The 2012 Manitoba Budget Address

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Minister of Finance
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• Budget 2012
• Budget des dépenses et des recettes pour l’exercice se terminant le 31 mars 2013
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# THE 2012 MANITOBA BUDGET ADDRESS

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Mr. Speaker, I am honoured to present Budget 2012.

For more than a decade, our government has worked with Manitobans to implement a successful formula for steady, sustainable growth.

We have protected front-line services and supported businesses, while making responsible choices and keeping an affordable, high quality of life for families.

We have invested in education and training, rebuilt roads and communities, helped entrepreneurs develop new products and services, and welcomed more skilled immigrants than ever before.

As a result, our economy has steadily created thousands of good jobs. Our population is growing and getting younger.

In recent years, however, Manitoba has faced a number of challenges.

In the fall of 2008, a financial crisis sent shockwaves through the global economy. Around the world, jobs were lost and many families saw their savings disappear.

We faced a choice. While some called for reckless, deep cuts to key services, we chose a different path.

Mr. Speaker, we took action. We put families first. Our balanced approach protected jobs and the services families depend on most.

Manitoba did better than most during the crisis, exceeding the national average for economic growth by nearly more than a percentage point each year. Over the last five years, we have led the country in economic growth.

In short, our balanced approach worked. In fact, *Maclean’s* magazine called this success “The Manitoba Miracle.”

Manitobans know that resiliency and optimism in the face of challenges is not a miracle: it is just the way we do things in Manitoba.

We look out for each other. We build for the future. As a government, we reject both reckless cuts and irresponsible spending. It may not be flashy, but it works.
enough to meet the challenges coming our way, today and tomorrow.

It contains innovative, responsible ways to reduce spending and increase revenues. These allow us to continue to invest in the things that matter most to Manitoba families.

Mr. Speaker, this means more money for schools, roads and hospitals at the same time as we reaffirm our commitment to return to balance by 2014.

**RESTORING BALANCE**

Governments around the world continue to confront the need to contain spending while providing important services.

In lean times, families and businesses find ways to ensure they have money for the things they need.

Our government is also doing its part to reduce spending while ensuring the needs of Manitobans are met.

Mr. Speaker, this year core government spending is *decreasing* by 3.9 per cent.

The budgets of ten departments are being reduced or frozen.

Spending increases are targeted to key front-line services: health, education and training, infrastructure, public safety and services for families.

We are balancing expenditure reductions with modest, fair measures to increase revenues without raising any major tax rates.

We have already reduced expenses. We have successfully negotiated a pause in wage increases with many parts of our public sector.

We have managed spending in the health care system by increasing efficiencies and legislating a cap on administrative costs for regional health authorities.

*This year, core government spending is decreasing by 3.9 per cent.*

As a result, Manitoba has gone from the second-highest hospital administration costs in the country to the second-lowest.

The search for savings remains a priority. Budget 2012 introduces more responsible, innovative ways to reduce the cost of government. We will:

- reduce the number of regional health authorities from 11 to five to streamline services;
- cut the number of Crown corporations by merging the Manitoba Liquor Control Commission and Manitoba Lotteries to reduce regulatory costs;
- work with municipal governments to encourage more regional co-operation;
- continue a 20 per cent roll back on salaries for government ministers;
- defer wage increases and reduce office expenses for members of the legislative assembly;
- reduce travel costs in every government department; and
reduce the number of government-appointed agencies, boards and commissions by 20 per cent. These measures will reduce duplication and result in more efficient use of public resources. Mr. Speaker, these are ways a modern government adapts to today’s challenges.

Using these and other measures, we will achieve $128 million of savings in-year – the equivalent of an additional one per cent reduction in program spending.

Manitobans have the lowest personal debt per capita in Canada, and they understand the need to balance spending with revenue.

Some have called on us to implement a harmonized sales tax. Some have called on us to raise the provincial sales tax, while others have called for health care premiums. Some have said we should delay returning to balance indefinitely.

Instead, we choose to protect front-line services by striking a balance between new efficiencies, spending reductions and fairly-generated revenues.

There are no increases to personal, corporate or provincial sales tax rates in this budget.

Our retail sales tax rate remains second lowest in the country. As in other provinces, the retail sales tax will now be applied to some personal services such as spa services, as well as premiums for property, liability and group life insurance.

These measures will help ensure the long-term sustainability of the services Manitobans value most.

**PROTECTING FRONT-LINE SERVICES**

We know there is nothing more important to Manitoba families than the health of their loved ones. That’s why health care has always been our top priority.

Mr. Speaker, we are focused on expanding care instead of costs.

Improvements in home care, Pharmacare and community-based care are smart investments that allow us to control costs while continuing to provide the services Manitobans need and want.

We are building and opening new health care facilities and investing in new equipment. QuickCare clinics, same-or next-day medical appointments and primary care networks will help take pressure off emergency rooms.

We will also train and hire more doctors, nurses, physician assistants, nurse practitioners and health technologists to provide quality front-line care.
We promised that all Manitobans will have access to a family doctor by 2015. Mr. Speaker, we will keep that promise.

We will provide faster cancer testing and treatment and provide free cancer drugs for all patients, allowing more patients to remain at home during treatment.

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To encourage a reduction in tobacco use, the tobacco tax will be increased by 2.5 cents per cigarette.

Education is the key to our province’s future success. In Budget 2012, we are providing $25 million more in funding for public schools, in addition to building and renewing schools across the province.

Manitoba parents and students will see the difference, with new schools opening in the fall, new gyms being built and new state-of-the-art science labs.

Moving forward, we will continue to focus on smaller class sizes, beginning with an additional $4 million this year for schools to start reducing class sizes to 20 students in kindergarten to Grade 3. Stronger programming will improve reading and math skills.

Families are well-served by our strong commitment to providing quality social services and safe, affordable housing.

In 2008, we promised families we would fund 6,500 child-care spaces and strengthen our child-care system.

Mr. Speaker, at the end of this year, we will have delivered on that commitment.

A total of 54 child-care centres are being built or expanded. We continue to support better training and wages for child-care workers.

Budget 2012 makes targeted investments to support Manitoba families.

In addition, we are taking action to increase the supply of rental housing by adding market rate rental and affordable housing units through a request for proposals for private sector development.

We are building toward our commitment of creating 1,500 new affordable and social housing units over five years, with continued investments this year.
Mr. Speaker, this budget also includes funding for firefighters, as well as police officers and cadets on our streets and in our communities.

We will also add additional resources to the criminal justice system.

We have provided funding to the City of Winnipeg to hire 20 new firefighters this year, and are also providing funding for four new firefighter-paramedics in Brandon.

We are national leaders in investing in innovative programs that support a strong start for children and youth. This will strengthen communities and reduce crime.

**KEEPING OUR ECONOMY STRONG AND GROWING**

During uncertain economic times, we must build on our strengths to grow the economy.

We have a successful strategy to keep our economy strong and growing. We will continue to:

- invest in education and training opportunities for the jobs of tomorrow;
- encourage immigration and supports for new Manitobans; and
- help Manitoba businesses create new jobs.

We are providing additional funds for our colleges and remain committed to supporting future college expansion.

Strong and predictable funding to our universities will ensure academic excellence, affordability for students, more timely completion rates and better recognition of educational experience between institutions.

Manitoba businesses need skilled workers. Supporting apprenticeship and training provides a stable workforce and creates opportunities for Manitobans to learn, improve their skills and get good jobs. This year, we will increase the number of apprenticeships and provide more rural and northern training opportunities closer to home.

Mr. Speaker, unlike the 1990s, our population is growing rapidly and getting younger. Part of this growth can be attributed to Manitoba’s successful provincial nominee program, which has attracted skilled professionals who have settled in communities across our province.

People are coming to Manitoba in record numbers and are putting down roots, building new homes and creating good jobs.

These results are no accident. They are the result of Manitoba’s internationally acclaimed immigration model – a pillar of our economic success.

By linking our selection process to our settlement programs, we ensure that newcomers fit into Manitoba’s economy better than anywhere else in the country. In fact, Manitoba’s immigrants have the lowest unemployment rate in Canada.

This success is now under threat from the federal government’s unilateral decision to cancel the Canada-Manitoba Immigration Agreement. Mr. Speaker, we are standing up for Manitoba and will fight to keep immigration at the centre of a strong provincial economy.

Hydro-electricity is Manitoba’s “oil,” only green and renewable. Mr. Speaker, our government is fundamentally committed to a strong, growing and publicly owned Manitoba Hydro.

We have confirmed more than $7 billion in new, long-term contracts for Manitoba power.
Projects like Bipole III, Keeyask and Conawapa will grow our power exports, create jobs and keep rates affordable for Manitoba families.

We will create an Energy Opportunities Office and a fund to help Manitoba businesses take advantage of the economic opportunities arising from these investments.

We will also work at the national level to build an east-west power grid to supply more clean energy across the country.

Manitoba firms have developed an impressive reputation for innovation, reliability and quality. We continue to support business innovation – helping firms develop and bring new products and services to market.

Manitoba’s young entrepreneurs are leading the way in innovation and making the province more competitive on the world stage.

And we are listening to entrepreneurs in this province. Starting in 2012, one-half of the Manitoba Research and Development Tax Credit has been made refundable for in-house research and development. This gives firms just starting out more cash in their pockets.

We are moving forward with private sector partners to pursue the establishment in Winnipeg of the first bilingual World Trade Center, to provide Manitoba businesses access to a global network.

Small businesses are a cornerstone of Manitoba’s economy. Mr. Speaker, our government was the first in Canada – and still the only one – to eliminate the small business tax, helping them create more jobs.

Small businesses have provided new ideas on how to cut red tape. So, this year we will reduce how often small businesses have to file sales tax.

We recognize that additional adjustments to business taxes are required to help fund priority supports for businesses. We are increasing the capital tax on financial institutions to four per cent. The dividend tax credit is reduced to eight per cent.

Our government was the first in Canada – and still the only one – to eliminate the small business tax.

When we first took office in 1999, many people had given up on downtown Winnipeg. Some said there was nothing to be done.

We took a different view. And today, we see the culmination of a decade of downtown investments and partnerships with the private sector.

Just days ago, when David Thomson was asked about this resurgence, he said “...it’s no secret the leadership of this province has been inspired.”

Coming from such a leader, this is a true compliment.

Our government was proud to work with David Thomson, Mark Chipman and everyone at True North to fight through the opposition to build the MTS Centre.

And as we all know, Mr. Speaker, in the weeks after our last budget, Manitobans took to the streets to welcome our Jets home.

Some of the flagship new investments in Manitoba are retail developments, from the former stadium and arena sites at Polo Park to the IKEA development opening this fall.
These are exciting, high-profile changes. We also know that life is changing in other ways. Families today have hectic schedules, and Manitoba stores face pressures from cross-border shopping and competitors online.

In keeping with such changes, we will loosen the restrictions on Sunday shopping. Manitoba currently limits Sunday shopping more than any other province. We will work with business and labour, and consult with the public, to ensure that more Sunday shopping does not mean less quality time together for working families.

Our intention is to modernize Sunday shopping before this year’s holiday shopping season.

The Canadian Museum for Human Rights will attract tourists from around the world and make Manitoba a global hub for human rights research, expertise and education.

The business community shares our confidence in Winnipeg’s downtown. There are more than $400 million in private sector investments in new commercial and residential developments under construction or in development.

We are building on this momentum and encouraging further development in downtown Winnipeg by:

- partnering with the city to support work now underway on the sports, hospitality and entertainment district;
- turning surface parking lots into places to live, work and play; and
- supporting the expansion of the Winnipeg Convention Centre.

We were excited to unveil the first phase of rapid transit in Winnipeg just a few weeks ago. Our government is committed to funding one third of future phases to expand the rapid transit network, and we are moving forward with the City of Winnipeg on a corridor selection process to build the next phase of rapid transit to the University of Manitoba and the new stadium.

In neighbourhoods across the city, we will invest in community centres, parks and municipal infrastructure.

Communities outside of Winnipeg are also growing and thriving, and we will help them build on their success. Brandon has seen its own renaissance and the streetscape of the Wheat City is changing rapidly.

Our government continues to support Brandon’s efforts to revitalize its downtown. Ongoing support is being provided to Renaissance Brandon and we are working with the City of Brandon and the private sector to assist in the redevelopment of the historic McKenzie Seeds building.

We will build on this momentum and continue to create new housing in Brandon and revitalize under-utilized buildings in the downtown area.

Our government is investing in recreation opportunities to improve the quality of life for Brandon and Western Manitoba residents. Work continues on the Brandon University Wellness Centre, the Brandon Family YMCA and improvements to the Brandon Sportsplex pool.

Agricultural producers have faced difficult times in recent years, and Manitoba farmers know that AgriInsurance is their first line of defense.

In 2012, producers can take advantage of improvements to the excess moisture insurance top up, forage establishment insurance and the forage restoration benefit.

We will also contribute $1.5 million this year to the Metis Economic Development Fund, which supports business development in Metis communities across the province.

One hundred years ago this year, Manitoba’s borders were extended north to the 60th parallel, bringing the province an ocean coastline, forests, mineral resources and water power. We will continue unlocking northern Manitoba’s economic potential by creating more education, training and job opportunities for northern families.

Work will proceed on Manitoba’s next hydro project in partnership with First Nations communities.

A new mining academy in Flin Flon will open later this year, and work is underway on new education and training facilities in Thompson and The Pas.
We will continue to work with First Nations partners on the world heritage site project, by developing a cultural and ecological tourism industry that can fully realize the potential of the largest protected area in the North American boreal shield. We welcome the federal government’s support in recognizing our boreal forest as being worthy of inscription on the UNESCO World Heritage List.

Manitobans know how devastating flooding can be for families and communities. Last year’s record-breaking flood washed away homes and businesses, affecting thousands of Manitoba families. Parks, roads and bridges were not spared, and rebuilding will take time.

Our province has a long history of learning from major floods and making investments in flood mitigation to prevent future damage and hardship for Manitoba families. Our response to the 2011 flood will be no different.

Our government is continuing to support Brandon to recover from the 2011 flood. Funding will be provided this year to improve flood preparedness and raise flood protection to 1-in-300-year levels.

We will also improve flood protection along the Assiniboine River and around Lake Manitoba, while reviewing where future flood mitigation investments and improvements can be made.

The gas tax, which is the main way we fund infrastructure projects, has been frozen since 1993. Last year, our infrastructure took a devastating hit from the flood.

A 2.5 cent increase to the gasoline tax will support the extensive rebuilding needed after the flood, ensure stable, ongoing funding for public infrastructure and provide funding for projects in the future.

The motive fuel tax will be adjusted by the same amount. We are also aligning the tax base on marked gas with Saskatchewan. Vehicle registration fees will increase by $35 per vehicle.

Mr. Speaker, every cent raised in these ways will be invested in roads, bridges and other infrastructure—guaranteed.

Roads and bridges are long-term investments. They take years to build and must be maintained into the future.

Last year, we made a commitment to provide the equivalent of one percentage point of the provincial sales tax to support investment in municipal infrastructure and public transit.

This investment grows with the success of Manitoba’s economy. This year, it is expected to grow by almost $23 million to $262 million.

Manitoba is the only province to enshrine this commitment in legislation.

We continue to move forward with our 10-year highway renewal plan, and we are ahead of schedule on our commitment to invest $4 billion over 10 years. This year, we will build and renew thousands of kilometres of road and renew many bridges and overpasses.

Again this year, the communities on the east side of Lake Winnipeg were affected by an early closure of the winter road season. Our government is working with local communities to build an all-season road.

We will continue to invest in the east side road network to link isolated communities, create training opportunities and jobs and bring down the cost of living for more northern families.
Over the next year, we will maintain partnerships with First Nations leadership to engage the federal government to advance this important road link.

We continue to support environmental protection and innovation. This year, we will take steps to:

- make it easier for families to recycle electronics and household hazardous waste;
- preserve wildlife habitat;
- restore Lake Winnipeg while protecting all our lakes and rivers; and
- help position Manitoba as a leader in electric vehicle technology.

Work is also underway on a comprehensive, multi-year environment strategy for Manitoba.

MAINTAINING AFFORDABILITY

We are committed to keeping Manitoba affordable.

Mr. Speaker, tax cuts delivered since 1999 will save Manitobans more than $1.2 billion in lower taxes this year.

That includes more than $500 million in provincial income taxes, $334 million in 2012 property taxes and $424 million in savings for businesses.

This keeps Manitoba one of the most affordable places to live and encourages businesses to grow.

We are following through on our commitment to increase the basic personal exemption by $250 this year, as well as increasing the seniors’ maximum property tax credit by $75 to $1,025.

This year, we will introduce legislation to guarantee that Manitoba families will pay the lowest combined bills in the country for electricity, home heating and auto insurance.

By keeping our utilities strong and publicly owned for the benefit of all Manitobans, we can ensure our province remains one of the most affordable places to live, work and raise a family.

We will also:

- hold tuition fees and Pharmacare deductible increases to the rate of inflation;
- improve student aid; and
- lower the cost of milk for remote northern communities.

We support enhancements to the Canada Pension Plan that will help ensure adequate retirement income for Manitobans. We are also reaffirming our commitment to support hard-working Manitobans with regular increases to the minimum wage. This year, minimum wage will increase by 25 cents on October 1.

CONCLUSION

Mr. Speaker, on a personal note, I think today of my grandfather, Stan Paull, who worked nearly 40 years with the R.M. of Swan River, building the roads and bridges that connected farmers and families to each other and to their communities.

Today, we carry on the work of those, like my grandfather, who built our province. We are building a bridge from where we were to where we want to be.

Budget 2012 takes firm steps to spend less money – and spend it smarter. We balance these with modest and fair revenue increases. All of these changes will support front-line services, our focus on what matters most in uncertain times.
Manitoba has faced a number of challenges over the last few years. Working through the global economic uncertainty and the flood, we have made measured, balanced decisions about our province’s future.

We have seen strong results. We have avoided the cuts and job losses seen in other parts of the world, and we have reduced our own spending.

*Budget 2012 takes firm steps to spend less money – and spend it smarter.*

We will never waver from our commitment to keep life affordable for Manitoba families.

Together, we are building a Manitoba where every family gets the health care they need when they need it.

Together, we are building a Manitoba where strong schools and training opportunities are giving young people a good start in life.

Together, we are building the roads and bridges that connect communities and strengthen our economy.

By focusing on what matters most, we will move Manitoba forward through these uncertain times toward an even brighter future.