



# *Manitoba* *moves* **forward**

*Manitoba's five-year economic plan*

***Steady Growth.***  
***Positive Results.***



# **Manitoba's Five-Year Economic Plan – Update 2011**

*The global economic downturn forced the Manitoba government to make a choice -- cuts to front-line services and job losses, or investments to create jobs and protect services.*

*Strategic investments secure the province's economic recovery. Manitoba's Five-Year Economic Plan protected services from reckless cuts, secured jobs and supported economic growth and recovery.*

*In just one year, this plan has already fostered recovery from the economic downturn and improvements in the economy.*

*The continued implementation of the plan will keep Manitoba moving forward and growing even stronger in 2011.*

*Manitoba's economic recovery is steady, and the five-year plan is delivering positive results.*

## **Manitoba's Five-Year Economic Plan:**

- 1. Invest in Vital Front-Line Services:** continue to improve health care, education, training, policing and supports for families.
- 2. Stimulate Economic Growth:** build and upgrade needed infrastructure to create jobs, and invest in innovation to secure a prosperous future.
- 3. Manage Government Spending:** responsibly limit spending to ensure Manitobans' priorities come first.
- 4. Restore Balance:** return to surplus by Budget 2014.
- 5. Maintain Affordability:** keep Manitoba as one of the most affordable places to live, work and raise a family.

# 1. Invest in Vital Front-Line Services

*Manitobans want front-line services – health care, supports for families and public safety – protected from severe cuts.*

***In Budget 2010 a number of strategic investments to further strengthen front-line services included:***

- continued supports for physician and nursing education, recruitment and retention programs
- increased operating funding for public schools, universities and colleges
- 650 new child-care spaces across the province
- construction of the Western Manitoba Cancer Centre in Brandon
- \$1.3 million in annual operating funding for the Winnipeg Police Service's new police helicopter
- resources for ten new police officers in the City of Winnipeg and nine new prosecutors

***Budget 2011  
continues to protect valuable  
front-line services by investing  
in the priorities of Manitobans,  
including:***

- further investments in long-term care, including funding for personal care homes and home care
- introducing quick care clinics and mobile primary health care units to improve access to care
- training more doctors and nurses
- increasing financial support to schools and developing a multi-year funding arrangement for universities
- funding 2,100 new child-care spaces, as well as an additional 400 enhanced nursery spaces to meet the needs of families
- providing funding for more police officers and prosecutors
- beginning construction at the new women's hospital and opening the expanded maternity ward at St. Boniface General Hospital
- building new or expanded EMS stations in Flin Flon, Pine Falls, Oakbank/Springfield, Lac du Bonnet, Stonewall and Vita



## **2. Stimulate Economic Growth**

*Budget 2010 invested in infrastructure, innovation and the green economy to both create jobs and position Manitoba for a successful future.*

***The province generated 11,500 jobs in 2010, the best growth in eight years. Targeted investments contributed to this success, including:***

- \$1.8 billion in infrastructure spending, including close to \$600 million for highway projects such as Highway 1 East and CentrePort Canada Way
- more than \$9 million in 25 science and health research projects through the Manitoba Research and Innovation Fund
- \$43 million to upgrade drinking water and wastewater treatment systems in rural and northern Manitoba

***Budget 2011 provides further investments to support job creation, innovation and environmentally focused projects, including:***

- adding hundreds of new apprenticeship seats this year to meet the commitment to add 4,000 new apprenticeship seats
- investing close to \$1.8 billion in infrastructure programs for a wide range of projects, including roads, parks, water infrastructure and housing
- introducing a new program to support business innovation
- developing a plan for beginning the third phase of construction at Assiniboine Community College's new campus in Brandon
- opening the new hydro-electric dam at Wuskwatim later this year
- increasing the Green Energy Equipment Tax Credit for geothermal heating

***infrastructure,  
innovation and the  
green economy***

# 3. Manage Government Spending

Manitoba's five-year plan calls for targeting new spending to front-line services and limiting core government spending growth.

**Budget 2010 allowed better management of the effects of the global economic downturn and focus on the priorities of Manitobans. In the first year of the five-year plan, the deficit is forecast to be lower than budgeted. In addition, the plan:**

- directed the majority of new spending to health, education and training, family services and justice
- reduced the pay of cabinet ministers and froze the wages of members of the legislative assembly (MLAs) and senior government staff

**In Budget 2011, government spending will continue to be managed responsibly, including:**

- negotiating zero per cent pay increases for the general civil service
- freezing overall discretionary salary and operating expenditures for existing services government-wide
- continued pay reductions for cabinet ministers and frozen wages for MLAs and senior government staff
- reducing red tape for the not-for-profit sector
- expanding the successful online service BizPal
- introducing new online services



**among the strongest economies in Canada**

## 4. Restore Balance

A decade of balanced budgets put Manitoba in a strong position to address the economic downturn. All Canadian governments, provincial and federal, went into deficit. While Manitoba was in a better position than other governments across the country, the province still faced a budget shortfall.

Manitoba's Five-Year Economic Plan was developed to address this shortfall. Targeted strategies were introduced to restore balance over five years and return to surplus in Budget 2014, eliminating the need for deep cuts to public services, tax increases and the cancellation of stimulus investments.

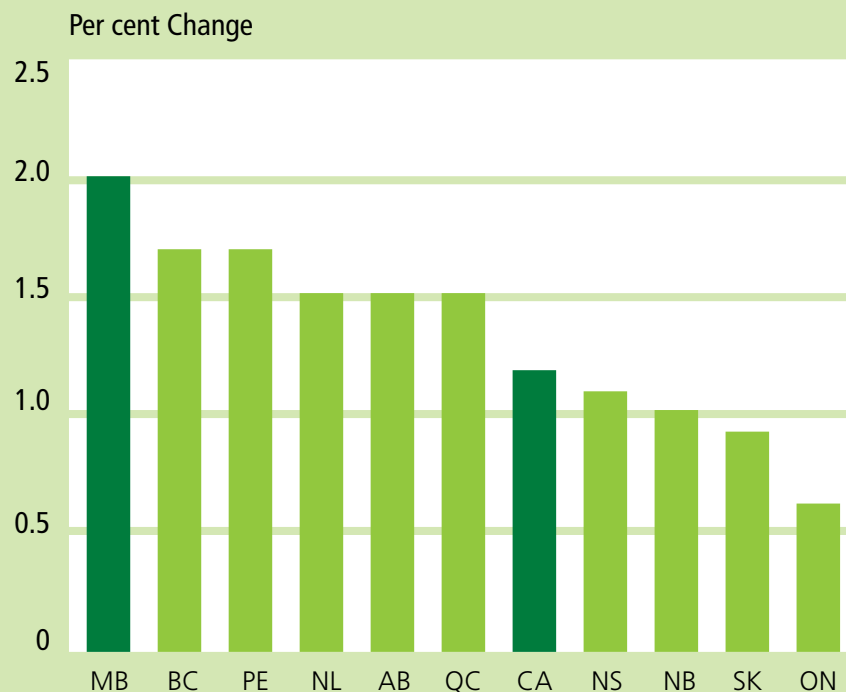
The Plan dedicates \$600 million from the Rainy Day Fund (Fiscal Stabilization Account) to pay down principal and interest on the core government debt incurred as a result of the economic downturn.

In Budget 2011, Manitoba continues to maintain the responsible fiscal approach that has earned six credit rating improvements in the last decade.

### Net Debt-to-GDP Ratio

This year, the province's net debt is expected to be 26.2 per cent of GDP, down from a high of 32.9 per cent in 1999. Manitoba's debt servicing costs are anticipated to be six cents of every dollar raised, less than half of the cost in 1999.

## Real GDP, Average Annual Growth, 2005 to 2010f



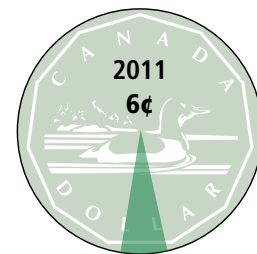
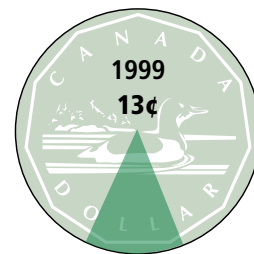
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Sources: Statistics Canada  
Manitoba Finance, survey of economic forecasters

# Budget 2011 includes measures to keep Manitoba on track and maintain fiscal stability.

## Debt Servicing Costs

Reduced by half since 1999



## Manitoba's Five-Year Economic Plan

	Year 1	Year 2	Year 3	Year 4	Year 5
	2010/11	2011/12	2012/13	2013/14	2014/15
	Forecast	Budget	Projection	Projection	Projection
(Millions of Dollars)					
<b>REVENUE</b>					
Core Government <sup>1</sup>	10,496	10,799	11,096	11,563	12,151
Other Reporting Entities*	2,634	2,622	2,620	2,696	2,740
<b>TOTAL REVENUE</b>	<u>13,130</u>	<u>13,421</u>	<u>13,716</u>	<u>14,259</u>	<u>14,891</u>
<b>EXPENDITURE</b>					
Core Government Programs and Services <sup>1</sup>	11,030	11,378	11,581	11,849	12,106
Other Reporting Entities*	2,637	2,626	2,625	2,701	2,745
<b>TOTAL EXPENDITURE</b>	<u>13,667</u>	<u>14,004</u>	<u>14,206</u>	<u>14,550</u>	<u>14,851</u>
In-Year Adjustments/Lapse**	(70)	(145)	(145)	(145)	(145)
<b>SUMMARY NET INCOME (LOSS)</b>	<u>(467)</u>	<u>(438)</u>	<u>(345)</u>	<u>(146)</u>	<u>185</u>
<b>Budget 2010 Plan</b>					
Summary Net Income (Loss)	(545)	(448)	(345)	(146)	185
<b>Improvement from Budget 2010</b>	78	10	-	-	-

1 includes 2011 Spring Flood Contingency of \$30 million in expenditures offset by \$27 million in revenue

\* includes consolidation adjustments

\*\* In-Year Adjustments/Lapse could be an increase in revenue and/or decrease in expenditures

More detailed information about the province's financial picture can be found at [www.manitoba.ca/finance](http://www.manitoba.ca/finance).

# 5. Maintain Affordability

*Manitoba remains one of the top places in the world to build your future. The province has a high standard of living for a comparatively low cost. Manitoba's Five-Year Economic Plan ensures this affordability advantage remains by maintaining competitive tax rates, supporting rural and urban communities and improving housing, safety and education.*

## **Budget 2010:**

- made Manitoba the first province in Canada to eliminate the small business tax
- eliminated the general corporation capital tax
- updated Tuition Fee Income Tax Rebate to provide students with immediate income tax relief
- implemented Let's Make a Better Deal, a new consumer protection strategy
- introduced partly refundable tax credits for in-house research and development by companies in Manitoba

## **Budget 2011 will continue to make affordability a priority. This year, the Manitoba government will be:**

- increasing the basic personal amount, the spousal amount and the eligible dependent amount by \$1000 over four years
- increasing the Education Property Tax Credit from \$650 to \$700
- increasing the Farmland School Tax Rebate from 75 per cent to 80 per cent
- increasing the maximum Education Property Tax Credit for seniors from \$800 to \$950
- eliminating fees for foldable lenses used in cataract surgery
- introducing a new tax credit to help families with the cost of arts and cultural activities for children
- introducing the Neighbourhoods Alive! Tax Credit to create jobs for people facing barriers to employment
- ensuring more predictable funding and greater future revenue growth in grants for municipalities
- sustaining funding to the cultural community

## **Conclusion**

Manitoba's Five-Year Economic Plan has mapped out a steady path to support front-line services, invest in the economy, manage spending, restore balance and maintain affordability.

Manitoba has already seen success in the implementation of the five-year plan. Budget 2011 continues to stay the course to meet economic challenges, and will support the future that Manitobans want.