	Taxable Income Range
15.0%	\$0 – \$41,544	10.8%	\$0 – \$31,000
22.0%	\$41,545 – \$83,088	12.75%	\$31,001 – \$67,000
26.0%	\$83,088 – \$128,800	17.4%	over \$67,000
29.0%	over \$128,800		

QC	NB	NS	PE	NL	
19.22	14.30	19.25	18.37	14.50	Personal Income Tax
0 to 1,400					Top Marginal Rate (%) ¹
4.26				2.00	Health Care Premiums (\$) ²
					Health and Education Levy (%) ³
8.00	5.00	4.50	1.00	4.00	Corporation Income Tax (%)
11.90	10.00	16.00	16.00	14.00	Small ⁴
11.90	11.00	16.00	16.00	5.00	Large ⁵
500	500	400	500	500	Manufacturing
		0.05			Small business threshold (\$000)
	3.00	4.00	5.00	4.00	Capital Tax (%)
8.5	8.0	10.0	10.0	8.0	Banks
17.2	13.6	15.5	15.8	16.5	Small Financial Institutions ⁶
17.2	19.2	15.4	20.2	16.5	Sales Tax (%)
10.60	17.00	21.52	22.45	19.00	Gasoline Tax (¢/l) ⁷
					Diesel Fuel Tax (¢/l) ⁸
5.00			10.00		Tobacco Tax (¢/cigarette) ⁹
	15.00	15.00		15.00	Corporation Income Tax Credits
					Manufacturing (%)
					Research and Development (%)

⁷ Provincial gasoline taxes are fixed rates per litre. PE includes both a variable (maximum of 8.7¢/l) and a fixed (7.1¢/l) tax. BC's fuel tax on gasoline is 14.5¢/l and a 4.45¢/l carbon tax also applies for a total tax of 18.95¢/l. In Vancouver and Victoria, a local levy is also imposed. The total tax rate is 27.95¢/l in Vancouver and the total tax rate is 22.45¢/l in Victoria. QC imposes a carbon tax of 0.8¢/l on petroleum companies (it is assumed the tax is passed on to consumers). ON, QC, NB, NS and NL levy provincial sales tax on the pump price.

⁸ Provincial diesel fuel taxes are fixed rates per litre. PE includes both a variable (maximum of 8.7¢/l) and a fixed (11.5¢/l) tax. BC's fuel tax on diesel is 15¢/l but a 5.11¢/l carbon tax also applies for a total tax of 20.11¢/l. In Vancouver and Victoria, a local levy is also imposed. The total tax rate is 29.11¢/l in Vancouver and the total tax rate is 23.61¢/l in Victoria. Montréal has an additional levy of 3.0¢/l for a total tax of 20.2¢/l. QC imposes a carbon tax of 0.8¢/l on petroleum companies (it is assumed the tax is passed on to consumers). ON, QC, NB, NS and NL levy provincial sales tax on the pump price.

⁹ Provincial sales tax applies to tobacco products in all provinces except AB, PE, and QC.

Corporation Income Tax Rates

	Federal	Manitoba
Basic Rate	16.5%	12.0%
Small Business Rate	11.0%	0.0%
Small Business Threshold	\$500,000	\$400,000

■ Appendix 1: MANITOBA TAX EXPENDITURES, 2010/11

Introduction

Governments use the tax system to pursue social, cultural and economic objectives in two ways: by direct spending of the revenue raised, and by providing targeted tax preferences to promote specific types of activity or behaviour. The targeted tax preferences can be thought of as tax expenditures since they have much the same effect as direct government spending. For example, direct grants for small businesses, and tax credits for people who invest in small businesses, could have quite similar costs and results. A tax expenditure is measured as a deviation from a benchmark tax base. The expenditure can be in the form of a deduction, credit, preferential rate, deferral or exemption. Tax expenditures may target taxpayers (ex: individuals, corporations); activities (ex: farming, film production, manufacturing); property (ex: machinery, equipment); sources of income (ex: pensions); transactions (ex: RRSP contributions); or events (ex: involuntary dispositions).

Accounting for Tax Expenditures

Tax expenditure accounts promote accountability and transparency in government programming. Direct expenditure programs are subject to review and approval by the Legislature, and are published annually in the public accounts. Tax expenditures, on the other hand, are not recorded as individual line items but are absorbed into revenue estimates. Tax expenditures reduce government revenues that would otherwise have been available for various direct expenditures. Therefore, tax expenditure accounts not only help to enhance the visibility of programs, but promote public accountability as well. It is generally understood that tax expenditure accounting in no way evaluates tax policy, nor does it address the desirability of the tax provisions, or their usefulness in achieving tax policy objectives.

Limitations of Tax Expenditure Accounting

Tax expenditure accounting has important limitations that must be kept in mind when interpreting results. There are no formal accounting guidelines for tax expenditures. The value of each tax expenditure is estimated individually. Interactions between provisions are not taken into account. This has two effects. First, estimates for two or more tax expenditures cannot be added together to arrive at a combined value. Second, changing any one tax expenditure might affect the value of other tax expenditures. For example, changing something that is a deduction from income, such as RRSP contributions, would change reported net income. This in turn would change the value of tax credits, such as Manitoba's Personal Tax Credit, that depend on net income. The combined value of the tax expenditures listed in the account is substantially less than the sum of the individual items.

Reporting Tax Expenditures

Manitoba's tax expenditure accounts are separated into six sections: personal income tax, corporation income tax, payroll tax, retail sales tax, fuel taxes and corporation capital tax. The estimates are calculated from tax collection and departmental data. The estimates provided are for the 2010/11 fiscal year. They include measures announced in the 2011 Budget. Certain Manitoba personal income tax credits have the characteristics of tax expenditures but are, in fact, accounted for in Manitoba's Estimates of Expenditure. Examples include the Education Property Tax Credit and the Personal Tax Credit. These credits are not included in the tax expenditure table. For the sake of comparison, these credits are listed below.

CREDITS ACCOUNTED FOR AS EXPENDITURE ITEMS

	<u>2010/11</u>
	(millions of dollars)
Education Property Tax Credit (including the Advance)	272.8
Personal Tax Credit	41.8
Farmland School Tax Rebate	34.0
School Tax Credit for Tenants and Homeowners (55+)	1.7
Political Contribution Tax Credit (for individuals only)	1.0
Community Enterprise Development Tax Credit	0.1
Riparian Tax Credit	0.1
TOTAL	351.5

MANITOBA TAX EXPENDITURES, 2010/11

(Millions of Dollars)

PERSONAL INCOME TAX**(a) Adjustments to Income** (in accordance with tax collection agreements)

Contributions to RRSPs	144.0
Contributions to RPPs	80.1
Capital gains inclusion rate	63.6
Lifetime capital gains exemption	34.4
Social assistance, WCB, and OAS/GIS (non-taxable income)	22.7
Union dues and professional fees	17.8
Child-care expenses	12.3
Northern residents deduction	6.5
Pension Income Splitting	15.0
Moving expenses	2.0
Scholarship and bursary income exemption	1.4
Tradespeople's tool expense	0.4
Tax-Free Savings Account	5.9

(b) Non-refundable tax credits (basic credits provided federally and by all provinces)

Basic personal	629.4
CPP/EI	109.5
Charitable donations	63.8
Age	33.4
Tuition fees and education amount (\$400/month)	28.0
Medical expenses	32.3
Spousal	22.8
Eligible dependant	16.3
Private pension	14.6
Disability	16.6
Caregiver	1.4
Student loan interest	1.1
Fitness Tax Credit	4.2
Children's Arts and Cultural Activity Tax Credit	0.8
Infirm dependants	0.2
Adoption Expenses Tax Credit	0.1
Family Tax Benefit	58.8

(c) Other Manitoba Tax Measures

Tuition Fee Income Tax Rebate	21.1
Tuition Fee Income Tax Rebate (Advance)	7.6
Labour-sponsored Venture Capital Corporations Tax Credit	0.5
Mineral Exploration Tax Credit	1.5
Overseas Employment Tax Credit	0.5
Foreign Tax Credit	2.9
Primary Caregiver Tax Credit	6.8

(Millions of Dollars)

CORPORATION INCOME TAX

Low rate for small business	177.1
Manufacturing Investment Tax Credit	29.5
Film and Video Production Tax Credit	15.0
Research and Development Tax Credit	21.9
Green Energy Equipment Tax Credit	0.1
Book Publishing Tax Credit	0.4
Co-op Education and Apprenticeship Tax Credits	0.2
Interactive Digital Media Tax Credit	0.1
Odour Control Tax Credit	0.1

HEALTH AND EDUCATION LEVY

\$1.25 million exemption	132.5
Exemption for interjurisdictional common carriers	13.4

RETAIL SALES TAX**Exemptions**

Groceries	161.0
Farm machinery and repairs	43.4
Farm and organic fertilizer	22.2
Prescription drugs and medicine	21.9
Books, free magazines and newspapers and school yearbooks	18.0
Farm pesticides and herbicides	17.6
Medical supplies, appliances and equipment	14.4
Water supplied by a municipality	12.4
Natural gas for residential heating	11.4
Children's clothing and footwear	11.3
Electricity used for manufacturing or mining	11.2
Custom software and computer programming	7.5
Electricity for residential heating	7.0
Vehicle trade-ins	6.0
Toll-free calls	5.9
Vehicle private buy/sell refunds	3.3
Direct agents and qualifying items used in manufacturing a product for sale and in mining or processing minerals	3.1
Municipal exemptions (including the purchase of ambulances, fire trucks and related equipment, and gravel or sand purchased by a municipality for its own use)	1.6
Qualifying geophysical survey and explorations equipment, drill rigs and well-servicing equipment used in oil and gas exploration and development	1.5
Feminine hygiene products	1.2

(Millions of Dollars)

Mobile, ready-to-move and modular homes (point of sale reduction)	0.9
Films for public broadcast	0.4
Non-prescription smoking cessation products	0.4
Farm manure slurry tanks and lagoon liners	0.1
Qualifying geophysical survey and exploration equipment, and prototype mining equipment	0.1

FUEL TAX

Marked gasoline and diesel	44.1
Ethanol grant	19.2
International cargo flight refunds	0.1

CORPORATE CAPITAL TAX

Elimination of General Corporation Capital Tax	125.0
Capital deduction	18.3
Credit unions and caisses populaires exemption	12.3
Co-operatives exemption	0.7

All estimates are based on the most complete information available at the time of publication.

In some cases, new information may significantly revise earlier estimates.

Source: Manitoba Finance, April 1, 2011

■ Appendix 2: THE MANITOBA ADVANTAGE

Economic diversity with a broad industrial base is a key attribute of the Manitoba economy. Diversity has provided Manitoba with stable and consistent economic growth. Over the last five years and through the global recession, Manitoba posted the strongest annual average real GDP growth among provinces. Manitoba has also managed to diversify its export markets by expanding shipment of value-added goods and services to Asia, Middle East and Africa.

Among 180 places in Canada, “MoneySense,” Canada’s Personal Finance Website ranked both Brandon and Winnipeg among the top 10 in “Canada’s Best Places to Live 2011.” Among other quality of life characteristics, their ranking included accessibility to front-line health and education services, the level of employment and air quality.

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;
- a supportive capital investment information network for new and expanding business includes Manitoba Business Gateways, Yes! Winnipeg and CentrePort Canada among others;
- an extensive network of R&D facilities and communication infrastructure supporting innovation and productivity;
- a convenient mid-continent location with cost-effective transportation links and intermodal facilities providing shipping by road, rail, air and sea, enhanced by 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 dynamic cultural and artistic community with a strong background of caring, high level of charitable giving and volunteering; and
- 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, several analyses are provided. The interprovincial comparison of annual personal costs and taxes, net of credits and rebates, compares provinces’ living costs and tax levels for a variety of family types (see p. C24) including seniors (see p. C30) and graduate students (see p. C32).

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. C41).

Since 1999, Manitoba’s overall provincial rankings for personal costs and taxes have been among the best in Canada. For 2011, Manitoba’s performance remains favourable. Interprovincial comparison of provincial taxes, utilities and housing costs for nine representative family types continues to leave Manitoba ranking in the top three most affordable provinces in which to live and work.

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 smaller and larger manufacturers in Brandon and Winnipeg rank at or near the best on start-up costs, net income, overall taxes and return on investment.

2011 Comparison of Personal Costs and Taxes

Single Person: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	864	1,118	1,296	1,435	756
Health Premiums	726	0	0	0	300
<u>Subtotal PIT and Premiums</u>	<u>1,590</u>	<u>1,118</u>	<u>1,296</u>	<u>1,435</u>	<u>1,056</u>
Family/Employment Tax Credits	0	0	0	0	0
Provincial Sales Tax	318	0	135	242	476
Carbon Tax Credit	(116)	0	0	0	0
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>1,792</u>	<u>1,118</u>	<u>1,431</u>	<u>1,677</u>	<u>1,533</u>
Rent	11,280	10,728	9,180	7,788	11,388
Utilities	618	797	846	617	857
Public Transit	923	972	758	807	1,379
<u>Total Living Costs</u>	<u>12,821</u>	<u>12,497</u>	<u>10,785</u>	<u>9,212</u>	<u>13,624</u>
Total Personal Costs and Taxes	<u>14,613</u>	<u>13,614</u>	<u>12,216</u>	<u>10,889</u>	<u>15,156</u>

Single Parent, One Child: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	(55)	0	(442)	(14)	(698)
Health Premiums	785	0	0	0	300
<u>Subtotal PIT and Premiums</u>	<u>730</u>	<u>0</u>	<u>(442)</u>	<u>(14)</u>	<u>(398)</u>
Family/Employment Tax Credits	0	(696)	0	0	0
Child Benefits	0	0	0	0	(590)
Provincial Sales Tax	414	0	176	315	619
Carbon Tax Credit	(231)	0	0	0	0
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>912</u>	<u>(696)</u>	<u>(267)</u>	<u>301</u>	<u>(369)</u>
Rent	11,280	10,728	9,180	7,788	11,388
Child Care	1,200	1,524	3,396	3,358	1,000
Utilities	618	797	846	617	857
Public Transit	923	972	758	807	1,379
<u>Total Living Costs</u>	<u>14,021</u>	<u>14,021</u>	<u>14,181</u>	<u>12,570</u>	<u>14,624</u>
Total Personal Costs and Taxes	<u>14,933</u>	<u>13,325</u>	<u>13,914</u>	<u>12,870</u>	<u>14,255</u>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	Single Person: \$30,000
1,413	1,642	1,537	2,004	1,553	Provincial Income Tax
693	0	0	0	0	Health Premiums
<u>2,105</u>	<u>1,642</u>	<u>1,537</u>	<u>2,004</u>	<u>1,553</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
444	456	608	367	502	Provincial Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>2,549</u>	<u>2,098</u>	<u>2,144</u>	<u>2,371</u>	<u>2,054</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,524	6,660	8,784	6,924	7,788	Rent
588	773	906	1,099	794	Utilities
698	764	766	649	775	Public Transit
<u>8,811</u>	<u>8,197</u>	<u>10,456</u>	<u>8,673</u>	<u>9,357</u>	<u>Total Living Costs</u>
<u>11,359</u>	<u>10,295</u>	<u>12,600</u>	<u>11,044</u>	<u>11,412</u>	<u>Total Personal Costs and Taxes</u>

QC	NB	NS	PE	NL	Single Parent, One Child: \$30,000
1,239	178	665	1,102	0	Provincial Income Tax
511	0	0	0	0	Health Premiums
<u>1,750</u>	<u>178</u>	<u>665</u>	<u>1,102</u>	<u>0</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,924)	(317)	0	0	0	Child Benefits
577	592	790	477	652	Provincial Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>(597)</u>	<u>453</u>	<u>1,456</u>	<u>1,580</u>	<u>652</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,524	6,660	8,784	6,924	7,788	Rent
1,820	2,686	3,531	4,104	4,860	Child Care
588	773	906	1,099	794	Utilities
698	764	766	649	775	Public Transit
<u>10,631</u>	<u>10,883</u>	<u>13,987</u>	<u>12,777</u>	<u>14,217</u>	<u>Total Living Costs</u>
<u>10,033</u>	<u>11,336</u>	<u>15,443</u>	<u>14,356</u>	<u>14,869</u>	<u>Total Personal Costs and Taxes</u>

Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes

One-Earner Family of 4: \$40,000	BC	AB	SK	MB	ON
Provincial Income Tax	793	593	(355)	1,978	18
Health Premiums	1,452	0	0	0	450
Subtotal PIT and Premiums	2,245	593	(355)	1,978	468
Family/Employment Tax Credits	0	(1,329)	0	0	0
Child Benefits	0	0	0	0	(408)
Property Taxes	3,309	1,873	2,791	2,558	2,950
Property Tax Credits	(570)	0	0	(700)	(206)
Provincial Sales Tax	794	0	335	646	1,245
Gasoline Tax	560	180	300	230	446
Carbon Tax Credit	(175)	0	0	0	0
Total Provincial Taxes, Credits and Premiums	6,164	1,317	3,071	4,712	4,495
Mortgage Costs	19,432	11,865	9,950	7,809	12,289
Utilities	2,047	2,138	2,246	1,958	2,317
Auto Insurance	1,302	1,251	877	948	3,608
Total Living Costs	22,781	15,254	13,073	10,715	18,214
Total Personal Costs and Taxes	28,945	16,570	16,144	15,427	22,709
One-Earner Family of 4: \$60,000	BC	AB	SK	MB	ON
Provincial Income Tax	2,533	2,544	2,504	4,712	3,022
Health Premiums	1,452	0	0	0	600
Subtotal PIT and Premiums	3,985	2,544	2,504	4,712	3,622
Family/Employment Tax Credits	0	(1,329)	0	0	0
Child Benefits	0	0	0	0	0
Property Taxes	3,309	1,873	2,791	2,558	2,950
Property Tax Credits	(570)	0	0	(700)	0
Provincial Sales Tax	1,077	0	676	924	1,769
Gasoline Tax	560	180	300	230	446
Total Provincial Taxes, Credits and Premiums	8,361	3,268	6,271	7,724	8,787
Mortgage Costs	19,432	11,865	9,950	7,809	12,289
Utilities	2,047	2,138	2,246	1,958	2,317
Auto Insurance	1,302	1,251	877	948	3,608
Total Living Costs	22,781	15,254	13,073	10,715	18,214
Total Personal Costs and Taxes	31,142	18,522	19,345	18,439	27,001

Sums may not add due to rounding.

QC	NB	NS	PE	NL	One-Earner Family of 4: \$40,000	
1,797	1,777	2,748	2,768	2,291		Provincial Income Tax
996	0	0	0	0		Health Premiums
<u>2,793</u>	<u>1,777</u>	<u>2,748</u>	<u>2,768</u>	<u>2,291</u>		<u>Subtotal PIT and Premiums</u>
(652)	0	0	0	0		Family/Employment Tax Credits
(3,249)	(250)	0	0	0		Child Benefits
2,938	2,462	2,272	2,600	2,640		Property Taxes
0	0	0	0	0		Property Tax Credits
1,242	1,173	1,578	941	1,304		Provincial Sales Tax
518	358	500	316	484		Gasoline Tax
0	0	0	0	0		Carbon Tax Credit
<u>3,590</u>	<u>5,520</u>	<u>7,098</u>	<u>6,625</u>	<u>6,719</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
8,081	5,387	6,840	4,903	6,626		Mortgage Costs
2,451	2,974	2,659	3,923	3,254		Utilities
816	970	1,034	842	1,425		Auto Insurance
<u>11,348</u>	<u>9,331</u>	<u>10,533</u>	<u>9,668</u>	<u>11,305</u>		<u>Total Living Costs</u>
<u>14,939</u>	<u>14,851</u>	<u>17,631</u>	<u>16,293</u>	<u>18,024</u>		Total Personal Costs and Taxes

QC	NB	NS	PE	NL	One-Earner Family of 4: \$60,000	
5,733	4,515	5,709	5,480	4,754		Provincial Income Tax
1,385	0	0	0	0		Health Premiums
<u>7,118</u>	<u>4,515</u>	<u>5,709</u>	<u>5,480</u>	<u>4,754</u>		<u>Subtotal PIT and Premiums</u>
0	0	0	0	0		Family/Employment Tax Credits
(2,633)	(250)	0	0	0		Child Benefits
2,938	2,462	2,272	2,600	2,640		Property Taxes
0	0	0	0	0		Property Tax Credits
1,720	1,692	2,190	1,227	1,861		Provincial Sales Tax
518	358	500	316	484		Gasoline Tax
<u>9,661</u>	<u>8,777</u>	<u>10,671</u>	<u>9,623</u>	<u>9,739</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
8,081	5,387	6,840	4,903	6,626		Mortgage Costs
2,451	2,974	2,810	3,923	3,354		Utilities
816	970	1,034	842	1,425		Auto Insurance
<u>11,348</u>	<u>9,331</u>	<u>10,684</u>	<u>9,668</u>	<u>11,405</u>		<u>Total Living Costs</u>
<u>21,010</u>	<u>18,108</u>	<u>21,355</u>	<u>19,291</u>	<u>21,144</u>		Total Personal Costs and Taxes

Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes

Two-Earner Family of 4: \$60,000	BC	AB	SK	MB	ON
Provincial Income Tax	1,147	1,677	725	3,042	315
Health Premiums	1,452	0	0	0	300
Subtotal PIT and Premiums	2,599	1,677	725	3,042	615
Family/Employment Tax Credits	0	(1,329)	0	0	0
Child Benefits	0	0	0	0	0
Property Taxes	3,309	1,873	2,791	2,558	2,950
Property Tax Credits	(570)	0	0	(700)	(86)
Provincial Sales Tax	1,077	0	676	924	1,769
Gasoline Tax	840	270	450	345	669
Carbon Tax Credit	(55)	0	0	0	0
Total Provincial Taxes, Credits and Premiums	7,200	2,491	4,642	6,169	5,917
Mortgage Costs	19,432	11,865	9,950	7,809	12,289
Child Care	14,880	8,868	11,352	9,776	7,999
Utilities	2,047	2,138	2,246	1,958	2,317
Auto Insurance	2,724	2,668	1,950	2,004	7,371
Total Living Costs	39,083	25,539	25,498	21,547	29,976
Total Personal Costs and Taxes	46,283	28,030	30,141	27,716	35,893
Two-Earner Family of 5: \$75,000	BC	AB	SK	MB	ON
Provincial Income Tax	1,806	2,518	1,470	4,165	1,079
Health Premiums	1,452	0	0	0	516
Subtotal PIT and Premiums	3,258	2,518	1,470	4,165	1,595
Family/Employment Tax Credits	0	(1,709)	0	0	0
Child Benefits	0	0	0	0	0
Property Taxes	3,898	2,488	3,891	3,366	4,463
Property Tax Credits	(570)	0	0	(700)	0
Provincial Sales Tax	1,355	0	550	1,105	2,238
Gasoline Tax	840	270	450	345	669
Total Provincial Taxes, Credits and Premiums	8,781	3,567	6,361	8,280	8,965
Mortgage Costs	23,609	15,760	13,873	11,206	18,592
Child Care	23,400	14,940	15,678	14,495	12,500
Utilities	3,202	3,376	3,571	3,072	3,689
Auto Insurance	2,724	2,668	1,950	2,004	7,371
Total Living Costs	52,935	36,744	35,072	30,777	42,152
Total Personal Costs and Taxes	61,716	40,311	41,434	39,058	51,117

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					Two-Earner Family of 4: \$60,000
4,548	2,402	2,667	2,992	2,460	Provincial Income Tax
1,385	0	0	0	0	Health Premiums
<u>5,933</u>	<u>2,402</u>	<u>2,667</u>	<u>2,992</u>	<u>2,460</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(2,633)	(250)	0	0	0	Child Benefits
2,938	2,462	2,272	2,600	2,640	Property Taxes
0	0	0	0	0	Property Tax Credits
1,720	1,692	2,190	1,227	1,861	Provincial Sales Tax
777	537	750	474	726	Gasoline Tax
0	0	0	0	0	Carbon Tax Credit
<u>8,735</u>	<u>6,843</u>	<u>7,879</u>	<u>7,293</u>	<u>7,687</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
8,081	5,387	6,840	4,903	6,626	Mortgage Costs
3,640	12,802	14,217	12,000	15,120	Child Care
2,451	2,974	2,810	3,923	3,354	Utilities
1,953	2,077	2,180	1,789	2,938	Auto Insurance
<u>16,125</u>	<u>23,240</u>	<u>26,047</u>	<u>22,615</u>	<u>28,038</u>	<u>Total Living Costs</u>
<u>24,860</u>	<u>30,083</u>	<u>33,926</u>	<u>29,908</u>	<u>35,724</u>	Total Personal Costs and Taxes
					Two-Earner Family of 5: \$75,000
7,135	3,585	3,932	4,137	3,499	Provincial Income Tax
1,385	0	0	0	0	Health Premiums
<u>8,520</u>	<u>3,585</u>	<u>3,932</u>	<u>4,137</u>	<u>3,499</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Family/Employment Tax Credits
(3,116)	(182)	0	0	0	Child Benefits
5,163	4,842	2,890	4,012	4,210	Property Taxes
0	0	0	0	0	Property Tax Credits
2,082	2,130	2,678	1,328	2,160	Provincial Sales Tax
777	537	750	474	726	Gasoline Tax
<u>13,426</u>	<u>10,912</u>	<u>10,250</u>	<u>9,951</u>	<u>10,595</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
14,202	10,594	8,702	7,567	10,567	Mortgage Costs
5,460	19,203	21,793	18,000	22,680	Child Care
3,911	4,779	4,481	6,341	5,412	Utilities
1,953	2,077	2,180	1,789	2,938	Auto Insurance
<u>25,526</u>	<u>36,653</u>	<u>37,156</u>	<u>33,697</u>	<u>41,597</u>	<u>Total Living Costs</u>
<u>38,953</u>	<u>47,565</u>	<u>47,406</u>	<u>43,648</u>	<u>52,192</u>	Total Personal Costs and Taxes

Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes

Single Senior: \$30,000

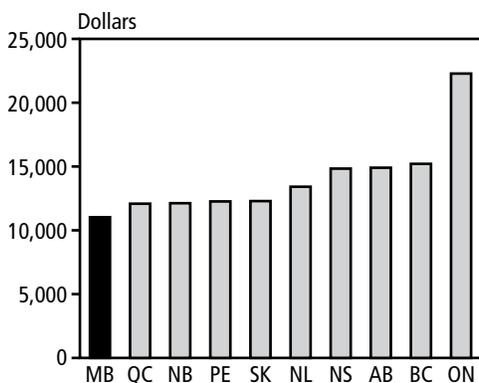
	BC	AB	SK	MB	ON
Provincial Income Tax	691	698	773	998	86
Health Premiums	436	0	0	0	300
Subtotal PIT and Premiums	1,127	698	773	998	386
Provincial Sales Tax	318	0	135	242	476
Gasoline Tax	560	180	300	230	446
Carbon Tax Credit	(116)	0	0	0	0
Total Provincial Taxes, Credits and Premiums	1,889	878	1,208	1,470	1,309
Rent	11,280	10,728	9,180	7,788	11,388
Utilities	618	797	846	617	857
Auto Insurance	1,420	2,501	1,056	1,152	8,728
Total Living Costs	13,318	14,026	11,082	9,557	20,973
Total Personal Costs and Taxes	15,208	14,904	12,291	11,027	22,282

Senior Couple: \$60,000

	BC	AB	SK	MB	ON
Provincial Income Tax	1,382	1,397	1,951	3,396	1,534
Health Premiums	1,308	0	0	0	600
Subtotal PIT and Premiums	2,690	1,397	1,951	3,396	2,134
Provincial Sales Tax	1,077	0	676	924	1,769
Property Taxes	3,309	1,873	2,791	2,558	2,950
Property Tax Credits	(845)	0	0	(700)	(281)
Gasoline Tax	560	180	300	230	446
Total Provincial Taxes, Credits and Premiums	6,791	3,450	5,718	6,408	7,019
Utilities	2,047	2,138	2,246	1,958	2,317
Auto Insurance	1,420	2,501	1,056	1,152	8,728
Total Living Costs	3,467	4,639	3,302	3,110	11,045
Total Personal Costs and Taxes	10,258	8,089	9,020	9,518	18,064

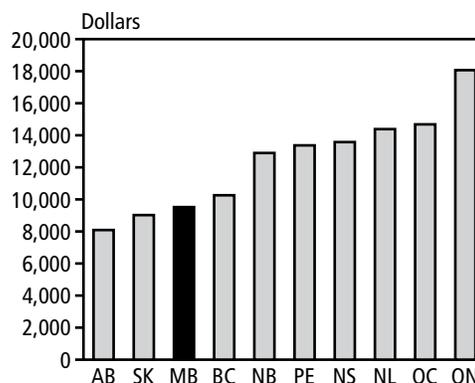
Sums may not add due to rounding.

Personal Living Costs and Taxes Single Senior - \$30,000



Source: Manitoba Finance

Personal Living Costs and Taxes Senior Couple - \$60,000



Source: Manitoba Finance

QC	NB	NS	PE	NL	
1,138	1,321	1,247	1,747	796	Single Senior: \$30,000
693	0	0	0	0	Provincial Income Tax
<u>1,831</u>	<u>1,321</u>	<u>1,247</u>	<u>1,747</u>	<u>796</u>	Health Premiums
					<u>Subtotal PIT and Premiums</u>
444	456	608	367	502	Provincial Sales Tax
518	358	500	316	484	Gasoline Tax
0	0	0	0	0	Carbon Tax Credit
<u>2,792</u>	<u>2,135</u>	<u>2,354</u>	<u>2,430</u>	<u>1,782</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,524	6,660	8,784	6,924	7,788	Rent
588	773	906	1,099	794	Utilities
1,182	2,556	2,791	1,811	3,050	Auto Insurance
<u>9,294</u>	<u>9,989</u>	<u>12,481</u>	<u>9,834</u>	<u>11,632</u>	<u>Total Living Costs</u>
<u>12,086</u>	<u>12,124</u>	<u>14,835</u>	<u>12,264</u>	<u>13,414</u>	<u>Total Personal Costs and Taxes</u>
QC	NB	NS	PE	NL	Senior Couple: \$60,000
4,488	2,853	2,973	3,494	2,996	Provincial Income Tax
1,385	0	0	0	0	Health Premiums
<u>5,873</u>	<u>2,853</u>	<u>2,973</u>	<u>3,494</u>	<u>2,996</u>	<u>Subtotal PIT and Premiums</u>
1,720	1,692	2,190	1,227	1,861	Provincial Sales Tax
2,938	2,462	2,272	2,600	2,640	Property Taxes
0	0	0	0	0	Property Tax Credits
518	358	500	316	484	Gasoline Tax
<u>11,049</u>	<u>7,365</u>	<u>7,935</u>	<u>7,637</u>	<u>7,981</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
2,451	2,974	2,810	3,923	3,354	Utilities
1,182	2,556	2,791	1,811	3,050	Auto Insurance
<u>3,633</u>	<u>5,530</u>	<u>5,601</u>	<u>5,734</u>	<u>6,404</u>	<u>Total Living Costs</u>
<u>14,682</u>	<u>12,895</u>	<u>13,536</u>	<u>13,371</u>	<u>14,385</u>	<u>Total Personal Costs and Taxes</u>

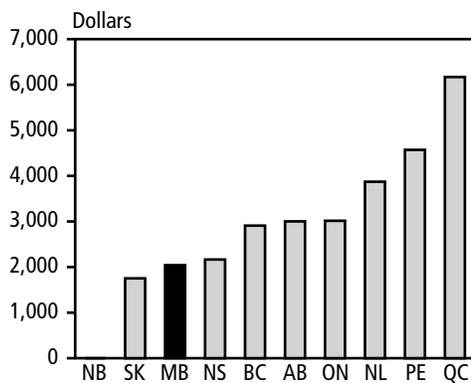
Sums may not add due to rounding.

2011 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	2,183	3,002	3,752	4,541	2,415
Graduate Tuition Credits/Rebates	0	0	(2,000)	(2,500)	0
Health Premiums	726	0	0	0	600
Subtotal PIT, Credit and Premiums	2,909	3,002	1,752	2,041	3,015
Property Taxes	3,309	1,873	2,791	2,558	2,950
Property Tax Credits	(570)	0	0	(700)	0
Provincial Sales Tax	468	0	253	393	754
Gasoline Tax	560	180	300	230	446
Total Provincial Taxes, Credits and Premiums	6,675	5,055	5,096	4,521	7,164
Mortgage Costs	19,432	11,865	9,950	7,809	12,289
Utilities	2,047	2,138	2,246	1,958	2,317
Auto Insurance	1,302	1,251	877	948	3,608
Total Living Costs	22,781	15,254	13,073	10,715	18,214
Total Personal Costs and Taxes	29,457	20,309	18,170	15,236	25,379

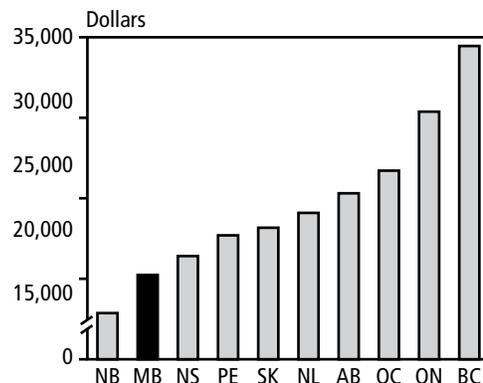
Sums may not add due to rounding.

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



Source: Manitoba Finance

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



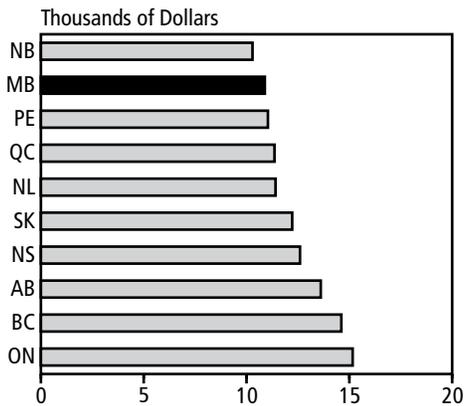
Source: Manitoba Finance

QC	NB	NS	PE	NL	
5,477	3,847	4,665	4,571	3,872	Single Person: \$50,000
0	(3,847)	(2,500)	0	0	Provincial Income Tax
693	0	0	0	0	Graduate Tuition Credits/Rebates
<u>6,170</u>	<u>0</u>	<u>2,165</u>	<u>4,571</u>	<u>3,872</u>	Health Premiums
					<u>Subtotal PIT, Credit and Premiums</u>
2,938	2,462	2,272	2,600	2,640	Property Taxes
0	0	0	0	0	Property Tax Credits
741	716	942	542	791	Provincial Sales Tax
518	358	500	316	484	Gasoline Tax
<u>10,366</u>	<u>3,536</u>	<u>5,879</u>	<u>8,029</u>	<u>7,787</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
8,081	5,387	6,840	4,903	6,626	Mortgage Costs
2,451	2,974	2,659	3,923	3,254	Utilities
816	970	1,034	842	1,425	Auto Insurance
<u>11,348</u>	<u>9,331</u>	<u>10,533</u>	<u>9,668</u>	<u>11,305</u>	<u>Total Living Costs</u>
<u>21,715</u>	<u>12,868</u>	<u>16,412</u>	<u>17,697</u>	<u>19,092</u>	Total Personal Costs and Taxes

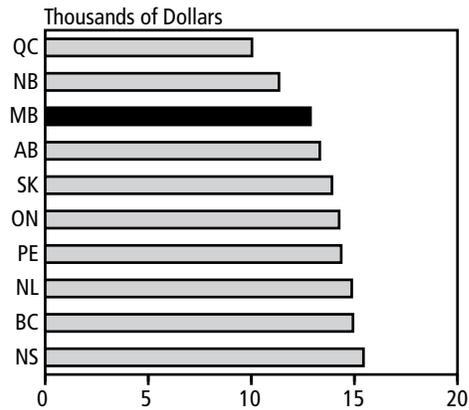
Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes

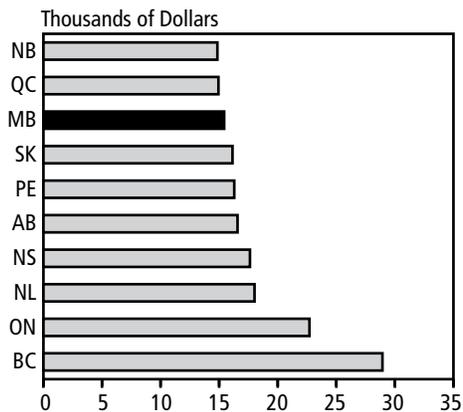
Single Person Earning \$30,000



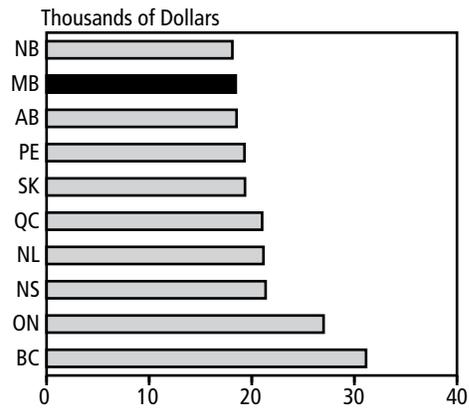
Single Parent Earning \$30,000



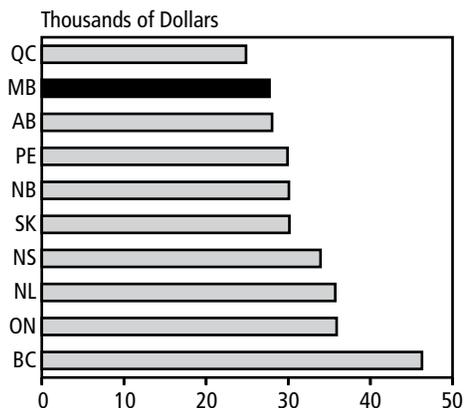
Single-Earner Family of Four Earning \$40,000



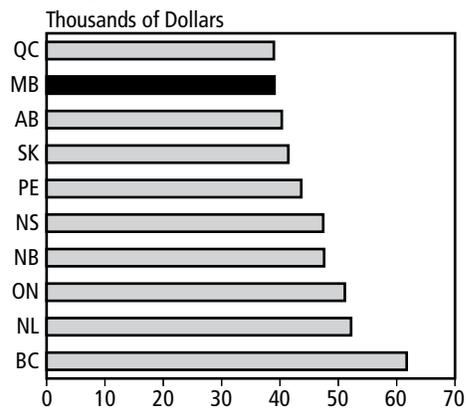
Single-Earner Family of Four Earning \$60,000



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 April 1, 2011, 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. A 65-year-old male driver with one at-fault accident in the last year, but has been both accident- and conviction-free for 14 prior years; and the auto is driven for personal use including pleasure, commuting to and from work or school. 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 2010 Dodge Caravan, the 2005 Honda Civic and the 2003 Chevrolet Malibu are used in these examples, three of the more common vehicles driven in Manitoba.

Child-care costs are based on annual parent fees paid, less subsidies, 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 from provincial offices, online and/or in a survey conducted in the first quarter of 2011.

Gasoline Tax is based on the 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, 2010.

Health premiums are annual premiums for hospital insurance and medical services in provinces which levy them. Quebec's Prescription Drug Plan and health contribution are included.

Mortgage costs are based on 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 Third Quarter 2010 Survey of Canadian House Prices," with one-half of the home price being financed over 25 years at a one-year closed mortgage rate of 3.6%.

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 for families with \$40,000 and \$60,000 of income are based on the estimated taxes for a sample detached bungalow from the City of Edmonton "2009 Residential Property Taxes and Utility Charges Survey" with the exception of Charlottetown whose property taxes have been based on the Saskatchewan 2011 Budget Paper "2011 Intercity Comparison of Taxes, Utilities and Housing." 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.

¹ Tables reflect 2011 Budget changes for BC, QC, NB, SK, AB and ON.

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 dependant child. Families include one income earner, a spouse and two preschool dependant children; two income earners and two preschool children; or two income earners and three preschool children. For two-earner families, one spouse earns 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 for 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 2010, and is based on the average one-bedroom apartment rent for each urban centre.

Provincial sales tax is based upon an average expenditure basket at the selected gross income levels from the "2009 Survey of Household Spending" (Statistics Canada), inflated to 2010 values using each province's Consumer Price Index.

Transit fares are based on adult monthly pass rates in effect in January 2011. The 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.

Utilities are based on the Saskatchewan 2011 Budget Paper "2011 Intercity Comparison of Taxes, Utilities and Housing."

- **Home heating** charges are based on an annual consumption level of 2,800 cubic metres of natural gas 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 the executive detached two storey. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of fuel oil.
- **Electricity charges** are based on the annual consumption of 8,100 kWh for a detached bungalow for families with \$40,000 and \$60,000 of income and 13,500 kWh for the family at \$75,000. Annual consumption of 4,500 kWh is used for the single person and single parent renters. Rates do not include municipal taxes or charges.
- **Telephone charges** are the basic service rates for individual residences.

■ APPENDIX 3: AGE-FRIENDLY MANITOBA: THE GOLDEN YEARS

Manitoba honours its seniors and recognizes that they have made a lifetime of contributions to every community – in workplaces, schools, hospitals and other institutions, with families, and to arts, culture, and sporting life. Increasingly, seniors continue to contribute to society well after retirement in their role as family elders and through a combination of paid and volunteer activities.

Manitobans are all supportive of the seniors in their own lives and enjoy their company and benefit through learning from their past experiences. In the same way, the Manitoba government distinguishes seniors' needs and contributions through provincial support and programs specifically for seniors as well as consideration of their needs in the design of programs available to everyone. Seniors' special requirements are taken into account financially, emotionally, physically and through health issues. Consideration of personal losses due to aging needs to be balanced with a positive view of the wisdom, experience and accomplishment that also come with being a senior.

When planning for the needs of its citizens aged 65 and over, Manitoba has opted for an integrated, multidimensional approach that includes community partnerships. By working with communities and program participants, the province is better able to address people's needs and promote their personal development throughout all stages of life. Some of the relevant provincial senior programs are outlined below, including new tax measures to assist low-income seniors.

The **Seniors and Healthy Aging Secretariat** is part of Manitoba Healthy Living, Youth and Seniors. The Secretariat works with all provincial departments to create an environment within Manitoba that promotes health, independence and the well-being of older Manitobans. Approximately 98% of provincial government spending on seniors is through three departments: Manitoba Health, Manitoba Housing and Community Development, and Manitoba Finance. More recently, the Secretariat funded the major report, "Profile of Manitoba's Seniors, 2010," carried out by researchers at the University of Manitoba, to ensure that comprehensive and up-to-date information is available on Manitoba seniors and their needs.

Age-Friendly Manitoba is a comprehensive initiative that promotes the participation, inclusion, and health of older adults in their communities across eight domains: 1) outdoor space and buildings; 2) transportation; 3) housing; 4) respect and social inclusion; 5) social participation; 6) communication and information; 7) civic participation and employment; and 8) community support and health services. This initiative was originally developed by the World Health Organization and continues to be supported by the Public Health Agency of Canada. Manitoba is seen as a leader nationally and internationally in encouraging communities to be more age friendly. Manitoba provides \$487,000 annually to help 72 participating communities throughout the province to help them engage citizens and businesses. The goal is to position each community to engage older adults as active contributing members leading fully independent lives.

The **Support Services to Seniors** program provides global funding to Manitoba's Regional Health Authorities to administer and deliver programs and services for seniors within the entire continuum of care. There are currently 105 Community Resource Councils and 21 Multi-Purpose Senior Centres. These are community-developed and run, with the main objective of supporting seniors to live independently in their communities as long as possible. Support Services, which vary from community to community based on local needs, can include congregate meals, transportation, home maintenance, information and referrals, friendly visiting, personal emergency support, fitness, and life-long learning.

Programming to Meet Seniors' Housing-Related Needs A number of programs have been designed specifically to meet seniors' special housing needs.

- The **SafetyAid** Program provides \$216,000 to help improve home security for seniors, including safety audits and the installation of security and fall-prevention devices.
- **Home Adaptations for Seniors Independence Program** provides loans, to a maximum of \$3,500, to lower-income homeowners aged 65 plus for improvements designed to help them stay in their own home longer.
- **Residential Rehabilitation Assistance Program** provides loans for low-income homeowners to return substandard homes to a condition that meets health and safety levels. The maximum loan is \$19,000 depending on household income.
- **RentAid** (formerly the Manitoba Shelter Benefit) provides a rental supplement to low-income senior renters of up to \$210 per month.
- **Aging in Place Strategy** (part of Manitoba Health's Long-Term Care strategy) addresses the need for affordable housing options, with varying levels of support, as alternatives to personal care home placement. The strategy focuses on the required elements that allow individuals to continue living in their home.

Health-Care Related Programming takes into account the special needs of seniors within the context of Manitoba's universal health care system.

- The **Eyeglass Program** provides financial assistance for seniors to purchase eyeglasses. Manitoba Health covers 80% of the allowable total purchase price.
- **Flexible Contact Lenses** are now available free for cataract operations, a universal service used primarily by seniors. This saves patients about \$300.
- The **Pharmacare Program** provides income-tested benefits for all ages. The program covers 100% of eligible drug costs after an income-based deductible.
- The **Home Care Program** is the oldest, most comprehensive, province-wide, universal home care program in Canada. Home Care is provided to Manitobans based on assessed need.

Tax-Based Programs: A number of tax-based credits, exemptions and preferences help Manitobans in retirement and to prepare for their retirement.

- Manitobans save \$224 million annually in Manitoba income taxes from registered pension plan contribution deductions.
- Pensioners save \$30 million annually in Manitoba income taxes through pension income splitting and the \$1,000 private pension income exemption.
- Low-income seniors save \$18 million annually in Manitoba income taxes through the Guaranteed Income Supplement (GIS) exemption.
- Low- and middle-income seniors save \$33 million annually in Manitoba income taxes through the age exemption.
- Senior homeowners and tenants save \$73 million annually in property taxes and rental costs under the combined benefits of the Education Property Tax Credit, the Pensioners' School Tax Assistance, and the elimination of the Education Support Levy.
- Seniors save an estimated \$111 million annually in Manitoba income taxes from other basic exemptions.
- Several important sales tax exemptions that primarily benefit seniors include prescription drugs and medicine (savings of \$22 million annually), and medical supplies, appliances and equipment (savings of \$14 million annually).

Budget 2011 Enhancements

Budget 2011 provides further tax savings to Manitoba seniors to enhance affordability.

Education Property Tax Credit: This tax credit makes property taxes more affordable for all Manitoba households. Homeowners typically receive the basic component of the credit as an offset to their property tax bills, while renters claim it on their income tax return. The basic credit will be increased from \$650 to \$700 in 2011. The basic tax credit has now been increased by 180%, from \$250 in 1999 to \$700.

Budget 2011 also announces increases in the seniors' maximum Education Property Tax Credit from \$800 to:

- \$950 in 2011, providing an average benefit enhancement, compared to 2010, of \$62 annually to about 21,000 senior households;
- \$1,025 in 2012, providing an average benefit enhancement of \$107 to over 27,000 senior households; and
- \$1,100 starting in 2013, providing an average enhancement of \$151 to over 31,000 senior households, leaving all seniors with a family income of less than \$40,000 better off.

When completely phased in, the new \$1,100 seniors' maximum will save seniors about \$4.8 million annually.

Primary Caregiver Tax Credit: This credit began in 2009 to recognize and support individuals who serve as volunteer primary caregivers, who provide care recipients with a level of care or supervision while living in his or her own home. The credit helps offset the caregiver's out-of-pocket expenses of caregiving. Many primary caregivers are themselves seniors, and a large proportion of the care recipients are seniors over the age of 65. The value of the credit, which is fully refundable, is being increased by 25% starting in 2011, from \$85 per month (\$1,020 annually) to \$106.25 per month (\$1,275 annually). This enhancement is expected to benefit over 5,000 primary caregivers each year.

Basic Income Tax Credits: Budget 2011 increases three personal basic tax credits that reduce Manitoba income taxes for a majority of Manitobans. This includes increasing the personal amount, spousal amount and eligible dependent amount by \$250 each, every year for four years, starting in 2011.

The following table summarizes the additional tax savings provided under Budget 2011 to single seniors and senior couples.

Increased Tax Savings For Seniors from Budget 2011 Tax Measures Compared to 2010 Manitoba Income Tax and Tax Credit Levels

	Tax Years				Total
	2011	2012	2013	2014	
Single Senior					
Basic Property Tax Credit	\$50	\$50	\$50	\$50	\$200
Senior Property Tax Credit*	\$62	\$107	\$151	\$151	\$471
Personal Income Tax Credits	\$27	\$54	\$81	\$108	\$270
Total	\$139	\$211	\$282	\$309	\$941
Senior Couple					
Basic Property Tax Credit	\$50	\$50	\$50	\$50	\$200
Senior Property Tax Credit*	\$62	\$107	\$151	\$151	\$471
Personal Income Tax Credits	\$54	\$108	\$162	\$216	\$540
Total	\$166	\$265	\$363	\$417	\$1,211

* Average benefit for seniors with income below \$25,000 in 2011, \$32,500 in 2012, and \$40,000 after 2012

In addition to the tax savings introduced in Budget 2011 that benefit seniors, Manitoba remains one of the most affordable provinces in which to live, work and retire. "The Manitoba Advantage" contains an interprovincial comparison that highlights Manitoba's affordability for various households, including single seniors and senior couples.

■ APPENDIX 4: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

Manitoba's competitive business environment continues to attract manufacturing investment due to:

- its central location and excellent transportation links to the rest of North America, including CentrePort Canada
- low industrial and commercial land costs
- electricity costs which are among the lowest in the world
- a skilled, well-educated and affordable work force
- one of the best R&D tax credit regimes
- low taxes on capital investments.

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, provincial, state or local 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.

Payroll-related Levies

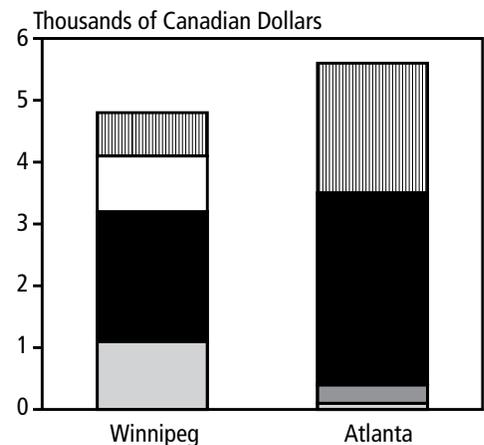
U.S. employers pay federal and state unemployment taxes, social security tax and medicare tax and are also required to provide workers' compensation coverage. Canadian employers do not pay provincial unemployment or federal medicare taxes, though some provinces have taxes on payroll. For example, at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

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 Taxes and Levies per Employee Larger Manufacturing Firm Winnipeg and Atlanta



- ▨ Workers' Compensation Premiums
- Provincial Taxes on Payroll
- Federal CPP/Soc Security/Medicare
- State Unemployment Taxes
- Federal Unemployment Taxes

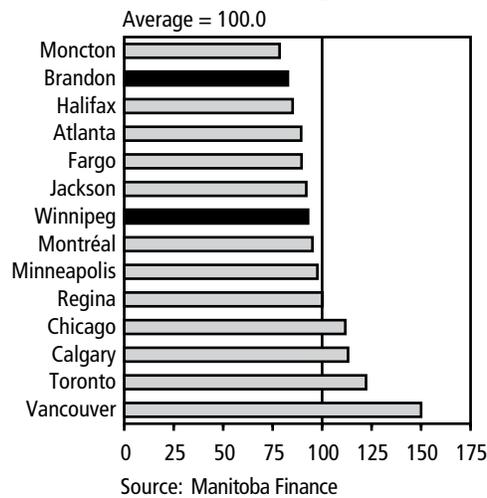
Source: Manitoba Finance

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 location.¹ The results for each city are compared to the overall average of all cities (100.0) for each of the indicators and presented in the charts that follow.

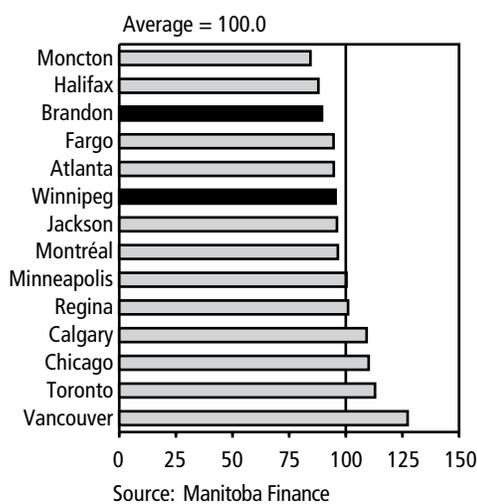
Net Cost of Investment

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

Net Cost of Investment Smaller Manufacturing Firm



Net Cost of Investment Larger Manufacturing Firm



Pre-Tax Net Income

Pre-tax net income compares Manitoba's business cost competitiveness to other jurisdictions. It is calculated by deducting production material costs and location-specific costs from fixed annual sales figures. Annual sales are uniform for all locations and are ramped up through the first four years of operation 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:

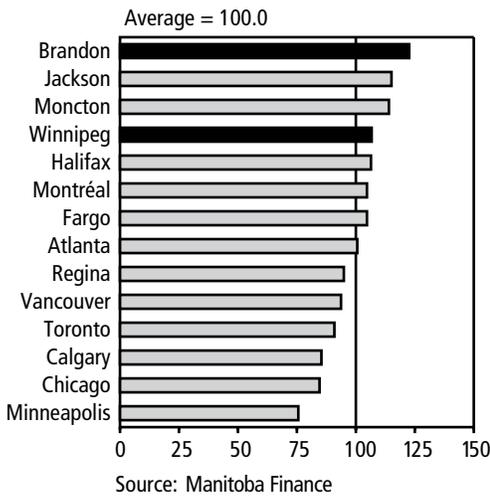
- average manufacturing wages
- local utility costs for electricity and basic business telephone lines
- interest charges on debt used to finance construction of the manufacturing plants

¹ For comparison purposes U.S. data is converted to Canadian dollars at an exchange rate of C\$0.9714 (March 8, 2011 rate).

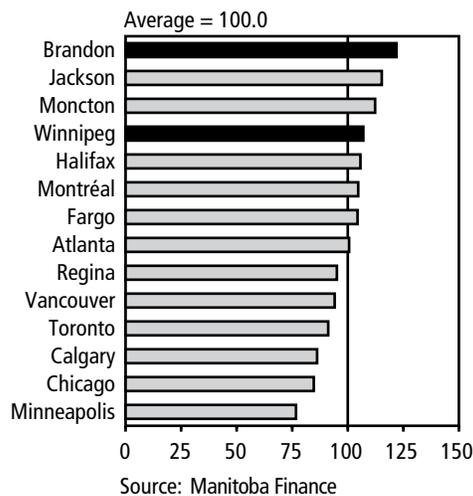
- depreciation of capital assets: buildings costs (which vary by city based on local construction wages) and machinery and equipment (which are assumed to be the same across all cities)
- employer paid health premiums.

Brandon yields the highest pre-tax net income for both the smaller and larger manufacturing firms, while Winnipeg has the fourth-highest pre-tax net income for both model firms.

Pre-Tax Net Income Smaller Manufacturing Firm



Pre-Tax Net Income Larger Manufacturing Firm



Effective Tax Rates

Effective tax rates are generated by computing gross taxes as a proportion of pre-tax net income over the 20-year period. The following annual taxes are taken into account:

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

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

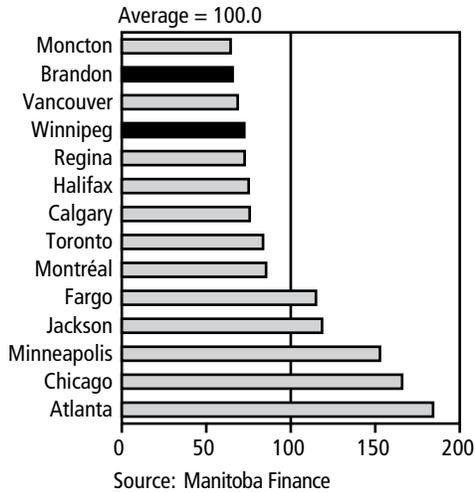
The following tax expenditures that benefit the manufacturing sector are also taken into account:

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

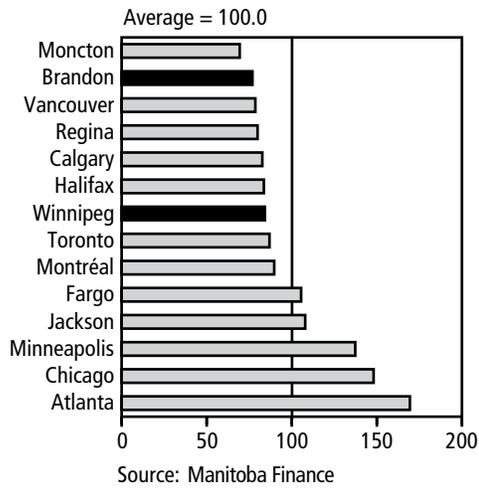
Not included are enterprise zones, grants, and other forms of governmental and third-party financial assistance programs that are subject to an approval process.

For both the smaller and larger manufacturing firms, both Winnipeg's and Brandon's effective tax rates are well below the overall average (100.0).

**Effective Tax Rates
Smaller Manufacturing Firm**



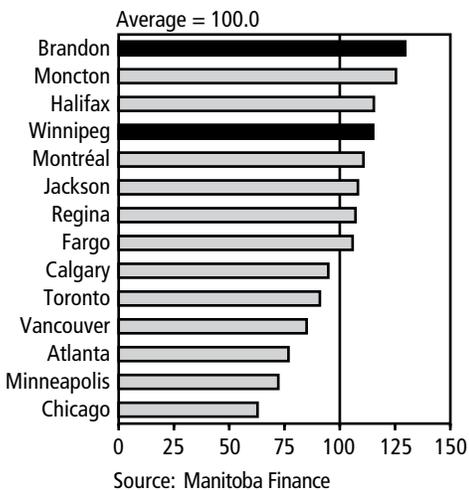
**Effective Tax Rates
Larger Manufacturing Firm**



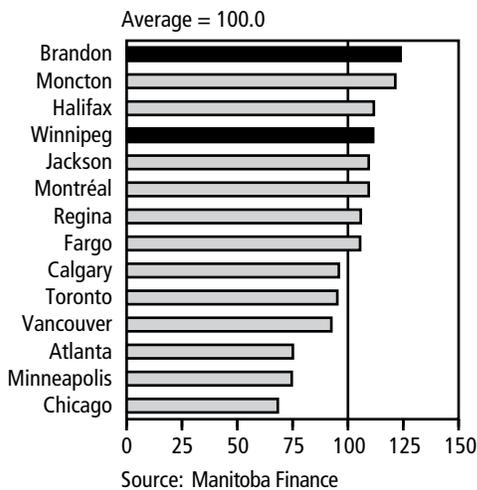
Overall Competitiveness

Overall competitiveness is compared by calculating internal rates of return, which are commonly used by business in making investment and location decisions. A higher internal rate of return indicates a city is more competitive than others. 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, then discounted using applicable Canadian and U.S. commercial interest rates. The following charts illustrate the combined impact of taxes and costs on the internal rates of return for the representative smaller and larger manufacturing corporations in the selected jurisdictions.

Internal Rates of Return Smaller Manufacturing Firm

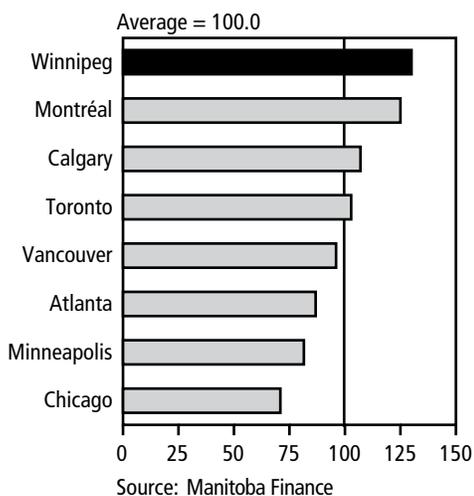


Internal Rates of Return Larger Manufacturing Firm

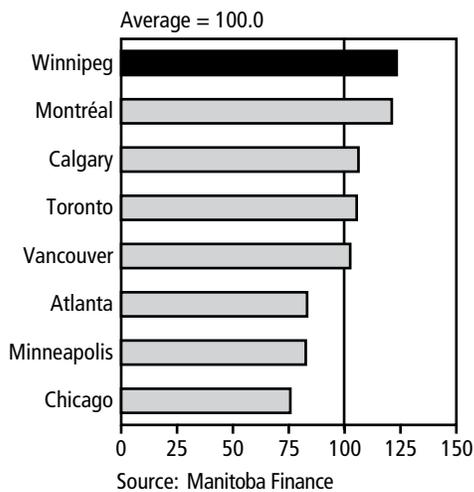


The internal rates of return for both Winnipeg and Brandon are above the overall average of the cities included in the study. Brandon has the highest internal rate of return and Winnipeg has the fourth-highest internal rate of return for both the smaller and larger manufacturing firms.

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



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



Among cities with populations over 500,000, Winnipeg has the highest internal rate of return for both 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.

