



MANITOBA BUDGET | 06 BUDGET SPEECH

MEETING COMMITMENTS. BUILDING OPPORTUNITIES.





The 2006 Manitoba Budget Address

The Honourable Gregory F. Selinger
Minister of Finance
March 6, 2006

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THE 2006 MANITOBA BUDGET ADDRESS

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THE BUDGET PAPERS (in one volume)

Budget Paper A – The Economy

Budget Paper B – Financial Review and Statistics

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Budget Paper D – Taxation Adjustments

Budget Paper E – The Manitoba Advantage

Budget Paper F – Community Economic Development

Budget Paper G – Modernizing Government



Mr. Speaker, it gives me great satisfaction today to present Budget 2006: Meeting Commitments, Building Opportunities.

Budget 2006 meets and exceeds important commitments our government made to Manitobans. Today's budget makes our province more affordable and more competitive, improves our quality of life and builds opportunities for long-term growth and prosperity. We are building on Manitobans' accomplishments and taking action on Manitobans' priorities.

We recognize the great advantages that Manitoba has to offer and the extraordinary quality of our people. In Manitoba, rates of volunteerism are consistently among the highest in the country, and Manitobans have the highest proportion of charitable giving of any province.

Manitobans watched with tremendous pride as Manitoban after Manitoban won Olympic medals on behalf of their country at the 2006 Winter Olympics. Mr. Speaker, I am pleased to announce that on behalf of all Manitobans, Budget 2006 pledges \$100,000 in the winning spirit of Manitoba Olympians – \$50,000 for KidSport to increase sports opportunities for children in Manitoba, and \$50,000 for Right to Play, to promote sport and play for children in the most disadvantaged parts of the world.

Building on our success in hosting the 2005 Canadian Juno Awards, Manitoba will host the Canadian Aboriginal Music Awards this year and the Women's World Hockey Championships in 2007 at the MTS Centre – our world-

class entertainment, sports and performing arts centre. Last year, the MTS Centre was the third-busiest arena in all of Canada, and set a new provincial record for gross revenues from a single arena show, topping \$1 million for Aerosmith and Lenny Kravitz.

Mr. Speaker, this year brought great honour when Business Week magazine named Manitoba as the best in the world for taking action on climate change. Manitoba's climate change strategy was also ranked number one in Canada by the David Suzuki Foundation. These are honours we can all be proud of, representing the actions Manitobans have taken to protect our environment, to develop clean energy sources like wind and hydro power, and to keep our economy growing green for today and tomorrow.

Manitoba's dedicated and skilled workforce, our strong business and community leadership, and our exceptionally innovative entrepreneurs are the backbone of so much of our prosperity and growth, supporting the success of Manitoba businesses at home and around the world. Our province is expected to lead the country in the coming year in capital investment growth.

Rural Manitobans have demonstrated their resilience in dealing with challenges, such as extensive flooding brought on by record-high water levels, the lingering impacts of cross-border trade disputes and the pressure of a high Canadian dollar. We recognize the hard work of rural Manitobans and will continue to work with families, producers, and industry to build strong rural communities.

Our government will continue to work with all Manitobans to capture the Olympic "can do" spirit and achieve our goals together.

Budget 2006 centres on four main building blocks:

- Growing Green, Growing Smart
- Healthy Families, Healthy Communities
- Tax Savings for Manitoba Families and Business
- Balanced Budgets

Our government has worked hard to address the challenges of the 1990s and build opportunities for the 21st century. In 1999, Manitoba was losing doctors and nurses, signs of a seriously troubled health care system. Funding for post-secondary education was stagnant, enrolment was declining, and our education facilities were deteriorating. Manitoba had the highest corporation tax rate and second-highest small business tax rate in the country. Education taxes were rising, while property values remained flat. Water and environmental protection were falling behind.

Since 1999, we have reversed the tides of decline. We outlined a plan to invest in Manitobans' priorities, to grow a strong economy, to deliver sustainable tax relief, and to implement a sound fiscal plan. And we've delivered, Mr. Speaker:

- We have provided record support to post-secondary education and training, supporting a one-third increase in university and college enrolment and apprenticeships. Budget 2006 includes a major new multi-year funding commitment to universities and colleges.
- We have invested in health professionals and rebuilding our health care system. Budget 2006 advances our Wait-time Reduction Strategy and new healthy living initiatives.

- We have worked to make our communities safer. Budget 2006 provides new resources for our Crime Fighting Action Plan, Lighthouses in our communities, and the fight against crystal meth.
- We have implemented our Action Strategy for Economic Growth, resulting in continued strong economic performance. Budget 2006 advances strategies to improve competitiveness, innovation and clean energy to keep our economy growing green and growing smart.
- We have invested in cleaner water, flood protection and emergency preparedness. Budget 2006 adds resources for increasing water quality, drainage projects and pandemic planning.
- We have built roads and infrastructure. Budget 2006 advances new highways funding and resources for priority infrastructure projects.
- We have worked with Aboriginal communities to close the quality of life gap between Aboriginal and non-Aboriginal people. Budget 2006 supports our commitment to targets under the Kelowna Accord.
- We have provided increased funding to municipalities tied to growth revenues. Budget 2006 includes a \$7.9 million increase in the Building Manitoba Fund for municipalities for 2006.

Today's budget reduces education taxes, personal income taxes, small business taxes, and corporation taxes. Mr. Speaker, taxes are lower today than they were in 1999 – more affordable for families, more competitive for business. We have met or exceeded every tax reduction promise we made to Manitobans.

And we are delivering on our commitments within a responsible, balanced fiscal framework. Mr. Speaker, I am pleased to announce that Budget 2006 is our seventh consecutive balanced budget under balanced budget legislation. Furthermore, Budget 2006 anticipates a surplus of \$148 million on a summary basis.

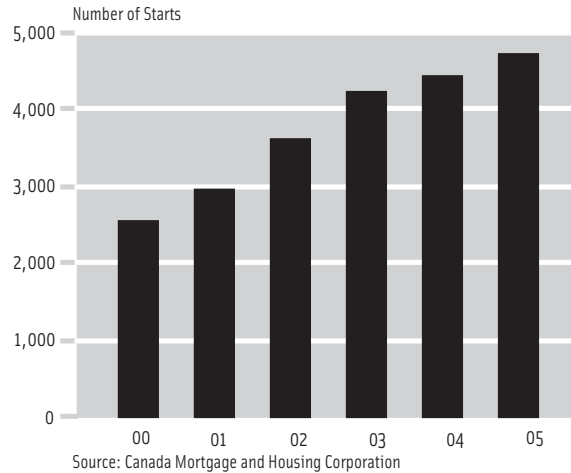
Today, there is renewed optimism and confidence in Manitoba. We have more work to do, but results show that we are on the right path.

Our economy is performing well, with the second-lowest unemployment rate in the country, and economic growth of 2.9% in 2005. A growing confidence is reflected in rising consumer spending and business investment. Over the past five years, Manitoba has experienced:

- 33% growth in retail sales;
- 14% growth in merchandise exports – twice the national rate;
- 85% growth in housing starts, one of the best increases among provinces; and
- 30% growth in real investment in machinery and equipment – almost double the rate for Canada.

Mr. Speaker, the Government of Canada has signed a number of important federal-provincial agreements with Manitoba. These agreements were undertaken on behalf of the people of Manitoba to advance their priorities – on child care, the Kelowna Accord on Aboriginal issues, the Floodway Expansion Project, immigration and training. Our government will work diligently to uphold our responsibilities and meet our obligations under these agreements, in the interest of all Manitobans.

Manitoba Housing Starts, 2000-2005



Recent meetings of the Council of the Federation focussed on the critical need for new federal support for post-secondary education and skills training. Continuing strong provincial investment and renewed federal resources are needed to improve productivity and address skill shortages in Manitoba's booming construction industry and other growth sectors. Premiers are calling for a new pan-Canadian partnership with the federal government on post-secondary education and skills training.

We're delivering on our commitments – investing in Manitobans' priorities for health care, education, cleaner water and roads; building a strong, leading-edge, sustainable economy; making taxes more affordable and competitive; and keeping to a sound fiscal strategy and debt repayment plan. We will continue to build opportunities for all Manitobans.

Education First

Manitoba's Action Strategy for Economic Growth, built on recommendations of the Premier's Economic Advisory Council, is a blueprint for investing in our strengths for sustained economic growth.

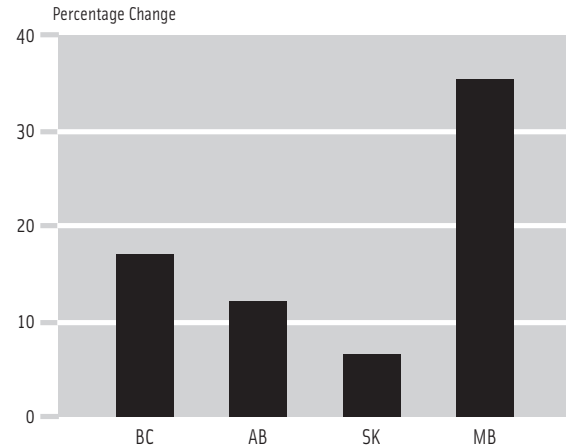
A sound education strategy is at the heart of a solid economic strategy.

We have made great strides in expanding the quality, accessibility and affordability of post-secondary education and training, promoting the knowledge and skills that Manitobans need to compete in a global economy.

In support of education excellence, we have made major investments in post-secondary capital. Our \$50 million investment helped kick start a successful \$237 million University of Manitoba capital campaign. The new Engineering and Information Technology Complex, co-located with Computer Science, and the new Richardson Centre for Functional Foods and Nutraceuticals, are important signs of revitalization at the University of Manitoba. Provincial investments have also supported the restoration of the University of Winnipeg's Wesley Hall and the new Red River College Princess Street Campus in the Exchange District.

Budget 2006 retains the 10% tuition reduction for students, which has supported a one-third increase in enrolment. As we have done every year, we are providing fully offsetting revenue to universities and colleges to compensate for the tuition reduction, tied directly to the number of students enrolled. Our annual compensation for

PSE Enrolment, 1999/2000-2005/2006

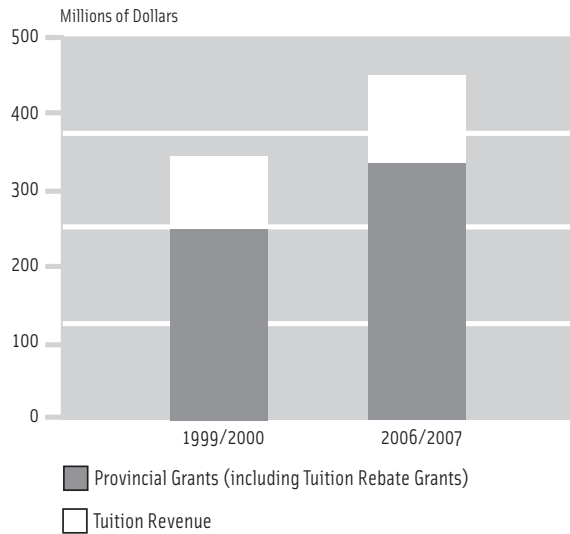


Source: Council on Post-Secondary Education

the tuition reduction has grown from \$8 million in 2000 to \$13.8 million with today's budget – for a cumulative total of \$81 million since 2000. Thanks to increased enrolment, universities and colleges are also benefiting from a 38% increase in tuition income.

Mr. Speaker, Budget 2006 builds on our record of strong support with a major new three-year funding commitment of \$60 million for universities and colleges – this is largest commitment of its kind in Manitoba's history. Provincial operating grants to universities and colleges will increase by 5.8% in the coming year. In addition, the elimination of all property taxes for universities is equivalent to an additional 1.2% increase – taken together a 7% operating boost. Colleges and universities will receive a 5% increase in each of the following two years. New multi-year funding will better enable our post-secondary institutions to plan, grow and develop

Manitoba Public Universities Grant and Tuition Revenues



Source: Council on Post-Secondary Education

programs to address labour market needs and to better co-ordinate research activities. We are making this new commitment at a time when the federal share of provincial funding for post-secondary education is 7%, down from 15% in the 1990s.

In addition, Mr. Speaker, Manitoba is working with other provinces and the federal government to establish a new pan-Canadian partnership on post-secondary education and skills training. We are committed to investing additional dollars if new federal resources are provided, to support education excellence, comprehensiveness, lifelong learning, affordability and accessibility.

Today's budget increases resources for:

- the College Expansion Initiative, to continue expanding educational opportunities;
- Adult Learning Centres, to deliver adult-appropriate high school and upgrading programs;
- ACCESS programs, to make education and training more accessible; and
- training partnerships with industry, to address skills gaps in growth industries.

Mr. Speaker, Budget 2006 expands the Graduate Scholarship and Hope Bursary programs established by our government, to encourage bright and talented students to stay in Manitoba. Funding from the Canada Millennium Scholarship Fund is also increasing.

Through a new federal-provincial Labour Market Partnership Agreement, targeting workers outside the post-secondary system, new funding will support apprenticeship, literacy and essential skills, workplace skills development and enhanced work force participation of Aboriginal people, immigrants and persons with disabilities. The new Agreement creates an important opportunity to better serve Manitobans who may have had limited attachment to the work force in the past.

Mr. Speaker, for the seventh year in a row, we are keeping our government's commitment to public schools by increasing funding by the rate of economic growth. This year's increase brings total provincial operating funding to \$926 million.

We are supporting *The Appropriate Educational Programming Act*, proclaimed last year, by continuing to make investments in special needs education.

Increased funding is also being provided for English as an Additional Language for students who have refugee and war-affected backgrounds. Budget 2006 provides new resources for Careers in the Arts, Leadership Scholarships for Youth, and a new Manitoba Career Guide.

Today's budget provides resources to respond to the Public Libraries Review, which will enhance public library service, including to under-served First Nations.

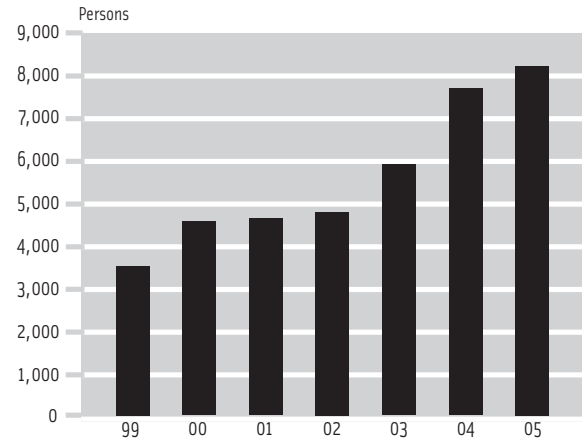
Growing through Immigration

Over the last five years, Manitoba has experienced strong population growth – an increase of more than 30,000 people, up from an increase of 18,700 people during the previous five years. This year, we expect our population to continue growing, but at a reduced rate – a trend common to most provinces. Our government is taking action to increase immigration to our province and to encourage young people to make Manitoba their home.

Budget 2006 extends our successful Co-operative Education Tax Credit to a broader range of employers. In addition, Mr. Speaker, I am pleased to announce the introduction of a new Co-op Graduate Hiring Incentive to support the employment of Manitoba co-op education students and graduates at home in our province.

Expanding the number of new immigrants coming to Manitoba is an important element in our growth strategy. Immigration helps meet the expanding needs of our

Manitoba International Immigration 1999 to 2005



Note: data is for year ending October 1, 2005

Source: Statistics Canada

labour market, while adding to Manitoba's already rich cultural fabric.

Mr. Speaker, for the first time in almost 40 years, more than 8,000 immigrants made Manitoba their home in 2005. Manitoba's Provincial Nominee Program – a leader in Canada – is responsible for 80% of economic immigration to Manitoba, and continues to receive the largest share of all Provincial Nominee landings in Canada.

With new federal support, Budget 2006 provides 20% more funding to strengthen immigration integration services, to provide a better start for newcomers to Manitoba.

Today's budget expands support for Manitoba's rich network of ethnocultural community organizations.

Research and Innovation

Investments in research and innovation are investments in productivity, new product development, competitiveness and scientific discoveries.

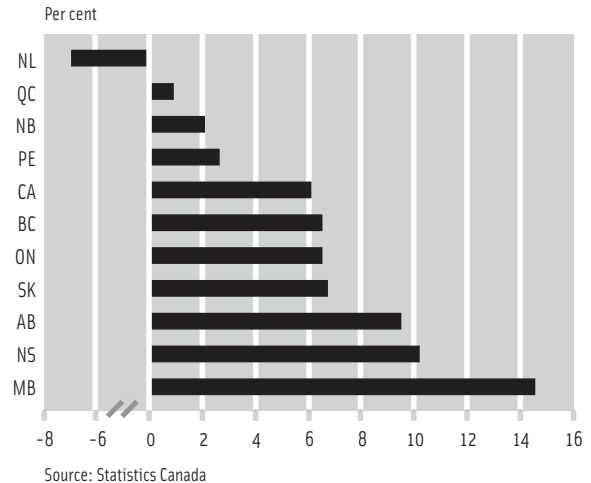
Building on last year's 33% increase in the Research and Development Tax Credit, today's budget increases our support for the Manitoba Centres of Excellence Fund, increasing investment in world-class research being performed right here in Manitoba.

Budget 2006 makes a new investment in the Industrial Technology Centre to assist small and medium-sized businesses to develop and grow. Recognizing the unique opportunities that exist in the digital media industry, today's budget also doubles the capacity of the Manitoba Interactive Media Fund, to support this growing sector.

Manitoba's biotechnology sector continues to be among the fastest growing in Canada, with more than 40 active companies and close to 30 research and development establishments. Mr. Speaker, one in 10 Canadian biotech companies, are located in Manitoba, and over 4,000 people are employed by the life sciences industry in the province. Both Cangene Corporation and Biovail Corporation are completing major expansions in Manitoba this year.

We are responding to the need for high-tech human resource development to support the strong growth of this sector. Just this past January, based on a private-public partnership, new state of the art biotechnology facilities were opened at Red River College, offering the most complete biotechnology and pharmaceutical training programs in Canada.

Capital Investment Growth Intentions 2006



Promoting Investment and Trade

Since 1999, private investment in Manitoba has increased by \$1.2 billion – up 30%. Mr. Speaker, a recent Statistics Canada survey shows that private investment in Manitoba is expected to grow by another \$540 million in 2006, or 10.4% – an increase twice the national growth rate.

Sustaining this strong growth in investment is essential for continued expansion of our research and innovation capacity, as well as supporting ongoing improvements in the productivity and competitiveness of local business. Our government is committed to doing its part by improving services, implementing regulatory efficiencies, reducing red tape and making taxes more competitive.

According to a recent study by the Canadian Federation of Independent Business, Manitoba is tied with Alberta

for the second-lowest overall cost of regulation relative to GDP. Our government will take further action, in consultation with the Premier's Economic Advisory Council, to improve our competitive advantage.

Over the next year, our government will put in place the infrastructure necessary to support a significant expansion of e-commerce capability. To ensure that government services are broadly adapted for e-commerce delivery, we will ask all areas of government to review their services and develop implementation strategies to accelerate the move to e-commerce.

We are also working to:

- expand the Canada-Manitoba Biz Gateway for one-stop, click, call and visit business services;
- extend use of the common business identifier for easier registration and internet servicing; and
- establish BizPal service in partnership with the federal government and municipalities to streamline information about business requirements to make compliance easier and less expensive.

Manufacturing is one of the most important sectors of Manitoba's economy, supporting close to 70,000 jobs. Mr. Speaker, manufacturing investment is expected to grow by a remarkable 61% this year – the best in the country.

Last year, in recognition of the pressures imposed by a high Canadian dollar, and to encourage more investment by the manufacturing sector, our government made used equipment, machinery and buildings eligible for the Manufacturing Investment Tax Credit. Mr. Speaker, I am pleased to announce that our government is renewing the

Manufacturing Investment Tax Credit and increasing the refundable portion of the Credit from 20% to 35%.

Growing entrepreneurship is key to Manitoba's ability to increase investment, create jobs, innovate and generate wealth. Our government recognizes the value in connecting the wisdom of our more experienced and successful entrepreneurs, to those just starting out. Budget 2006 makes a new investment in BizCoach Manitoba, an innovative business mentoring service for small business, which connects successful business leaders to act as mentors to new entrepreneurs, improving their chances of success.

Mr. Speaker, Manitoba has a dynamic and diversified \$42 billion economy with a growing focus on world trade. Over the past decade, the value of Manitoba's exports relative to GDP has risen to 65% from 53%. Our government is working in partnership with business leaders to market Manitoba as a gateway for trade and investment in North America.

We have worked to diversify the international markets in which our small-to-medium-sized companies do business. Our non-U.S. bound exports have increased from 19% to 24% of total exports over the last four years. Last month, our Premier led a trade mission to India – the largest trade mission in Manitoba history, including more than 45 business participants. Tapping into growing, emerging markets, like India and China where our companies have opportunities for strategic joint ventures, is a key part of our international strategy.

Clean Energy for a Green Economy

The actions taken by Manitobans have made our province a world leader in developing clean energy and addressing climate change – this is a legacy we can all be proud of. With our clean energy advantage – in hydro, wind and biofuels – Manitoba is uniquely placed to preserve and protect our environment, while at the same time developing a strong, green economy.

“Sustainable Development has become an economic linchpin in the Canadian province of Manitoba.”

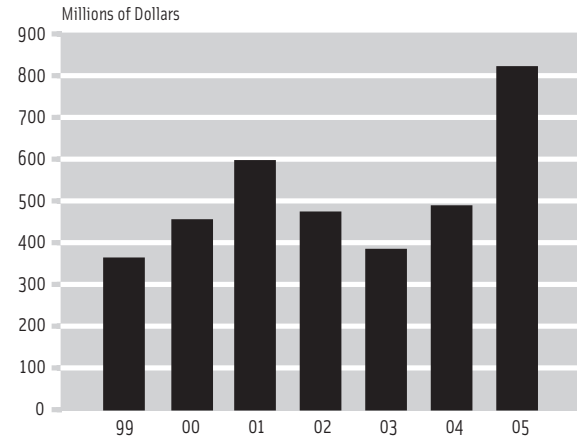
Business Week, December 2005

Manitoba residential and business users are fortunate to enjoy among the lowest electricity costs in the world. Building our clean energy advantage is a key element of our Growth Strategy, and Budget 2006 expands resources for clean energy development.

Hydro exports have increased from \$363 million in 1999, to an all-time high of \$818 million in 2005 – that’s growth of 125%. With the potential to double our existing energy capacity, Manitoba Hydro is well-positioned to take advantage of growing export markets to the east, west and south.

Manitoba Hydro and Nisichawayasihk Cree Nation are proposing to develop the 200 MW Wuskwatim hydro dam in full partnership. Advancing the development of Conawapa to capture export markets will provide

Manitoba Hydro Exports



Note: Hydro exports include international and interprovincial exports

Source: Manitoba Hydro

enormous community and economic benefits for Northern Manitoba and the province as a whole, including more than 40,000 person years of employment.

Manitoba is leading the push for an expanded east-west energy grid to increase interprovincial energy sales and improve national energy security.

We are also moving forward on our hydrogen strategy, making advancements in research and development, production, refueling and value-added manufacturing. Winnipeg – North America’s “Bus Manufacturing Capital” – hosted the first on-road trial of a hydrogen-engine-powered bus in Canada, an accomplishment made possible through a broad public-private-education partnership.

Manitoba is a leader in ground-source heat pumps – one of the fastest growing industries in North America. The number of home heat pumps has quadrupled over the

past four years in Manitoba – more than anywhere else in Canada. Heat pump applications are expanding into all areas: homes, office buildings, arenas, schools, and major housing developments. Manitoba is working to make ground-source heat pumps a prime feature of our new Waverley West housing development.

Manitoba Hydro has launched expanded Power Smart programs for residential, commercial and industrial users, promoting customer savings through more efficient use of energy. Over 23,000 residential customer loans, totalling over \$78 million, have been approved to date – proof, Mr. Speaker, that Manitobans are saving money by becoming more “power smart.”

Through our new Green Manitoba office we are rolling out new eco-solutions that work for Manitobans around energy efficiency, water conservation and waste reduction activities. Green Manitoba will encourage environmental innovation and community development.

Protecting our Water Resources

So much of what we’re building today begins with water – clean water is at the heart of our ecosystems, our communities and our economy. Today’s budget puts high priority on protecting our drinking water, our ground water and our unique network of lakes and rivers.

Budget 2006 expands resources for improved drinking water safety initiatives, building on the establishment of the Office of Drinking Water and our government’s *Drinking Water Safety Act*.

Protecting Lake Winnipeg – the 10th largest freshwater lake in the world – is a responsibility that we all share. Our government is taking further steps this year to protect our lakes and waterways from excess nutrient loading, with a focus on improving Lake Winnipeg water quality, and reducing algae blooms on the lake as well as other rivers and streams. New staff will be added to support implementation of *The Water Protection Act* to better protect ground and surface water.

Budget 2006 provides a new incentive for farmers to adopt beneficial water-related practices.

Today’s budget expands resources for:

- more Conservation Districts to advance watershed planning;
- the Canada-Manitoba Hydrometric program for flood forecasting;
- the Manitoba Water Services Board; and
- the Environmental Livestock Program to support improved environmental performance.

Budget 2006 provides for a new intake under the enhanced Riparian Tax Credit program that helps protect sensitive lands bordering waterways.

Natural Areas and Environmental Stewardship

Today’s budget provides resources for a new and improved made-in-Manitoba parks reservation system, with bookings to be offered through a call centre, the Internet and now on-site at campgrounds. To enhance public safety, we are also extending 911 emergency service to five major provincial parks, and increasing resources for parks maintenance.

Our initiative to make 1,000 cottage lots available has sparked significant interest from Manitoba families. More than 600 cottage lots have been newly offered through draws, triggering almost half a million hits on our website. This year, Mr. Speaker, we will reach our 1,000 new cottage lots goal. Budget 2006 provides additional resources for campground upgrades, including more yurts, as well as expanded electrical, washroom and shower facilities.

Since 1999, we have designated new provincial parks and added to our network of protected areas, including the recent addition of Tall Grass Prairie Preserve, made possible in partnership with the Manitoba Naturalist Society. Over the last two years, we have established five new ecological reserves, offering the highest level of protection. We have also extended designation of the Fisher Bay and Birch Island Park reserves for an additional five years.

Mr. Speaker, Budget 2006 provides additional resources to advance the First Nations–Manitoba–Ontario UNESCO World Heritage site nomination, and doubles our grant to the Nature Conservancy of Canada’s National Campaign for Conservation to \$200,000. We are also increasing support to the International Institute for Sustainable Development.

In recognition of the unique communities, ecosystems and circumstances on the east side of Lake Winnipeg, our government launched the East Side Planning Process, which has given rise to an inclusive process for engaging First Nations on an ongoing basis in building for their future. Today’s budget increases resources for the Wabanong Nakaygum Okimawin land planning process

as well as sustainable resource management priorities, including the Island Lake energy efficiency retrofit pilot project and the successful River Stewards program.

Emergency Preparedness

Mr. Speaker, our government is taking seriously the risk of a global pandemic. The importance of being prepared in the case of such a catastrophic event cannot be overstated. Manitoba has a strong pandemic response plan. We are working across human and animal health disciplines to deal with an outbreak should the need arise. We have worked with regional health authorities and municipalities to ensure that their emergency action plans are fully up to date. Manitoba has stockpiled 600,000 doses of anti-viral drugs as part of our preparation. Our planning is ongoing, in partnership with the Emergency Measures Organization, regional health authorities and the Chief Medical Officer of Health. We are also working with schools, businesses, and community and professional organizations to strengthen their capacity to plan and prepare for the possibility of an influenza pandemic.

Budget 2006 expands Manitoba’s Emergency Measures Organization to support planning for business continuity in all areas of government service in the case of an emergency. Today’s budget also provides new resources for foreign animal disease surveillance, early warning diagnosis, and enhanced rapid response capacity, overseen by Manitoba’s new Chief Veterinarian.

Supported by a federal partnership, Budget 2006 provides over \$200 million in capital funding to advance construction of the Floodway Expansion Project. Prior to

beginning the project, Canada and Manitoba invested \$130 million in flood protection. Renewing a federal partnership for completion of the Floodway Expansion is a top priority.

Improving Health Care

Mr. Speaker, since 1999, we have been rebuilding our health care system. We have invested in training and expanding the number of health care professionals, in medical innovation and technology, in overdue health care capital projects, in expanded healthy living and prevention initiatives, and in delivering care sooner, and closer to home.

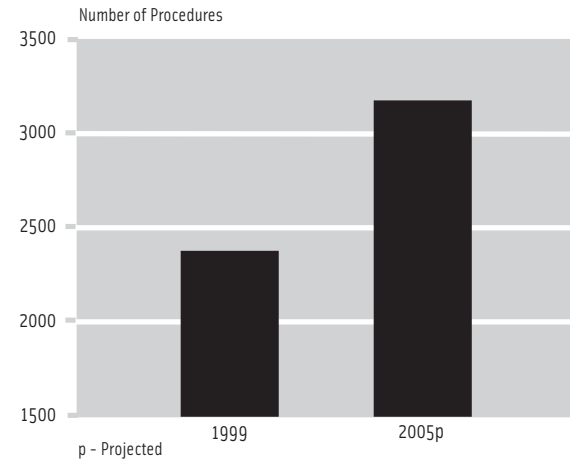
Our top health care priority remains reducing wait times, not only for critical life and death treatments – where we have made some important gains – but also for key quality-of-life procedures, where we are dramatically increasing the number of hip and knee procedures.

Since 1999,

- the average wait time for cancer radiation treatment has been reduced from six weeks to one week; and
- the wait time for cardiac surgery has been reduced by more than one third.

Mr. Speaker, Budget 2006 invests in creating a new, state of the art, Centre of Excellence in cardiac surgery at St. Boniface General Hospital. With this investment, we are implementing the last major recommendation of the Koshal report.

Hip and Knee Surgeries, Winnipeg



Source: Winnipeg Regional Health Authority

With expanded capacity at Concordia, Brandon and Boundary Trails hospitals, we are on pace to complete more than 3,500 hip and knee surgeries this year, an increase of more than 800 from last year, including 700 in Winnipeg.

Improving health care is a commitment to all regions of the province. Budget 2006 continues our investment in increasing diagnostic testing and bringing health care services closer to home.

Our public health care system has more than quadrupled the annual number of MRIs since 1999, with the addition of new MRI machines, including the first MRI located outside of Winnipeg, at the Brandon Regional Health Centre, and the first community-based MRI at the Pan Am Clinic. Mr. Speaker, I am pleased to announce that we are adding a new MRI machine to Boundary Trails Hospital in Winkler/Morden.

More than 20,000 additional MRI tests will be performed at the Health Sciences Centre, St. Boniface General Hospital and the Pan Am Clinic over the next three years.

Since 1999, the number of CT scans has almost doubled. CT scanners are now available in Steinbach, Selkirk, Portage la Prairie, The Pas and Thompson, and are being upgraded in Brandon and Dauphin.

More than 15,000 additional CT scans will be performed over the next three years.

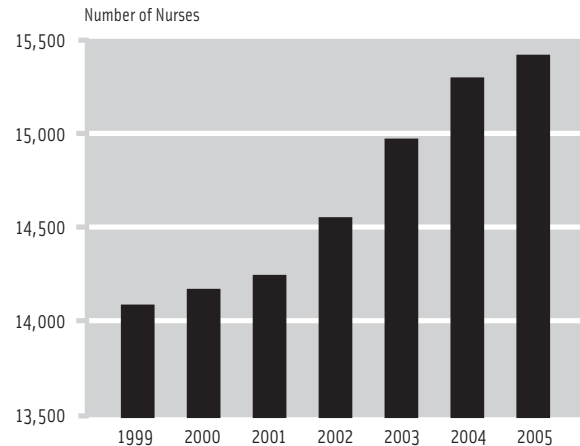
Mr. Speaker, Budget 2006 completes the replacement of our entire 160 ambulance fleet with new models for improved patient care and safety. This year, we will be opening a new transportation and communication centre in Brandon to co-ordinate medical dispatch and emergency response.

Our Wait-time Reduction Strategy goes above and beyond national priorities. Budget 2006 invests in:

- more pediatric dental surgeries – building on our success in reducing the wait list in the Winnipeg region by 60% since January 2005;
- increased testing for sleep disorders to help reduce unacceptably long wait lists;
- pain clinic expansion at the Pan Am Clinic to dramatically reduce the wait list; and
- expanded community mental health programs.

Budget 2006 invests in health care innovation and expanding our centres of excellence. In addition to the new St. Boniface cardiac centre, we are supporting the massive reconstruction of the Health Sciences Centre to

Active Practicing Nurses in Manitoba 1999-2005



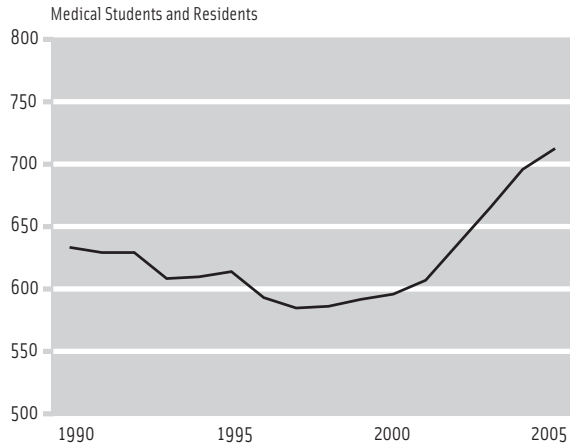
Sources: College of Registered Nurses of Manitoba
 College of Registered Psychiatric Nurses of Manitoba
 College of Licensed Practical Nurses of Manitoba

serve all of Manitoba, with fully modernized operating and emergency rooms. Concordia Hospital's centre of excellence in hip and knee surgery has completed 400 more surgeries this year than last.

Budget 2006 invests in the redevelopment of the Selkirk Mental Health Centre. It will provide new space and enhanced programming to meet the needs of Manitobans living with acquired brain injury and mental illness. In addition, we are expanding assertive treatment for people who are ready to live in the community, but need support to achieve their goals.

In 1999, we were faced with a declining number of health care professionals. We have taken action. The number of doctors in training has increased by 20%, from 591 to 712. Our program to increase the number of nursing education

Manitoba Doctors in Training



Sources: Canadian Post-M.D. Education Registry
University of Manitoba Faculty of Medicine

seats has more than tripled the number of graduates. Today there are over 1,300 more nurses practicing in Manitoba.

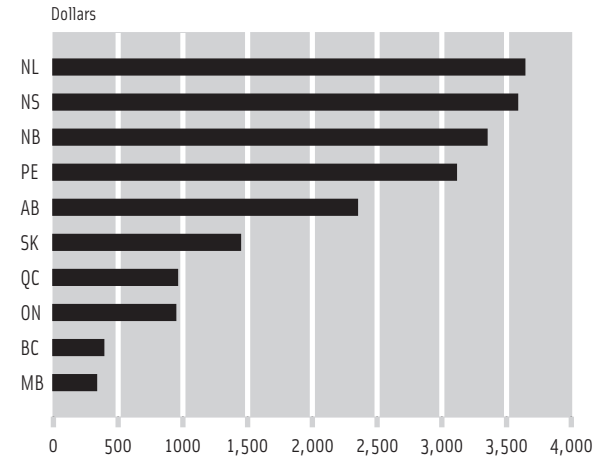
Mr. Speaker, Budget 2006 fulfills our commitments to:

- increase the number of medical spaces at the University of Manitoba from 70 to 100;
- increase the intake for international medical graduates to 25 spaces;
- increase enrolment in nursing training to 3,000; and
- increase technologist training to 57 seats – exceeding our commitment.

We continue to work with communities and regional health authorities on recruitment and retention of physicians through our new Physician Resource Co-ordination Office. We are also offering new opportunities to expand nursing roles within our health care system.

Annual Out-of-Pocket Costs for Diabetes Medication & Supplies

Low-Income Case Study



Source: Canadian Diabetes Association, Diabetes Report 2005

With our First Nations and Metis partners, we continue to work with the federal government to meet the unique health needs of Aboriginal communities. Budget 2006 expands the federal-provincial Chronic Disease Prevention Initiative to 40 communities throughout Manitoba – an initiative singled out by the Assembly of First Nations as a model for delivering health services in Aboriginal communities.

The Canadian Diabetes Association has recognized the low out-of-pocket costs for diabetes drugs in Manitoba. Manitoba ranked first among provinces for the lowest out-of-pocket expenses for an individual with Type 1 Diabetes with a family income of less than \$15,000. Mr. Speaker, I am pleased to announce that we are increasing affordability by eliminating the retail sales

tax on lancets and blood glucose monitors purchased by diabetics.

Our Pharmacare program covers medication costs for Manitobans in medical and financial need. We have adopted best practices and expanded the use of generic drugs to control costs. Nonetheless, the cost of this important program continues to grow, underscoring the need for a national Pharmacare system. This year, Pharmacare deductibles will increase by \$3-\$6 per month for most Pharmacare families. We are improving the program this year with new flexible payment options.

In establishing our Healthy Living Ministry, we recognized that there are challenges to be overcome, and opportunities to be seized to encourage Manitobans to live healthier lifestyles.

Manitoba was the first province to introduce a province-wide indoor smoking ban. Statistics Canada recently reported that the first half of 2005 saw a reduction in the smoking rate for 15-19 year olds in Manitoba from 21% to 16%.

We know that differences in determinants like smoking, physical activity, nutrition, gender, economic circumstances, and physical environment play an important role in determining health outcomes.

Mr. Speaker, we know that healthy, active children are more likely to become healthy, active adults. The federal government has announced its intention to introduce a Children's Physical Activity Tax Credit, and I am pleased to announce that Manitoba will complement this worthwhile initiative when it is introduced with a parallel credit, to

encourage greater participation by children in sports, recreation and other physical activity.

Our government is moving forward on the recommendations of the Healthy Kids, Healthy Futures Task Force. Last fall, we launched the Manitoba's "in motion" activity program to help Manitobans, especially kids, get active and stay healthy. Budget 2006 provides resources to expand the number of "in motion" communities.

This year, we will be introducing new healthy food and nutrition guidelines for schools, as well as extending and strengthening curriculum for health and physical education. Mr. Speaker, we are also kick starting a new bicycle safety program by purchasing 1,000 bike helmets to be made available to Manitoba kids, in partnership with KidSport.

Mr. Speaker, through Healthy Child Manitoba, Budget 2006 provides new resources to expand:

- the Healthy Baby program to more communities to ensure that babies get a healthy start in life;
- *Centres de la petite enfance et de la famille* into more Francophone schools, bringing together child development and early learning resources and services for parents; and
- supports for teens through the school-based teen clinic initiative.

Our government, working in co-operation with pharmacists and retailers, is implementing a comprehensive strategy to combat the dangerous street drug, crystal meth, including restricting the sale of

products that can be used to make crystal meth, as well as a far-reaching public education campaign about the dangers of the drug. Mr. Speaker, today's budget commits \$2 million in new annual funding for our strategy on crystal meth and addictions.

Supporting Children and Families

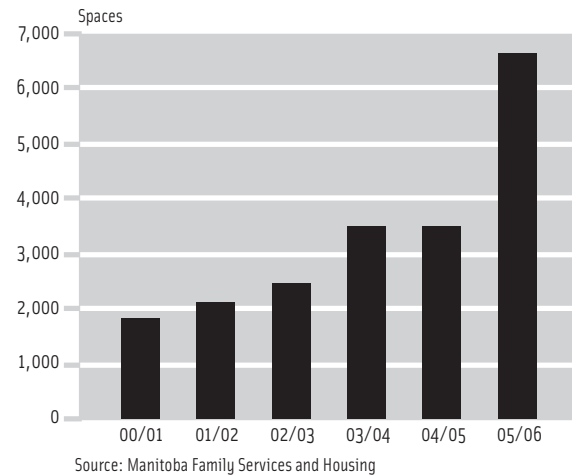
Mr. Speaker, our government continues to take a comprehensive approach to supporting families, including special initiatives to help vulnerable Manitobans and combat poverty on many fronts.

Manitoba has been a strong voice on Aboriginal issues, pressing Canada and all provinces to commit resources for Aboriginal health, education, housing, water and sewer, and economic development. The Kelowna agreement, reached last fall, identifies key priorities and makes important commitments to close the quality of life gap between Aboriginal and non-Aboriginal people. Manitoba will continue to work with Aboriginal people to champion the Kelowna Accord to ensure that promised investments are made. We are committed to doing our part.

During our first years in office, we kept our promise to restore the National Child Benefit. Mr. Speaker, every year we are putting \$13.7 million back into the hands of families who need it most.

In 2002, in advance of a federal-provincial partnership on child care, our government launched a major five-year plan focussed on expanding the number of child care spaces and investing in early childhood educators. In April of last year, the Government of Canada signed

Newly Funded Early Learning and Child Care Spaces in Manitoba Since 2000



agreements with Manitoba, Ontario and Quebec providing new multi-year federal funding for child care and early learning. Building on our five-year plan, our quality public child-care system would be enhanced, with new and expanded choices for Manitoba families:

- 1,650 newly funded child-care spaces for Winnipeg;
- 700 newly funded spaces for Brandon, Portage la Prairie, Dauphin, Russell, Swan River, Teulon, McCreary, Souris, Arborg, Springfield, Morden, Beausejour, Shilo, St. Pierre-Jolys and other rural Manitoba communities;
- 68 newly funded spaces for the northern communities of The Pas, Thompson, Gillam and Churchill;
- capital funding for the renovation, expansion and construction of new child-care facilities; and
- new training spaces and wage increases for early childhood educators.

We will work with the Government of Canada and other provinces to find a positive balance between the promises made by the federal government and the investments we are making to expand child-care choices for children and families throughout Manitoba.

Our government is increasing the supply of affordable housing to address growing demand. Under the federal-provincial Affordable Housing Initiative and other housing programs, we have invested in the repair, renovation and construction of 3,000 housing units in Winnipeg, Brandon and Thompson. Our government will also be introducing legislation to dedicate profits from our Waverley West and other suburban housing developments to inner-city housing and community development.

In addition to addressing housing supply, our government is undertaking a major restructuring and enhancement of Manitoba's existing shelter allowance system, an important step in our strategy to reduce poverty. Mr. Speaker, we are providing \$7.8 million in support to assist low-income individuals and families deal with rising shelter costs. More than three times as many individuals and families will qualify for support under our new program, including many more persons with disabilities, who will qualify for a new benefit of up to \$2,400 per year.

Today's budget invests \$13.6 million more for supported living for persons with mental disabilities, part of our commitment to supporting dignity, quality of life, and opportunities for independence.

Our government has improved employment and income assistance benefits, including new supports to help secure employment, build independence, and improve

quality of life. There are now 2,490 fewer individuals and families receiving income assistance benefits than there were in 1999. Budget 2006 invests in creating a new active training and employment assistance program for people searching for work, to reduce search times and improve their chances of successfully finding employment.

Today's budget also builds on our record of enhancing the quality of life of Manitoba seniors. Budget 2006 invests in a Healthy Aging strategy for seniors, including new resources to expand community-based services, improve access for seniors to government services, and expand Manitoba's strategy to prevent elder abuse.

Our government is making important investments to enable more seniors to live in their communities, with our new Aging in Place strategy, a four-year \$98 million long-term care strategy for seniors to increase community living supports and provide alternatives to institutional care.

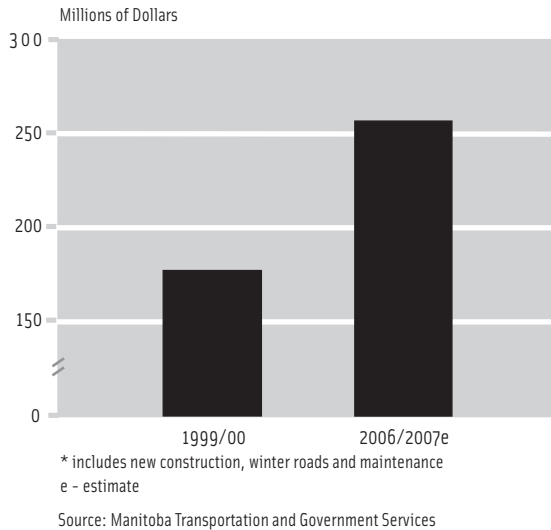
Building Manitoba

Mr. Speaker, our government is building for today and building for tomorrow.

Our record of investment in infrastructure priorities is evident all across the province. Since 1999, we have focussed on overdue investments in capital for health care, public schools, post-secondary education, highways, and vital water and municipal projects.

In 1999, a promised new hospital for Brandon remained unbuilt and the Health Sciences Centre continued to deteriorate. Our government delivered on these important capital projects. Mr. Speaker, we have delivered a new

Highways Expenditure*



hospital for Brandon, and the largest ever health care capital project to reconstruct the Health Sciences Centre.

With our seven budgets, we have provided capital support of more than \$200 million for universities and colleges, and \$378 million for public schools.

Manitoba's construction industry is poised for accelerated growth, supported by major capital projects such as the Floodway Expansion, and new hydro generating stations, and our government is making Aboriginal training and employment a priority.

Mr. Speaker, Budget 2006 provides for more than \$29 million in additional highways expenditures for new construction, winter roads and maintenance. This year's record support of \$257 million for highways advances priority projects like the twinning of Highway 1 to the Saskatchewan border, continuing work on the east side

perimeter, resurfacing Highway 6 north of Grand Rapids, and strengthening Highway 68 through the Interlake to RTAC standards. New funding will support significant investments to address emerging needs on Highway 1 east of Winnipeg and Highway 75 to the south.

Mr. Speaker, Budget 2006 provides for a 30% increase in water infrastructure projects, and funding specifically for drainage is more than doubling. New funding will support the Gimli regional sewage treatment system and initiation of the Yellowhead regional water supply pipeline.

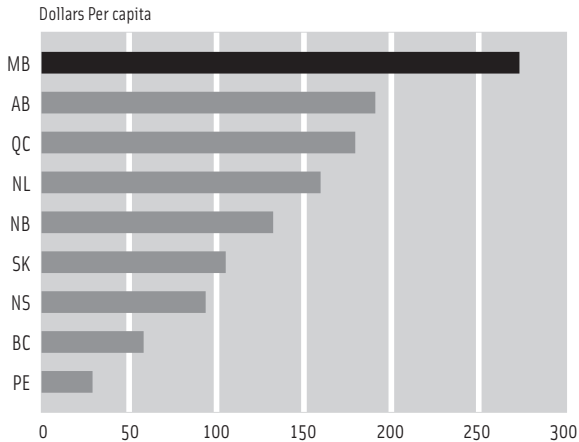
We are providing \$32 million under cost-shared agreements so that municipalities can advance infrastructure and other priorities, such as the Kenaston Underpass, Winnipeg's Waste Water and Treatment Upgrade, Brandon's Keystone Centre, the Parklands' Telecommunications Network, and Broadband Communications North.

Building for the future also involves revenue sharing with municipalities. Manitoba continues to be a leader in support for municipalities in Canada.

Our last budget established the new Building Manitoba Fund, providing \$119 million to support Manitoba municipal infrastructure and services. The Building Manitoba Fund expanded Manitoba's income and corporation tax revenue sharing arrangement to include fuel tax revenue sharing, providing municipalities with three major sources of growth revenue.

The Building Manitoba Fund is working the way it was intended, growing by \$7.9 million in 2006.

Provincial Funding Support to Municipalities



Source: Statistics Canada

Note: 2004 (most recent data available)

excludes Ontario where, unlike all other provinces, municipalities are largely responsible for social welfare programs and receive transfers from the provincial government

Mr. Speaker, the City of Winnipeg will receive increased funding of \$4.5 million, or 5.7%, in 2006 through the Building Manitoba Fund, including more funding for transit. This is the second year in a row that funding for transit is increasing by over 15%.

The Building Manitoba Fund will also provide an additional \$3.4 million for outside of Winnipeg in 2006, including increased payments to all municipalities, and a dedicated fund for municipal recreation and library facilities. Over the next two years, Manitoba will provide \$7.0 million through the Building Manitoba Fund for municipalities to invest in recreation and library facilities.

In keeping with our commitment, Budget 2006 provides for a new grant to the City of Winnipeg to assist with property assessment costs – this provides the same treatment as for other municipalities. This funding gives the City new financial flexibility to meet City budget priorities, such as investments in roads.

In 2005, we began sharing 5% of casino revenues with the City of Winnipeg. In keeping with our commitment, casino revenue sharing is increasing to 10% in 2006.

Revitalizing our Cities

A partnership approach to working with the City of Winnipeg is showing impressive results. Winnipeggers can see the signs of downtown revitalization in projects like:

- the popular 15,000-seat MTS Centre;
- the newly reopened Millennium Library;
- construction of the new environmentally designed Manitoba Hydro headquarters; and
- new residential redevelopment along Waterfront Drive.

According to a new study by the Downtown BIZ, Winnipeggers' visits to the downtown are up 50% since 2003 – largely due to new downtown attractions, more university and college students, and more people living along the waterfront and in the Exchange District.

Mr. Speaker, last year our government expanded our successful Neighbourhoods Alive! program to seven new areas in Winnipeg. Budget 2006 provides second-year funding to support this expansion, providing more communities with resources to support neighbourhood revitalization.

This year, our government will extend our support for community economic development to a new, innovative Community Financial Service Centre pilot project in the North End of Winnipeg. The new community centre will provide affordable, accessible financial services, helping to address the declining presence of mainstream financial providers and the expansion of payday lenders.

The City of Brandon is also undergoing significant renewal, Mr. Speaker.

Our government has supported the \$15 million redevelopment of Brandon's Keystone Centre. A tripartite partnership, Keystone's new Agriculture Centre of Excellence will be completed by the end March, in time for the Royal Manitoba Winter Fair.

Mr. Speaker, the province has committed to a substantial relocation of the Assiniboine Community College campus to the former Brandon Mental Health Centre site. We will work in partnership with the City of Brandon to advance this initiative.

Brandon University's new Wellness Centre will provide expanded opportunities for the residents of Brandon and surrounding communities to get active. The development of the new national Curling Hall of Fame will provide yet another attraction for the City of Brandon.

Neighbourhoods Alive! has contributed \$1.8 million to date for revitalization activities in Brandon, including almost half a million in downtown projects. Our government will continue to work with the City of Brandon on their downtown renaissance district initiative.

Rural Manitoba

Mr. Speaker, agricultural producers faced a number of challenges over the past year, including significant overland flooding, the lingering impact of the border closure, and weather-related weakness in crop production. Rural Manitobans have once again demonstrated their dedication and hard work in addressing these challenges. The partial reopening of the U.S. border to cattle and improvements in livestock cash receipts are positive developments. Our government remains committed to working with farm families, producers and industry to build a strong and diversified rural economy.

Manitoba has provided for a doubling of relief for farm families for 2005/06 through a \$104 million provincial contribution to the Canadian Agricultural Income Stabilization program. Manitoba farmers have received over \$500 million in production insurance payments for lost crops over the past two years – the largest two-year payout on record in Manitoba. Today's budget provides a further enhancement to our excess moisture support program, providing farmers with new options to increase their coverage.

Our government's Growing Opportunities initiative is helping to meet the changing needs of today's farmers and their families and to capture rural economic development opportunities. Economic development officers are now in place in each of our 10 GO teams throughout rural Manitoba. Our government is consulting with rural and northern communities about new ways to create opportunities for increased economic development, jobs, slaughter capacity, and value-added processing.

Provincial investments are supporting a unique international calibre cluster in research and development and commercialization of functional foods and natural health products, including:

- the new Richardson Centre for Functional Foods and Nutraceuticals at the University of Manitoba;
- the Canadian Centre for Agrifood Research in Medicine in St. Boniface; and
- the newly expanded Food Development Centre in Portage la Prairie.

A growing number of products are being farmed in Manitoba, and finished in Manitoba. Our government's investment in the Food Development Centre made it possible for Great Plains Aseptic Processors to partner on R&D. Today, Great Plains is processing Manitoba's own Peak of the Market gourmet soups at its facility in Portage la Prairie. In St. Agathe, Associated Proteins, the successful oilseed crushing facility, is now in full commercial production, using Manitoba canola and creating rural employment opportunities.

Mr. Speaker, there is growing excitement in rural Manitoba today about harvesting Manitoba's new clean energy crops: wind, ethanol and biodiesel.

Manitoba's first wind farm, a \$210 million project in St. Leon, will be in full production this year, generating \$9 million in land lease payments to farmers in rural Manitoba over the life of the project. Proposals for wind developments of up to 1,000 MW over 10 years are presently being reviewed. Developing 1,000 MW is expected to generate \$2 billion in investment and \$100 million in wind-rights payments to land owners.

Manitoba's legislation to mandate the use of ethanol, along with federal funding, is supporting Husky Oil's \$145 million investment to expand Minnedosa's ethanol plant. With increased production to 130 million litres per year, Husky's plant expansion provides the possibility of an additional \$80 million per year in income for farmers who sell their crops for the manufacture of this cleaner fuel.

Our government is acting on the advice of the Manitoba Biodiesel Advisory Council, taking important steps to promote biodiesel production in our province. We are partnering with the federal government to deliver a \$1.5 million Biodiesel Production Program to promote the development of smaller, community-based production facilities supplying biodiesel to local and regional markets. Mr. Speaker, we will be providing further support to grow the biodiesel industry across Manitoba.

Budget 2006 provides new resources to pursue a federal partnership to double the number of Manitoba soil survey teams. The work of these new teams will enhance mapping for the implementation of the new Water Protection and Planning Acts, ensuring water quality protection in planning for new developments.

Today's budget also establishes a new loan program to assist farmers in making economic and environmental improvements to their farm operations, complementing existing incentives under the Agricultural Policy Framework.

Manitoba will have the honour of hosting the Western Premiers' Conference in Gimli in May. We will share the unique beauty of Lake Winnipeg, one of our most

precious resources, with Premiers from Northern and Western Canada. This year's conference will be paired with meetings of the Western Governors' Association, providing opportunities to strengthen our partnerships.

Northern Manitoba

Manitoba's Northern Development Strategy is expanding education, training and skill development in Northern Manitoba.

Our government has made a significant investment in the future of Northern Manitoba in establishing the University College of the North, which now has over 2,000 students registered, in over 40 programs, in 12 locations throughout the North.

Over 800 trainees have already benefited from the \$60 million pre-project training partnership between Canada, Manitoba and Manitoba Hydro for northern hydro developments. Our Aboriginal partners are building community capacity through planning and delivery of community-based training.

At Kelowna meetings, leaders set important targets to extend broadband Internet access to remote and Aboriginal communities. Our government is committed to advancing the extension of broadband access to remote and Aboriginal communities, expanding opportunities for education, health care and economic development. Mr. Speaker, working in partnership with the federal government and the private sector, our government is targeting to provide broadband access to 60 remote and Aboriginal communities over the next two years.

Today's budget provides new funding to engage Aboriginal communities in mineral resource activities.

A growing number of Northern Manitoba communities are promoting traditional harvesting, gardening and food self sufficiency. Our Northern Healthy Foods Initiative is supporting projects in this area as positive alternatives to the high cost of commercial foods in remote communities.

Today's budget continues our multi-year commitment to the Churchill Gateway Initiative, helping to market Churchill's shipping advantages to the world.

With Budget 2006, our government, in partnership with the federal government, is supporting the conversion of the community of South Indian Lake into a reserve for Manitoba's newest First Nation, O-Pipon-Na-Piwin Cree Nation. As has long been advocated by First Nations, as well as by the PEAC Aboriginal Summit, Manitoba is committed to working with the federal government and First Nations to fast-track Treaty Land Entitlement settlements.

In lead up to meetings in Kelowna last fall, Manitoba issued a challenge to Ottawa: we will invest in modernizing water and sewer systems in northern communities; the federal government should invest in modernizing water and sewer systems on reserves. Budget 2006 advances water treatment projects in Sherridon, Duck Bay, Dawson Bay, and Mallard, as well as waste water projects in Cormorant and Matheson Island – part of a multi-year strategy for modernizing all Northern Affairs communities. Manitoba will continue to advance the need for federal investment in First Nations water and sewer systems.

Manitoba Arts and Culture

Arts and culture are an integral part of Manitoba communities and our economy. Budget 2006 continues our support for cultural industries and world-class attractions and events.

Successful films like *Capote*, and the *Falcon Beach* movie-drama-turned-TV series, are promoting Manitoba's reputation as a prime location for movie productions. Since 1999, the film industry in Manitoba has grown from \$37 million to its present level of \$100 million, almost tripling in size in just seven years. Manitoba will continue to offer a competitive environment for film production relative to other jurisdictions.

Budget 2006 increases support for major cultural organizations. Funding for the Community Festivals program is also growing, expanding support for more rural and northern festivals, celebrations of our diverse culture and heritage.

Aboriginal culture is an important element in Manitoba's heritage and a growing force in contemporary artistic expression. Budget 2006 provides new resources to work with the Aboriginal community to establish a new annual Aboriginal cultural festival.

Budget 2006 continues our commitment to increase funding for Sport Manitoba and supports hosting the 94th CFL Grey Cup Championship Game in Winnipeg this year.

Safer Communities

Mr. Speaker, reducing crime and improving community safety are important aspects of building healthy communities. Our government's approach to justice has always been: tough on crime, tough on the root causes of crime.

Budget 2006 makes significant new investments in Manitoba's Crime Fighting Action Plan.

Last year, funding for 54 new police positions was provided – the largest funding increase for police in our province's history. Budget 2006 builds on this strong support with a commitment for 31 additional police positions: 23 for Winnipeg, two for Brandon and six to enhance policing in Aboriginal communities.

Manitoba is recognized as having the strongest provincial anti-gang laws in Canada. Budget 2006 doubles the size of the Gang Prosecutions Unit, which has supported over 280 gang convictions since it was established in November 2003. This specialized team will be expanded to 16 positions, including five new prosecutors, to target gang activity.

Based on our experience and best practices from across North America, we are also expanding our strategy to combat gangs with a focus on community mobilization, and intensive supervision and supports for youth at risk. This will complement successful programs already under way, such as the provincially supported Integrated Organized Crime Task Force with the RCMP and Winnipeg and Brandon Police, which is achieving positive results, tackling organized crime at the leadership level.

More than 150 drug dens, and gang and prostitution houses have already been shut down under *The Safer Communities Act* and *The Neighbourhoods and Fortified Buildings Act*, and we will be introducing new measures to further strengthen The Safer Communities Act.

Manitoba's anti-auto-theft initiative, including tougher penalties for car thieves, and Manitoba Public Insurance's popular incentive program for immobilizers, resulted in 1,680 fewer auto thefts last year. Through a partnership with MPI, Budget 2006 provides funding of \$1 million to reduce auto theft.

Lighthouses are an innovative initiative of our government, serving as beacons of hope for Manitoba youth, providing after-school recreation, education and social opportunities, and building stronger relationships between youth, communities and the police and justice system around crime prevention. Budget 2006 expands the number of Lighthouses throughout Manitoba to 45, toward our goal of 50.

Our government has also put in place a Community Prosecutor to target street crime and other community-identified priorities in Downtown and West End Winnipeg – part of a first of its kind community-based prosecution strategy in Canada.

Manitoba has gained national recognition for tackling domestic violence and its devastating impacts on families, particularly women and children. The award-winning, Chief Judge led Front End Project has successfully fast-tracked domestic violence cases through the justice system. Our government has passed legislation to protect a wider range of victims of violence, including persons in

dating relationships, and to enforce protection orders granted by courts in other provinces. Budget 2006 increases support for community-based family violence prevention initiatives and for crisis accommodations for vulnerable adults. Funding is also increasing for the Victim Services Intervention Unit to work with police in assisting families at risk in situations where formal charges are not laid.

Mr. Speaker, we will be adding a fifth Provincial Court Judge located in the North to serve Aboriginal communities.

Our government established a special Consultative Committee to provide guidance on the location and type of facility needed for a new correctional centre to replace the aging Women's Jail. Our government will be releasing the Committee's report and taking action to implement its recommendations.

In addition, new funding is provided to increase capacity and security at the Dauphin, Headingley and Milner Ridge correctional facilities.

Mr. Speaker, our government has long advocated for changes to the Criminal Code of Canada to ban conditional sentences for serious violent crimes, impaired driving causing death, and sexual offences against children. We have also lobbied for new mandatory minimum sentences for firearms smuggling. We are optimistic that these are areas of shared concern between our government and the federal government.

Workplace Safety and Health

Mr. Speaker, safety in our communities includes safety in our workplaces. Healthy and safe workplaces are good for workers, good for families and good for business. We are making progress in reducing time loss due to injury – a 20%

reduction has already been achieved. In partnership with the Workers Compensation Board, and building on the success of the SafeWork campaign, Budget 2006 expands resources for workplace safety and health initiatives.

Tax Savings for Manitoba Families and Business

Budget 2006 is providing tax savings to make Manitoba more affordable for families and more competitive for business.

Manitoba's bottom-line benefits and quality of life advantage make it the ideal place to live, work and raise a family. Manitobans enjoy:

- among the lowest auto insurance rates in the country, and among the lowest electricity rates in the world;
- a quality, affordable higher education system;
- a healthy, attractive natural environment; and
- world-class, affordable arts and cultural activities.

And even with improving housing values, Manitoba still remains one of the least expensive places to purchase a quality home.

Our province boasts a competitive business environment. KPMG's recent study of competitive business costs ranks Winnipeg ahead of Calgary, Vancouver, Montréal, Ottawa and Toronto. Winnipeg also compares favourably with many cities in the U.S., with cost advantages over Minneapolis and Chicago.

Our competitive business advantage is rooted in a unique combination of factors:

- one of Canada's most diverse and stable economies;
- a productive, well-educated and multi-lingual labour force;
- quality, public health care and education systems;
- competitive land, office and construction costs;
- strong research and development capabilities, combined with generous tax incentives; and
- a strategic mid-continent trade corridor location.

Mr. Speaker, for seven years, we have kept or exceeded every tax cut promise we have made. Our government is committed to doing our part to keep Manitoba affordable and competitive.

Budget 2006 delivers on our commitment to eliminate the residential Education Support Levy (ESL), saving Manitobans an additional \$34 million this year. This is an annual saving of \$163 on a \$150,000 home. Mr. Speaker, there is now one less tax in Manitoba.

After 11 years of rising residential property taxes, each of our seven budgets have reduced provincial education taxes for homeowners. We are committed to making further progress on education taxes for homeowners with future budgets.

And, we are taking further action on property taxes. In 2003, we promised to reduce farmland education taxes by 20%. We exceeded our promise with a 50% reduction. But we are not stopping there. For 2006, we are going beyond our previous commitment to farmers

Savings from ESL Elimination, 2005 to 2006

Home Value	Annual Savings
\$100,000	\$109
\$150,000	\$163
\$175,000.....	\$191

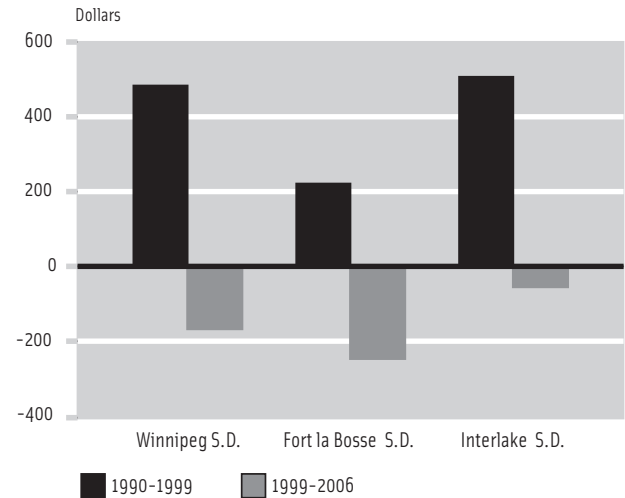
Source: Manitoba Finance

by increasing the reduction on farmland education taxes to 60%. Mr. Speaker, this additional reduction will provide new savings of \$4.6 million for Manitoba farmers.

Budget 2006 also builds on our record of providing steady reductions in personal income taxes. It is my pleasure today to announce that Budget 2006 delivers on our commitment to reduce the middle income tax rate to 13%, effective January 1, 2007, for a total reduction of 20% since 2000. In addition, the basic personal amount will be increased by another \$100. Mr. Speaker, these new measures will provide Manitobans with additional savings of \$32.3 million in annual tax relief, and remove 2,000 low-income earners from the tax rolls.

In 1999, Manitoba had the second-highest small business tax rate in the country. Our government has cut the small business tax rate by half, and doubled the small business tax threshold – more than 90% of all taxable corporations in Manitoba now benefit from the small business tax rate. Mr. Speaker, I am pleased to announce today that we are exceeding our promise to small business. The tax rate for small business will be reduced to 3% on January 1, 2007

Change in Total Education Property Taxes for a House Assessed at \$125,000 in 2006



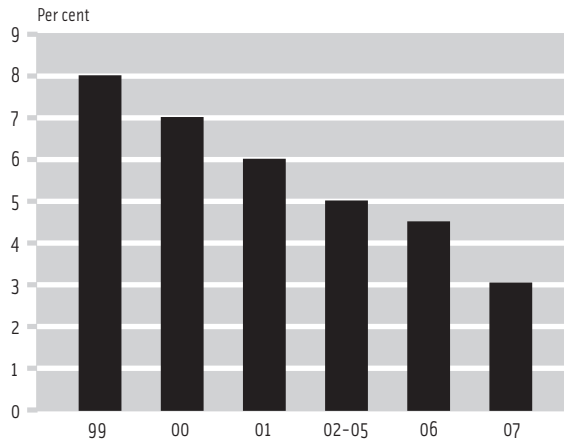
Note: Chart reflects the sum of changes in Special Levy, Education Support Levy and Education Property Tax Credits. The Special Levy mill rates for 2006 are preliminary.

Source: Manitoba Education, Citizenship and Youth

– the second-lowest rate in Canada. This additional reduction brings our cumulative reduction in the small business tax rate to 63% since 1999.

In 1999, Manitoba had the highest corporation income tax rate in the country at 17%. The corporation income tax rate has been reduced to 14.5% and is falling to 14% on January 1, 2007 – reductions unprecedented in our province's history. Mr. Speaker, I am pleased to announce today that the corporation income tax rate will be reduced to 13%, effective July 1, 2008, subject to balanced budget requirements. This new reduction brings the cumulative reduction since 1999 to 24%.

Manitoba Small Business Rate Reductions Since 1999



Source: Manitoba Finance

I am also pleased to announce that effective January 1, 2007, Budget 2006 doubles the corporation capital tax deduction from \$5 million to \$10 million, reducing the number of firms paying this tax by 19%. In addition, our government will begin to phase out the general corporation capital tax with a 20% rate reduction to take effect on July 1, 2008, subject to balanced budget requirements.

Changes made by our government to improve the competitiveness of Manitoba's oil and gas exploration tax regime have increased interest in our oil and gas prospects, helping to generate record exploration and development activity in the province. Annual oil production is up 25% since 2004, and the amount of Crown oil and gas rights under disposition has increased by more than 150%. Mr. Speaker, our government will further support the record-breaking growth of this industry by providing a retail

sales tax exemption for drilling rigs and other equipment used for oil and gas exploration.

Mr. Speaker, by 2007, Manitobans will enjoy annual savings in personal, property and business taxes of \$618 million compared to 1999.

This is significant tax relief for Manitoba families and Manitoba business – savings that exceed our commitments – savings we've delivered within a fiscally responsible framework, without compromising important public investments in health care and education, and without stepping back from our debt repayment plan.

Balanced Budgets

Last year, we made a commitment to implement full summary budgeting by 2007/08, a comprehensive reporting of all government and government-controlled entities, using generally accepted accounting principles (GAAP). We are making steady progress and are on track to meet this commitment. Last fall, we tabled the March 31, 2005 Public Accounts – the first Public Accounts in Manitoba history to be fully compliant with GAAP. Next year, as recommended by the Auditor General, the Summary Budget will become Manitoba's primary budget presentation and reporting tool.

Budget 2006 is balanced on a summary basis – forecasting a surplus of \$148 million. For the 2005/06 year, third quarter information forecasts a \$251 million summary surplus – up \$55 million from budget projections. In 2005/06 the province's net summary debt is projected to decline further.

Medium-Term Summary Budget Projection

(Millions of Dollars)

	2005/06 forecast	2006/07 Budget	2007/08 Projection	2008/09 Projection	2009/10 Projection
Revenues	8,365	8,651	8,911	9,201	9,539
Expenditures	(8,339)	(8,622)	(8,842)	(9,117)	(9,452)
Operating Fund Result	26	29	68	85	88
Interfund Transfers/Debt Retirement					
Debt retirement payment	(110)	(110)	(110)	(110)	(110)
Fiscal Stabilization Fund					
General Requirements	68	55	0	(1)	(4)
Wait Time Reduction/Health Programming	18	30	45	30	30
Total Interfund Transfers	(24)	(26)	(65)	(82)	(85)
Balance under BBL/Transfer to Fiscal Stabilization Fund	3	3	3	3	3
Special Funds (Changes in Balance)					
Debt Retirement Fund	25	26	28	29	30
Fiscal Stabilization Fund	(72)	(70)	(30)	(14)	(42)
Other	0	(2)	(2)	(2)	(2)
Total Changes in Special Funds	(47)	(45)	(4)	13	(14)
Government Enterprises and Crown Organizations					
Government Business Enterprises					
Manitoba Hydro	375	222	123	132	135
Manitoba Public Insurance	46	10	10	11	9
Manitoba Lotteries Corporation	273	267	267	267	267
Manitoba Liquor Control Commission	192	196	201	206	211
Special Operating Agencies	15	14	15	15	15
Manitoba Agricultural Services Corporation	(145)	(3)	5	8	8
Other Crown Organizations and Enterprises	75	41	45	46	46
Consolidation Adjustments	(482)	(481)	(488)	(493)	(499)
Net Enterprises and Organizations	348	265	177	191	193
Pension Expense for Unfunded Liability	(195)	(197)	(199)	(201)	(203)
Increase in Pension Assets Fund	144	125	138	146	158
Summary Net Income (Summary Budget)	251	148	112	149	134

Totals may not add due to rounding.

2007/08 to 2009/10 are presented for illustration purposes only. This presentation will change when government fully implements Summary Budget reporting. Work has begun on this initiative as described on page B2.

In 1999/2000, the net debt to GDP ratio stood at 31.4%. We have made progress in reducing this rate, and forecast that it will decline to 24.5% in 2006/07. Over the medium term, our projections indicate summary surpluses will continue.

For the seventh straight year we are balanced under Manitoba's balanced budget legislation – with a positive balance of \$3 million. Over the medium term, we expect continued positive results for the operating fund.

The balance in Manitoba's Fiscal Stabilization Fund (FSF) is forecast to be \$414 million at March 31 this year. At the end of March 2007 – after withdrawing funds prepaid by the federal government for wait times, and the funds necessary to advance infrastructure investment, key support for post-secondary education and property tax relief for homeowners and farmers – the FSF will remain at \$345 million – \$81 million more than in 1999/2000.

Our prudent management of the government's finances has been rewarded with two credit rating upgrades since we took office. Manitoba has strong investment grade credit ratings.

Manitoba's Credit Ratings

Moody's Investors Services:	Aa2
Standard and Poor's:	AA-
Dominion Bond Rating Service:	A (high)

Budget 2006 provides for 3.4% growth in expenditures, the same rate as last year.

One of our first tasks after coming to office in 1999 was to develop a comprehensive plan to address Manitoba's pension liability – a liability that was allowed to grow

unfunded for 40 years. We have implemented the first ever plan to address this major liability. Mr. Speaker, I am pleased to announce that Budget 2006 provides for a \$110 million payment toward general purpose debt and pension liabilities, bringing our total contribution over seven years to \$704 million.

Conclusion

Budget 2006 meets our commitments to take action on Manitobans' priorities and builds opportunities for today and tomorrow.

Measures we advance today will:

- increase investment in education at all levels,
- improve health care for all Manitobans,
- invest in key infrastructure for highways, water and drainage, health care, and education,
- provide vital support for children, families and communities, and
- make taxes more affordable for families and more competitive for business.

And all this is accomplished while projecting a summary budget surplus and a positive balance for the operating fund.

Manitobans can take pride in their province. We have accomplished so much, and we can do so much more. We are proud to present Budget 2006 to the people of our province.