

MANITOBA

2003



MANITOBA'S
ACTION STRATEGY
for ECONOMIC
GROWTH

Manitoba 



BUILDING FOR THE FUTURE



MANITOBA'S ACTION
STRATEGY FOR ECONOMIC
GROWTH

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■ Introduction

The Premier's Economic Advisory Council identified the need to build an image for Manitoba that "speaks to a future that is exciting and bold, yet achievable, believable and confident."

A successful provincial economic strategy is one that identifies opportunities, builds on our strengths, and provides each citizen with the tools to participate in, and benefit from, economic growth. A successful strategy takes into account key economic, social and environmental factors at a local, national and global level. It should look to the future, drawing on input from all sectors in Manitoba society.

Manitoba's diverse economy has realized impressive results in recent years. Last year, Manitoba's economy experienced real growth of 3.1%. Manitoba's unemployment rate for 2002 was 5.2%, the best in Canada. Manitoba's youth unemployment rate of 10.2% was also the best in Canada, well below the national rate of 13.6%.

Manitoba's job creation record has also been strong. Since 1999, a total of 24,300 new jobs have been created, an average of 8,100 new jobs per year. This is nearly three times stronger than the average performance during the 1990s, when approximately 3,000 new jobs per year were created.

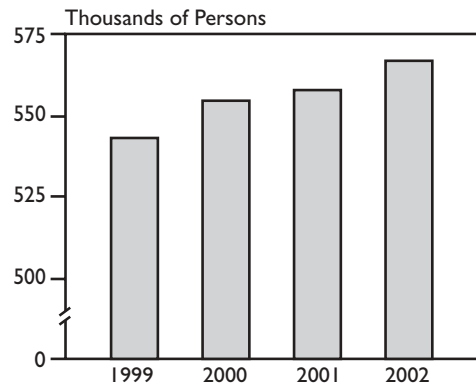
■ Input from Manitobans

In the spring of 2000, the Premier convened the Manitoba Century Summit – the first forum of its kind in over 15 years. The Summit brought together a cross section of more than 100 Manitobans to discuss strategies for expanding economic and social opportunities.

The Summit focussed on developing strategic partnerships for economic growth. The key themes

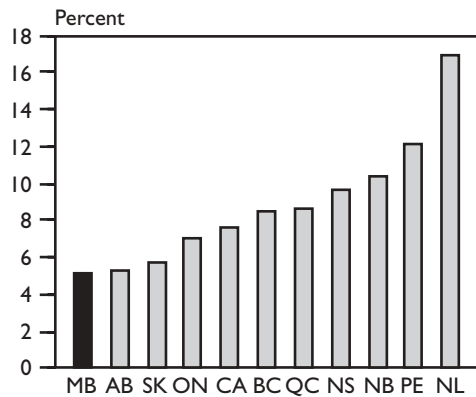
Manitoba's Action Strategy for Economic Growth looks to the future and builds on the priorities of Manitobans.

Manitoba Employment 1999 to 2002



Source: Statistics Canada

Unemployment Rate, 2002



Source: Statistics Canada

The Premier's Economic Advisory Council brings together leaders from business, labour, education and Aboriginal communities to provide economic advice to the Premier.

were labour force development, attraction and retention of investment, and promoting leading edge industries in areas such as biotechnology, information technology, and advanced manufacturing.

To build on the Summit's positive momentum, the Premier invited 34 prominent Manitobans to form an advisory body to provide continuing input on economic priorities. This new organization, the Premier's Economic Advisory Council (PEAC), was launched in November 2001. PEAC is made up of business, labour, education, community and Aboriginal leaders. It is co-chaired by Paul Moist and Bob Silver.

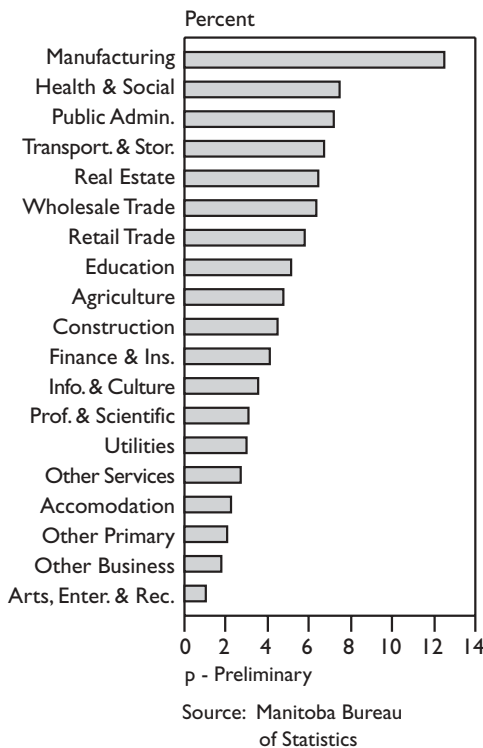
The Premier asked the Council to build on the priorities identified at the Manitoba Century Summit, and to develop achievable, action-oriented recommendations. PEAC also engaged a number of additional Manitobans to broaden its perspective and expertise on the economy.

PEAC task groups have recommended strategies for attracting investment, expanding immigration, enhancing labour force development and retention, improving the image of our province, expanding natural resource development, and establishing a long-term vision for research and development.

PEAC's recommendations were incorporated in *Manitoba's Action Strategy for Economic Growth*, announced in the November 2002 Throne Speech. The components of this strategy are:

1. Education First
2. Building through Research and Innovation
3. Raising and Retaining Investment
4. Affordable Government
5. Growing through Immigration
6. Building on our Energy Advantage
7. Building Our Communities

Shares of Manitoba Gross Domestic Product, 2002p



■ Manitoba's Action Strategy

1. Education First

Educate, train and retain Manitoba workers, utilizing a variety of methods, for jobs that are specifically relevant to Manitoba's economy.

- PREMIER'S ECONOMIC ADVISORY COUNCIL

Our economic strategy is based on a comprehensive education strategy. The Government is committed to investing in the education of Manitoba's work force, making education options available to citizens no matter where they live or at what stage they are in their careers. We build confidence in our community and our young people when we invest in education.

More of our youth are choosing to remain in Manitoba because of the emerging economic opportunities in our province. Our priority of building a strong education system underscores a commitment to retain our youth in Manitoba. We will work with our educators and our community and business leaders to provide the education, employment and business opportunities to retain even more of our young people in Manitoba.

Our commitment to education begins with increased support for early childhood development and funding for public schools at the rate of economic growth. At the same time, we are using resources more efficiently and effectively, ensuring that increased funding results in improvements in the classroom.

Over the last four years, the Provincial Government has:

- introduced new early childhood development programs like Healthy Child and Baby First;
- provided stable operating funding for our public schools;
- provided \$250 million in capital funding for our public schools; and

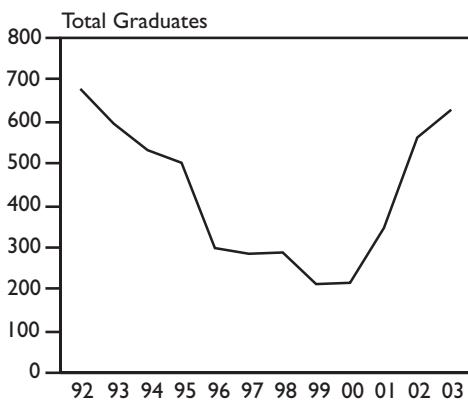
We build confidence in our community and our young people when we invest in education.

Tuition reduced by 10%, post-secondary enrolments up by more than 20%

Stable, growing operating funding and \$250 million in capital investment for public schools

*The new Red River
College Princess Street
Campus will bring
2,000 students to
downtown Winnipeg.*

Nursing Graduates



Source: Manitoba Health

- reduced the number of school divisions by one-third.

Our commitment to providing affordable post-secondary education and increasing program support has resulted in significantly increased enrolments at Manitoba colleges and universities. Enrolments at our universities have increased by more than 20% over four years. With new programs in health and aerospace, and with construction of a new Red River College Princess Street Campus, we are well on our way to doubling enrolments at our community colleges.

By graduating more post-secondary students, we are setting the stage for young Manitobans to start their careers here at home, and ensuring that our labour force develops in concert with a growing economy. More companies will relocate and grow in our province if they are confident in finding a skilled and competent work force.

The Government is:

- maintaining a 10% tuition reduction for the fourth straight year;
- allocating \$16 million for bursaries, scholarships and study grants;
- providing \$22 million in this year's Budget for the College Expansion Initiative, working toward the target of doubling college spaces;
- graduating three times as many nurses as in 1999 – 90% of new graduates are accepting jobs in Manitoba;
- training 15% more doctors;
- investing over \$100 million in post-secondary capital renewal — University of Manitoba, University of Winnipeg, University of Brandon, Red River College, Stevenson Training Centre – leveraging over \$100 million in contributions from the private sector; and
- establishing the University College of the North.

To address skill gaps in areas such as biotechnology and aerospace, we've designed special programs to meet industry-specific needs. For example, the biotechnology sector has grown some 40% in the past three years. Companies like Biovail Corporation have indicated they will continue to expand in our communities if we can help meet their need for skilled workers. In the aerospace sector, Manitoba has worked in partnership with industry to develop a comprehensive training model for aerospace workers. This has included the recent expansion of the Stevenson Training Centre in Winnipeg.

To improve overall training in the province we have:

- developed a Manitoba Training Strategy in consultation with employers, labour and communities, that is aligned with labour market needs and emerging opportunities;
- forged new industrial training partnerships with sectors such as aerospace and biotechnology;
- taken steps to improve the recognition of foreign credentials; and
- advanced techniques for prior learning assessment and recognition.

Manitoba's Northern Development Strategy places a high priority on providing education and training opportunities leading to employment in the North. The Manitoba Government has already committed to investing \$10 million in pre-training programs to allow Northerners to benefit from the employment opportunities provided by new hydro developments. This investment is a component of a proposed \$60 million Manitoba-Canada-Hydro training initiative. New education initiatives will also include enhanced Aboriginal education opportunities.

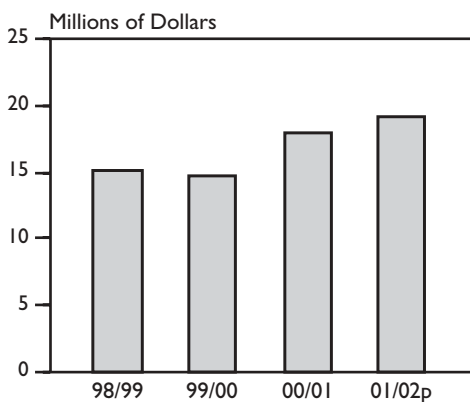
In conjunction with the Premier's Economic Advisory Council, the Manitoba Government is planning a fall 2003 summit to explore

Manitoba is developing new industrial training partnerships to meet specific industry needs.

\$10 million to kick-start pre-training programs for new hydro developments in the North

Knowledge-based industries will be key to future economic growth in Manitoba.

Provincial Government Expenditure on R&D, 1998/99 - 2001/02



p - Preliminary

Source: Statistics Canada

opportunities, and to build partnerships leading to greater participation of Aboriginal people in the economy.

2. Building through Research and Innovation

For Manitoba to compete, a significant investment is required to attract and retain highly qualified research personnel, and to support R&D.

- PREMIER'S ECONOMIC ADVISORY COUNCIL

Knowledge-based industries will be at the forefront of future economic growth in Manitoba. Investments in research and innovation lead directly to productivity increases, resource conservation and new product development.

The Manitoba Government is supporting research and innovation through direct strategic investments and targeted tax credits. The Manitoba Research and Development Tax Credit currently provides a 15% tax credit for qualifying R&D expenditures. With the increases announced in this Budget, direct expenditures on R&D by the Provincial Government will exceed \$20 million – approximately 50% of which will support work performed by Manitoba's institutions of higher education. The University of Manitoba is already one of Canada's major research universities, and home to more than 20 research centres. The Manitoba Government also provides \$3 million in

After-Tax Cost of \$100 R&D Expenditure, 2003

	Large Corporation	Small Private Corporation
Eligible R&D expenditure	\$100.00	\$100.00
(less) Manitoba tax credit	15.00	15.00
(less) Federal tax credit	17.00	29.75
Deductible Amount	68.00	55.25
Tax Savings:		
Manitoba	10.88	2.76
Federal	16.40	7.25
Net after-tax cost	40.72	45.24

funding for the Health Research Initiative, as part of our efforts to assist Manitoba's health research centres to increase development activities and growth in quality jobs in our province.

Over the past three years, we have developed new alliances between Government, entrepreneurs, researchers and the investment community. As a result, we have seen a dramatic increase in activity in emerging fields. Manitoba is now home to 37 biotech companies undertaking research in areas such as health, environmental and agricultural biotechnology. These enterprises generate more than \$250 million in annual revenue and employ more than 1,600 people.

Key sites for research-led development in Manitoba include the St. Boniface General Hospital Research Centre, the I. H. Asper Clinical Research Institute, the Richardson Centre for Functional Foods and Nutraceuticals, TRILabs, Portage Food Development Centre, the Prairie Agricultural Machinery Institute, the Manitoba Institute for Cell Biology at CancerCare Manitoba, the Health Sciences Centre, and the Manitoba Institute for Child Health.

Manitoba partners with the federal government on research and innovation initiatives. For example, the Manitoba Research and Innovation Fund leverages matching contributions to increase the capabilities of Manitoba universities, colleges, hospitals, and the not-for-profit sector, to conduct scientific research and product development. The Manitoba Government also partners with the federal government in the Networks of Centres of Excellence program. Manitoba's objectives are to attract world-class research and development activity, researchers and scientists to Manitoba, and to generate related spin-off benefits for local companies.

Manitoba is acting on a Premier's Economic Advisory Council recommendation to provide strong support for university research activity.

Manitoba is working to attract world-class research and development activity, researchers and scientists to the province.

**The province's
attractiveness as an
investment location
has aided the
near-term outlook.**

**-CIBC World Markets
March 2003**

*Manitoba is partnering
with Saskatchewan
and several private
investors to establish
the \$45 million
Western Life Sciences
Venture Fund.*

3. Raising and Retaining Investment

Local investing has the potential to deliver return and diversification benefits to Manitoba pension and other institutional funds.

- PREMIER'S ECONOMIC ADVISORY COUNCIL

Investments in Manitoba can deliver strong returns for investors and create new growth, opportunities and jobs for the benefit of all Manitobans. Such investments support research, innovation and improvements in the productivity and competitiveness of local business.

Manitoba's two labour-sponsored venture capital funds, Crocus and Ensis, with combined capital of approximately \$270 million, have invested in over 80 Manitoba companies. Rapid growth in the venture capital industry has created a more promising environment for entrepreneurs, and better growth prospects for small- and medium-sized businesses.

The Premier's Economic Advisory Council has identified opportunities for greater investment in Manitoba-based businesses. The Province is working with the Premier's Economic Advisory Council to implement a new capital retention strategy for Manitoba, which will:

- promote local investment that delivers market rates of return and community economic development benefits;
- broaden understanding of successful local investment strategies; and
- explore options to pool smaller Manitoba funds to create a larger local investment portfolio.

The Manitoba Government is also encouraging PEAC's involvement in the newly established, multi-stakeholder local investment working group, which will engage pension funds and the wider investment community in discussions about local investing in Manitoba-based companies.

Manitoba is investing \$5 million, and is working in partnership with Saskatchewan and several private

investors to establish the \$45 million Western Life Sciences Venture Fund, which will bring life sciences research and new knowledge to commercial development.

Manitoba has directly supported several major investments. Following are examples of some of the projects planned or currently under way for 2003.

J.R. Simplot is investing over \$150 million in the first phase of a new potato processing plant near Portage La Prairie, which will create 230 new jobs;

New Flyer Industries' new owners have invested \$40 million in their Winnipeg-based bus manufacturing plant, securing the future of over 1,000 jobs.

Monarch Industries Ltd., a manufacturer of pumps, hydraulic cylinders, mixers and custom casings, is completing a \$12.7 million project which will create 150 new jobs.

Construction of the \$25 million **Richardson Centre for Functional Foods and Nutraceuticals** will bring together researchers from the agriculture, food sciences, human nutrition, medicine and pharmacology disciplines, along with their industry partners, to develop new products.

Construction is under way on the new \$25 million **I.H. Asper Clinical Research Institute** to support cardiac and vascular research at the St. Boniface General Hospital, that will create 300 new jobs at full complement.

The new \$10 million **Industrial Partnership Facility** will be built adjacent to the National Research Centre's **Institute for Biodiagnostics (IBD)** to assist start-up companies from the high-tech medical technology sector and spinoffs from the NRC.

Corner Group Industries is completing a \$12.6 million expansion to its facilities to enable the company to add leading-edge capabilities to its business of supplying precision machining services to the aerospace sector, and will eventually add 70 jobs to the current work force of over 100 people.

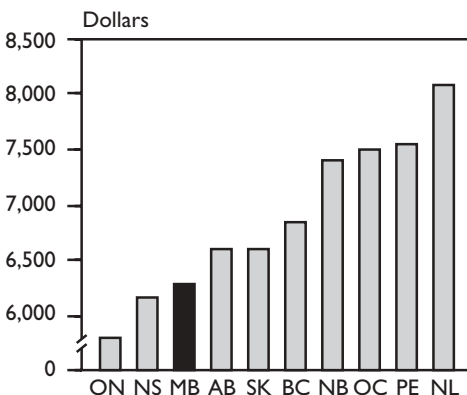
J.R. Simplot is investing \$150 million in a new potato processing plant in Portage la Prairie which will create 230 new jobs.

Monarch Industries Ltd. is completing a \$12.7 million project which will create 150 new jobs.

*Personal income taxes
reduced by 14% -
saving Manitobans
\$220 million annually*

*Property tax credits
increased from
\$250 to \$400 -
saving Manitoba
homeowners and
renters \$53 million
annually*

Total Provincial Government Per Capita Expenditure, 2003/04



Source: 2003 Provincial Budgets and
Manitoba Finance

4. Affordable Government

Affordable government requires fair and responsible taxation policy, ensuring that our debt and pension liabilities are met, and we are making the necessary investments in health, education and infrastructure. These investments form the basis for sustained economic growth, but they must be managed within a solid and transparent financial framework.

The Manitoba Government is committed to a balanced approach to finances and the economy. Not only have our four Budgets since 1999 met the requirements of balanced budget legislation, but we have strengthened that legislation to require repayment of public pension liabilities, and to prevent the sell-off of public assets.

Since 1999, we have:

- delivered four straight balanced budgets;
- devoted \$384 million to paying down the debt and pension liabilities;
- reduced debt servicing costs by over \$100 million per annum;
- reduced personal income taxes by 14.0% – saving Manitobans \$220 million annually;
- increased property tax credits from \$250 to \$400 – saving Manitobans \$53 million annually;
- commenced the phase-out of the Residential Education Support Levy – saving Manitobans \$27.1 million annually by 2003;
- reduced small business taxes – from 8% to 5% – while increasing the threshold to \$400,000 by 2005; and
- implemented the first reduction to the general corporate tax rate in more than half a century – from 17% to 15% by 2005.

Unlike other jurisdictions, we have implemented a balanced and sustainable fiscal plan without health care premiums, without stepping back from

promised tax relief, without selling off public assets, and without incurring budgetary deficits.

Instead, by taking a balanced approach to public finances, the Manitoba Government has been able to establish an environment for business to grow and succeed while improving vital public services.

5. Growing Through Immigration

It is clear that Manitoba needs an increase in immigration to keep its population and work force in balance.

- PREMIER'S ECONOMIC ADVISORY COUNCIL

Immigration has played an important role in Manitoba's economic growth. It has contributed to our province's diverse, multicultural landscape, broadened our opportunities for economic growth, and brought a unique international flavour to Manitoba communities.

Growing through immigration is essential to meeting Manitoba's long-term labour force needs. By recruiting aggressively, the Province has increased the number of immigrants coming to the province by over 50% during the last four years, reaching a high of 4,600 new immigrants in 2002. This strong performance is the result of concerted efforts to expand Manitoba's unique Provincial Nominee Program. Immigration levels have also increased because of community/Government partnerships to sponsor refugees.

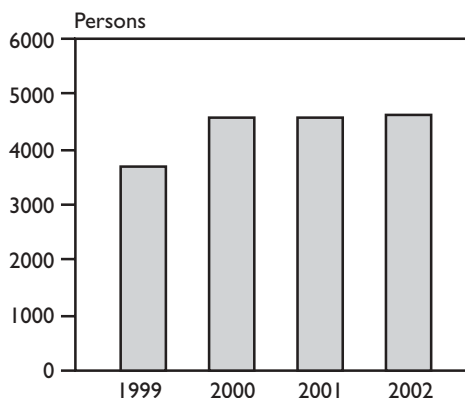
Manitoba's immigration agreement with the federal government will give the Province greater flexibility to set its own immigration targets. The federal government has promised to allow an even greater number of immigrants to come to Manitoba under the Provincial Nominee Program, as well as more refugees.

The Provincial Government is improving the process for recognizing the qualifications that many immigrants bring with them, and is strengthening language training and settlement services. Our new immigration target builds on these successes.

Moody's Investors Service has improved Manitoba's credit rating to Aa2.

Manitoba's Provincial Nominee Program has been highly successful in recruiting skilled immigrants and entrepreneurs to the province.

Manitoba Immigration 1999 to 2002



Source: Statistics Canada

Manitoba has adopted the target of more than doubling immigration levels to 10,000 per year.

Manitoba is strengthening foreign qualifications recognition and settlement services for immigrants to Manitoba.

Manitoba Hydro provides Manitobans with a reliable and renewable source of hydro-electric power at the lowest rates in North America.

Consistent with the advice of the Premier's Economic Advisory Council and other stakeholders, Manitoba has adopted a strategy to more than double immigration levels to 10,000 per year. To achieve this goal the Province will:

- establish an advisory council on immigration made up of representatives of business, labour and local communities; the Immigration Council of Manitoba will assist with the recruitment and retention of new immigrants;
- continue to expand the number of Provincial Nominee immigrants;
- strengthen foreign qualifications recognition, English as a Second Language (ESL) training and settlement services; and
- improve the promotion of Manitoba as a destination of choice for immigration.

Manitoba's focus on growing through immigration will help to address skills shortages. It complements targeted efforts to retain young people and to increase the participation of Aboriginal people in the economy.

6. Building On Our Energy Advantage

Manitoba should:

Use affordable and reliable hydro-electric power to attract new enterprises to Manitoba... and grow existing Manitoba-based businesses.

Reduce its reliance on imported oil and gas, and reduce green house gas emissions through measures which could include mandating the use of ethanol-blended fuels.

- PREMIER'S ECONOMIC ADVISORY COUNCIL

One of the province's key advantages is Manitoba Hydro, the publicly owned utility that provides a low-cost, reliable, and renewable source of hydro-electric power.

Throughout North America, many jurisdictions are facing rising power rates, energy shortages,

reliability problems and uncertainty with long-term power supplies. For business, these problems have a direct impact on their bottom lines and their long-term success. For consumers, these problems mean higher costs of living and uncertainty of power reliability.

Manitoba stands apart because of the steps we have taken to promote our hydro advantage to the benefit of Manitoba businesses and consumers.

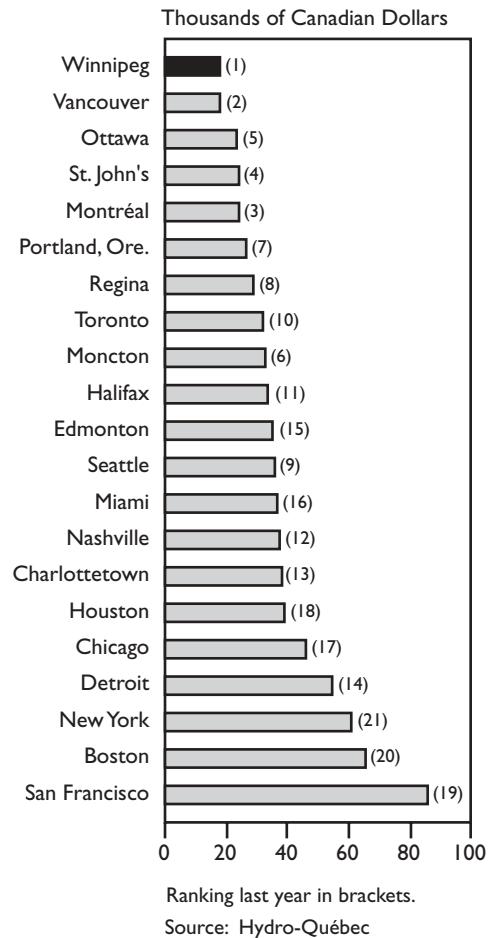
New hydro development will be central to Manitoba's plans to meet Kyoto targets, to attract new investment, and to enhance economic development opportunities in the North. The steps we have taken include:

- implementing low, equalized hydro rates for Northern and rural Manitobans, so all Manitobans pay the same low rate regardless of where they live;
- partnering with First Nations to share in the profits, training, and employment arising from the next generation of hydro developments in the North;
- merging Winnipeg Hydro with Manitoba Hydro to create a single power utility;
- adopting legislation to protect public ownership of Manitoba Hydro;
- protecting consumers through continued regulation of hydro rates;
- negotiating Manitoba Hydro's \$1.7 billion export sale contract with Xcel Energy in Minnesota; and
- maintaining leadership in energy conservation among utilities in North America through programs such as PowerSmart, which continue to offer savings to consumers in energy costs.

In addition to promoting Manitoba's hydro advantage, we are working to develop a clean energy economy and address the impacts of climate change in a number of other ways. Recognizing that the

Monthly Industrial Electric Bills Medium-sized Commercial/ Industrial Customer

400,000 Kilowatt Hours, 2002



Partnerships with Manitoba Hydro will enable First Nations to share in the profits, training, and employment arising from future hydro developments in the North.

Expanding production and use of ethanol will contribute to rural diversification, and to a cleaner environment for future generations.

impacts of climate change are already being felt, Manitoba was the first jurisdiction in Canada to assess the costs and opportunities of implementing the Kyoto accord and meeting emission reduction targets, with the release of the Report on Climate Change in 2002. To seize the many opportunities for innovation and development that the clean energy economy provides, Manitoba is:

- expanding the production and use of ethanol in Manitoba, which will contribute to rural diversification, and to a cleaner environment for future generations;
- converting a coal-fired generating station in Selkirk to natural gas, and building a new natural-gas-fired generating station in Brandon;
- developing biomass and wind power to supplement Manitoba Hydro's clean energy portfolio;
- researching hydrogen applications, drawing on a network of researchers and manufacturers at the University of Manitoba, the Pinawa AECL labs, and Winnipeg bus manufacturers;
- increasing the use of geothermal heat pumps; and
- exploring opportunities in biomaterials.

Manitoba Hydro's environmentally responsible and renewable hydro resources can meet more of North America's electrical energy needs and, in so doing, further reduce global greenhouse gas emissions. The proposed Wuskwatim and Gull (Keeyask) generating stations will significantly add to Manitoba's hydro-generating capacity. The Conawapa station would be similar in capacity to Manitoba's Limestone generating station, which is currently the largest single generating station in Manitoba.

The implementation of these new hydro development projects will require the expansion of Manitoba Hydro's power transmission infrastructure to allow for increased exports of renewable electricity to the east, west and south.

7. Building Our Communities

Manitoba should develop a long-term strategy that is based on confidence, opportunity and excitement focusing on Manitoba's unique strengths ... with everyone working together to build Manitoba.

- PREMIER'S ECONOMIC ADVISORY COUNCIL

Our cities, rural Manitoba and the vast North, are each distinguished by their unique customs and traditions, their natural advantages and their opportunities for growth.

The Provincial Government is working with community leaders from all regions to identify and seize local opportunities.

In all areas of the province, cultural sites and events are a major attraction for visitors. Investments in film production and spaces for the visual and performing arts add to the vitality of our communities; they play a central role in our tourism and growth strategies. New legislation is planned to create a stand-alone agency that will promote tourism within and beyond our borders to get the positive message out about what Manitoba has to offer.

Following up on PEAC's recommendations, the Government is working with communities and the private sector – both inside and outside our province – to promote a positive image of Manitoba to investors, tourists, immigrants, and young people. The Province is establishing the Manitoba Ambassador Program, which will involve business, labour and education leaders in promoting Manitoba abroad. Manitoba Ambassadors will use their own networks, expertise and participation in trade missions to raise the profile of trade, investment and tourism opportunities in Manitoba.

Each region of Manitoba has a unique set of growth opportunities and investment needs.

Manitoba is establishing a new stand-alone agency to promote tourism in Manitoba.

*The Northern
Development Strategy
focusses on economic
development, health care,
transportation, housing,
and education to enable
northern residents to take
full advantage of
opportunities in
the North.*

New programs will be introduced this year to assist rural and northern festivals, recognized as signature events in their communities, and to support the enhancement of community gathering places. The recent boom in eco-tourism is also a perfect fit with Manitoba's spectacular mix of pristine wilderness areas found in the North. New partnerships are being forged with First Nations to develop and promote eco-tourism, and to improve the airstrips and roads that serve as infrastructure for the tourism sector.

Northern Manitoba

For generations, Manitobans have looked north and recognized the many possibilities and opportunities. Northern Manitoba is rich in natural resources, with the potential for significant development in sectors like eco-tourism, mining, forestry, and fishing. Northern Manitoba has all the pieces in place for strong growth in the future.

At the same time, we are aware of the challenges faced by northern Manitobans: climate change has limited access to winter roads; major investments are required in transportation infrastructure after years of neglect during the 1990s; health services must be delivered closer to home for patients; and citizens must have better access to training and educational resources.

It is our goal to develop the human and natural resources in the North. In 2001, the Province of Manitoba launched the Northern Development Strategy (NDS) to ensure northern residents could take full advantage of the opportunities available in the region. Like the Premier's Economic Advisory Council, the NDS was developed in consultation with northern mayors and chiefs, elders, Chambers of Commerce and community leaders. The NDS focusses on economic development, health care, transportation, housing, as well as education and training.

Manitoba's investments to improve the North include the initiatives listed below.

- **Hydro Partnerships with First Nations** – Historic agreements to develop hydro resources to the mutual benefit of First Nations and Manitoba. We are partnering with the Nisichawayasihk Cree Nation (NCN) on the proposed Wuskwatim generating station. The Province will work together with this community on training, and the community will share in the profits from this 200 MW generating station.
- **Transportation Infrastructure** – The Province has channeled significant resources toward improvements in ferries, airports and winter roads.
- **University College of the North** – will demonstrate a creative new approach to skills training in the North, focussed less on bricks and mortar and more on flexible course options and close-to-home delivery.
- **Equalized hydro rates** – We have equalized rates so that all Manitobans pay the same low rate regardless of where they may live.
- **Communities Economic Development Fund** – launched the TEAM program to support micro-enterprises in the North, is now delivering REDI programs in the North, and is providing assistance to businesses affected by the softwood lumber issue.
- **New Forestry Unit** – new cross-departmental forestry unit to promote a sustainable and diversified economic strategy for Manitoba's forests, with a special focus on opportunities for Aboriginal communities.
- **Northern Forest Diversification Centre** – The Province is providing funding to the NFDC in The Pas to continue its product development and training activities, specializing in non-timber forest products.

*Historic partnership
agreements with
First Nations to develop
hydro resources*

*Equalization of hydro
rates ensures all
Manitobans pay the same
low rate regardless of
where they may live.*

The Province is taking action to strengthen drinking water safety through improved monitoring, subsidized testing of private wells, and investment in infrastructure.

The Bridging Generations Initiative is a financial program designed to ease the transfer of family farms from one generation to the next.

Changes to farm property assessment have reduced taxes paid by farm families.

Rural

Our agricultural sector is one of the most diversified in Canada, and it remains the cornerstone of our rural economy. Manitobans know that the success of their communities is directly linked to the success of their neighbouring farm families. The Manitoba Government is making important investments in infrastructure and diversification to build rural communities.

Manitoba's investments to help sustain rural communities include the initiatives listed below.

- **Water Management and Drainage** – \$10 million for drainage projects and \$25 million for flood protection for rural communities
- **Drinking Water Safety** – new office of Drinking Water Quality created; and subsidized drinking water tests made available to private well owners
- **Water System Improvements** – \$30 million invested in upgrading water systems over three years
- **Health Infrastructure** – major capital projects in Morden/Winkler, Swan River, Gimli and Beausejour. Expansion of rural emergency medical services, including the purchase of 70 new ambulances
- **Hydro Rate Equalization** – will save rural and northern residents \$14 million annually
- **Prairie Grain Roads Program** – committed \$16.4 million to improve grain transportation infrastructure
- **Bridging Generations Initiative** – a series of financial tools designed to ease the transfer of family farms from one generation to the next
- **Farm Property Assessment** – put \$7 million back in the hands of farmers by reducing the portion of farm property subject to taxation. This tax break and other provincial tax

exemptions provide \$150 million in annual savings for farmers

- **Emergency Assistance for Farmers** – federal-provincial emergency funding for grain and oilseed producers totalling \$220 million

The Manitoba Government is also making concerted efforts to attract newcomers to rural Manitoba. The population in the Pembina Triangle has grown significantly in the past few years, as a result of progressive immigration policies, and the success of companies such as Biovail, Friesen Printers and Loewen Windows.

Manitoba's diversification strategy includes both major projects and an unprecedented level of agri-product research. Alongside traditional crops and products, the rural economy now emerging will include: fibre industries, functional foods, and alternative energies.

This strategy builds on a number of successful diversification initiatives.

- **Ethanol** – Increasing the use and production of ethanol will diversify rural economies and reduce greenhouse gas emissions. The gasohol produced at Mohawk's ethanol plant in Minnedosa yields 40% fewer greenhouse gas emissions than an equivalent amount of gasoline.
- **Simplot Potato Plant** – support for a \$150 million new potato processing facility in Portage la Prairie that will employ 230 people.
- **Livestock Stewardship** – The Province is working with communities, industry and organizations through the Livestock Stewardship Initiative to enhance our livestock sector.
- **Food Development Centre** – An \$11 million renovation and expansion of this unique centre for applied research and development in processing and packaging of all types of food produced in Manitoba.

Improved water management is being achieved through drainage, flood protection, and irrigation projects.

Mandated ethanol use and the development of ethanol production will increase jobs and investment in rural Manitoba.

Biovail is undertaking a \$24.8 million expansion of its bio-pharmaceutical manufacturing plant in Steinbach.

Expansion of the Food Development Centre will help develop, package and process Manitoba products for world markets.

A new Urban Development Agreement for the City of Winnipeg will build on the success of earlier partnerships, such as the Core Area Initiative, and the Winnipeg Development Agreement.

- **Biovail Corporations** – \$24.8 million expansion of its Steinbach-based bio-pharmaceutical manufacturing plant.
- **Rural Economic Development Initiative** – invests money in the rural economy to support economic development and diversification.
- **Enhanced Diversification Loan Guarantee** – Farmers have received \$100 million over two years from the Manitoba Agricultural Credit Corporation's Enhanced Diversification Loan Guarantee Program.

Urban Communities

When we speak of revitalization in our urban centres, we refer not simply to bricks and mortar projects. Instead, our strategy seeks to improve community pride as well as property values. Manitobans have a “can do” attitude. The building cranes and earth moving equipment are back, and with them our optimism for the future.

The Provincial Government is working with the City of Winnipeg to support the urban renewal of Manitoba's capital city. Over the past year, Manitoba has enacted a new City Of Winnipeg Charter, with greater powers and flexibility for the City, including the ability to implement Canada's first tax increment financing program. Manitoba has signed a Memorandum of Understanding (MOU) with Winnipeg and Canada to negotiate a renewed Urban Development Agreement for the City of Winnipeg. This builds on the success of previous tri-level partnerships, such as the Core Area Initiative, and the Winnipeg Development Agreement. Manitoba has also worked closely with the City of Winnipeg to establish Destination Winnipeg, the City's new tourism and economic development agency.

The Province is moving forward on the following projects in urban communities.

- **Expansion of the Red River Floodway** – One of the largest capital projects in Manitoba's

history, will provide the City of Winnipeg and the capital region with greater flood protection, safeguarding families and our economy from flood devastation. This year, the Manitoba and federal governments have each committed \$80 million towards the first phase of expansion. This first phase will double flood protection to the one-in-200-year level. When completed, this \$660 million project will offer one-in-700-year flood protection. The project will generate hundreds of millions of dollars of economic benefits for the province and the rest of Canada.

- **True North Centre** – A new sports and entertainment complex in downtown Winnipeg is currently under construction and is scheduled for completion in 2004.
- **Keystone Centre** – Brandon's entertainment and convention complex has received provincial funding for operations and capital upgrades.
- **Downtown Waterfront Renewal** – Revitalization of Waterfront Drive will bring more people downtown and encourage development in the Exchange District.
- **Red River College Princess Street Campus** – Expansion of the Red River College campus on Princess Street is near completion and will soon bring 2,000 students to downtown Winnipeg.
- **New Hydro Building** – Downtown Winnipeg will benefit from the construction of Manitoba Hydro's new 400,000 square foot head office building, bringing more than 1,500 workers downtown.
- **Millennium Library Project** – Expansion and renovation will modernize and expand this important educational and cultural facility, and add to the momentum of Winnipeg's downtown redevelopment.
- **Canadian Museum for Human Rights** – will house displays and programs focussed on the understanding and advancement of human rights, including the struggles faced by Canada's

Expansion of the Red River Floodway will provide the City of Winnipeg with one-in-700 year flood protection.

The renewal of Downtown Winnipeg is being led through provincially supported projects such as the True North Centre, the Millennium Library, Red River College Princess Street Campus and the new Hydro head office.

Health infrastructure is being renewed through the largest ever health capital projects at the Brandon Regional Health Centre and Winnipeg's Health Sciences Centre.

Neighbourhoods Alive! supports community-based urban revitalization efforts in Winnipeg, Brandon, and Thompson.

Support for the Affordable Housing Initiative will result in 2,500 new or renovated housing units for Manitobans with low and moderate incomes.

Aboriginal people. The Museum will be located at The Forks National Historic Site.

- **Health Infrastructure** – The largest ever health capital projects are under way in Brandon and Winnipeg – Brandon Regional Health Centre and the Health Sciences Centre.

Manitoba's approach to urban revitalization is underscored by a commitment to community-driven economic development, with a focus on downtown and inner city renewal.

Manitoba's community economic development initiatives are working to build healthy and economically prosperous communities by responding to the unique social, economic and environmental needs of communities. These initiatives provide opportunities for broad community participation in defining economic development priorities. The emphasis is on building community capacity, enhancing knowledge and skills, and fostering sustainable economic development.

For example, provincial programs to support home building and renovation are already paying off by reversing a decade-long decline in property values. In three years, the sale prices of homes in Winnipeg's West End and North End neighbourhoods have increased by as much as 60%.

Manitoba is working closely with community organizations and the other levels of government on a number of community-based redevelopment initiatives.

- **Neighbourhoods Alive!** – Supports and encourages community-driven revitalization efforts in designated neighbourhoods through housing and physical improvements; employment and training; education and recreation; safety and crime prevention.
- **Affordable Housing Initiative** – Manitobans with low and moderate incomes will benefit from the creation of up to 2,500 new or renovated housing units.

- **Neighbourhood Development Assistance Program** – Supports the ongoing Community Economic Development efforts of SEED Winnipeg, the Jubilee Fund, Community Ownership Solutions, and neighbourhood renewal organizations in Winnipeg, Brandon, and Thompson.
- **Building Communities** – Provides \$7 million to renew housing and neighbourhood infrastructure in Winnipeg's older areas.
- **New Community Enterprise Development Tax Credit** – This innovative new tax incentive will encourage local private investment in community-based enterprises.

■ Conclusion

Manitoba's Action Strategy for Economic Growth builds on the recommendations of the Premier's Economic Advisory Council, and the input of Manitobans from all sectors of society.

It is a strategy that builds for the future, so that young Manitobans will have opportunities to learn and succeed in their home province.

It is a strategy that strengthens Manitoba's economic diversity, and builds on our existing advantages, such as an educated work force, a diverse economy and an abundant source of clean hydro-electric power.

In the past four years, much has been accomplished toward reaching our economic goals, and there remains much more to do. The Manitoba Government will continue to work in partnership with business, labour, and the community, to advance the priorities set out in Manitoba's Action Strategy for Economic Growth.

Appendix: PREMIER'S ECONOMIC ADVISORY COUNCIL

Co-Chairs:

Paul Moist

Canadian Union of Public Employees

Bob Silver

Western Glove & Winnipeg Free Press

Council Members:

Costas Ataliotis

Protos International Inc.

Jim August

The Forks North Portage Partnership

Lea Baturin

Communications, Energy & Paperworkers Union

Anita Campbell

Friendship Centre – Thompson

Cecile Cassista

Canadian Auto Workers (Retired)

David Chartrand

Manitoba Métis Federation Inc.

Gerry Cianflone

Pizza Hotline

Elaine Cowan

Anokiiwin Training Institute

Marielle Decelles-Brentnall

Telecom Options Inc.

Rob Despins

Dunlop Standard Corp.

Sylvia Farley

Manitoba Federation of Labour

Bert Friesen

Genesys Venture Inc.

David Friesen

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Chris Hamblin

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Leonard Harapiak

Winnipeg Technical College

Gary Hopper

Mayor of the Town of The Pas

Maria Jordan

Union of Needletrades, Industrial and Textile Employees

Joanne Keselman

University of Manitoba – Research

Sherman Kreiner

Crocus Investment Fund

Chuck Loewen

Online Business Systems

Florfina Marcelino

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Irene Merie

Smart Centre

Reid Minish

Minish Group of Companies

Ashish Modha

Mondetta Clothing Company

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