

MANITOBA 2004

THE MANITOBA
ADVANTAGE



TODAY'S CHALLENGES
TOMORROW'S OPPORTUNITIES





THE MANITOBA ADVANTAGE

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For more information about **The Manitoba Advantage**,
visit the Government of Manitoba Web Sites:

Manitoba Finance: www.gov.mb.ca/finance

Manitoba Industry, Economic Development and Mines: www.gov.mb.ca/itm

THE MANITOBA ADVANTAGE

Manitoba is working!

Over the past four years, Manitoba employment has jumped by 26,000, with more Manitobans working now than ever before.

Last year, Manitoba's unemployment rate was the lowest in Canada. In fact, the province's unemployment rate has been the lowest in Canada in three out of the last four years. Last year, the youth unemployment rate was second-lowest among provinces and four full percentage points below the national level.

In 2003, Manitoba outpaced the country in economic growth. Manitobans' personal disposable incomes per capita increased 2.4% last year, above the national increase of 1.9%. Solid income growth in Manitoba helped boost housing construction to its highest level since 1988.

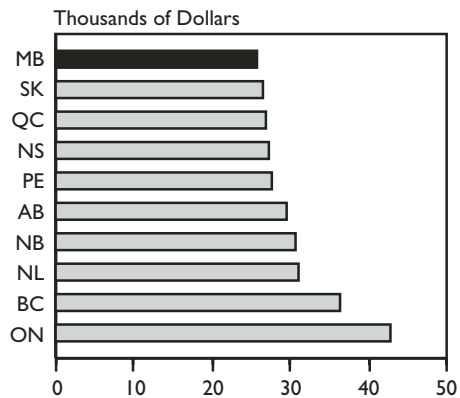
Our province continues to attract higher levels of immigration. In 2003, Manitoba's population grew at rates not seen since the mid-1980s. Total net migration was the catalyst for the strong population growth, with the net inflow of migrants into Manitoba reaching a 20-year high. Improved flows of both interprovincial and international immigration are contributing to the population gains.

Continuing high business confidence will help push up private investment next year by 2.2%, ahead of the projected national increase. Over the past five years, private investment in Manitoba has jumped by 19%.

Manitoba's competitive business environment and economic success has been built upon a unique combination of factors we call The Manitoba Advantage:

- a productive, well-educated and multilingual labour force;
- modern and extensive communications infrastructure;

2004 Comparison of Annual Personal Costs and Taxes: Two-Earner Family of Four Earning \$60,000*



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

Manitoba Credit Ratings, April 2004

	Credit Rating	Provincial Rank*
Moody's Investors Service	Aa2	2nd (tie)
Standard & Poor's	AA-	3rd (tie)
DBRS	A	4th (tie)

* 1=highest

Moody's - Upgraded January 2003

Standard & Poor's - Reaffirmed July 2002

DBRS - Upgraded September 2003

Average House Price Senior Executive

Toronto	\$850,405
Vancouver	709,434
Montréal.....	578,157
Calgary	494,200
Halifax.....	348,333
Fredericton.....	256,000
St. John's	251,667
Charlottetown.....	240,000
Winnipeg.....	221,500
Regina	211,000

Source: Royal LePage Survey of Canadian House Prices,
Fourth Quarter 2003

Average House Price Standard Townhouse

Vancouver	\$286,404
Toronto	277,499
Calgary	169,933
Montréal.....	168,474
Fredericton.....	120,000
Halifax.....	117,125
Regina	117,000
St. John's	91,333
Charlottetown.....	86,000
Winnipeg.....	81,188

Source: Royal LePage Survey of Canadian House Prices,
Fourth Quarter 2003

- the extremely favourable business cost environment, including competitive office and land costs, low construction costs, and affordable taxes;
- among North America's lowest electricity costs: highly reliable, renewable and environmentally responsible hydro-electricity;
- an extensive network of research and development facilities, supporting innovation and technology diffusion;
- an excellent mid-continent location in the North American central time zone;
- cost-effective transportation links and intermodal facilities providing shipping by road, rail, air and sea;
- an extremely competitive cost of living, including the lowest average auto insurance rates in Canada;
- reliable and accessible public services, including quality universal public health care and education; and
- safe communities, a dynamic cultural and artistic community, and an attractive natural environment – all of which contribute to an unsurpassed quality of life.

This Budget paper provides details on The Manitoba Advantage, including business and personal costs and taxes, facts on Manitoba's quality of life and Manitoba's Arts and Culture Advantage, and Manitoba's venture capital markets.

■ What is The Manitoba Advantage?

Manitoba has one of Canada's most diverse economies. It is home to a number of major industries including aerospace, bus manufacturing, food processing, health products and research, financial services, electricity, chemicals, agriculture and transportation. While the province has many strengths, it also has balance: no one sector dominates the Manitoba economic landscape.

The province's economic diversity provides stability to the overall economy. Over the last five years, Manitoba's real GDP growth has been the most consistent among the provinces. This economic certainty contributes to a more stable work force and a predictable local business climate.

Manitoba's hydro-electricity rates are among the lowest in the world. Manitoba Hydro, one of North America's major electricity companies, has generating capacity of over 5,000 megawatts, with tremendous potential for future growth. Virtually all of the province's electricity is generated by clean, reliable and environmentally desirable water-powered facilities.

Manitoba is located at the northern end of the mid-continental trade corridor, as well as at the major junction in Canada's east-west transportation system. Winnipeg is the only major city between Vancouver and Thunder Bay with direct U.S. rail connections. These factors place the province in a strong position in terms of expanding trade and transportation links. Winnipeg's extensive and modern rail car marshalling facilities can handle over 5,000 rail cars per day. The two large intermodal terminals handle 125,000 units annually. Over thirty major national and international trucking companies have terminals in Winnipeg. Together, these facilities offer substantial flexibility and cost savings to businesses, with ready access to the world's largest market.

Winnipeg International Airport is one of the few major North American airports that operate 24 hours a day. The airport offers a broad range of services, including international carriers, commuter airlines, jet freight and extensive cargo and courier facilities. It serves three million passengers and moves 100,000 tonnes of air cargo annually.

Churchill is the only deep-water port in the prairie region. Located on Hudson Bay, the port brings Atlantic Ocean trade to Western Canada. The Port of Churchill offers shippers major cost advantages

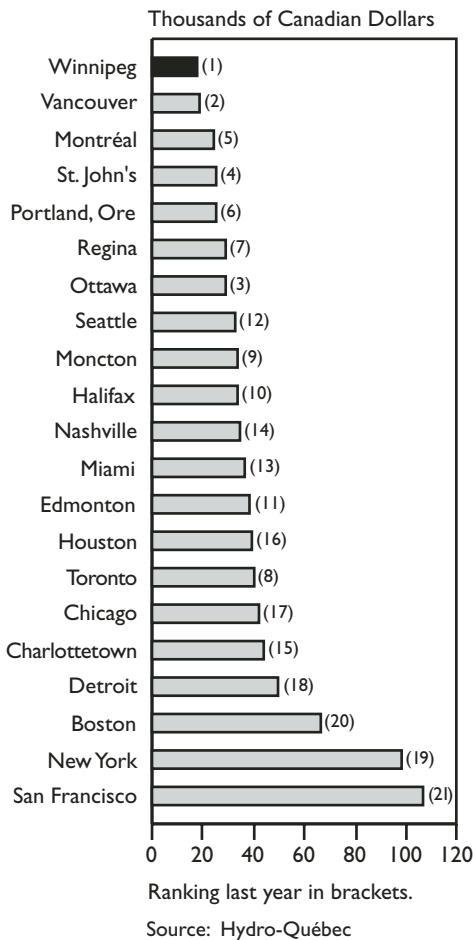
“Auto insurance rates in British Columbia, Saskatchewan, Manitoba and Quebec, provinces with public auto insurance systems, are the lowest in Canada, in some cases dramatically lower... Winnipeg has the lowest rates of Canada's capital cities.”

Consumers' Association of Canada
September 2003

*KPMG's February 2004
Competitive Alternatives Study
confirmed other analyses that
show Winnipeg is one of the
least expensive cities in
Canada to do business.*

**Monthly Industrial Electric Bills
Medium-sized Commercial/
Industrial Customer**

400,000 Kilowatt Hours, 2003



for ocean shipping to and from Europe, Africa and Latin America.

Manitoba has an abundance of natural resources. The mining industry produces a diverse mix of minerals including nickel, copper, zinc, gold and tantalum. Manitoba has a large and long-established forestry industry that produces paper, newsprint and lumber. The commercial fishing industry brings in \$30 million annually. Careful management of Manitoba's natural endowments ensures the sustainable development of these resources now and in the future.

Manitobans enjoy advanced connectivity through a comprehensive telecommunications infrastructure. Broadband services are extensive, and the province's cellular network covers virtually all of the province's population.

Research and innovation continue to play an important role in Manitoba's economic growth and diversification. The province has a strong and growing knowledge cluster in a number of fields, although the R&D presence is most notable in life sciences. Private industry, government and post-secondary institutions support the province's growing R&D infrastructure.

Manitoba remains committed to providing quality public services, such as health care. There are no premiums or personal charges for medical services in Manitoba for either employers or individual Manitobans. This is a major advantage over U.S. locations for both businesses and residents. In the U.S., employers paid an average of US\$6,600 per employee for family health care insurance costs in 2003.

Having the skills and knowledge to take on the challenges of the 21st century is a prerequisite for a prosperous and growing economy. Manitobans enjoy a quality public education system, including affordable, high-quality post-secondary education opportunities in several universities and colleges. Higher education continues to be affordable in

Manitoba, with undergraduate tuition among the most affordable in Canada. About 20,000 students attend the University of Manitoba, the largest of Manitoba's four universities, on a full-time basis, with another 14,500 attending part-time. The University offers a wide range of post-secondary and graduate programs, including sciences and arts, medicine, law, architecture, engineering, and agriculture. Another 16,000 students are enrolled in full- or part-time study at Manitoba's other three universities. Together, Manitoba universities graduated almost 6,000 students last year. In addition to university study, about 14,000 students are enrolled in full- or part-time study at Manitoba's three community colleges.

Competitive operating costs and taxes have made Manitoba one of the least expensive provinces in Canada to do business. KPMG's February 2004 Competitive Alternatives Study confirmed other analyses that show Winnipeg is one of the least expensive cities in Canada to do business. More details on Manitoba's business cost advantage can be found in Appendix 2, Interprovincial Comparison of Annual Personal Costs and Taxes (see p.15).

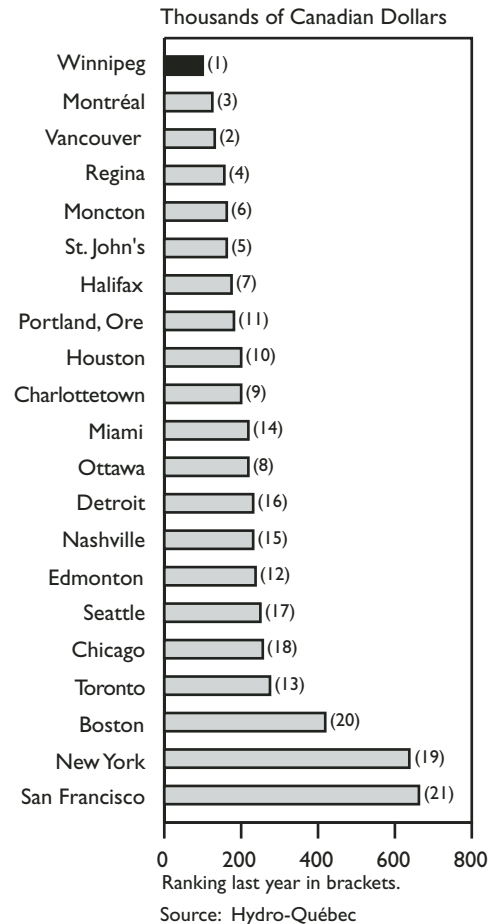
■ Manitoba's Quality of Life Advantage

Winnipeg is recognized as one of Canada's most family-friendly cities. Affordable living costs, good schools, excellent child-care options and a safe environment make Manitoba a great place to raise a family.

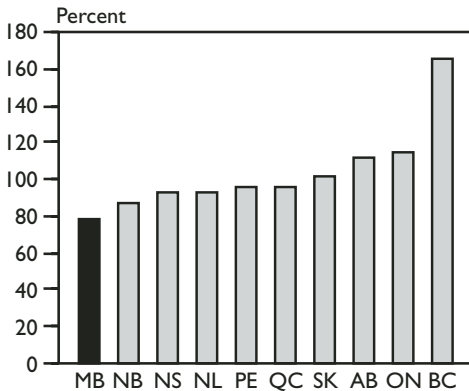
Manitobans care. The rate of volunteerism in the province is consistently among the highest in the nation. Moreover, Manitoba has the highest proportion of charitable giving of any province. This reflects Manitobans' community spirit and long tradition of helping others.

Monthly Industrial Electric Bills Large-sized Commercial/ Industrial Customer

3,060,000 Kilowatt Hours, 2003



Household Debt as a Percentage of Personal Disposable Income, 2001



Source: TD Bank Financial Group

Winnipeg has an active and vibrant artistic and cultural scene, including the Winnipeg Art Gallery, the Manitoba Museum, the Royal Winnipeg Ballet, the Winnipeg Symphony Orchestra and several live theatre centres. Manitoba's diverse population has created a rich and fascinating mosaic of cultural and artistic accomplishments. For more details, see *The Manitoba Arts and Culture Advantage*, p. 7.

Manitoba has a long sporting tradition. There are professional sports teams in the Canadian Football League, American Hockey League and the Northern Baseball League. With more than 120 golf courses, Manitoba has one of the best ratios of golf courses to golfers in Canada, as well as one of the highest golfing participation rates in Canada. More than one in four Manitobans tee off in the province each year.

Beaches, lakes and parks are integral parts of Manitoba's quality of life. Manitoba is a province of 100,000 lakes. Proximity to lakes and affordable vacation homes have given Manitobans one of the highest rates of vacation home ownership in the country. Winters offer extensive family recreation opportunities for skiing, curling, snowmobiling and (of course) hockey! Whether you're an observer or a participant, the choices for recreation are almost endless.

Budget 2004 builds on Manitoba's considerable advantages. To show Manitoba's cost competitiveness in more detail, two appendices are attached. The first, *Manitoba's Competitive Environment for Manufacturing*, provides a detailed comparison of the taxes and costs faced by representative manufacturers in various Canadian and U.S. cities (see p. 9). The second is an *Interprovincial Comparison of Annual Personal Costs and Taxes* (see p. 15).

THE MANITOBA ARTS AND CULTURE ADVANTAGE

Culture and the arts are an integral part of the Manitoba lifestyle. Our cultural scene is founded on our diverse ethnic mosaic, world-class attractions, and the imagination and creativity of Manitobans. As culture is a key economic sector in its own right, and acts more generally as a catalyst for creativity and growth, the Manitoba Government plays an active role in supporting and promoting the industry.

■ The Manitoba Arts and Culture Scene

Manitoba has a rich cultural diversity. Over one-fifth of Manitoba's population is made up of visible minorities and Aboriginals, the second-highest ratio among the provinces.

Aboriginal culture is an important element in Manitoba's heritage and an emerging force in contemporary artistic expression.

Winnipeg boasts the second-largest Francophone community outside of Quebec. The province is home to the largest Icelandic settlement outside of Iceland, and to vibrant Aboriginal, Ukrainian and Mennonite communities. This diversity is celebrated in a multitude of facilities and events, including the Mennonite Heritage Village north of Steinbach, Red Roots Theatre, Manitoba's only Aboriginal theatre organization, the Winnipeg Jewish Theatre, the Centre culturel franco-manitobain in St. Boniface, and Le Cercle Molière, Canada's oldest continuously operating theatre.

Manitoba is home to many world-class cultural attractions. The Royal Winnipeg Ballet was one of the first dance companies to be established in Canada and now thrills audiences at home and around the world. The province is also home to the Winnipeg Symphony Orchestra, the Manitoba Opera, and many high-calibre art galleries, museums and heritage sites. The Forks, the Winnipeg Art Gallery, the Costume Museum of Manitoba and sites, like Lower Fort Garry, are only a small sample of the hundreds of attractions in the province. The popular Manitoba Museum is a favourite for guests to the province, and has achieved the Michelin Guide three-star rating. The Manitoba Museum receives 400,000 visitors each year. There are also excellent venues all across the province, ranging from the Keystone Centre and the Western Centennial Auditorium in Brandon, to the Prairie Theatre Exchange, Rainbow Stage and the Manitoba Theatre Centre in Winnipeg.

Manitoba is a province of first-rate festivals that can be found year-round and in all regions of the province. Winter festivals include the 57-year-old Northern Manitoba Trappers Festival in The Pas, the Festival du Voyageur in St. Boniface, Western Canada's largest winter festival which attracted over 150,000 visitors in 2003, and Brandon's Royal Manitoba Winter Fair.

Winnipeg hosts many world-class summer festivals. Last year the Winnipeg Folk Festival celebrated 30 years of bringing folk fans together every July for great music. Others include Folklorama, which attracts over 400,000 pavilion visits during its two-week run, was voted the best festival in Canada. The 16th annual Winnipeg Fringe Festival, the second-largest festival of its kind in North America, posted an attendance of over 142,000 in the summer of 2003.

Last year, the Fringe hosted performers from France, England, Scotland, South Africa and the United States. Other important festivals include the Winnipeg Jazz Festival, Canada's National Ukrainian Festival in Dauphin and the Icelandic Festival in Gimli. Vibrant community fairs and exhibitions can be found in every corner of the province. Festivals are also geared for young people, including Freeze Frame, a film festival for children and young people, and the Winnipeg International Children's Festival, which build on first-rate children's attractions such as the Manitoba Theatre for Young People and the Manitoba Children's Museum.

■ Provincial Support for Arts and Culture

Arts and culture play a key role in enhancing our economy and economic competitiveness. There are over 14,000 arts and cultural workers in the province. Manitoba has one of the highest per capita revenue and attendance levels for arts and culture in Canada. A recent study by the Canada West Foundation, *Culture and Economic Competitiveness*, highlights the social benefits that cultural industries can provide. These include improving health and well-being, enhancing community identity and social cohesion, and facilitating community revitalization.

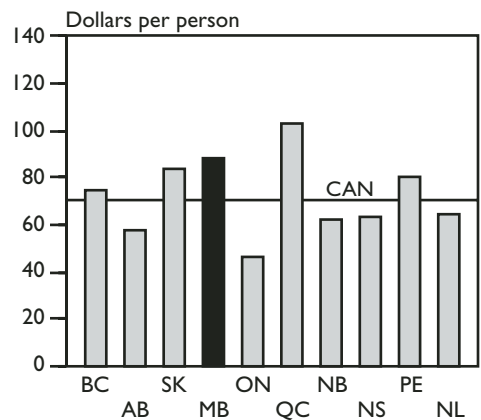
Culture and recreation enjoy the active support of the Manitoba Government. According to Statistics Canada, the Manitoba Government directly spent \$101.7 million on culture and recreation during the 2001/2002 fiscal year, the latest period that Statistics Canada's data on culture is available. At \$89 per person, Manitoba has the second-highest provincial per capita spending on culture.

The video and film production industry is rapidly expanding in the province, with production budgets

totaling \$109 million last year. Through the Manitoba Film and Video Production Tax Credit, direct equity financing and other programs, the Manitoba Government provided \$8.4 million in direct support for this industry in 2003/2004.

The Manitoba Government also contributes indirectly to many groups through tax credits on charitable donations. Total charitable donations in Manitoba, including donations to all registered charities, amounted to approximately \$490 million in 2001, of which about \$270 million was from individual taxpayers. Through charitable donations tax deductions, the Manitoba Government provided charitable institutions with approximately \$80 million in assistance in 2001, including about \$42 million in credits for individual taxpayers.

Provincial Government Per Capita Expenditures on Culture, 2001/02



Source: Statistics Canada

Appendix I: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

Manufacturing is Manitoba's largest economic sector, accounting for approximately 13% of provincial GDP and 66% of total foreign merchandise exports. Approximately 70% of Manitoba's merchandise exports to the United States are manufactured goods.

Manufacturing industries directly employ one in eight Manitoba workers. In 2003, manufacturing industries employed 69,200 people in Manitoba. Many more Manitobans work in industries that depend on manufacturing activities.

Manitoba's manufacturing sector is highly diversified, producing a broad range of industrial and consumer goods. Major manufactured goods include urban and intercity buses, aerospace equipment, chemicals and fertilizers, machinery, pharmaceuticals, processed meats, processed vegetables and grain products, furniture, apparel, newsprint, plastic products, windows and fabricated metals. Manitoba is North America's largest manufacturer of buses. Canada's largest furniture factory, owned by Palliser Furniture Ltd., is located in Manitoba. Maple Leaf Foods operates one of the world's largest and most technologically advanced meat-processing plants in Brandon, Manitoba's second-largest city. Manitoba is Canada's third-largest aerospace centre, as well as the country's third-largest apparel manufacturing centre.

Manitoba's competitive and cost-effective business environment continues to attract manufacturing investment. Manufacturers are taking advantage of the province's central location and its excellent transportation links to the rest of North America. Industrial and commercial land costs are lower than in other major metropolitan centres, and Manitoba's electricity costs are among the lowest in the world. Manitoba has a skilled and well-educated work force ready to take advantage of the opportunities provided by the province's growing manufacturing sector.

Since 1992, Manitoba Finance's competitiveness model is used to compare the tax structure and cost environment for a representative small and larger manufacturing firm. The model is used to assess Manitoba's competitive position relative to several other North American cities.

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

■ Interjurisdiction Competitiveness

The following indicators are used to assess cost and tax competitiveness for a small and a larger manufacturing firm over a 20-year period:

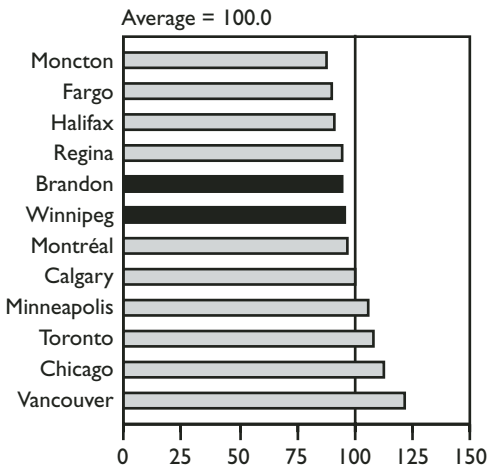
- net cost of investment, or start-up costs (including applicable taxes);
- pre-tax net income;
- effective tax rates; and
- internal rates of return.

This analysis uses a variable cost model and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location. The results for each city are compared to the overall average of all cities for each of the indicators, and are presented in the charts that follow.

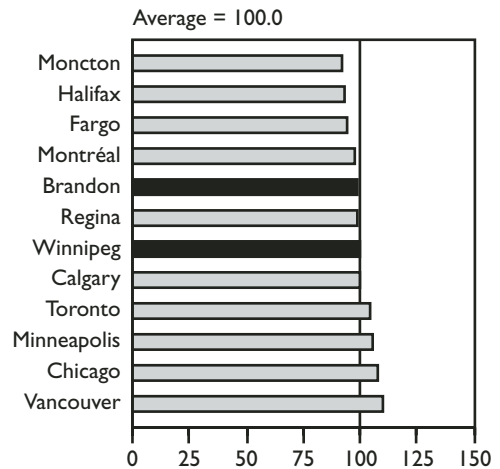
Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, and machinery and equipment) are lower in Manitoba than the average for all cities. The net cost of investment for larger metropolitan centres tends to be higher than the overall average, primarily because of the higher cost of land and construction labour costs.

Net Cost of Investment Small Manufacturing Firm



Net Cost of Investment Larger Manufacturing Firm



Pre-Tax Net Income

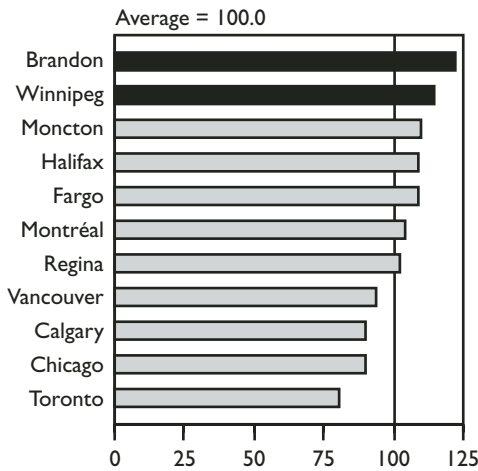
The model calculates pre-tax net income by subtracting from a common level of revenue the following location-sensitive operating costs:

- average manufacturing wages;
- local utility charges (electricity and telephone);
- interest costs; and
- capital depreciation.

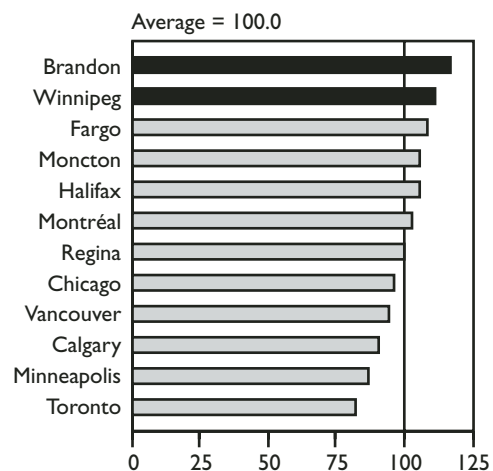
Pre-tax net income is used to compare Manitoba’s cost competitiveness to the other locations. A higher pre-tax income indicates lower operating costs in a given jurisdiction. The sales figures used in the simulation model are fixed across the cities, \$4 million for the small firm and \$45 million for the larger firm for years five through twenty. Production material costs are expressed as a percentage of sales and are also fixed across jurisdictions.

Brandon and Winnipeg yield the highest pre-tax net income for both the small and larger manufacturing firms. A talented, well-educated and productive labour force, low utility costs and lower than average start-up costs contribute to the cost advantages of operating a manufacturing plant in Manitoba.

Pre-Tax Net Income Small Manufacturing Firm



Pre-Tax Net Income Larger Manufacturing Firm



Effective Tax Rates

Effective tax rates are generated by computing gross taxes as a proportion of pre-tax net income over the 20-year period.

The following operating taxes are included in the analysis:

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

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

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

Not included in the model are the enterprise zones, grants, and other forms of governmental and third-party financial assistance programs.

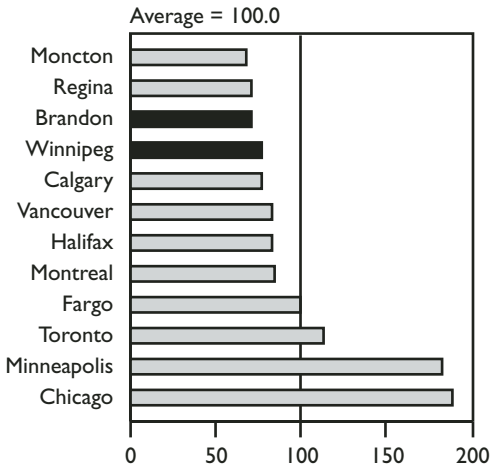
The effective tax rates in Manitoba are lower than the overall average. Among Canadian cities, Manitoba cities have lower than average effective tax rates among small manufacturing firms. They are about average for larger firms.

Overall Competitiveness

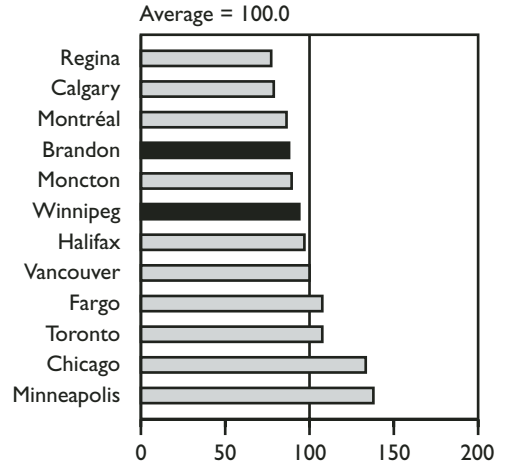
Overall competitiveness is measured by comparing internal rates of return. The internal rate of return is commonly used for business investment and location decision making. The following charts illustrate the combined effect of taxes and costs on the internal rates of return for the representative small and larger manufacturing corporations in the selected jurisdictions.

The internal rates of return for both Winnipeg and Brandon are higher than the overall average of the cities included in the study.

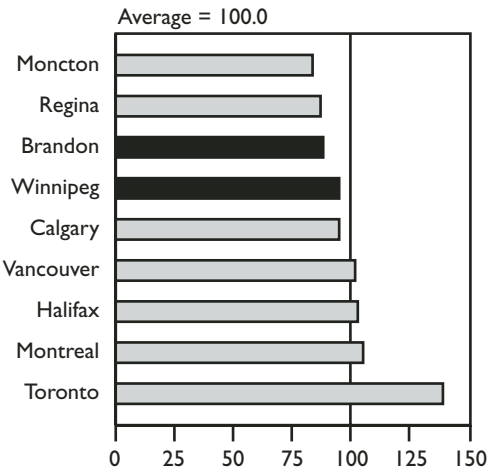
Effective Tax Rates Small Manufacturing Firm



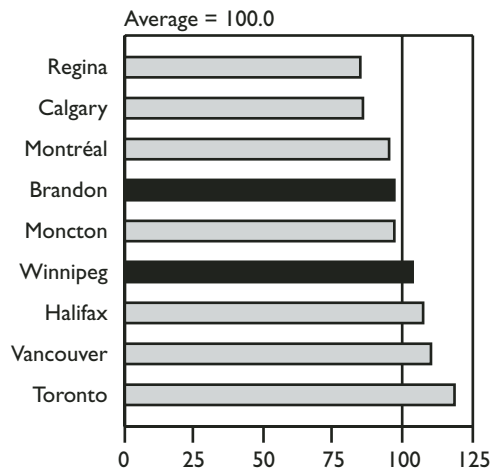
Effective Tax Rates Larger Manufacturing Firm



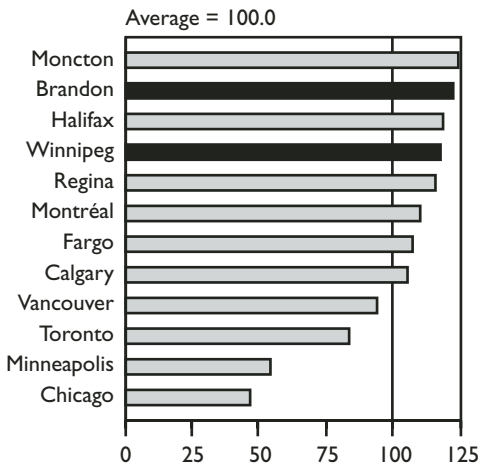
Effective Tax Rates Small Manufacturing Firm Canadian Cities



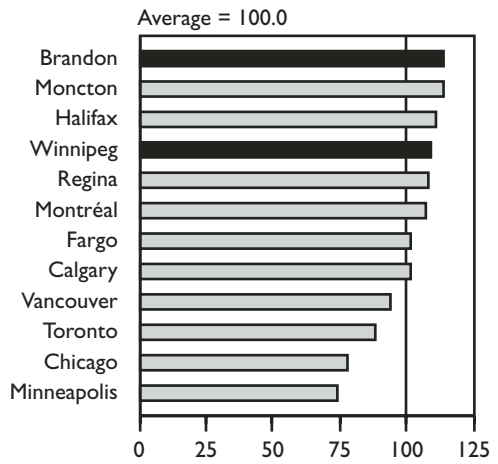
Effective Tax Rates Larger Manufacturing Firm Canadian Cities



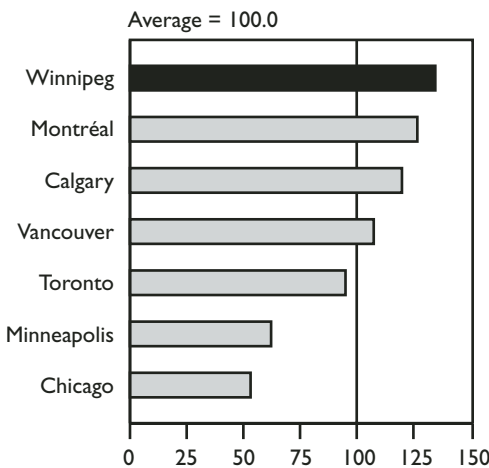
Internal Rates of Return Small Manufacturing Firm



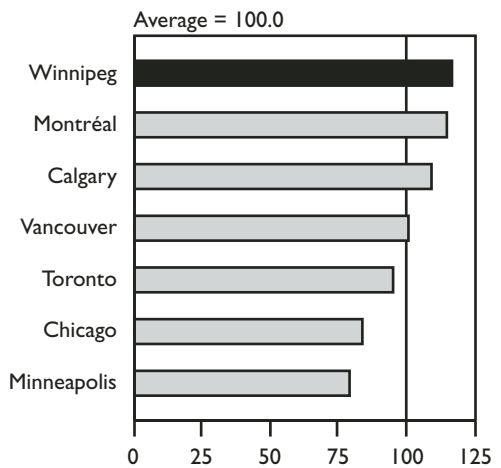
Internal Rates of Return Larger Manufacturing Firm



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



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



Brandon has the second-highest rate of return among all cities for the smaller manufacturing firm and is tied with Moncton for the highest rate of return for the larger manufacturing firm. Among cities with populations over 500,000, Winnipeg has the highest internal rate of return for both small and larger manufacturing firms.

■ Conclusion

The above results suggest a slight improvement relative to those shown in previous Budgets. Manitoba continues to maintain a highly competitive cost and taxation environment for both small and larger firms engaged in manufacturing and processing. Significant changes in the outcomes for other cities in the model are in part explained by the rapid appreciation in the Canadian dollar relative to the U.S., and increases in land costs for Canadian cities. Overall, American cities improved their relative position, particularly Fargo, while larger Canadian centres lost some ground.

Appendix 2: 2004 INTERPROVINCIAL COMPARISON OF ANNUAL PERSONAL COSTS AND TAXES

Since 1999, Manitoba's overall provincial rankings for personal costs and taxes have remained steady.

Across the board since 1999, Manitoba's performance has been quite strong. Manitoba's total cost advantage versus Ontario improved in every one of the six representative family types, while its total cost advantage versus Alberta, Quebec, New Brunswick and Newfoundland and Labrador improved in five out of the six representative family types.

Manitoba's gasoline tax rate is the second-lowest in Canada. Also, Manitoba and Saskatchewan have the lowest sales tax rate, at 7%, of all provinces that levy a retail sales tax.

The following charts show that Manitoba remains one of the most affordable provinces in which to live. While other provinces have experienced significant increases in utility costs, child-care fees and automobile insurance premiums, Manitoba's costs in these areas have remained relatively stable.

The Manitoba Advantage includes moderate overall taxation levels, affordable housing, and low child-care, electricity, heating and automobile insurance costs.

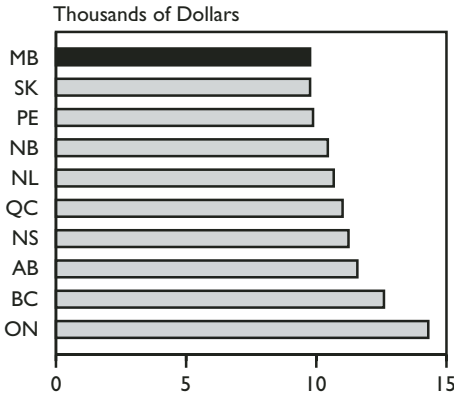
Low living costs* and personal taxes mean that Manitobans are able to enjoy a high standard of living in relation to other parts of the country. This makes Manitoba a more competitive and attractive location for both new and expanding businesses.

A superior quality of living with lower personal costs and taxes are clearly an important part of The Manitoba Advantage.

* Includes rent or mortgage costs, property taxes, public transit costs or auto insurance, child care, telephone service, electricity, and heating.

Annual Personal Costs and Taxes Single Person Earning \$30,000*

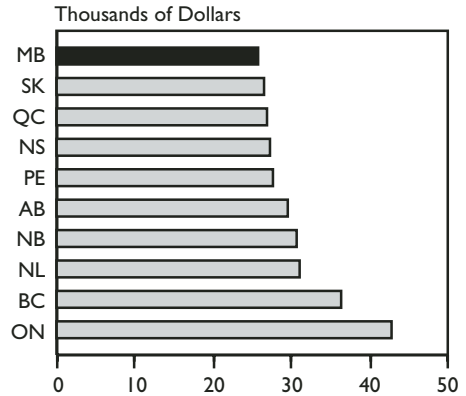
- Fourth-lowest provincial levies
- Lowest combined taxes and living costs in the country



*Includes income tax, retail sales tax, health premiums, rent, public transit costs, telephone service, electricity and heating.

Annual Personal Costs and Taxes Two-Earner Family of Four Earning \$60,000*

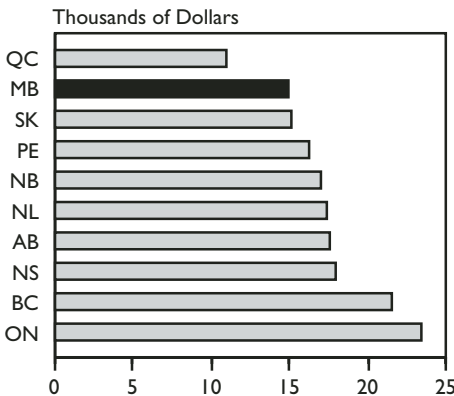
- Fifth-lowest provincial levies
- Lowest combined taxes and living costs in the country



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

Annual Personal Costs and Taxes Single Parent Earning \$30,000*

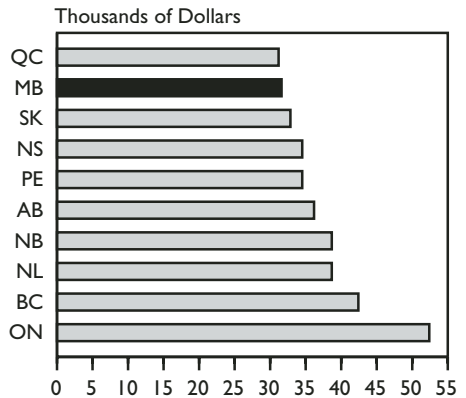
- Fourth-lowest provincial levies
- Second-lowest combined taxes and living costs in the country



*Includes income tax, retail sales and gasoline taxes, health premiums, rent, auto insurance, telephone service, electricity, heating, child care and child benefits.

Annual Personal Costs and Taxes Two-Earner Family of Five Earning \$75,000*

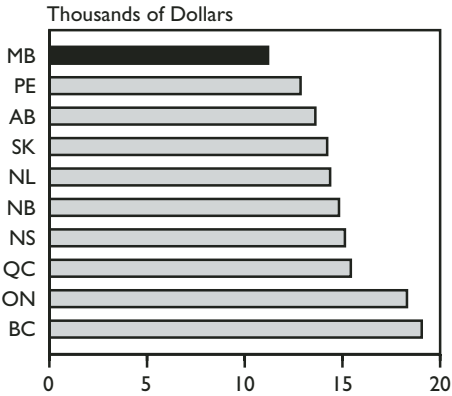
- Fifth lowest provincial levies
- Second-lowest combined taxes and living costs in the country



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

Annual Personal Costs and Taxes Single-Earner Family of Four Earning \$40,000*

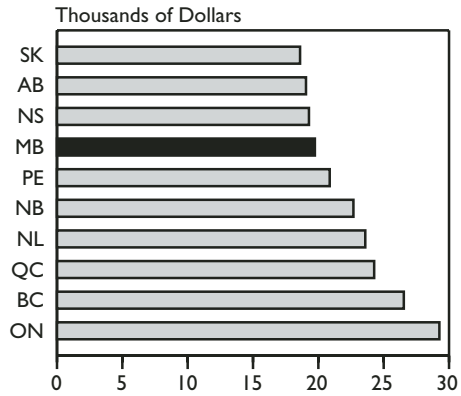
- Third-lowest provincial levies
- Lowest combined taxes and living costs in the country



*Includes income tax, retail sales and gasoline taxes, health premiums, child benefits, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

Annual Personal Costs and Taxes Single-Earner Family of Four Earning \$60,000*

- Fifth-lowest provincial levies
- Fourth-lowest combined taxes and living costs in the country



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

2004 Comparison of Annual Personal Costs and Taxes

Single Person: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	1,109	1,376	2,128	1,830	1,163
Health Premiums	648	528	0	0	0
PIT and Premiums	1,757	1,904	2,128	1,830	1,163
Retail Sales Tax	353	0	368	370	432
Provincial Levies	2,110	1,904	2,496	2,200	1,595
Rent	9,108	7,932	5,880	6,096	10,608
Electricity	323	635	516	327	580
Public Transit	756	780	630	809	1,185
Telephone	329	285	264	300	271
Living Costs	10,516	9,632	7,290	7,532	12,645
Total Costs	12,626	11,536	9,786	9,731	14,240
Single Parent One Child: \$30,000	BC	AB	SK	MB	ON
Provincial Income Tax	294	0	649	303	(332)
Health Premiums	922	0	0	0	0
PIT and Premiums	1,216	0	649	303	(332)
Child Benefits	(253)	(300)	0	0	(1,070)
Retail Sales Tax	459	0	478	481	561
Gasoline Tax	410	180	300	230	294
Provincial Levies	1,832	(120)	1,427	1,014	(547)
Rent	11,580	9,648	7,068	7,740	12,480
Child Care	6,166	5,650	4,727	4,579	8,206
Electricity	416	773	635	408	723
Auto Insurance	1,186	1,319	959	1,003	2,302
Telephone	329	285	264	300	271
Living Costs	19,677	17,675	13,653	14,030	23,982
Total Costs	21,509	17,555	15,080	15,043	23,435

Sums may not add due to rounding.

QC	NB	NS	PE	NL	Single Person: \$30,000
2,366	1,969	1,854	2,027	2,209	Provincial Income Tax
460	0	0	0	0	Health Premiums
<u>2,826</u>	<u>1,969</u>	<u>1,854</u>	<u>2,027</u>	<u>2,209</u>	<u>PIT and Premiums</u>
533	686	679	601	725	Retail Sales Tax
<u>3,359</u>	<u>2,654</u>	<u>2,532</u>	<u>2,628</u>	<u>2,934</u>	<u>Provincial Levies</u>
6,336	6,300	7,152	5,628	6,240	Rent
371	556	517	709	513	Electricity
708	672	684	600	696	Public Transit
271	264	300	293	263	Telephone
<u>7,686</u>	<u>7,792</u>	<u>8,653</u>	<u>7,231</u>	<u>7,712</u>	<u>Living Costs</u>
<u>11,045</u>	<u>10,446</u>	<u>11,185</u>	<u>9,859</u>	<u>10,646</u>	Total Costs
Single Parent					
One Child: \$30,000					
QC	NB	NS	PE	NL	Provincial Income Tax
(727)	408	716	890	969	Health Premiums
460	0	0	0	0	PIT and Premiums
<u>(267)</u>	<u>408</u>	<u>716</u>	<u>890</u>	<u>969</u>	<u>PIT and Premiums</u>
(80)	(244)	0	0	0	Child Benefits
692	891	882	781	943	Retail Sales Tax
334	290	310	340	330	Gasoline Tax
<u>679</u>	<u>1,345</u>	<u>1,908</u>	<u>2,012</u>	<u>2,242</u>	<u>Provincial Levies</u>
6,900	7,620	8,640	7,092	7,284	Rent
1,820	5,980	5,280	5,200	5,460	Child Care
445	675	647	861	620	Electricity
813	1,057	1,151	881	1,491	Auto Insurance
271	264	300	293	263	Telephone
<u>10,250</u>	<u>15,596</u>	<u>16,018</u>	<u>14,328</u>	<u>15,119</u>	<u>Living Costs</u>
<u>10,928</u>	<u>16,941</u>	<u>17,926</u>	<u>16,340</u>	<u>17,361</u>	Total Costs

2004 Comparison of Annual Personal Costs and Taxes

One Earner Family of 4: \$40,000

	BC	AB	SK	MB	ON
Provincial Income Tax	1,556	875	1,807	2,153	1,244
Health Premiums	1,296	1,056	0	0	0
PIT and Premiums	2,852	1,931	1,807	2,153	1,244
Child Benefits	0	(400)	0	0	0
Property Tax Credits	(470)	0	0	(400)	(209)
Retail Sales Tax	818	0	988	943	1,145
Gasoline Tax	410	180	300	230	294
Provincial Levies	3,610	1,711	3,095	2,926	2,474
Mortgage Costs	10,281	6,500	4,609	3,198	8,872
Property Taxes	1,728	1,758	3,302	2,160	2,233
Home Heating	990	809	883	945	989
Electricity	602	1,049	873	571	1,007
Auto Insurance	1,525	1,547	1,211	1,074	2,415
Telephone	329	285	264	300	271
Living Costs	15,455	11,948	11,143	8,248	15,787
Total Costs	19,065	13,658	14,238	11,174	18,262

One Earner Family of 4: \$60,000

	BC	AB	SK	MB	ON
Provincial Income Tax	3,384	2,872	4,404	5,181	3,386
Health Premiums	1,296	1,056	0	0	0
PIT and Premiums	4,680	3,928	4,404	5,181	3,386
Property Tax Credits	(470)	0	0	(400)	(62)
Retail Sales Tax	1,050	0	1,265	1,304	1,527
Gasoline Tax	410	180	300	230	294
Provincial Levies	5,670	4,108	5,969	6,315	5,146
Mortgage Costs	14,437	8,465	5,101	5,952	14,910
Property Taxes	2,427	2,290	3,655	4,020	3,753
Home Heating	1,420	1,122	1,262	1,226	1,418
Electricity	787	1,324	1,112	734	1,291
Auto Insurance	1,525	1,547	1,211	1,074	2,415
Telephone	329	285	264	300	271
Living Costs	20,925	15,033	12,605	13,307	24,059
Total Costs	26,596	19,142	18,574	19,622	29,204

Sums may not add due to rounding.

					One Earner Family of 4: \$40,000
QC	NB	NS	PE	NL	
1,045	2,636	2,613	2,694	3,114	Provincial Income Tax
920	0	0	0	0	Health Premiums
<u>1,965</u>	<u>2,636</u>	<u>2,613</u>	<u>2,694</u>	<u>3,114</u>	<u>PIT and Premiums</u>
(160)	0	0	0	0	Child Benefits
(137)	0	0	0	0	Property Tax Credits
1,364	1,700	1,708	1,353	1,921	Retail Sales Tax
334	290	310	340	330	Gasoline Tax
<u>3,366</u>	<u>4,626</u>	<u>4,631</u>	<u>4,387</u>	<u>5,365</u>	<u>Provincial Levies</u>
5,961	4,727	5,141	3,388	3,585	Mortgage Costs
2,712	1,912	1,677	1,453	1,436	Property Taxes
1,299	1,161	1,206	1,113	1,179	Home Heating
594	912	905	1,165	836	Electricity
1,265	1,222	1,308	1,025	1,671	Auto Insurance
271	264	300	293	263	Telephone
<u>12,102</u>	<u>10,197</u>	<u>10,536</u>	<u>8,438</u>	<u>8,969</u>	<u>Living Costs</u>
<u>15,468</u>	<u>14,823</u>	<u>15,167</u>	<u>12,825</u>	<u>14,334</u>	Total Costs
					One Earner Family of 4: \$60,000
QC	NB	NS	PE	NL	
5,147	5,597	5,340	5,477	6,359	Provincial Income Tax
920	0	0	0	0	Health Premiums
<u>6,067</u>	<u>5,597</u>	<u>5,340</u>	<u>5,477</u>	<u>6,359</u>	<u>PIT and Premiums</u>
0	0	0	0	0	Property Tax Credits
1,912	2,453	2,216	1,895	2,509	Retail Sales Tax
334	290	310	340	330	Gasoline Tax
<u>8,313</u>	<u>8,340</u>	<u>7,866</u>	<u>7,712</u>	<u>9,198</u>	<u>Provincial Levies</u>
8,056	7,219	5,082	6,106	7,025	Mortgage Costs
3,540	2,685	1,803	2,620	2,545	Property Taxes
1,948	1,741	1,808	1,669	1,768	Home Heating
756	1,149	1,163	1,469	1,051	Electricity
1,265	1,222	1,308	1,025	1,671	Auto Insurance
271	264	300	293	263	Telephone
<u>15,836</u>	<u>14,279</u>	<u>11,464</u>	<u>13,182</u>	<u>14,323</u>	<u>Living Costs</u>
<u>24,149</u>	<u>22,620</u>	<u>19,330</u>	<u>20,894</u>	<u>23,521</u>	Total Costs

2004 Comparison of Annual Personal Costs and Taxes

Two Earner Family of 4: \$60,000

	BC	AB	SK	MB	ON
Provincial Income Tax	1,893	1,934	2,864	3,354	1,394
Health Premiums	1,296	1,056	0	0	0
PIT and Premiums	3,189	2,990	2,864	3,354	1,394
Property Tax Credits	(470)	0	0	(400)	(227)
Retail Sales Tax	1,050	0	1,265	1,304	1,527
Gasoline Tax	615	270	450	345	441
Provincial Levies	4,384	3,260	4,579	4,603	3,135
Mortgage Costs	14,437	8,465	5,101	5,952	14,910
Property Taxes	2,427	2,290	3,655	4,020	3,753
Child Care	9,919	9,705	8,463	6,938	13,126
Home Heating	1,420	1,122	1,262	1,226	1,418
Electricity	787	1,324	1,112	734	1,291
Auto Insurance	2,711	2,866	2,170	2,077	4,717
Telephone	329	285	264	300	271
Living Costs	32,030	26,057	22,027	21,248	39,487
Total Costs	36,414	29,318	26,606	25,851	42,621

Two Earner Family of 5: \$75,000

	BC	AB	SK	MB	ON
Provincial Income Tax	2,643	2,806	3,792	4,485	2,360
Health Premiums	1,296	1,056	0	0	0
PIT and Premiums	3,939	3,862	3,792	4,485	2,360
Property Tax Credits	(470)	0	0	(400)	(138)
Retail Sales Tax	1,312	0	1,815	1,741	1,811
Gasoline Tax	615	270	450	345	441
Provincial Levies	5,396	4,132	6,057	6,170	4,474
Mortgage Costs	14,437	8,465	5,101	5,952	14,910
Property Taxes	2,427	2,290	3,655	4,020	3,753
Child Care	16,439	15,701	13,351	11,618	21,332
Home Heating	1,420	1,122	1,262	1,226	1,418
Electricity	787	1,324	1,112	734	1,291
Auto Insurance	2,711	2,866	2,170	2,077	4,717
Telephone	329	285	264	300	271
Living Costs	38,550	32,053	26,915	25,928	47,692
Total Costs	43,946	36,185	32,972	32,098	52,166

Sums may not add due to rounding.

					Two Earner Family of 4: \$60,000
QC	NB	NS	PE	NL	
3,452	3,235	3,202	3,533	3,858	Provincial Income Tax
920	0	0	0	0	Health Premiums
<u>4,372</u>	<u>3,235</u>	<u>3,202</u>	<u>3,533</u>	<u>3,858</u>	<u>PIT and Premiums</u>
0	0	0	0	0	Property Tax Credits
1,912	2,453	2,216	1,895	2,509	Retail Sales Tax
501	435	465	510	495	Gasoline Tax
<u>6,785</u>	<u>6,123</u>	<u>5,883</u>	<u>5,938</u>	<u>6,862</u>	<u>Provincial Levies</u>
8,056	7,219	5,082	6,106	7,025	Mortgage Costs
3,540	2,685	1,803	2,620	2,545	Property Taxes
3,437	9,283	8,790	7,458	8,260	Child Care
1,948	1,741	1,808	1,669	1,768	Home Heating
756	1,149	1,163	1,469	1,051	Electricity
2,078	2,279	2,459	1,906	3,162	Auto Insurance
271	264	300	293	263	Telephone
<u>20,086</u>	<u>24,619</u>	<u>21,405</u>	<u>21,521</u>	<u>24,074</u>	<u>Living Costs</u>
<u>26,871</u>	<u>30,742</u>	<u>27,288</u>	<u>27,459</u>	<u>30,936</u>	<u>Total Costs</u>

					Two Earner Family of 5: \$75,000
QC	NB	NS	PE	NL	
5,248	4,503	4,426	4,785	5,296	Provincial Income Tax
920	0	0	0	0	Health Premiums
<u>6,168</u>	<u>4,503</u>	<u>4,426</u>	<u>4,785</u>	<u>5,296</u>	<u>PIT and Premiums</u>
0	0	0	0	0	Property Tax Credits
2,631	3,006	2,859	2,668	3,400	Retail Sales Tax
501	435	465	510	495	Gasoline Tax
<u>9,301</u>	<u>7,944</u>	<u>7,750</u>	<u>7,963</u>	<u>9,191</u>	<u>Provincial Levies</u>
8,056	7,219	5,082	6,106	7,025	Mortgage Costs
3,540	2,685	1,803	2,620	2,545	Property Taxes
5,257	15,263	14,070	12,658	13,720	Child Care
1,948	1,741	1,808	1,669	1,768	Home Heating
756	1,149	1,163	1,469	1,051	Electricity
2,078	2,279	2,459	1,906	3,162	Auto Insurance
271	264	300	293	263	Telephone
<u>21,906</u>	<u>30,599</u>	<u>26,685</u>	<u>26,721</u>	<u>29,534</u>	<u>Living Costs</u>
<u>31,206</u>	<u>38,543</u>	<u>34,435</u>	<u>34,684</u>	<u>38,725</u>	<u>Total Costs</u>

NOTES

Taxes, charges and living costs are based on information available on April 5, 2004, for the following major urban centres in each province: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montréal, Fredericton, Halifax, Charlottetown and St. John's.

Provincial Income Tax is calculated for a single renter with \$30,000 earned income, a single parent with one child who rents and has \$30,000 in earned income, and four homeowners with \$40,000, \$60,000 and \$75,000 of earned income, respectively. Families include either one income earner, a spouse and two dependent children (ages 3 and 7), two income earners and two dependent children (ages 3 and 7), or two income earners and three dependent children (ages 3, 5 and 7). For two-earner families, one spouse is assumed to earn 60% of the family income while the other spouse earns 40%. Personal non-refundable credits used include the CPP/QPP and EI contribution credits. For the single parent, child-care costs unique to each province have been deducted from income. For two-earner families, child-care costs have been deducted from the income of the spouse with the lower income. Gross Quebec personal income tax has been reduced by the 16.5% abatement from federal income tax. Refundable sales tax credits and provincial tax reductions and rebates have been deducted from income tax payable. Rental credits are included in income tax, but property tax credits are shown separately.

Child Benefits represent provincial programs comparable to the Canada Child Tax Benefit and include earned income supplements where applicable.

Retail Sales Tax is based upon an average expenditure basket at the selected gross income levels from the *2000 Survey of Household Expenditures* (Statistics Canada), inflated to 2004 values and adjusted for family size.

Gasoline Tax is based on annual consumption of 2,000 litres for single-vehicle families, and 3,000 litres for the two-earner family at \$60,000 and \$75,000; this includes the 6.0 cents per litre transit levy imposed in Vancouver, and the 1.5 cents per litre levy imposed in Montréal.

Health Premiums are annual premiums for hospital insurance and medical services in provinces which levy them. They include Quebec's Prescription Drug Plan.

Mortgage Costs are based on one-half the average home prices for a standard townhouse for families with \$40,000 of income, or a standard two-storey for families with \$60,000 and \$75,000 of income, per the Royal LePage *Survey of Canadian House Prices, Fourth Quarter 2003*, for a 25-year term, amortized at a five-year interest rate of 6.075%.

Property Taxes are based on the assessed values for a standard townhouse for families with \$40,000 of income, or a standard two-storey for families with \$60,000 and \$75,000 of income, per the Royal LePage *Survey of Canadian House Prices, Fourth Quarter 2003*. Mill rates and other elements used in the calculation of the Property Taxes were obtained from officials in each of the major urban centres in the provinces.

Rent is from Canada Mortgage and Housing Corporation's *Rental Market Survey*, October 2003, and is based on average one-bedroom apartment rents for each urban centre for the single person,

and average two-bedroom apartment rents for the single parent family.

Child Care is based on average fees for full-time preschool care for the three-year old and the five-year old, before and after school care for the seven-year old, and six weeks of summer day camp for the seven-year old. Quebec figures are based on \$7 per day for care. Average fees were based on *Early Childhood Care and Education in Canada: Provinces and Territories*, and were updated by a telephone and Internet survey of different cities.

Auto Insurance for two-parent families is based on a 2002 Chevrolet Impala. Coverage includes \$1 million third-party liability, and \$200 all-perils deductible in British Columbia, Saskatchewan and Manitoba; \$250 all-perils deductible in Alberta, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; \$300 all-perils deductible in Ontario. The driver is married, age 35, has been accident-free for seven or more years; the auto is driven to work (15 km, one way). The two-earner families with \$60,000 and \$75,000 of income also insure a 1998 Chevrolet Cavalier, with identical coverage and driver risk rating as the Impala. The single-parent family is based on the 1998 Chevrolet Cavalier. Rates for British Columbia, Saskatchewan and Manitoba supplied by Manitoba Public Insurance; rates in other urban centres are the average of between 8 and 12 of the larger insurers.

Transit Fares are based on adult (single zone) monthly pass rates in effect in April 2004. The Charlottetown fare is based on adult tickets for 240 working days.

Home Heating charges are based on annual consumption of 2,300 cubic metres of natural gas for the standard townhouse, or 3,450 cubic metres of natural gas for the standard two-storey. For the Atlantic provinces, the figures represent the BTU equivalent consumption of fuel oil. Manitoba Hydro has applied for a rate increase effective April 1, 2004. While this rate increase has not been approved by April 5, it has been included in these tables.

Electricity charges are based on annual consumption of 9,000 kWh for the two-parent family at \$40,000, and 12,000 kWh for the two-parent family at \$60,000 and \$75,000 of income; 6,000 kWh for the single-parent family; and 4,500 kWh of usage for the tenant. Rates do not include municipal taxes or charges, and are based on residential rates in effect from April 2004.

Telephone charges are the basic service rates for individual residences.