



THE MANITOBA
ADVANTAGE



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Contents

THE MANITOBA ADVANTAGE..... 1

THE MANITOBA ARTS AND CULTURE ADVANTAGE..... 8

Appendix 1: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING..... 11

 Interjurisdiction Competitiveness 12

 Conclusion 16

Appendix 2: 2003 INTERPROVINCIAL COMPARISON OF ANNUAL PERSONAL COSTS AND TAXES 17

For more information about **The Manitoba Advantage**,
visit the Government of Manitoba websites:

Manitoba Finance: www.gov.mb.ca/finance
Manitoba Industry, Trade and Mines: www.gov.mb.ca/itm

THE MANITOBA ADVANTAGE

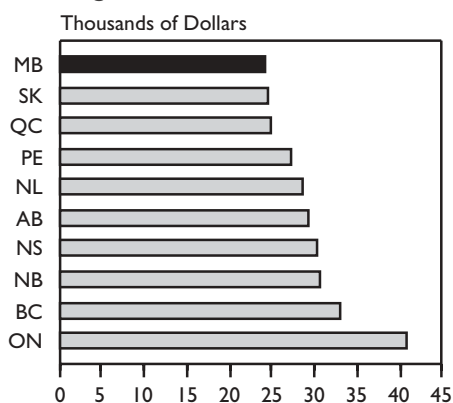
Statistics Canada's investment survey for 2003 shows that Manitoba is on its way to recording its fourth consecutive annual increase in private capital investment, a distinction shared by only one other province. This positive record of private investment over the past few years is consistent with Manitoba's overall economic performance – strong and stable.

Over the past five years, no other province in Canada has posted a more stable economic performance. Manitobans continue to enjoy record-high levels of private investment, growing employment and the lowest unemployment rate in Canada.

Manitoba's competitive business environment and economic success has been built upon a unique combination of factors we call The Manitoba Advantage:

- a productive, well-educated and multilingual labour force;
- an extremely favourable business cost environment, including affordable office and land costs, low construction costs, and affordable taxes;
- North America's lowest electricity costs: highly reliable, renewable and environmentally responsible hydro-electricity;
- modern and extensive communications infrastructure;
- an extensive network of research and development facilities, supporting innovation and technology diffusion;
- an excellent mid-continent location in the North American central time zone;
- flexible and cost-effective transportation links and intermodal facilities providing shipping by road, rail, air and sea;

Annual Personal Costs and Taxes Two-Earner Family of Four Earning \$60,000*



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

Average House Price Executive Detached Two-Storey

Toronto	510,500
Vancouver	450,000
Calgary	405,950
Montréal	405,000
Halifax	340,000
Fredericton	250,000
Winnipeg	225,667
Charlottetown.....	225,000
St. John's	210,000
Regina.....	199,500

Source: Royal LePage *Survey of Canadian House Prices*,
Fourth Quarter 2002

Average House Price Standard Townhouse

Toronto	220,000
Vancouver	201,313
Calgary	154,000
Halifax	121,000
Montréal	115,100
Fredericton	110,000
Regina.....	101,000
Charlottetown.....	86,000
St. John's	77,833
Winnipeg	73,719

Source: Royal LePage *Survey of Canadian House Prices*,
Fourth Quarter 2002

- reliable and accessible public services, including quality universal public health care and education; and
- clean, uncongested and safe communities, a dynamic cultural and artistic community, and a pristine natural environment – all of which contribute to an unsurpassed quality of life.

Major companies continue to choose Manitoba as a place to invest and grow. Recently, firms like J. R. Simplot, Standard Aero, Cangene Corporation, Winpak Ltd., Nexen Chemicals, Biovail Corporation, Albchem Industries, Canwest Global Communications Group, Cormer Group Industries, and Monarch Industries have all recognized Manitoba's considerable advantages with new investment.

This paper provides details on The Manitoba Advantage, including business and personal costs and taxes, facts on Manitoba's quality of life and Manitoba's Arts and Culture Advantage.

■ What is The Manitoba Advantage?

- Manitoba has one of Canada's most diverse economies. Studies by Moody's Investors Services in both 2000 and 2002 showed that Winnipeg had one of Canada's most diverse urban economies. Manitoba is home to a number of major industries, including aerospace, bus manufacturing, food processing, health products and research, furniture, financial services, electricity, agriculture and transportation. While the province has many strengths, it also has balance; no one sector dominates the Manitoba economic landscape.
- The diversity of the province's industrial structure provides stability to the overall economy. Over the last five years, Manitoba's real GDP growth has been the most consistent among the provinces. This economic certainty contributes to

a more stable workforce and a predictable local business climate.

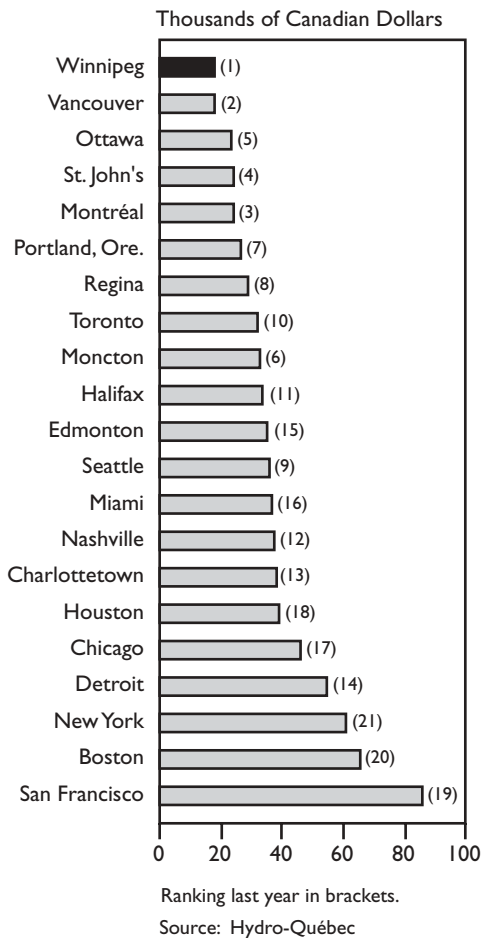
- Manitoba's hydro-electricity rates are among the lowest in the world. Manitoba Hydro, one of North America's major electricity companies, has generating capacity of over 5,000 megawatts. Virtually all of this energy is generated by clean, reliable and environmentally desirable water-powered facilities. Manitoba Hydro has identified several potential hydraulic power generating sites which could economically add more than 5,000 megawatts to its capacity. Manitobans will continue to have access to reliable and affordable power both today and in the future.
- Manitoba is located at the northern end of the mid-continental trade corridor, as well as at the major junction in Canada's east-west transportation system. These factors place the province in a strong position in terms of expanding trade and transportation links. Winnipeg is served by an intercontinental railway system that operates intermodal terminals in Winnipeg, handling over 85,000 containers per year. The extensive and modern rail car marshalling facilities handle over 5,000 rail cars per day. These facilities offer substantial flexibility and cost savings to business, with ready access to the U.S. through three separate railway lines from Winnipeg.
- Manitoba's location on the mid-continental trade corridor provides easy trucking access to the Midwest and Great Lakes states, as well as ready access to the southern U.S. and Mexico via the U.S. interstate highway system. The Emerson-Pembina North Dakota border crossing is the second-busiest international border crossing in Western Canada. The province's strategic location has led to the establishment of 30 national and international trucking terminals in Winnipeg. Several of Canada's largest employers in the for-hire trucking industry are headquartered in Winnipeg.

“The province’s economy is closely tied to the US market, but the nature of its exports – specifically a focus on consumer staples and energy – minimizes its susceptibility to a delayed American recovery.”

**CIBC World Markets
March 2003**

Monthly Industrial Electric Bills Medium-sized Commercial/ Industrial Customer

400,000 Kilowatt Hours, 2002

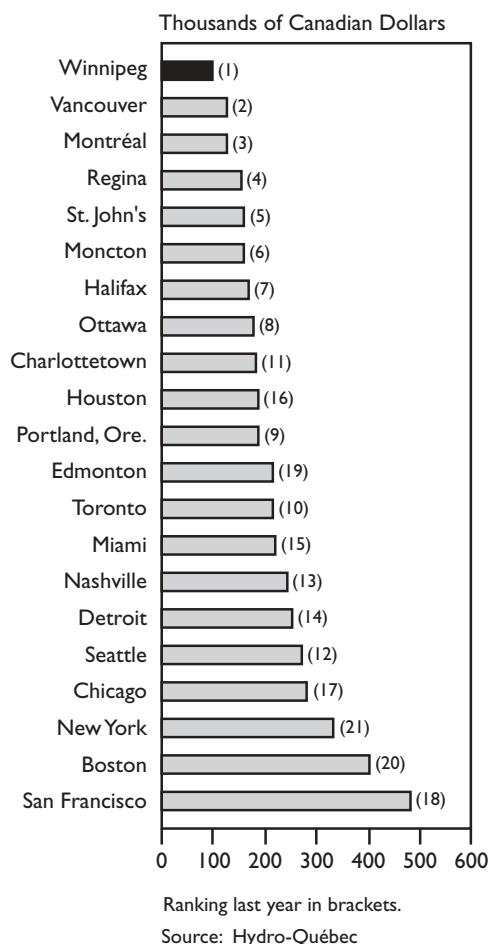


- Winnipeg International Airport is one of the few major North American airports that operate 24 hours a day. The airport offers a broad range of services, including international carriers, commuter airlines, jet freight, and extensive cargo and courier facilities. It serves three million passengers and moves 100,000 tonnes of air cargo annually.
- Churchill is the only deep-water port in the Prairie region. Located on Hudson Bay, the port brings Atlantic Ocean trade to Western Canada. Improvements to the facility in 2001 now allow Churchill to accommodate Panamax class vessels with a 50,000 to 60,000 tonne capacity. The Port of Churchill offers shippers major cost advantages for ocean shipping to and from Europe, Africa and Latin America.
- Manitoba has an abundance of natural resources. The mining industry produces a diverse mix of minerals including nickel, copper, gold and tantalum. Last year, Manitoba's mineral sector output was valued at almost \$1 billion. Manitoba has a large and long-established forestry industry that produces paper, newsprint and lumber. The commercial fishing industry annually produces about 12 million kilograms of whitefish, sauger, pickerel, goldeye and other species. Careful management of Manitoba's natural endowments ensures the sustainable development of these resources now and in the future.
- Manitobans enjoy advanced connectivity through comprehensive telecommunications and information infrastructure. Manitoba's direct access to the world include extensive and rapidly growing high-density broadband networks, as well as over 75,000 strand kilometres of fibre-optic cables, and 100% digital switching throughout the province.
- Research and innovation continue to play an important role in Manitoba's economic growth and diversification. The province has a strong and growing knowledge cluster in a number of fields,

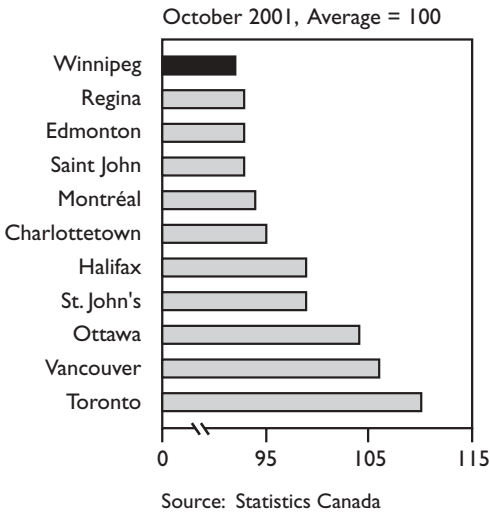
but especially in life sciences. Private industry, government and post-secondary institutions support the province's growing research and development infrastructure. The provincial R&D Tax Credit also promotes research in Manitoba.

- Manitoba remains committed to providing quality public services, such as health care. There are no premiums or personal charges for health services in Manitoba for either employers or individual Manitobans. This is a major advantage over U.S. locations for both businesses and residents. In the U.S., employers may annually pay over US\$5,000 per employee in health care insurance costs.
- Having the skills and knowledge to take on the challenges of the 21st century is a prerequisite for a prosperous and growing economy. Manitobans enjoy a quality public education system, including affordable, high-quality post-secondary education opportunities in several universities and colleges. Over 18,000 students attend the University of Manitoba, the largest of Manitoba's four universities, on a full-time basis, with another 14,000 attending part-time. The University offers a wide range of post-secondary and graduate programs including sciences and arts, medicine, law, architecture, engineering, and agriculture. Another 15,000 students are enrolled in full- or part-time study at Manitoba's three other universities. Higher education continues to be affordable in Manitoba, with undergraduate tuition among the most affordable in Canada. As well as university study, about 44,000 students are enrolled in full- or part-time study at Manitoba's three community colleges.
- Winnipeg is recognized as one of Canada's most family-friendly cities. Affordable living costs, good schools, excellent child-care options, and a safe environment make Manitoba a great place to raise a family.

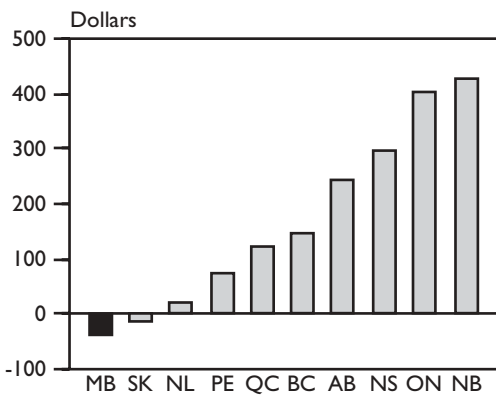
Monthly Industrial Electric Bills
Large-sized Commercial/
Industrial Customer
 3,060,000 Kilowatt Hours, 2002



Intercity Index of Retail Price Differential



Change in Insurance Cost-2003 vs 2002 for 2001 Ford Taurus



Source: Survey of Insurance Companies

- Manitobans care. The rate of volunteerism in the province is consistently among the highest in the nation. Moreover, Manitobans lead the country in charitable giving. This reflects Manitobans' community spirit and long tradition of helping others.
- Winnipeg has an active and vibrant artistic and cultural scene, including the Winnipeg Art Gallery, the Manitoba Museum, the Royal Winnipeg Ballet and the Winnipeg Symphony Orchestra. Several live theatre centres like the Manitoba Theatre Centre, the Warehouse Theatre and the Prairie Theatre Exchange, provide an exciting and diverse mix of live entertainment. Manitoba's diverse population has created a rich and fascinating mosaic of cultural and artistic accomplishments. For more details, see The Manitoba Arts and Culture Advantage, page 8.
- Manitoba has a long sporting tradition. There are professional sports teams in the Canadian Football League, American Hockey League and the Northern Baseball League. In the summer of 2002, the province proudly hosted the North American Indigenous Games, and hosted the World Curling Championships in April 2003.
- Golfing is one of North America's fastest-growing recreational activities. With more than 120 golf courses, Manitoba has one of the best ratios of golf courses to golfers in Canada, as well as one of the highest golfing participation rates in Canada. More than one in four Manitobans tee off in the province each year.
- Beaches, lakes and parks are integral parts of Manitoba's quality of life. Grand Beach on Lake Winnipeg is one of the best in North America. Manitoba is a province of 100,000 lakes. Lakes cover about 17% of the surface area of the province, and cottage country is never more than a short drive away. Visitors can watch the polar bear migration or view beluga whales near

Churchill, enjoy the bison at Riding Mountain National Park or enjoy the great landings of migratory ducks and geese throughout the province. Winters sparkle in Manitoba, with extensive family recreation opportunities for skiing, curling, snowmobiling and (of course) hockey! Whether you're an observer or a participant, the choices for recreation are almost endless.

Budget 2003 builds on Manitoba's considerable advantages. To show Manitoba's cost competitiveness in more detail, two Appendices are attached. The first, 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 page 11). The second is an Interprovincial Comparison of Annual Personal Costs and Taxes (see page 17).

Manitoba Credit Ratings, April 2003

	Credit Rating	Provincial Rank*
Moody's Investors Service	Aa2	2nd (tie)
Standard & Poor's	AA-	3rd (tie)
DBRS	A	4th (tie)

* 1=highest

Note 1: Moody's - Upgraded January 2003

Note 2: Standard & Poor's - Reaffirmed July 2002

Note 3: DBRS - Reaffirmed, trend upgraded to "Positive" from "Stable" in June 2002

THE MANITOBA ARTS AND CULTURE ADVANTAGE

Culture and the arts are an integral part of the Manitoba lifestyle. Our cultural scene is founded on the diverse ethnic mosaic, world-class attractions, and imagination and creativity of Manitobans. As culture is a key economic sector in its own right, and acts more generally as a catalyst for creativity and growth, the Manitoba Government plays an active role in supporting and promoting the industry.

■ The Manitoba Arts and Culture Scene

Manitoba has a rich cultural diversity. 21.5% of Manitoba's population is made up of visible minorities and Aboriginals, the second-highest ratio among provinces.

Aboriginal culture is an important element in Manitoba's heritage and an emerging force in contemporary artistic expression.

Winnipeg boasts the second-largest Francophone community outside of Quebec. The province is home to the largest Icelandic settlement outside of Iceland, and to vibrant Ukrainian and Mennonite communities. This diversity is celebrated in a multitude of facilities, attractions and events, including the Mennonite Heritage Village north of Steinbach, the Winnipeg Jewish Theatre, the Centre culturel franco-manitobain in St. Boniface, and Le Cercle Molière, Canada's oldest continuously operating theatre.

Manitoba is home to many world-class cultural attractions. The Royal Winnipeg Ballet was one of the first dance companies to be established in Canada and now thrills audiences at home and around the world. The province is also home to the Winnipeg Symphony Orchestra, the Manitoba Opera and many high-calibre art galleries, museums and heritage sites. The Forks, the Winnipeg Art Gallery, the Costume Museum of Manitoba, and sites like Lower Fort Garry, are only a small sample of the hundreds of attractions in the province. The popular Manitoba Museum is a favourite for guests to the province, and has achieved the Michelin Guide Three-Star rating. The Manitoba Museum receives 400,000 visitors each year. There are also excellent venues all across the province, ranging from the Keystone Centre and the Western Centennial Auditorium in Brandon, to the Prairie Theatre Exchange, Rainbow Stage and the Manitoba Theatre Centre in Winnipeg.

Manitoba is a province of first-rate festivals that can be found year-round and in all regions of the province. Winter festivals include the 56-year-old Northern Manitoba Trappers Festival in The Pas, the Festival du Voyageur in St. Boniface, which attracted 160,000 visitors in 2002, and Brandon's Royal Manitoba Winter Fair.

Winnipeg hosts many world-class summer festivals. These include Folklorama, which attracts over 400,000 pavilion visits during its two-week run and was voted the best festival in Canada, the Winnipeg Fringe Festival, the second-largest festival of its kind in North America, with an attendance of over 137,000 and about 1,000 performances last summer, and the Winnipeg Folk Festival, which is celebrating its 30th Anniversary in 2003. Other important festivals include the

Winnipeg Jazz Festival, Canada's National Ukrainian Festival in Dauphin, and the Icelandic Festival in Gimli. Vibrant community fairs and exhibitions can be found in every corner of the province. Festivals are also geared for young people, including Freeze Frame, a film festival for children and young people, and the Winnipeg International Children's Festival, which build on first-rate children's attractions such as the Manitoba Theatre for Young People and the Manitoba Children's Museum.

The video and film production industry is rapidly expanding in the province. Productions in Manitoba had total budgets amounting to about \$80 million per year. Through the Manitoba Film and Video Production Tax Credit, direct equity financing and other programs, the Manitoba Government provided \$7.1 million in direct support for this industry in 2002/2003.

■ Provincial Support for Arts and Culture

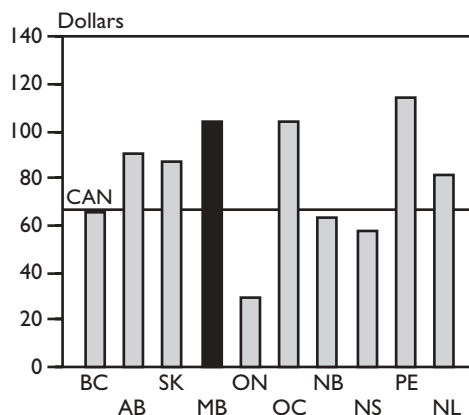
Arts and culture play a key role in enhancing our economy and economic competitiveness. There are over 14,000 arts and cultural workers in the province. Manitoba has one of the highest per capita revenue and attendance levels for arts and culture in Canada. A recent study by the Canada West Foundation, *Culture and Economic Competitiveness*, highlights the social benefits that cultural industries can provide. These include improving health and well-being, enhancing community identity and social cohesion, and facilitating community revitalization.

Overall, culture and recreation enjoy the active support of the Manitoba Government. According to Statistics Canada, the Manitoba Government directly spent \$120 million on culture and recreation in 2002. At \$104, Manitoba has the second-highest provincial per capita spending, and is 56% higher than the national average of \$67.

The Manitoba Government also contributes indirectly to many groups through tax credits on charitable donations. Total charitable donations in Manitoba, including donations to all registered charities, amounted to approximately \$570 million in 2000, of which about \$240 million was from individual taxpayers. Through charitable donations tax deductions, the Manitoba Government provided charitable institutions with approximately \$90 million in assistance in 2000, including about \$40 million in credits for individual taxpayers.

In 2001, the provincial non-refundable tax credit for charitable donations under \$200 rose from 8% to 10.9%, while the credit for donations over \$200 rose from 13.63% to 17.5%. For a person making a \$200 charitable donation, the Manitoba tax credit rose from \$16 in 2000 to \$22 in 2001 – an increase of 38%. For a person making a \$1,000 charitable donation, the Manitoba tax credit rose from \$125 in 2000 to \$162 in 2001 – an increase of almost 30%. This provincial credit is in addition to the federal non-refundable tax credit for charitable gifts.

Provincial Government Per Capita Expenditures on Recreation and Culture, 2002



Sources: Statistics Canada and Manitoba Finance

Appendix 1: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

Manufacturing is Manitoba's largest economic sector, accounting for approximately 13% of provincial GDP. In 2002, manufacturing industries accounted for two-thirds of Manitoba's total foreign merchandise exports. Approximately 70% of the province's merchandise exports to the United States are manufactured goods.

Manufacturing employed 69,000 last year, about one in eight Manitoba workers. Many more Manitobans work in industries that are dependent on manufacturing activities.

Manitoba's manufacturing sector is highly diversified, producing a broad range of industrial and consumer goods. Major manufactured goods include urban and intercity buses, aerospace equipment, chemicals and fertilizers, machinery, pharmaceuticals, processed meats, processed vegetables and grain products, furniture, apparel, newsprint, plastic products, manufactured windows and fabricated metals. Manitoba is North America's largest manufacturer of buses. Canada's largest furniture factory, owned by Palliser Furniture Ltd., is located in Manitoba. Maple Leaf Foods operates one of the world's largest and most technologically advanced meat processing plants in Brandon. Manitoba is Canada's third-largest aerospace centre, as well as the country's third-largest apparel manufacturing centre.

Manitoba's competitive and cost-effective business environment continues to attract manufacturing investment. Manufacturers are taking advantage of the province's central location and its excellent transportation links to the rest of North America. Industrial and commercial land costs are lower than in other major metropolitan centres, and Manitoba's electricity costs are among the lowest in the world. Manitoba has a skilled and well-educated work force ready to take advantage of the opportunities provided by the province's growing manufacturing sector.

Manitoba Finance's competitiveness model is used to compare the tax structure and cost environment for a representative small and larger manufacturing firm. The model is used to assess Manitoba's competitive position relative to several other North American cities.

The model simulates start-up costs, operating costs and financial and taxation profiles over a period of twenty years. It incorporates future changes in taxes that have been announced by the federal, provincial or state governments. The representative firms' profiles have been updated using the most recent data available from Statistics Canada, local economic development boards and other public information sources.

■ Interjurisdiction Competitiveness

The following indicators are used to assess cost and tax competitiveness for a small and a larger manufacturing firm over a 20-year period:

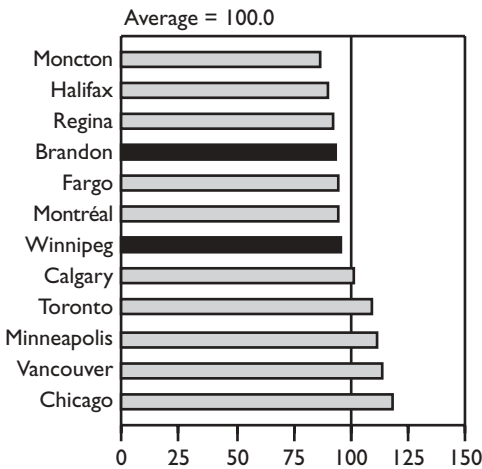
- net cost of investment, or start-up costs (including applicable taxes);
- pre-tax net income;
- effective tax rates; and
- internal rates of return.

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

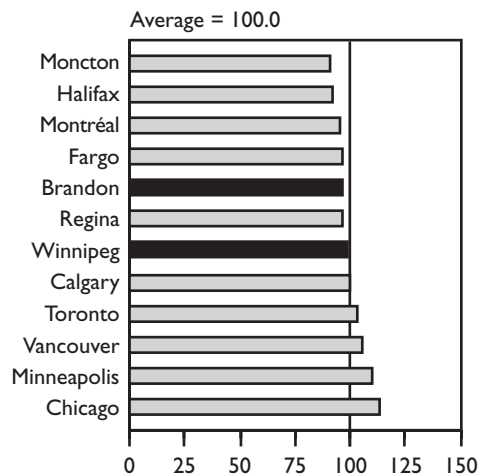
Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, and machinery and equipment) are lower in Manitoba than the average for all cities. The net cost of investment for larger metropolitan centres tends to be higher than the overall average, primarily because of the higher cost of land.

**Net Cost of Investment
Small Manufacturing Firm**



**Net Cost of Investment
Larger Manufacturing Firm**



Pre-Tax Net Income

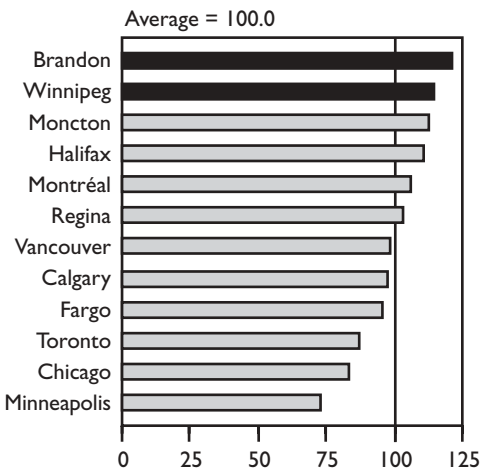
The model calculates pre-tax net income by subtracting from a common level of revenue the following location-sensitive operating costs:

- average manufacturing wages;
- local utility charges (electricity and telephone);
- interest costs; and
- capital depreciation.

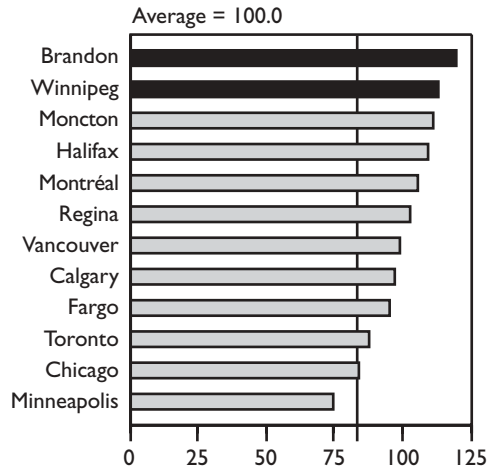
Pre-tax net income is used to compare Manitoba's cost competitiveness to the other locations. A higher pre-tax income indicates lower operating costs in a given jurisdiction. The sales figures used in the simulation model are fixed across the cities, \$4 million for the small firm and \$45 million for the larger firm for years five through twenty. Production material costs are expressed as a percentage of sales and are also fixed across jurisdictions.

Brandon and Winnipeg yield the highest pre-tax net income for both the small and larger manufacturing firms. A talented, well-educated and productive labour force, low utility costs and lower than average start-up costs contribute to the cost advantages of operating a manufacturing plant in Manitoba.

**Pre-Tax Net Income
Small 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 operating taxes are included in the analysis:

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

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

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

Not included in the model are the enterprise zones, grants, and other forms of governmental and third-party financial assistance programs.

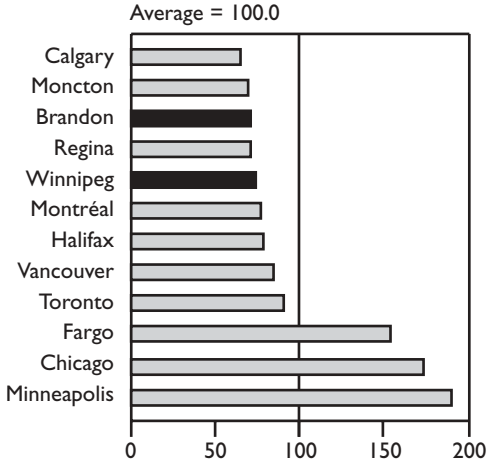
The effective tax rates in Manitoba are lower than the overall average. Among Canadian cities, Manitoba cities have lower than average effective tax rates among small manufacturing firms. They are about average for larger firms.

Overall Competitiveness

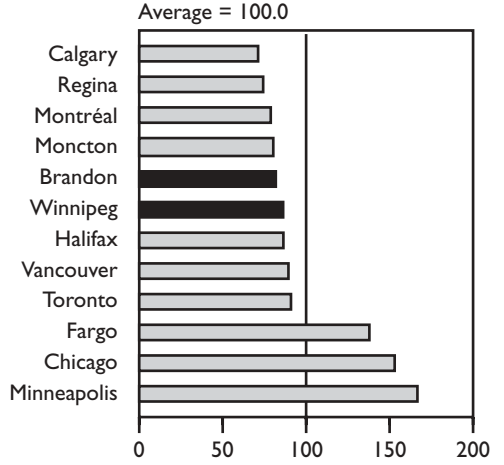
Overall competitiveness is measured by comparing internal rates of return. The internal rate of return is often used for business investment and location decision making. The following charts illustrate the combined effect of taxes and costs on the internal rates of return for the representative small and larger manufacturing corporations in the selected jurisdictions.

The internal rates of return for both Winnipeg and Brandon are better than the overall average of the cities included in the study.

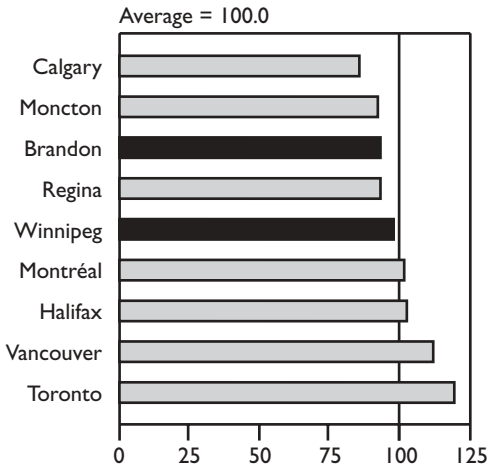
**Effective Tax Rates
Small Manufacturing Firm**



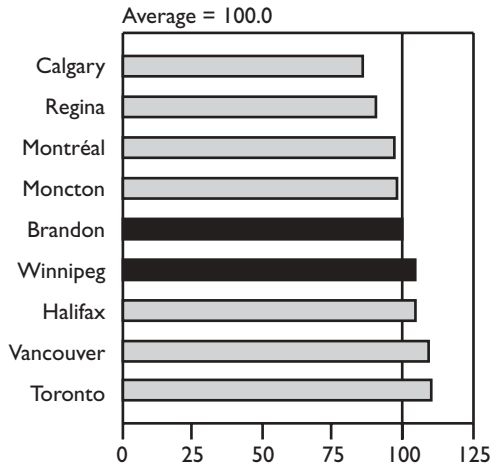
**Effective Tax Rates
Larger Manufacturing Firm**



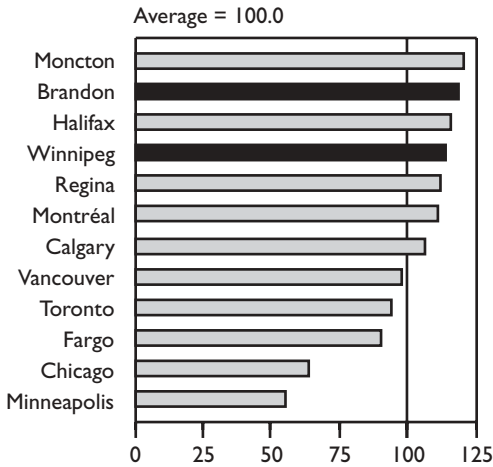
**Effective Tax Rates
Small Manufacturing Firm
Canadian Cities**



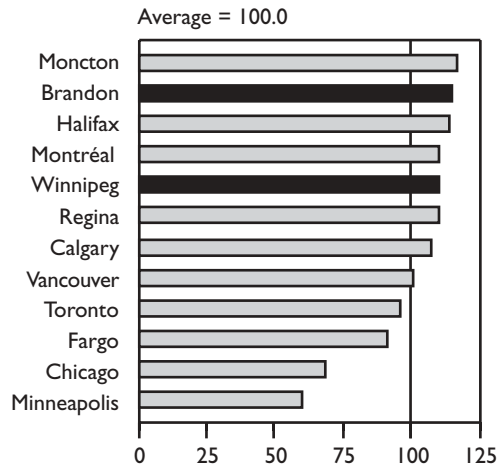
**Effective Tax Rates
Larger Manufacturing Firm
Canadian Cities**



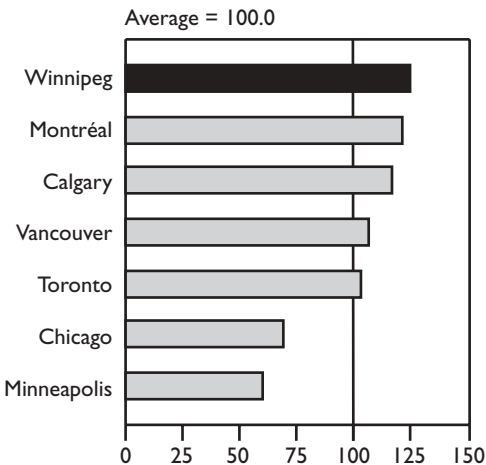
Internal Rates of Return Small Manufacturing Firm



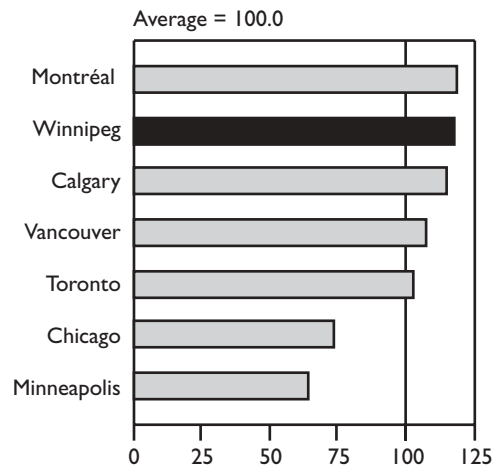
Internal Rates of Return Larger Manufacturing Firm



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



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



Brandon has the second-highest rate of return among all cities for both the small and larger manufacturing firms. Among cities with populations over 500,000, Montréal and Winnipeg have the highest internal rate of return for larger manufacturing firms, and Winnipeg has the highest rate of return for a small manufacturing firm.

■ Conclusion

The above results are, overall, consistent with those shown in previous Budgets. Manitoba continues to maintain a highly competitive cost and taxation environment for both small and larger firms engaged in manufacturing and processing.

Appendix 2: 2003 INTERPROVINCIAL COMPARISON OF ANNUAL PERSONAL COSTS AND TAXES

Since 1999, Manitoba's overall provincial rankings for personal costs and taxes have held steady or improved.

Across the board since 1999, Manitoba's performance has been quite strong. Manitoba's total cost advantage versus Alberta, Ontario, and Newfoundland and Labrador improved in every one of the six representative family types, while its total cost advantage versus Prince Edward Island, Nova Scotia and New Brunswick improved in five out of the six representative family types.

This year, the retail sales tax estimates have been recalculated, using revised estimates of what proportion of family expenditures are taxable in each province at each income level. As a result of the recalculation, retail sales tax estimates across Canada have decreased.

Manitoba's top marginal tax rate is still the fourth-lowest in Canada. Also, Manitoba's sales tax rate of 7% is still the second-lowest of all provinces that levy a retail sales tax.

The charts below show that Manitoba remains one of the most affordable provinces in which to live. While other provinces have experienced significant increases in heating costs, child-care fees and automobile insurance premiums, Manitoba's costs in these areas have remained stable.

The Manitoba Advantage includes moderate overall taxation levels, affordable housing, and low child care, electricity, heating and automobile insurance costs.

Low living costs* and personal taxes mean that Manitobans are able to enjoy a high standard of living in relation to other parts of the country. This makes Manitoba a more competitive and attractive location for both new and expanding businesses.

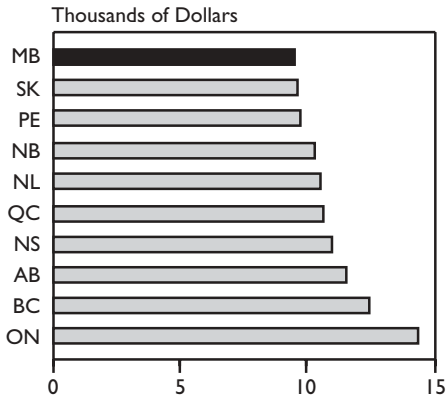
A superior quality of living with lower personal costs and taxes are clearly an important part of The Manitoba Advantage.

* Includes rent or mortgage costs, property taxes, public transit costs or auto insurance, child care, telephone service, electricity, and heating.

A single Manitoba taxpayer earning \$30,000 pays the third-lowest provincial levies and the lowest combined taxes and living costs in the country.

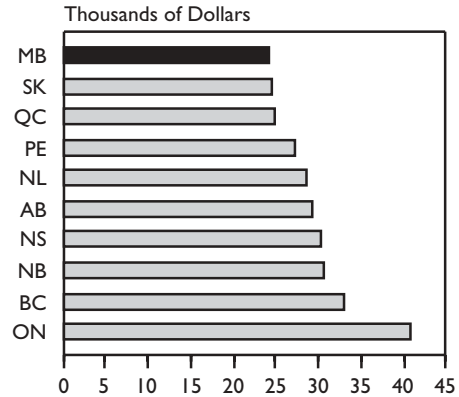
A married couple with two dependent children earning \$60,000 between them has the fifth-lowest provincial levies and the lowest combined taxes and living costs in the country.

**Annual Personal Costs and Taxes
Single Person Earning \$30,000***



*Includes income tax, retail sales tax, health premiums, rent, public transit costs, telephone service, electricity and heating.

**Annual Personal Costs and Taxes
Two-Earner Family of Four
Earning \$60,000***

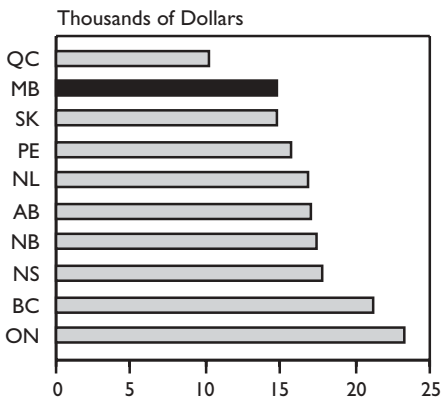


*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

A single parent with one dependent child earning \$30,000 has the fourth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

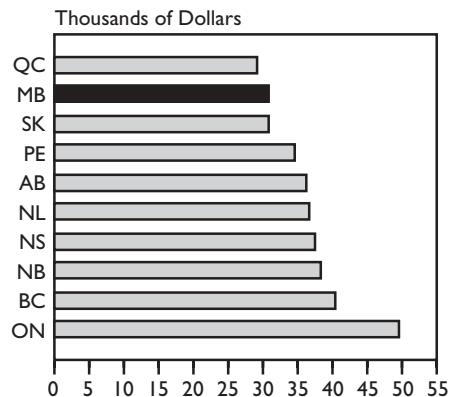
A married couple with three dependent children earning \$75,000 between them has the fifth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

**Annual Personal Costs and Taxes
Single Parent Earning \$30,000***



*Includes income tax, retail sales and gasoline taxes, health premiums, rent, auto insurance, telephone service, electricity, heating, child care and child benefits.

**Annual Personal Costs and Taxes
Two-Earner Family of Five
Earning \$75,000***

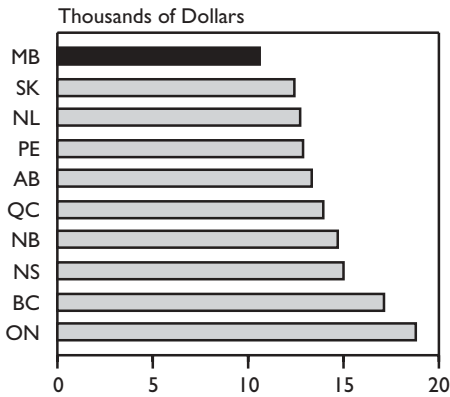


*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

A married taxpayer earning \$40,000 with a dependent spouse and two dependent children has the second-lowest provincial levies and the lowest combined taxes and living costs in the country.

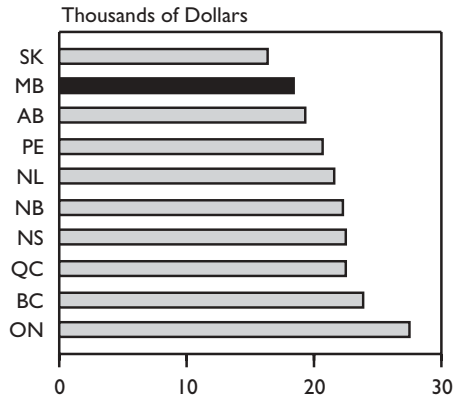
A married taxpayer earning \$60,000 with a dependent spouse and two dependent children has the fifth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

**Annual Personal Costs and Taxes
Single-Earner Family of Four
Earning \$40,000***



*Includes income tax, retail sales and gasoline taxes, health premiums, child benefits, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

**Annual Personal Costs and Taxes
Single-Earner Family of Four
Earning \$60,000***



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

2003 Comparison of Annual Personal Costs and Taxes

Single Person: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	1,195	1,453	2,156	1,826	1,225
One-Time Rebate	0	0	0	0	0
Health Premiums	648	528	0	0	0
PIT and Premiums	1,843	1,981	2,156	1,826	1,225
Retail Sales Tax	348	0	311	359	425
Provincial Levies	2,191	1,981	2,468	2,186	1,649
Rent	8,916	7,884	5,760	5,880	10,692
Electricity	301	596	516	320	541
Public Transit	756	780	600	785	1,185
Telephone	329	285	264	300	271
Living Costs	10,302	9,545	7,140	7,286	12,690
Total Costs	12,493	11,526	9,607	9,471	14,339
Single Parent One Child: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	426	0	715	264	(219)
One-Time Rebate	0	0	0	0	0
Health Premiums	1,152	628	0	0	0
PIT and Premiums	1,578	628	715	264	(219)
Child Benefits	(184)	(300)	0	0	(1,070)
Retail Sales Tax	453	0	405	467	552
Gasoline Tax	410	180	300	230	294
Provincial Levies	2,257	508	1,419	961	(443)
Rent	11,448	9,648	6,972	7,464	12,564
Child Care	5,596	4,611	4,680	4,680	7,959
Electricity	388	730	635	398	665
Auto Insurance	1,216	1,243	860	933	2,169
Telephone	329	285	264	300	271
Living Costs	18,977	16,517	13,411	13,775	23,628
Total Costs	21,234	17,025	14,830	14,736	23,185

Sums may not add due to rounding.

QC	NB	NS	PE	NL	Single Person: \$30,000
2,423	1,965	2,056	2,023	2,205	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
422	0	0	0	0	Health Premiums
<u>2,845</u>	<u>1,965</u>	<u>1,901</u>	<u>2,023</u>	<u>2,205</u>	<u>PIT and Premiums</u>
526	681	664	587	711	Retail Sales Tax
<u>3,370</u>	<u>2,646</u>	<u>2,565</u>	<u>2,610</u>	<u>2,916</u>	<u>Provincial Levies</u>
6,060	6,228	6,864	5,556	6,120	Rent
356	546	517	589	515	Electricity
624	672	684	720	696	Public Transit
271	264	300	293	263	Telephone
<u>7,311</u>	<u>7,710</u>	<u>8,365</u>	<u>7,159</u>	<u>7,594</u>	<u>Living Costs</u>
<u>10,681</u>	<u>10,356</u>	<u>10,930</u>	<u>9,769</u>	<u>10,510</u>	Total Costs

QC	NB	NS	PE	NL	Single Parent One Child: \$30,000
(647)	663	805	887	965	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
422	0	0	0	0	Health Premiums
<u>(225)</u>	<u>663</u>	<u>650</u>	<u>887</u>	<u>965</u>	<u>PIT and Premiums</u>
(80)	(244)	0	0	0	Child Benefits
683	885	863	763	924	Retail Sales Tax
334	290	310	280	330	Gasoline Tax
<u>713</u>	<u>1,594</u>	<u>1,823</u>	<u>1,930</u>	<u>2,220</u>	<u>Provincial Levies</u>
6,624	7,440	8,448	6,816	7,068	Rent
1,300	5,980	5,280	5,200	5,460	Child Care
427	662	647	716	619	Electricity
832	1,380	1,270	818	1,198	Auto Insurance
271	264	300	293	263	Telephone
<u>9,454</u>	<u>15,726</u>	<u>15,945</u>	<u>13,843</u>	<u>14,608</u>	<u>Living Costs</u>
<u>10,167</u>	<u>17,320</u>	<u>17,768</u>	<u>15,774</u>	<u>16,828</u>	Total Costs

2003 Comparison of Annual Personal Costs and Taxes

One Earner

Family of 4: \$40,000

	BC	AB	SK	MB	ON
Provincial Income Tax	1,587	1,033	1,902	2,234	1,609
One-Time Rebate	0	0	0	0	0
Health Premiums	1,296	1,056	0	0	0
<u>PIT and Premiums</u>	<u>2,883</u>	<u>2,089</u>	<u>1,902</u>	<u>2,234</u>	<u>1,609</u>
Child Benefits	0	(400)	0	0	0
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	807	0	835	921	1,127
Gasoline Tax	410	180	300	230	294
<u>Provincial Levies</u>	<u>3,630</u>	<u>1,869</u>	<u>3,037</u>	<u>2,985</u>	<u>3,029</u>
Mortgage Costs	8,303	6,352	4,166	3,040	9,074
Property Taxes	1,763	1,200	2,300	1,639	2,000
Home Heating	927	1,098	753	1,030	1,146
Electricity	561	999	873	552	912
Auto Insurance	1,498	1,432	1,070	1,006	2,325
Telephone	329	285	264	300	271
<u>Living Costs</u>	<u>13,381</u>	<u>11,365</u>	<u>9,426</u>	<u>7,568</u>	<u>15,728</u>
Total Costs	<u>17,012</u>	<u>13,234</u>	<u>12,462</u>	<u>10,553</u>	<u>18,757</u>

One Earner

Family of 4: \$60,000

	BC	AB	SK	MB	ON
Provincial Income Tax	3,417	3,033	4,502	5,444	3,451
One-Time Rebate	0	0	0	0	0
Health Premiums	1,296	1,056	0	0	0
<u>PIT and Premiums</u>	<u>4,713</u>	<u>4,089</u>	<u>4,502</u>	<u>5,444</u>	<u>3,451</u>
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	1,036	0	1,069	1,248	1,503
Gasoline Tax	410	180	300	230	294
<u>Provincial Levies</u>	<u>5,689</u>	<u>4,269</u>	<u>5,871</u>	<u>6,522</u>	<u>5,249</u>
Mortgage Costs	12,043	8,665	4,805	5,345	13,610
Property Taxes	2,150	1,800	2,250	2,998	3,250
Home Heating	1,329	1,555	1,066	1,485	1,655
Electricity	734	1,267	1,112	707	1,158
Auto Insurance	1,498	1,432	1,070	1,006	2,325
Telephone	329	285	264	300	271
<u>Living Costs</u>	<u>18,084</u>	<u>15,004</u>	<u>10,567</u>	<u>11,841</u>	<u>22,270</u>
Total Costs	<u>23,773</u>	<u>19,273</u>	<u>16,438</u>	<u>18,363</u>	<u>27,519</u>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	One Earner Family of 4: \$40,000
1,091	2,632	2,885	2,690	3,110	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
<u>1,935</u>	<u>2,632</u>	<u>2,730</u>	<u>2,690</u>	<u>3,110</u>	<u>PIT and Premiums</u>
(160)	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
1,346	1,689	1,671	1,322	1,883	Retail Sales Tax
334	290	310	280	330	Gasoline Tax
<u>3,456</u>	<u>4,611</u>	<u>4,711</u>	<u>4,292</u>	<u>5,323</u>	<u>Provincial Levies</u>
4,747	4,537	4,991	3,547	3,210	Mortgage Costs
2,200	1,547	1,390	1,400	700	Property Taxes
1,283	1,250	1,250	1,345	1,102	Home Heating
569	896	905	970	827	Electricity
1,407	1,485	1,413	966	1,327	Auto Insurance
271	264	300	293	263	Telephone
<u>10,477</u>	<u>9,979</u>	<u>10,249</u>	<u>8,522</u>	<u>7,430</u>	<u>Living Costs</u>
<u>13,933</u>	<u>14,590</u>	<u>14,959</u>	<u>12,813</u>	<u>12,753</u>	<u>Total Costs</u>
QC	NB	NS	PE	NL	One Earner Family of 4: \$60,000
5,197	5,596	5,889	5,475	6,357	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
<u>6,041</u>	<u>5,596</u>	<u>5,734</u>	<u>5,475</u>	<u>6,357</u>	<u>PIT and Premiums</u>
0	0	0	0	0	Property Tax Credits
1,887	2,437	2,168	1,851	2,460	Retail Sales Tax
334	290	310	280	330	Gasoline Tax
<u>8,262</u>	<u>8,323</u>	<u>8,212</u>	<u>7,605</u>	<u>9,147</u>	<u>Provincial Levies</u>
7,259	7,630	7,321	5,980	6,585	Mortgage Costs
2,650	1,457	2,200	2,600	1,567	Property Taxes
1,924	1,875	1,875	2,018	1,654	Home Heating
724	1,130	1,163	1,224	1,036	Electricity
1,407	1,485	1,413	966	1,327	Auto Insurance
271	264	300	293	263	Telephone
<u>14,235</u>	<u>13,841</u>	<u>14,272</u>	<u>13,081</u>	<u>12,432</u>	<u>Living Costs</u>
<u>22,497</u>	<u>22,164</u>	<u>22,485</u>	<u>20,687</u>	<u>21,579</u>	<u>Total Costs</u>

2003 Comparison of Annual Personal Costs and Taxes

Two Earner

Family of 4: \$60,000

	BC	AB	SK	MB	ON
Provincial Income Tax	1,958	2,011	2,952	3,395	1,804
One-Time Rebate	0	0	0	0	0
Health Premiums	1,296	1,056	0	0	0
<u>PIT and Premiums</u>	<u>3,254</u>	<u>3,067</u>	<u>2,952</u>	<u>3,395</u>	<u>1,804</u>
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	1,036	0	1,069	1,248	1,503
Gasoline Tax	615	270	450	345	441
<u>Provincial Levies</u>	<u>4,435</u>	<u>3,337</u>	<u>4,471</u>	<u>4,589</u>	<u>3,748</u>
Mortgage Costs	12,043	8,665	4,805	5,345	13,610
Property Taxes	2,150	1,800	2,250	2,998	3,250
Child Care	9,360	9,620	8,463	6,938	12,428
Home Heating	1,329	1,555	1,066	1,485	1,655
Electricity	734	1,267	1,112	707	1,158
Auto Insurance	2,714	2,675	1,930	1,939	4,494
Telephone	329	285	264	300	271
<u>Living Costs</u>	<u>28,660</u>	<u>25,867</u>	<u>19,890</u>	<u>19,712</u>	<u>36,867</u>
Total Costs	<u>33,095</u>	<u>29,204</u>	<u>24,361</u>	<u>24,300</u>	<u>40,616</u>

Two Earner

Family of 5: \$75,000

	BC	AB	SK	MB	ON
Provincial Income Tax	2,718	2,885	3,891	4,609	2,481
One-Time Rebate	0	0	0	0	0
Health Premiums	1,296	1,056	0	0	0
<u>PIT and Premiums</u>	<u>4,014</u>	<u>3,941</u>	<u>3,891</u>	<u>4,609</u>	<u>2,481</u>
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	1,294	0	1,534	1,670	1,782
Gasoline Tax	615	270	450	345	441
<u>Provincial Levies</u>	<u>5,453</u>	<u>4,211</u>	<u>5,875</u>	<u>6,224</u>	<u>4,704</u>
Mortgage Costs	12,043	8,665	4,805	5,345	13,610
Property Taxes	2,150	1,800	2,250	2,998	3,250
Child Care	15,740	15,640	13,383	11,618	20,387
Home Heating	1,329	1,555	1,066	1,485	1,655
Electricity	734	1,267	1,112	707	1,158
Auto Insurance	2,714	2,675	1,930	1,939	4,494
Telephone	329	285	264	300	271
<u>Living Costs</u>	<u>35,040</u>	<u>31,887</u>	<u>24,810</u>	<u>24,392</u>	<u>44,826</u>
Total Costs	<u>40,492</u>	<u>36,099</u>	<u>30,685</u>	<u>30,616</u>	<u>49,530</u>

Sums may not add due to rounding.

**Two Earner
Family of 4: \$60,000**

QC	NB	NS	PE	NL	
4,120	3,228	3,543	3,526	3,850	Provincial Income Tax
0	0	(310)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
<u>4,964</u>	<u>3,228</u>	<u>3,233</u>	<u>3,526</u>	<u>3,850</u>	<u>PIT and Premiums</u>
0	0	0	0	0	Property Tax Credits
1,887	2,437	2,168	1,851	2,460	Retail Sales Tax
501	435	465	420	495	Gasoline Tax
<u>7,352</u>	<u>6,100</u>	<u>5,866</u>	<u>5,796</u>	<u>6,805</u>	<u>Provincial Levies</u>
7,259	7,630	7,321	5,980	6,585	Mortgage Costs
2,650	1,457	2,200	2,600	1,567	Property Taxes
2,455	9,283	8,790	7,458	8,260	Child Care
1,924	1,875	1,875	2,018	1,654	Home Heating
724	1,130	1,163	1,224	1,036	Electricity
2,239	2,865	2,683	1,784	2,525	Auto Insurance
271	264	300	293	263	Telephone
<u>17,522</u>	<u>24,504</u>	<u>24,332</u>	<u>21,357</u>	<u>21,890</u>	<u>Living Costs</u>
<u>24,874</u>	<u>30,604</u>	<u>30,199</u>	<u>27,154</u>	<u>28,695</u>	<u>Total Costs</u>

**Two -Earner
Family of 5: \$75,000**

QC	NB	NS	PE	NL	
6,377	4,498	4,892	4,779	5,290	Provincial Income Tax
0	0	(310)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
<u>7,221</u>	<u>4,498</u>	<u>4,582</u>	<u>4,779</u>	<u>5,290</u>	<u>PIT and Premiums</u>
0	0	0	0	0	Property Tax Credits
2,597	2,985	2,798	2,606	3,333	Retail Sales Tax
501	435	465	420	495	Gasoline Tax
<u>10,319</u>	<u>7,918</u>	<u>7,845</u>	<u>7,806</u>	<u>9,118</u>	<u>Provincial Levies</u>
7,259	7,630	7,321	5,980	6,585	Mortgage Costs
2,650	1,457	2,200	2,600	1,567	Property Taxes
3,755	15,263	14,070	12,658	13,720	Child Care
1,924	1,875	1,875	2,018	1,654	Home Heating
724	1,130	1,163	1,224	1,036	Electricity
2,239	2,865	2,683	1,784	2,525	Auto Insurance
271	264	300	293	263	Telephone
<u>18,822</u>	<u>30,484</u>	<u>29,612</u>	<u>26,557</u>	<u>27,350</u>	<u>Living Costs</u>
<u>29,141</u>	<u>38,403</u>	<u>37,458</u>	<u>34,363</u>	<u>36,468</u>	<u>Total Costs</u>

NOTES

Taxes, charges and living costs are based on information available on April 14, 2003, for the following major urban centres in each province: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montréal, Fredericton, Halifax, Charlottetown and St. John's.

Provincial Income Tax is calculated for a single renter with \$30,000 earned income; a single parent with one child who rents and has \$30,000 in earned income; and four homeowners with \$40,000, \$60,000 and \$75,000 of earned income, respectively. Families include either one income earner, a spouse and two dependent children (ages 3 and 7); two income earners and two dependent children (ages 3 and 7); or two income earners and three dependent children (ages 3, 5 and 7). For two-earner families, one spouse is assumed to earn 60% of the family income while the other spouse earns 40%. Personal non-refundable credits used include the CPP/QPP and EI contribution credits. For the single parent, child-care costs unique to each province have been deducted from income. For two-earner families, child-care costs have been deducted from the income of the spouse with the lower income. Gross Quebec personal income tax has been reduced by the 16.5% abatement from federal income tax. Refundable sales tax credits and provincial tax reductions have been deducted from income tax payable. Rental credits are included in income tax, but property tax credits are shown separately.

Child Benefits represent provincial programs comparable to the Canada Child Tax Benefit and include earned income supplements where applicable.

Retail Sales Tax is based upon an average expenditure basket at the selected gross income levels from the *2000 Survey of Household Expenditures* (Statistics Canada), inflated to 2003 values and adjusted for family size.

Gasoline Tax is based on annual consumption of 2,000 litres for single-vehicle families, and 3,000 litres for the two earner family at \$60,000 and \$75,000. This includes the 6.0 cents per litre transit levy imposed in Vancouver, and the 1.5 cents per litre levy imposed in Montréal.

Health Premiums are annual premiums for hospital insurance and medical services in provinces which levy them. As of 2003, Quebec Prescription Drug Plan Premiums are recorded in this category. In prior years, these premiums were included in Quebec's income tax total.

Mortgage Costs are based on one-half the average home prices for a standard townhouse for families with \$40,000 of income, or a standard two-storey for families with \$60,000 and \$75,000 of income, per the Royal LePage *Fall 2002 Survey*, for a 25-year term, amortized at a five-year interest rate of 6.57%.

Property Taxes are based on the average gross property taxes for a standard townhouse for families with \$40,000 of income, or a standard two-storey for families with \$60,000 and \$75,000 of income, per the Royal LePage *Fall 2002 Survey*.

Rent is from Canada Mortgage and Housing Corporation's *Rental Market Survey*, October 2002, and is based on average one-bedroom apartment rents for each urban centre for the single person, and average two-bedroom apartment rents for the single parent family.

Child Care is based on average fees for full-time preschool care for the three-year old and the five-year old, before- and after-school care for the seven-year old, and six weeks of summer day camp for the seven-year old. Quebec figures are based on \$5 per day for day care. Average fees were based on *Early Childhood Care and Education in Canada: Provinces and Territories*, and were updated by a telephone and Internet survey of different cities.

Auto Insurance for two-parent families is based on a 2001 Taurus LX. Coverage includes \$1 million third-party liability, and \$200 all-perils deductible in British Columbia, Saskatchewan and Manitoba; \$250 all-perils deductible in Alberta, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador; \$300 all-perils deductible in Ontario. The driver is married, age 30, has been accident-free for seven or more years; the auto is driven to work (15km, one way). The two-earner families with \$60,000 and \$75,000 of income also insure a 1997 Chevrolet Cavalier, with identical coverage and driver risk rating as the Ford Taurus. Auto insurance for the single-parent family is based on the 1997 Chevrolet Cavalier. Rates for British Columbia, Saskatchewan and Manitoba supplied by Manitoba Public Insurance. Rates in other urban centres are the average of between 8 and 12 of the larger insurers.

Transit Fares are based on adult (single zone) monthly pass rates in effect in April 2003. The Charlottetown fare is based on adult tickets for 240 working days.

Home Heating charges are based on annual consumption of 2,300 cubic metres of natural gas for the standard townhouse, or 3,450 cubic metres of natural gas for the standard two-storey. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of fuel oil.

Electricity charges are based on annual consumption of 9,000 kWh for the two-parent family at \$40,000, and 12,000 kWh for the two-parent family at \$60,000 and \$75,000 of income; 6,000 kWh for the single-parent family; and 4,500 kWh of usage for the tenant. Rates do not include municipal taxes or charges, and are based on residential rates in effect from April 2003.

Telephone charges are the basic service rates for individual residences.

Sums may not add due to rounding.