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# **The 2014 Manitoba Budget Address**

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Honourable Jennifer Howard  
Minister of Finance  
March 6, 2014

**Available in alternate  
formats upon request.**

**Manitoba** 

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# THE 2014 MANITOBA BUDGET ADDRESS

## CONTENTS

<b>INTRODUCTION .....</b>	<b>1</b>
<b>CREATING JOBS AND OPPORTUNITIES FOR YOUNG PEOPLE .....</b>	<b>2</b>
<b>GROWING OUR WORKFORCE.....</b>	<b>4</b>
<b>BUILDING A STRONGER MANITOBA .....</b>	<b>6</b>
<b>INVESTING IN FRONT-LINE SERVICES .....</b>	<b>9</b>
<b>MAKING LIFE BETTER FOR MANITOBA FAMILIES .....</b>	<b>11</b>
<b>A BALANCED AND INNOVATIVE APPROACH TO GOVERNMENT .....</b>	<b>12</b>
<b>CONCLUSION .....</b>	<b>13</b>





## Introduction

Mr. Speaker, as I look around this chamber today, I see so many people who, like me, are proud to make Manitoba home.

I was born here and I choose to make my life here. Manitoba has

given me tremendous opportunities – to get an education, to do interesting work that makes a difference, to start a family and build a future.

As I have travelled this province asking Manitobans about their priorities for this budget I have heard many similar stories.

Some have lived here their whole lives, taking advantage of all that Manitoba has to offer.

Others have gone away to study or explore other parts of the world, and then made the choice to come home.

Immigrants from around the world continue to embrace Manitoba as a place to work, start new businesses and create opportunities for their children.

All of us choose Manitoba because we share common values:

- We pull together when our neighbors need help, as we have so many times during floods, forest fires and other disasters.
- We look after each other – we are the province that pioneered Home Care forty years ago.
- We value hard work and entrepreneurship – our economy is one of the strongest and fastest growing in Canada.
- We know how to have a good time – we enjoy our parks and festivals, and we love to cheer on our home team whether at the local rink, the MTS Centre, or watching our Manitoba athletes at the Olympics and Paralympics.
- And we love a good deal – we expect government to invest wisely and achieve the best value for our dollars, just as we do in our own lives.

This is why we choose Manitoba.

And, when we listen to Manitobans, they tell us they want their children to find great opportunities here, so that they too will choose Manitoba.

We want our kids to get a good education, to find a good job, and to afford their own home.

But these are uncertain times in our world.

The countries that buy what we grow and make are experiencing uneven recoveries.

The global recession has been more persistent and deeper than anybody expected.

Manitoba's economy has done better than most, based on the hard work of our people and the resilience of our businesses.

But we cannot take our economic strength for granted.

In the midst of this uncertainty, Budget 2014 takes a balanced approach, focusing on creating good jobs, growing our economy, and building new opportunities for young people.

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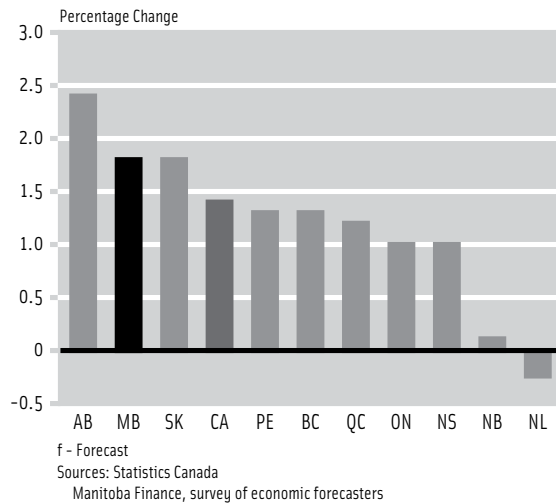
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This would not be possible if we listened to those calling for reckless cuts and slamming the brakes on infrastructure renewal.

That was the approach taken in the 1990s, when the economy last faced challenges like we face today. It did not work then, and it would not work now.

We are seeing today that where other countries have followed that harsh austerity path, their recessions have

## Real GDP, Average Annual Growth, 2008 to 2013f



worsened, leaving more people behind and setting back the global recovery.

We choose a different path.

We choose a path that will create more opportunities for our young people to build their futures here – from better schools with smaller classes, to more apprenticeships and training for lifelong careers.

We choose a path that will build infrastructure to grow our economy – creating good jobs now, and putting Manitoba on a stronger and more competitive footing for the future.

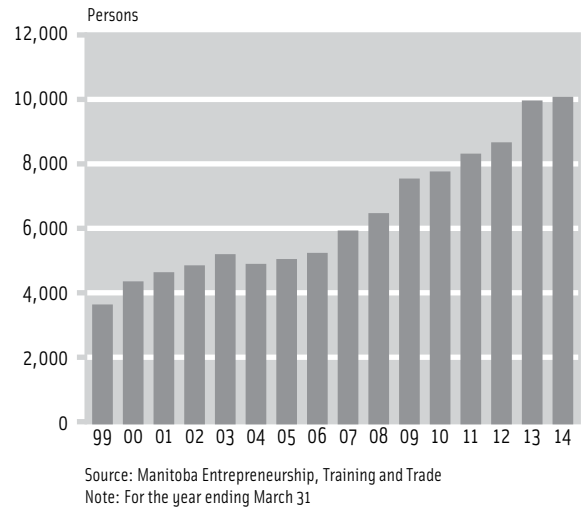
And we choose a path that will make Manitoba an even better place to live – investing in front-line services that Manitoba families count on.

Our plan focuses on these priorities because they are the priorities of Manitobans.

### Creating Jobs and Opportunities for Young People

Parents know that nothing opens more doors than a good education. And businesses tell us that their future growth depends on training more skilled workers.

## Number of Active Registered Apprentices



Last year's Skills Summit, hosted by the Premier's Economic Advisory Council, brought together business, labour and education leaders – they provided a roadmap to meet our goal of expanding Manitoba's workforce by 75,000.

Many of today's most in-demand jobs are high-paying skilled trades.

Since 1999, we have more than doubled the number of apprenticeship training seats, and now we have reached a major milestone. Mr. Speaker, today there are 10,000 registered apprentices in Manitoba – the most in our history.

But people still tell us that finding an employer to hire them as an apprentice can be a barrier.

Mr. Speaker, Budget 2014 tackles this problem by providing an improved tax credit of \$5,000 to encourage employers to take on even more apprentices.

Budget 2014 also:

- creates a new bonus for employers who take on apprentices for the first time;
- offers a \$1,000 bursary to assist apprentices completing their final year; and

- expands successful partnerships with the Northern Sector Council and employers to create more on-the-job training.

I recently visited Mr. Brian Gebhardt's second year bricklayers' apprenticeship class at Red River College. One student told me how he had worked for years as a general labourer before realizing he could build a better life for his family by training as an apprentice. He wishes he had known about this option earlier, and he wondered why the skilled trades had not been promoted more to people like him.

That day I also met Nina Widmer. Nina is the first female bricklayer apprentice ever in her program at Red River College. With International Women's Day around the corner, I could not be more proud of women like Nina who are breaking down barriers and laying the groundwork for women to pursue whatever career they choose.

We know from people like Brian and Nina – who I am pleased to welcome here today – that our schools need to do more to prepare students for careers.

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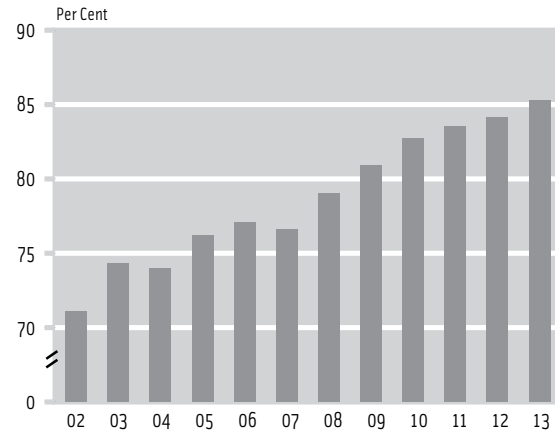
*We all want our kids to leave high school with a good idea of where they want to go and how to get there.*

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We all want our kids to leave high school with a good idea of where they want to go and how to get there. In the year ahead, we will:

- work with high schools to make sure students understand all of their career options, and what they need to do to pursue them – including matching employers with students so that they can get valuable first-hand experience;
- expand opportunities for students to get a head start by earning university or college credits while still in high school; and

### Manitoba High School Graduation Rate



Source: Manitoba Education and Advanced Learning

- create more opportunities for students to complete an entire first year of apprenticeship while they are still in high school.

Whether someone wants to become a carpenter, a teacher, an engineer or a nurse, it all starts with good schools.

Under the previous government, funding cuts to schools led to hundreds of teachers being laid off.

That is not our approach.

This year we are investing a record \$1.2 billion into our classrooms, and 50 more teachers will be hired to reduce class sizes and give students the one-on-one attention they need to succeed.

We are getting back to basics with revised Math and Language Arts curricula, and this Budget invests an additional \$1 million to make sure students have the fundamental reading, writing and math skills they need to succeed.

These investments are paying off.

A decade ago three out of every ten high school students in Manitoba did not graduate. Today our graduation rate has improved to over 85%. Mr. Speaker, this means over 2,000 more students graduating from our schools today.

More work is needed to continue this improvement and to make sure it happens in all our schools.

Schools on reserve continue to be funded at levels below off-reserve schools and graduation rates lag far behind. The Premier's Advisory Council on Education, Poverty and Citizenship has stressed the importance of community-driven models to strengthen Aboriginal education.

This year the Premier will lead a delegation of Aboriginal, business, and post-secondary leaders to meet with First Nations students to find out what is working and how we can work together to build more bridges to higher learning and good jobs.

Aboriginal youth are the fastest growing part of our population. We want and we need these students to succeed. The success of our economy depends on tackling this historic inequality.

Summer jobs are an important way for students to get real world experience. Budget 2014 will invest in:

- more Green Teams – over 1,400 jobs for young people this summer;
- new summer skilled trades camps will help students have fun while learning hands-on about a future career; and
- Youth Cooperative Services, an innovative program that helps young people set up co-op businesses.

Strong and vibrant universities and colleges help make Manitoba an attractive place for young people. Our government has helped rebuild every post-secondary campus in this province, with signature buildings and renowned facilities.

At a time when most provinces have been cutting funding for post-secondary education, Budget 2014 will build on these investments by increasing operating grants by 2.5% to universities and 2% to colleges.

We believe in an education system with no wrong doors and no dead ends. It should be easier for students to get credit when they transfer between programs and institutions. This session, new legislation will merge the Council on Post-Secondary Education into the department of Education and Advanced Learning. This will smooth the paths between programs and between institutions,

and help institutions respond more quickly to labour market needs.

Universities and colleges, in partnership with entrepreneurs, play a key role in driving the innovation needed for a dynamic and growing economy. Our new innovation strategy will create the jobs of tomorrow right here in Manitoba, by focusing on new investment and commercialization.

We want to encourage new businesses to develop innovative ideas, and we want to work with existing businesses, who are thriving, but can grow stronger and create more good jobs.

Starting with Budget 2014, we will:

- establish Research Manitoba to target funding to strategic priorities under the guidance of researchers and entrepreneurs;
- bring together post-secondary partners to coordinate efforts on intellectual property to make it easier for Manitoba entrepreneurs to turn innovative ideas into businesses and jobs;
- improve access to venture capital for Manitoba businesses by enhancing the Small Business Venture Capital Tax Credit; and
- establish new Young Entrepreneurs Technology Grants to help young Manitobans with innovative business ideas pursue their dreams at home.

### **Growing our Workforce**

Growing an economy with one of Canada's lowest unemployment rates requires dedicated focus on growing the workforce.

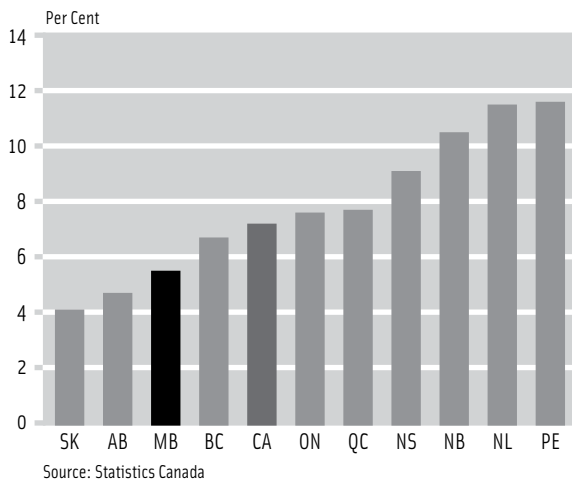
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*Keeping more of our young people in Manitoba, helping Aboriginal youth succeed, and increasing our immigration levels all support more people entering the job market.*

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### Unemployment Rate, 2013



We have heard from businesses that finding skilled workers is the biggest obstacle to growth.

Keeping more of our young people in Manitoba, helping Aboriginal youth succeed, and increasing our immigration levels all support more people entering the job market.

There are others who face barriers to work who have been confined to the margins for too long.

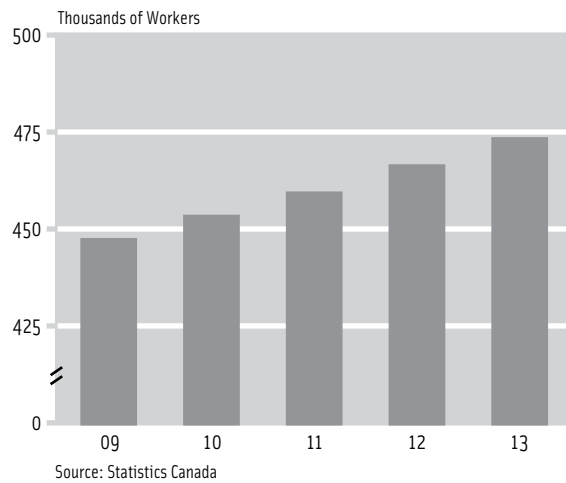
Our economy cannot afford to leave anybody on the sidelines. Helping people go back to work – or get that first job – will transform their lives and grow our workforce.

Last Friday, I met with inspiring adult students at the Aboriginal Centre of Winnipeg. I talked with moms and dads who – for lots of reasons – did not make it through high school. Some are working at low-wage jobs. Some are on assistance. They are all working hard to make a better life for themselves and their families.

I asked them how we could make it easier for other people to do what they are doing. They talked to me about breaking down the barriers between welfare and work, having a safe and affordable place to live, and knowing where to get good information on training and employment.

This Budget launches Manitoba Works! – a new program with community agencies to provide essential skills

### Private Sector Employment



training and work experience to people who face many barriers to a good job.

Mr. Speaker, nobody should be worse off when they leave welfare for work. Budget 2014 introduces a new Manitoba Rent Assist benefit – which will significantly increase housing support for people on social assistance and will move with them as they move into the workforce.

Once fully implemented, rent support for those on social assistance will rise to 75% of median market rent.

Reducing poverty and helping people move from welfare to work is not just the right thing to do, Mr. Speaker, it is what our economy needs to grow.

Increasing rent support is only part of the solution. Manitobans need more affordable places to call home. This year we will expand our successful partnership with the City of Winnipeg, building more downtown rental housing, and extend that approach to Brandon. Work will also continue with the Manitoba Métis Federation to develop more affordable housing.

Budget 2014 will finish our current plan to develop 1,500 more affordable housing units and support 1,500 more social housing units. And this year, work will begin on an additional 1,000 social and affordable housing units over the next three years.

Raising the minimum wage bolsters our efforts to grow the labour market. Since 1999, our government has raised the minimum wage every single year, helping low-income earners and their families. The minimum wage will increase again in 2014.

Knowing your child is being well cared for is essential for a parent returning to work. Since 1999, our government has opened almost 150 new child-care centres. When I visited new centres in St. Vital and St. James, I met parents who had the comfort of knowing their children have exceptional places to learn and grow during the workday.

Mr. Speaker, Budget 2014 adds more than \$5.5 million for new child-care spaces and better funding for centres. In the coming weeks, we will launch a new multi-year plan that will build and expand more child-care centres, create thousands of new spaces and provide higher wages and additional training for more child-care professionals.

We have heard from parents and early childhood educators, as well as teachers and school administrators, that creating stronger links between our child-care centres and our schools would help make life easier for working families. We are committed to strengthening these connections.

Mr. Speaker, making sure everyone can share in the prosperity of our province means believing in the potential of each person. This year we will leverage existing partnerships with the community and with employers to establish a first-in-Manitoba post-secondary program for persons with intellectual disabilities at Red River College. This will help increase our workforce and build on our historic new Accessibility for Manitobans Act.

Manitoba social enterprises, such as BUILD and ImagineAbility, have a proven track record of helping people – who may have never held a job – enter the workforce. This year we will work with social enterprises to create a comprehensive strategy to grow the sector and create more first jobs. We will also support community enterprises with an enhanced tax credit.

## Building a Stronger Manitoba

A young Manitoban entering the skilled trades today is not only pursuing a rewarding career, but also playing an important part in building our province.

And building our province is vitally important today. The global economic recovery has been slower than anyone expected, and remains fragile.

If we do not act now to address outstanding infrastructure needs, our future as a strong and competitive economy will be threatened.

By investing in infrastructure now, we will create good jobs, help young people start their careers here, and put our economy on the right course.

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Mr. Speaker, Budget 2014 launches a historic \$5.5 billion plan to build and renew our province's infrastructure.

Last year, the PST was raised by one cent on the dollar.

Our new plan invests significantly more than the revenue raised by the new point of PST into core infrastructure, over and above our previous investment level.

This decision is allowing us to strengthen our main trade routes and highways, build better flood protection, and improve the municipal infrastructure needed for a growing province.

The federal government has also recognized the importance of infrastructure renewal in launching the new Building Canada Plan, providing an opportunity for all levels of government to work together on our shared priorities.

***Five-Year Infrastructure Plan by the Numbers***

The Conference Board of Canada has projected the benefits of Manitoba's new \$5.5 billion core infrastructure plan:

- Boost to the Economy – \$6.3 billion
- Jobs Created – 58,900
- Boost to Exports – \$5.4 billion
- New Housing Starts – 2,100
- Boost to Retail Sales – \$1.4 billion

*By investing in infrastructure now, we will create good jobs, help young people start their careers here, and put our economy on the right course.*

At roundtable meetings throughout the province – from Thompson to Dauphin to Brandon – we heard from Manitobans about their priorities for infrastructure investments.

They told us that investing in core infrastructure will create jobs, expand trade and make our economy more competitive.

They told us that we need a multi-year plan to give industry time to mobilize and the flexibility to carry forward funds.

And they told us to clearly report where infrastructure dollars are being spent.

Mr. Speaker, we are listening and we are acting on this advice.

The Conference Board of Canada expects that our plan will create almost 60,000 jobs and give the economy a \$6.3 billion boost.

Our location at the heart of North America is as strategic today as it was a century ago.

Improving our highway system is key to our long-term prosperity and will help get goods to market more efficiently and reliably, attract investment, and bring more visitors to Manitoba.

Major investments will better connect our communities and strengthen our major trade corridors, including Highways 10 and 75 to the U.S., the Trans-Canada east and west, Highway 6 to Manitoba's North, the Southwest Perimeter and a new Headingley by-pass.

Mr. Speaker, Budget 2014 also moves ahead with:

- new paving on Highway 12, better connecting families in St. Anne and Steinbach to the Trans-Canada, and reconstruction of the Seine River Diversion bridge; and
- plans for a new interchange on the North Perimeter at Highway 59, improving safety, easing congestion and adding a pedestrian overpass at one of Manitoba's busiest intersections.

Many of our investments support the further development of our inland port. CentrePort Canada offers access to air, road and rail transportation, and industrial land. Already, more than 30 businesses have established or are developing new operations there.

Manitoba is investing in extending wastewater services to CentrePort, and we will work with the federal government and municipal partners to prioritize construction of a new water treatment plant for Headingley, CentrePort and surrounding communities. This year, we will implement new planning tools to streamline industrial development approvals in CentrePort. And we look forward to working with CentrePort on the development of a common-use rail facility.

*Flood protection is a smart investment.*

*The Floodway cost \$63 million to build and another \$665 million to expand, but has already prevented over \$30 billion in damages.*

Recently, Mr. Curwin Friesen told me about how disruptive the flooding of Highway 75 had been to his Altona printing business. Our plan to upgrade Highway 75 to interstate flood standards means he will be able to get his goods to southern customers without recurring disruption.

Fifty years ago Premier Duff Roblin made a visionary but controversial decision to build the Floodway to protect homes from flooding on the Red River.

The Floodway cost \$63 million to build and another \$665 million to expand, but has already prevented over \$30 billion in damages.

Flood protection is a smart investment.

Our challenge today is to apply the lessons of the Floodway to the new reality of more frequent and widespread flooding.

Our five-year plan invests in:

- building a new outlet and a permanent channel to ease pressure along Lake Manitoba and Lake St. Martin;
- rehabilitating and improving the Portage Diversion channel and upgrading control structures; and
- protecting more communities from flooding with permanent dikes.

We know that municipal governments cannot address infrastructure challenges alone – all levels of government need to come to the table. Manitobans expect nothing less.

Growing communities depend on strong, local infrastructure like good roads and clean water.

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*Our five-year plan will invest \$250 million, partnering with the City of Winnipeg, to renew and upgrade Winnipeg roads.*

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Our five-year plan will invest \$250 million, partnering with the City of Winnipeg, to renew and upgrade Winnipeg roads. Major routes, such as Pembina Highway, Route 90,

roads around Polo Park and Lagimodiere Boulevard, will be significantly upgraded along with many residential streets across the city.

The province remains committed to partnering with other levels of government toward the building of the second phase of the rapid transit corridor.

In Brandon, we will partner to advance work on the reconstruction of the Daly overpass and improving Victoria Avenue.

Over the next five years, we will invest over \$75 million in municipal roads and bridges to ensure the province's many communities can continue to grow.

Clean water is a basic necessity. With growing populations and expanding businesses, many of Manitoba's municipalities must modernize and expand their wastewater treatment facilities. Over the next five years, the Manitoba government will work with municipalities and the federal government to upgrade or replace wastewater treatment facilities in communities like Portage la Prairie, Thompson, Selkirk and Virden.

These investments in core infrastructure are essential to our future prosperity.

So too are investments in developing our abundant hydro resources.

Generations ago, Manitobans recognized the immense potential that hydro-electricity had to offer.

Decades later we still enjoy the benefits of clean, renewable and affordable hydro.

However, our growing economy and population mean we will run out of home-grown power in about a decade.

It takes years to plan and build new dams. We need to build now to make sure the power will be there when new families and new businesses need it.

There are those who argue that we should squander our natural hydro advantage and turn instead to fossil fuels.

Such an approach would create jobs in other provinces instead of Manitoba. And it would leave our ratepayers at the mercy of a volatile natural gas market.

Developing hydro will create jobs here at home, and that is what we will do.

Mr. Speaker, just last week Manitoba Hydro announced a major new power sale to Wisconsin, bringing our total signed export contracts since 2010 to more than \$9 billion.

With new generating capacity and with these export sales, we will meet the electricity needs of our growing economy and keep our rates affordable into the future.

Churchill is Manitoba's arctic gateway. Legislation before this House will establish a new agency to drive investment, jobs and growth for the entire Hudson Bay region.

Manitoba continues to be among the most attractive jurisdictions for mineral exploration and Budget 2014 enhances incentives for work in this sector. We will continue to work with the Mining Advisory Council, bringing together industry and First Nations to advance plans for training, jobs and business development.

Budget 2014 renews the First Peoples Economic Growth Fund, an important partnership with the Assembly of Manitoba Chiefs. Investments from the Fund have created almost five hundred jobs and leveraged more than \$55 million in investment so far.

This year we celebrate the international year for family farming. New initiatives will be put in place to promote Manitoba producers and Manitoba-grown food.

Budget 2014 doubles funding for Partner 4 Growth, a successful collaboration with the Association of Manitoba Municipalities supporting community-led economic development in rural Manitoba.

Building on the momentum generated by the creation of Cereals Canada and their selection of Winnipeg for their headquarters, Manitoba will work with the grain sector to develop a globally recognized Grain Innovation Hub. This will focus on cutting-edge research and development,

commercialization and job creation to grow Manitoba and Canada's grain industry.

And as our pork industry deals with new disease threats, we will continue to work with the Manitoba Pork Council and affected farms on rapid detection and biosecurity. In the coming session, new legislation will help us respond more quickly when disease emerges.

Budget 2014 creates green jobs by more than doubling our investment in biomass production.

This year we will invest additional resources in provincial park improvements and put in place new supports to help protect Lake Winnipeg. And new Bills will be introduced to reduce exposure to synthetic chemical lawn pesticides, and to further protect our boreal and carbon-rich peat lands, providing significant climate change benefits.

Protecting Manitoba's great outdoors and building on the many opportunities it offers will help make Manitoba an even more attractive place for families.

### Investing In Front-line Services

The last time Manitoba faced a recession, medical school spaces were cut, nurses were fired and wait lists grew.

The government of the day tried to privatize home care, introduced user fees and let some people buy their way to the front of the line for surgery, a move that broke the law and cost Manitoba taxpayers over \$2 million in fines under the Canada Health Act.

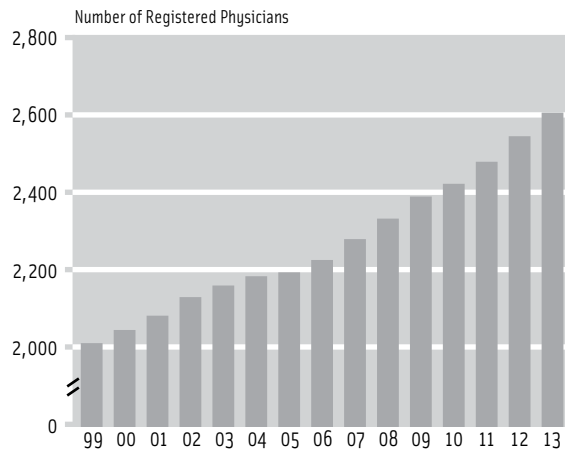
Despite the fact that it did not work then, there are still those saying that American-style health care is a system we need.

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*Our government rejects renewed calls for two-tier health care. We will protect universal public health care for Manitoba families to make sure it is there when they need it.*

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## Doctors Practising in Manitoba



Source: The College of Physicians and Surgeons of Manitoba (CPSM)

Mr. Speaker, our government rejects these renewed calls for two-tier health care. We will protect universal public health care for Manitoba families to make sure it is there when they need it.

Our record is clear – we have:

- trained and hired more health care professionals – there are now 3500 more nurses and 500 more doctors in Manitoba than there were in 1999;
- upgraded over 100 health care facilities;
- reduced wait times to give patients access to faster care, while bringing more health services into rural communities; and
- reduced the number of Regional Health Authorities and reinvested savings to provide free cancer drugs.

Budget 2014 will improve health care for Manitobans by:

- making it easier to get a family doctor, by hiring more doctors and nurse practitioners, and opening new clinics like the new ACCESS Centre at Grace Hospital, and new Quick Care clinics in St. Vital and Seven Oaks;
- building across rural Manitoba, including new clinics in Swan River and Steinbach, a redeveloped ER and new MRI in Dauphin, a new ambulance station in Iles Des Chenes, new CancerCare hubs in the north and a new mobile clinic to visit smaller communities in the south;

- providing seniors better care options with Personal Care Homes in Winnipeg, Morden and Lac du Bonnet, and improvements to Home Care;
- launching a new post-secondary Advanced Care Paramedic program; and
- dedicating ongoing funding for sprinkler and fire safety upgrades in health care facilities, based on advice from firefighters and others on the new Fire Safety Task Force.

Manitobans deserve to feel safe at home and in their neighborhoods. The City of Winnipeg's cadet program has been a tremendous success, and Budget 2014 includes resources to assist the City of Thompson to establish their own community safety officer program.

This year, we will also place a renewed emphasis on quicker response within the justice system to help ensure that victims are protected and offenders face appropriate consequences.

Mr. Speaker, the murder of Phoenix Sinclair was horrific and has affected everyone who has heard the story of her short and brutal life.

Over the last number of years, we have put the child protection system on a path of supporting families before they are in crisis and making the protection of vulnerable children the highest priority.

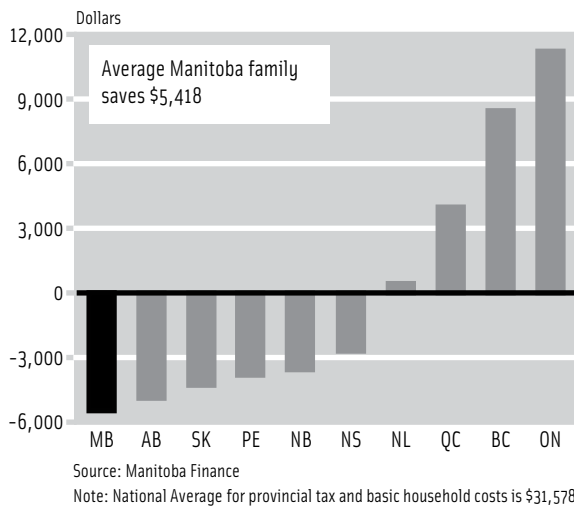
Today more social workers with more training and better tools are working to protect at-risk children.

Commissioner Ted Hughes recently made recommendations to keep advancing early prevention efforts, including addressing the root causes of poverty and family breakdown. With major new investments in rent support, child care and affordable housing, Budget 2014 acts on these fundamentals.

## Making Life Better for Manitoba Families

Mr. Speaker, more and more people are choosing to make Manitoba their home because of our affordable quality of life.

## Savings on Tax and Basic Household Costs



Manitoba is the most affordable place for families to live in Canada. When taxes and basic household costs are added together, an average Manitoba family saves over \$5,400 compared to the national average.

In 2014, Manitoba families will once again enjoy the lowest rates in Canada on their electricity, home heating and auto insurance bills – a guarantee protected in law and made possible by public ownership.

Every Manitoban knows about the hazards of winter driving – especially this year. Mr. Speaker, Manitoba Public Insurance will soon offer a new low-cost loan program to make it easier for families to purchase snow tires.

For most families, a home is the biggest purchase they will ever make. New legislation will protect consumers when they undertake home repairs and when they are buying or selling a home.

New consumer protection rules will also protect families from misleading cable, internet and cell phone promotions.

In Churchill, I met a woman who, like many Manitobans, volunteers her time to help her neighbours. She helps run the local food bank. And she told me of the struggles that Northern families face. When one orange might cost almost two dollars and 4 litres of milk may cost more than

ten dollars, feeding your children nutritious meals can mean impossible choices.

Through the Northern Healthy Foods Initiative, we are supporting communities to produce healthy foods locally. This year, we will help make healthy foods, including milk, more affordable in Manitoba's most remote communities.

Our government has always looked for common sense ways to make life easier for families – starting the school year after Labour Day and matching up in-service dates across school divisions. This year we will launch a conversation with families on other ways to help them achieve a better work-life balance.

Tax reductions made by this government since 1999 will save Manitoba families and businesses more than a billion dollars in 2014. The average Manitoba family will save \$3,800 this year.

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*All senior homeowners will be able to apply for a school tax rebate of up to \$235 this year, building on up to \$1,100 in education property tax credits already in place. This move will take an additional 7,200 seniors off the school tax rolls.*

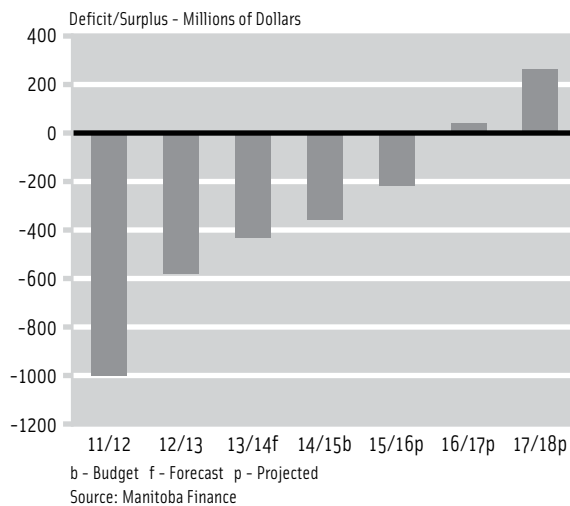
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Budget 2014 will mark the first year of our plan to eliminate school taxes for seniors by 2016. All senior homeowners will be able to apply for a school tax rebate of up to \$235 this year, building on up to \$1,100 in education property tax credits already in place. Mr. Speaker, this move will take an additional 7,200 seniors off the school tax rolls.

We will do this fairly, ensuring that those who own luxury homes do not get a disproportionate advantage.

As of 2014, our Basic Income Tax exemption is increasing by another \$250. In the last four years this exemption has been increased by \$1,000 benefiting every taxpayer and taking 22,000 low-income Manitobans off the tax rolls.

## Return to Balance



Since 1999, we have gone from having the highest tax on small business to being the only province in Canada with no income tax on small business. Mr. Speaker, 12,000 Manitoba businesses now pay no corporate income tax.

We believe that everyone who has earned a pension, deserves to retire with dignity. We remain committed to a modest, phased-in and fully funded expansion of the Canada Pension Plan, and will continue to work with other provinces toward this goal.

## A Balanced and Innovative Approach to Government

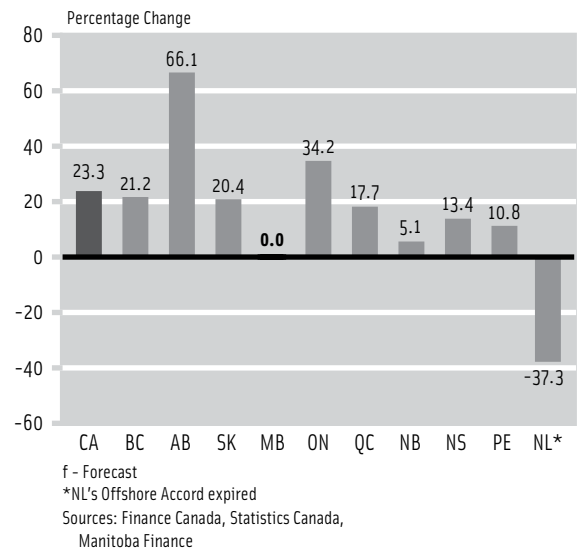
The continued economic downturn has put all governments in Canada – and indeed around the world – under significant fiscal pressure.

Manitoba faces additional pressure from the unexpected loss of \$100 million in federal transfers due to the contested downward adjustment to Manitoba's population estimates.

Some have called for short-sighted cuts that hurt families and our economy.

We are taking a balanced approach focused on jobs and growth.

## Growth in Federal Major Transfers, 2009/10 to 2014/15f



Since the onset of the global recession, our government has paid down a half billion dollars in debt from rainy day savings. Debt servicing costs have been reduced to six cents on the dollar, down from over 13 cents when this government took office.

We are on track to return to balance in 2016, and this year's bottom line is projected to come in \$86 million better than budgeted.

Manitobans expect and deserve excellent public services. And they expect government to use their tax dollars wisely to ensure these services are delivered as efficiently as possible.

We reject across the board cuts that might help the government's bottom line today, but would hurt families well into the future.

Ours is a balanced approach – one that seeks out efficiencies, while re-investing money saved into front-line services Manitobans count on.

Since the global recession we have taken action to save money and to deliver services more effectively. We have:

- reduced the civil service by 370, more than halfway towards our target of 600;



Manitoba's sound financial footing:

- net debt and net deficit to GDP ratios better than Canadian average
- expenditures as a percentage of GDP are declining
- strong credit rating maintained

- merged Liquor and Lotteries Corporations;
- cut the number of Regional Health Authorities from 13 to 5;
- amalgamated 48 municipalities into 23; and
- partnered with the private sector to modernize the property registry.

This year we will build on these measures by:

- freezing or reducing the budgets of 9 departments;
- extending corporate spending caps to all RHAs;
- limiting core government spending growth to 2%, so that the cost of government does not grow more quickly than our economy; and
- capping administrative spending by school divisions.

These measures are not enough.

Mr. Speaker, today I have appointed Mr. Rob Despina of Standard Aero to lead a new Lean Council to give us advice on how to deliver excellent public services for the best value.

Many businesses apply Lean principles to improve their productivity while also delivering better products and services to their customers.

This government shares those goals. Lean principles have been applied in our health care system, where we have driven down drug costs and found ways to help nurses spend less time on paperwork and more time at the bedside.

And whenever I talk to our civil servants, I am impressed with their dedication to excellence. Every day, they look for ways to do a better job for the Manitobans they serve. And they have many ideas on how we can streamline

processes within government. We want to hear these ideas directly and act on them.

Lean management is not about asking the same people to do more with less. And it is not about offering less to Manitobans. It is about finding ways to offer better services with better results, by focusing on those parts of the job that really make a difference.

## Conclusion

This year promises to be a remarkable year for showcasing the best of what Manitoba has to offer to the rest of Canada and the world:

- this week, youth from around our province are competing in the Manitoba Games, developing their skills and pursuing their athletic dreams;
- later this month, Manitoba will have the honour of hosting the 2014 Juno Awards, highlighting our second-to-none local music talent;
- this summer, the incredible transformation of Assiniboine Park into an even more popular place for families and tourists to enjoy will reach another important milestone with the opening of the world-class Journey to Churchill polar bear exhibit;
- and later this fall, the Canadian Museum for Human Rights will open its doors as an interactive centre for preservation, learning and leadership on human rights, honouring the great dream of the late Izzy Asper.

In this 100th anniversary of World War One, we remember the legacy of our veterans – whose sacrifice laid the foundation for the freedom and prosperity we enjoy.

Manitobans can be proud of what has been accomplished over the past decade – improved schools, better highways, and a health care system that people know they can count on.

None of this has happened by accident. Manitoba families, businesses and government have pulled together to chart a course through these uncertain times.

But there continue to be risks around the corner.

The global economy has not yet recovered, and there are renewed calls for reckless cuts that would stall economic recovery and throw people out of work.

We will not risk our future by listening to these voices. We will create a Manitoba that our children will also be proud to choose to call home.

Mr. Speaker, I am proud to present Budget 2014. A budget that makes strategic investments to create good jobs and maintain our steady growth. Working together we will make sure Manitoba's future remains bright.