

■ Appendix 2: THE MANITOBA ADVANTAGE

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

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

Manitoba provides businesses and residents with a unique set of benefits that we call “The Manitoba Advantage:”

- a productive, well-educated and multilingual labour force;
- a favourable business cost environment, including competitive office and land costs, reasonable construction costs and affordable taxes;
- a supportive capital investment information network for new and expanding business includes Manitoba Business Gateways, Yes! Winnipeg and CentrePort Canada among others;
- an extensive network of R&D facilities and communication infrastructure supporting innovation and productivity;
- a convenient mid-continent location with cost-effective transportation links and intermodal facilities providing shipping by road, rail, air and sea, enhanced by CentrePort Canada, the country’s first foreign trade zone and inland port;
- a favourable cost of living, including among the lowest electricity costs in North America;
- reliable and accessible public services, including quality universal public health care and education;
- a dynamic cultural and artistic community with a strong background of caring, high level of charitable giving and volunteering; and
- an attractive natural environment with plenty of opportunities for recreation and relaxation which further enhance Manitobans’ quality of life.

To show Manitoba’s cost competitiveness in more detail, several analyses are provided. The interprovincial comparison of annual personal costs and taxes, net of credits and rebates, compares provinces’ living costs and tax levels for a variety of family types (see p. C24) including seniors (see p. C30) and graduate students (see p. C32).

Manitoba’s Competitive Environment for Manufacturing, provides a detailed comparison of the taxes and costs faced by representative manufacturers in various Canadian and U.S. cities (see p. C41).

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

Competitive operating costs and taxes have made Manitoba one of the least expensive provinces in Canada to do business. Among representative North American cities, both smaller and larger manufacturers in Brandon and Winnipeg rank at or near the best on start-up costs, net income, overall taxes and return on investment.

2011 Comparison of Personal Costs and Taxes

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

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

Sums may not add due to rounding.

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

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

Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes

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

Sums may not add due to rounding.

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

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

Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes

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

Sums may not add due to rounding.

QC	NB	NS	PE	NL	Two-Earner Family of 4: \$60,000	
4,548	2,402	2,667	2,992	2,460		Provincial Income Tax
1,385	0	0	0	0		Health Premiums
<u>5,933</u>	<u>2,402</u>	<u>2,667</u>	<u>2,992</u>	<u>2,460</u>		<u>Subtotal PIT and Premiums</u>
0	0	0	0	0		Family/Employment Tax Credits
(2,633)	(250)	0	0	0		Child Benefits
2,938	2,462	2,272	2,600	2,640		Property Taxes
0	0	0	0	0		Property Tax Credits
1,720	1,692	2,190	1,227	1,861		Provincial Sales Tax
777	537	750	474	726		Gasoline Tax
0	0	0	0	0		Carbon Tax Credit
<u>8,735</u>	<u>6,843</u>	<u>7,879</u>	<u>7,293</u>	<u>7,687</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
8,081	5,387	6,840	4,903	6,626		Mortgage Costs
3,640	12,802	14,217	12,000	15,120		Child Care
2,451	2,974	2,810	3,923	3,354		Utilities
1,953	2,077	2,180	1,789	2,938		Auto Insurance
<u>16,125</u>	<u>23,240</u>	<u>26,047</u>	<u>22,615</u>	<u>28,038</u>		<u>Total Living Costs</u>
<u>24,860</u>	<u>30,083</u>	<u>33,926</u>	<u>29,908</u>	<u>35,724</u>		Total Personal Costs and Taxes

QC	NB	NS	PE	NL	Two-Earner Family of 5: \$75,000	
7,135	3,585	3,932	4,137	3,499		Provincial Income Tax
1,385	0	0	0	0		Health Premiums
<u>8,520</u>	<u>3,585</u>	<u>3,932</u>	<u>4,137</u>	<u>3,499</u>		<u>Subtotal PIT and Premiums</u>
0	0	0	0	0		Family/Employment Tax Credits
(3,116)	(182)	0	0	0		Child Benefits
5,163	4,842	2,890	4,012	4,210		Property Taxes
0	0	0	0	0		Property Tax Credits
2,082	2,130	2,678	1,328	2,160		Provincial Sales Tax
777	537	750	474	726		Gasoline Tax
<u>13,426</u>	<u>10,912</u>	<u>10,250</u>	<u>9,951</u>	<u>10,595</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
14,202	10,594	8,702	7,567	10,567		Mortgage Costs
5,460	19,203	21,793	18,000	22,680		Child Care
3,911	4,779	4,481	6,341	5,412		Utilities
1,953	2,077	2,180	1,789	2,938		Auto Insurance
<u>25,526</u>	<u>36,653</u>	<u>37,156</u>	<u>33,697</u>	<u>41,597</u>		<u>Total Living Costs</u>
<u>38,953</u>	<u>47,565</u>	<u>47,406</u>	<u>43,648</u>	<u>52,192</u>		Total Personal Costs and Taxes

Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes

Single Senior: \$30,000

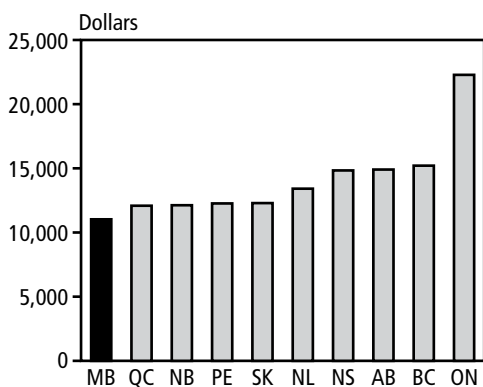
	BC	AB	SK	MB	ON
Provincial Income Tax	691	698	773	998	86
Health Premiums	436	0	0	0	300
Subtotal PIT and Premiums	1,127	698	773	998	386
Provincial Sales Tax	318	0	135	242	476
Gasoline Tax	560	180	300	230	446
Carbon Tax Credit	(116)	0	0	0	0
Total Provincial Taxes, Credits and Premiums	1,889	878	1,208	1,470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

Senior Couple: \$60,000

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

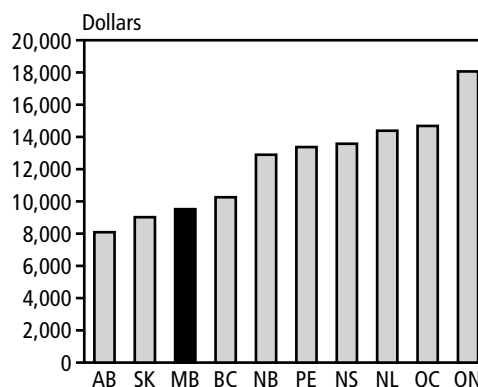
Sums may not add due to rounding.

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



Source: Manitoba Finance

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



Source: Manitoba Finance

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

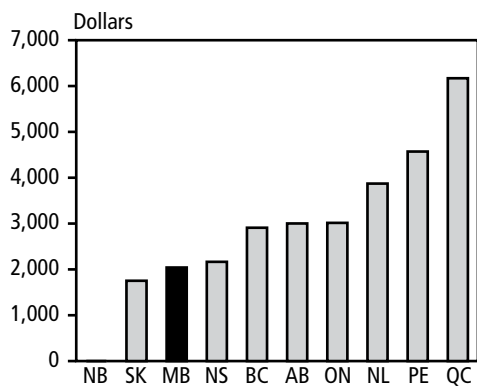
Sums may not add due to rounding.

2011 Comparison of Personal Costs and Taxes Net of Graduate Credits and Tuition Rebates

Single Person: \$50,000	BC	AB	SK	MB	ON
Provincial Income Tax	2,183	3,002	3,752	4,541	2,415
Graduate Tuition Credits/Rebates	0	0	(2,000)	(2,500)	0
Health Premiums	726	0	0	0	600
Subtotal PIT, Credit and Premiums	2,909	3,002	1,752	2,041	3,015
Property Taxes	3,309	1,873	2,791	2,558	2,950
Property Tax Credits	(570)	0	0	(700)	0
Provincial Sales Tax	468	0	253	393	754
Gasoline Tax	560	180	300	230	446
Total Provincial Taxes, Credits and Premiums	6,675	5,055	5,096	4,521	7,164
Mortgage Costs	19,432	11,865	9,950	7,809	12,289
Utilities	2,047	2,138	2,246	1,958	2,317
Auto Insurance	1,302	1,251	877	948	3,608
Total Living Costs	22,781	15,254	13,073	10,715	18,214
Total Personal Costs and Taxes	29,457	20,309	18,170	15,236	25,379

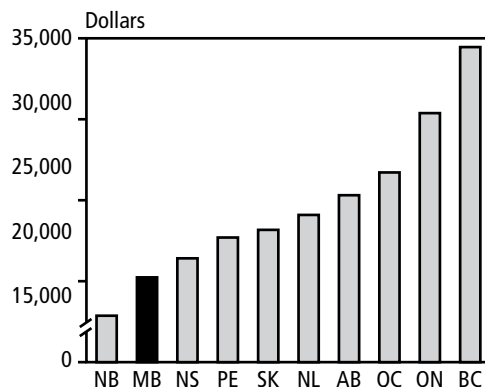
Sums may not add due to rounding.

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



Source: Manitoba Finance

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



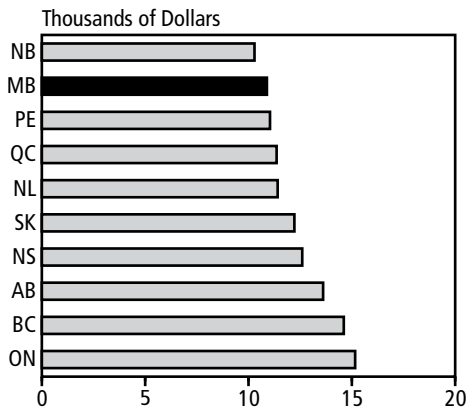
Source: Manitoba Finance

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

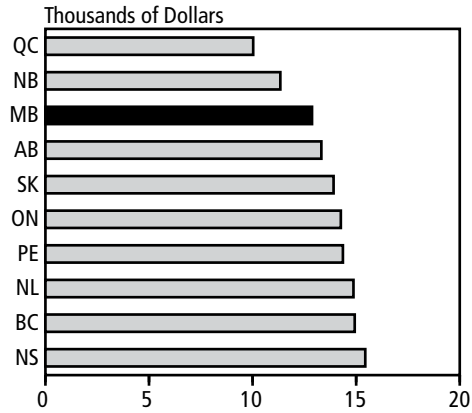
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2011 Comparison of Personal Costs and Taxes

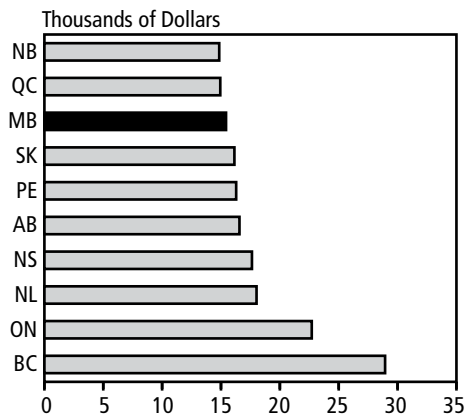
Single Person Earning \$30,000



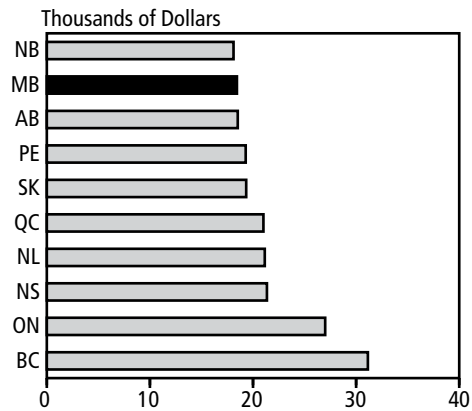
Single Parent Earning \$30,000



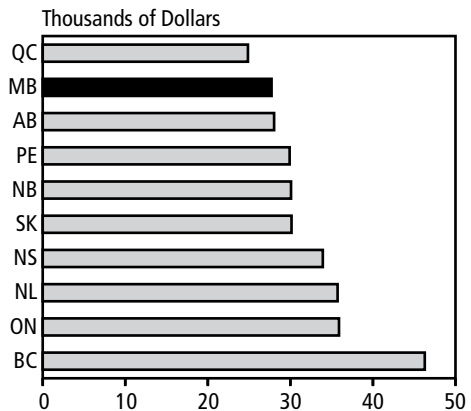
Single-Earner Family of Four Earning \$40,000



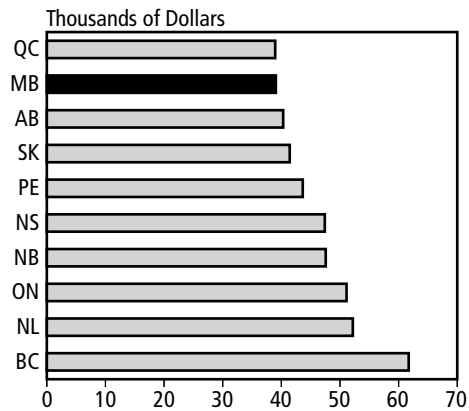
Single-Earner Family of Four Earning \$60,000



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



Two-Earner Family of Five Earning \$75,000



NOTES

Provincial taxes,¹ credits and premiums are based on information available prior to April 1, 2011, for the following major urban centres in each province: Vancouver, Calgary, Saskatoon, Winnipeg, Toronto, Montréal, Saint John, Halifax, Charlottetown and St. John's.

Auto insurance coverage includes \$2 million Third Party Liability, a \$500 All Perils Deductible, accident benefits and \$2 million Standard Policy Form #44 family protection coverage for those jurisdictions without no-fault injury coverage, and La Société de l'Assurance Automobile du Québec injury protection in Montréal. A 65-year-old male driver with one at-fault accident in the last year, but has been both accident- and conviction-free for 14 prior years; and the auto is driven for personal use including pleasure, commuting to and from work or school. Rates were provided by the Insurance Corporation of British Columbia for British Columbia, SGI Canada for Saskatchewan, and Manitoba Public Insurance for Manitoba. Rates for other cities are the average of the quotes from 10 private insurers providing coverage in those provinces. Discounts for second or multiple vehicles, where available, are not included in the auto insurance calculations. Rebates issued by MPI or other insurers are also excluded. Auto insurance for the 2010 Dodge Caravan, the 2005 Honda Civic and the 2003 Chevrolet Malibu are used in these examples, three of the more common vehicles driven in Manitoba.

Child-care costs are based on annual parent fees paid, less subsidies, for preschool aged children, typically over two years of age and under six years of age, for 260 days or 12 months per year. Manitoba and Quebec are the only provinces with regulated maximum parent fees. Fees for other provinces are those obtained from provincial offices, online and/or in a survey conducted in the first quarter of 2011.

Gasoline Tax is based on the annual consumption of 2,000 litres for the single-vehicle families and 3,000 litres for the two-vehicle families. The Gasoline Tax includes all provincial levies on gas, including carbon tax and sales tax where applicable. Sales tax is based on pump prices as of December 15, 2010.

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

Mortgage costs are based on average home prices for a detached bungalow for families with \$40,000 and \$60,000 of income, and for the graduate with \$50,000 of income, and on an executive detached two storey for a family with \$75,000 of income, from the "Royal LePage Third Quarter 2010 Survey of Canadian House Prices," with one-half of the home price being financed over 25 years at a one-year closed mortgage rate of 3.6%.

Net child benefits represent provincial programs comparable to the Canada Child Tax Benefit for families with children. Provincial child benefit measures are available in British Columbia (BC Family Bonus and the BC Earned Income Benefit), Alberta (Alberta Family Employment Tax Credit), Manitoba (Manitoba Child Benefit), Ontario (Ontario Child Care Supplement for Working Families and the Ontario Child Benefit), Quebec (Child Assistance Payments), New Brunswick (New Brunswick Child Tax Benefit and the New Brunswick Working Income Supplement), Nova Scotia (Nova Scotia Child Benefit), and Newfoundland and Labrador (Newfoundland and Labrador Child Benefit).

Property taxes for families with \$40,000 and \$60,000 of income are based on the estimated taxes for a sample detached bungalow from the City of Edmonton "2009 Residential Property Taxes and Utility Charges Survey" with the exception of Charlottetown whose property taxes have been based on the Saskatchewan 2011 Budget Paper "2011 Intercity Comparison of Taxes, Utilities and Housing." Property taxes for the detached bungalow have been proportionally adjusted for a family with \$75,000 of income to reflect the taxes paid for an executive detached two storey.

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

Provincial income tax is calculated for a single renter with \$30,000 earned income, a single parent with one preschool child who rents and has \$30,000 in earned income, and three family profiles with \$40,000, \$60,000 and \$75,000 of earned income, respectively. These incomes are before receipt of the Universal Child Care Benefit (UCCB) but the UCCB is used in the calculation of income tax. For the single parent, UCCB is treated as taxable income of the dependant child. Families include one income earner, a spouse and two preschool dependant children; two income earners and two preschool children; or two income earners and three preschool children. For two-earner families, one spouse earns 60% of the family income while the other spouse earns 40%. Personal non-refundable credits include the CPP/QPP and EI contribution credits. For the single parent, child-care costs less subsidies for each province have been deducted from income. For two-earner families, eligible child-care costs have been deducted from the income of the spouse with the lower income. Gross Quebec personal income tax has been reduced by the 16.5% abatement for federal income tax. Refundable sales tax credits and provincial tax reductions and rebates have been deducted from income tax payable. Property tax credits for renters are included in income tax, but property tax credits for homeowners are shown separately.

Rent is from Canada Mortgage and Housing Corporation's Rental Market Survey, October 2010, and is based on the average one-bedroom apartment rent for each urban centre.

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

Transit fares are based on adult monthly pass rates in effect in January 2011. The impact of the federal non-refundable public transit tax credit has reduced the cost of transit fees shown for the single individual and single parent with one child examples.

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

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

■ APPENDIX 4: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

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

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

Manitoba Finance's competitiveness model compares the tax structure and cost environment for representative smaller and larger manufacturing firms relative to several other North American cities.

The model simulates start-up, operating, financial and taxation costs over a period of 20 years. It incorporates future unconditional changes in taxes that have been announced by the federal, provincial, state or local governments. The representative firms' profiles have been updated using the most recent data available from Statistics Canada, local economic development boards and other public sources.

Payroll-related Levies

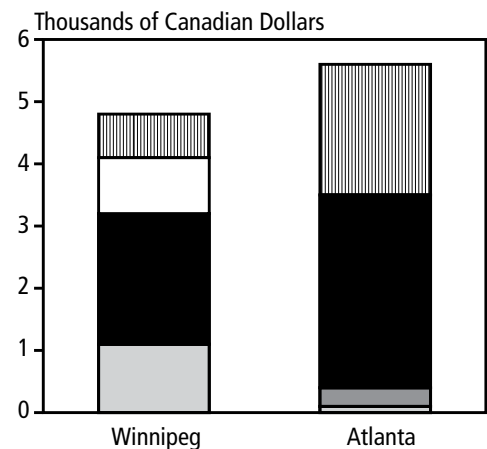
U.S. employers pay federal and state unemployment taxes, social security tax and medicare tax and are also required to provide workers' compensation coverage. Canadian employers do not pay provincial unemployment or federal medicare taxes, though some provinces have taxes on payroll. For example, at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

Interjurisdictional Competitiveness

The following indicators are used to assess cost and tax competitiveness for both a smaller and a larger manufacturing firm:

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

Payroll-Related Taxes and Levies per Employee Larger Manufacturing Firm Winnipeg and Atlanta



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

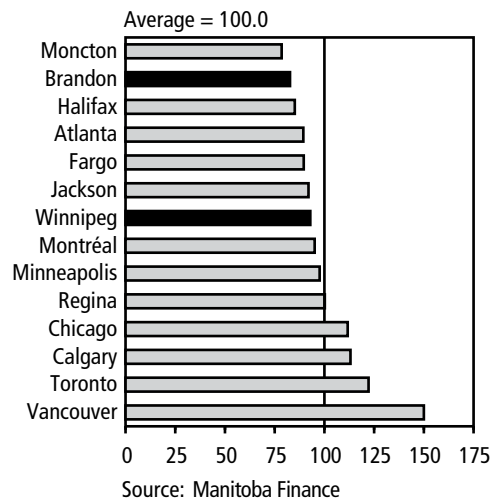
Source: Manitoba Finance

The model uses actual costs for each city and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location.¹ The results for each city are compared to the overall average of all cities (100.0) for each of the indicators and presented in the charts that follow.

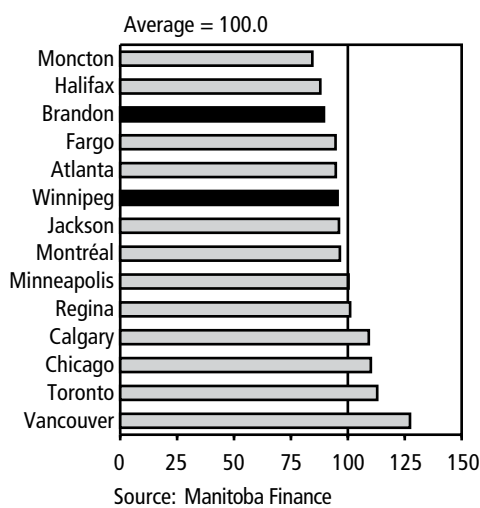
Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, and machinery and equipment) in Manitoba are among the lowest of all cities. Investment tax credits on capital asset purchases reduce the net cost of investment. Start-up costs in larger cities tend to be higher due to the cost of land and construction labour wages and salaries.

Net Cost of Investment Smaller Manufacturing Firm



Net Cost of Investment Larger Manufacturing Firm



Pre-Tax Net Income

Pre-tax net income compares Manitoba's business cost competitiveness to other jurisdictions. It is calculated by deducting production material costs and location-specific costs from fixed annual sales figures. Annual sales are uniform for all locations and are ramped up through the first four years of operation then fixed across the cities at \$4 million for the smaller firm and \$45 million for the larger firm for years five to twenty. Annual production material costs are equal to 46% of sales in a given year.

The following location-specific costs are also deducted from annual sales:

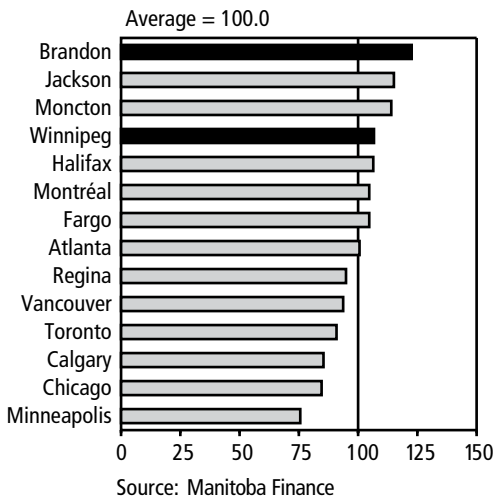
- average manufacturing wages
- local utility costs for electricity and basic business telephone lines
- interest charges on debt used to finance construction of the manufacturing plants

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

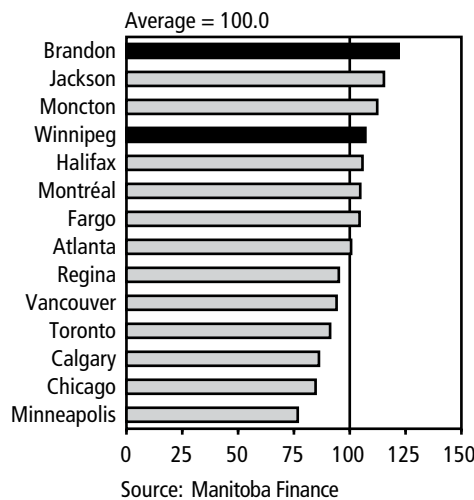
- depreciation of capital assets: buildings costs (which vary by city based on local construction wages) and machinery and equipment (which are assumed to be the same across all cities)
- employer paid health premiums.

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

Pre-Tax Net Income Smaller Manufacturing Firm



Pre-Tax Net Income Larger Manufacturing Firm



Effective Tax Rates

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

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

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

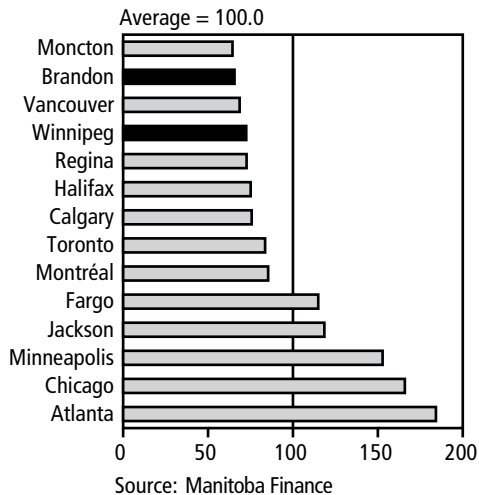
The following tax expenditures that benefit the manufacturing sector are also taken into account:

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

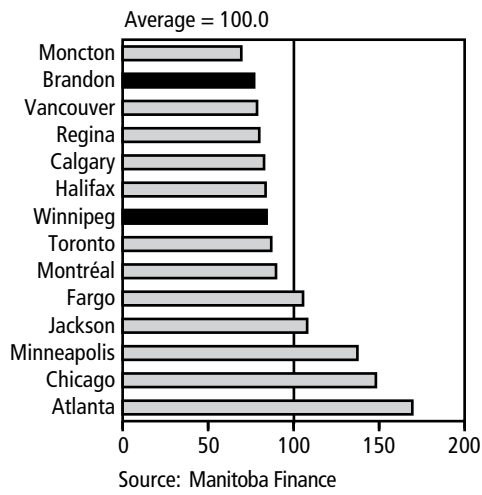
Not included are enterprise zones, grants, and other forms of governmental and third-party financial assistance programs that are subject to an approval process.

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

**Effective Tax Rates
Smaller Manufacturing Firm**



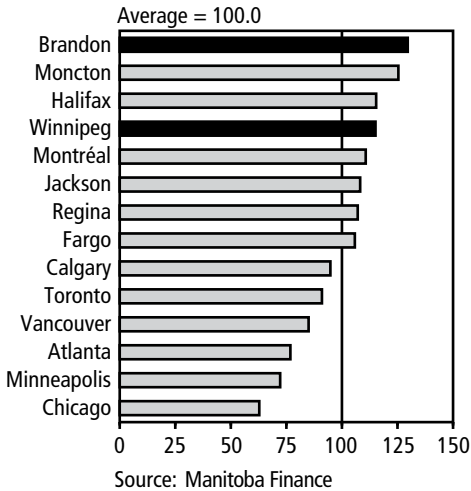
**Effective Tax Rates
Larger Manufacturing Firm**



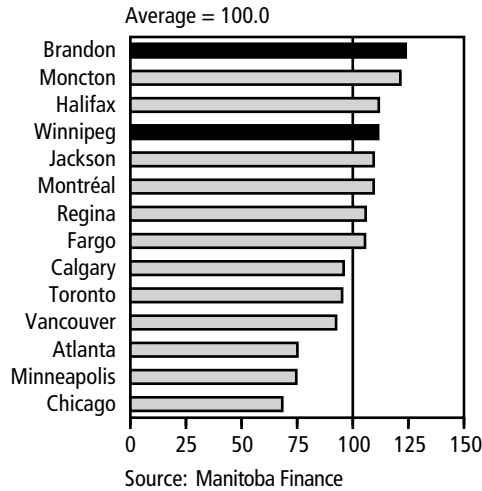
Overall Competitiveness

Overall competitiveness is compared by calculating internal rates of return, which are commonly used by business in making investment and location decisions. A higher internal rate of return indicates a city is more competitive than others. Internal rates of return for each city are calculated using start-up costs and cash flow over a 20-year period, specific to a smaller and a larger manufacturing firm, then discounted using applicable Canadian and U.S. commercial interest rates. The following charts illustrate the combined impact of taxes and costs on the internal rates of return for the representative smaller and larger manufacturing corporations in the selected jurisdictions.

**Internal Rates of Return
Smaller Manufacturing Firm**

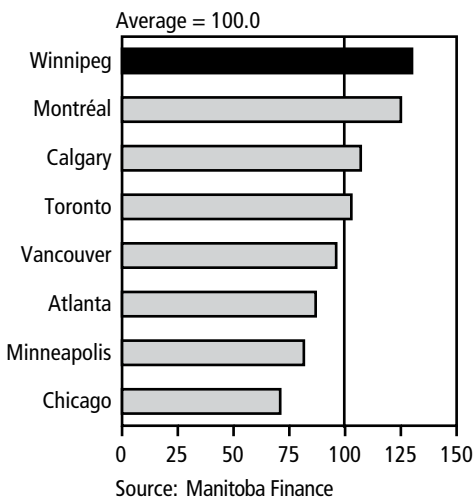


**Internal Rates of Return
Larger Manufacturing Firm**

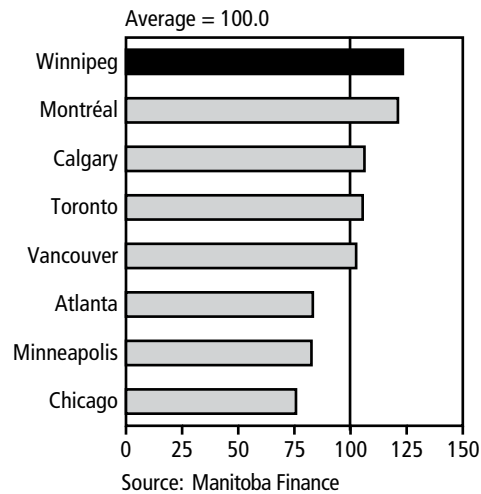


The internal rates of return for both Winnipeg and Brandon are above the overall average of the cities included in the study. Brandon has the highest internal rate of return and Winnipeg has the fourth-highest internal rate of return for both the smaller and larger manufacturing firms.

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



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



Among cities with populations over 500,000, Winnipeg has the highest internal rate of return for both smaller and larger manufacturing firms.

CONCLUSION

Manitoba continues to maintain a highly competitive overall business cost and tax environment for both smaller and larger firms engaged in manufacturing and processing.