

MANITOBA'S ACTION STRATEGY For Economic Growth



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■ INTRODUCTION

Manitoba's economic foundation is strong.

The economy is growing steadily and unemployment rates are at a 30-year low. Housing starts, retail sales, manufacturing shipments and exports are all showing strong growth. Capital investment growth was second highest in the country in 2006.

Responsible financial management has earned Manitoba four credit rating upgrades since 1999. Manitoba's net debt relative to GDP has been reduced and spending is being managed prudently. Within this strong fiscal foundation, the province continues to deliver positive results in the areas Manitobans have identified as important, including health care, education, water resources, roads and other infrastructure.

The province's population is growing and new steps are being taken to maintain and enhance this growth. International immigration has grown steadily, reaching 10,000 new immigrants in 2006, and Manitoba has committed to double the current immigration level over the next ten years.

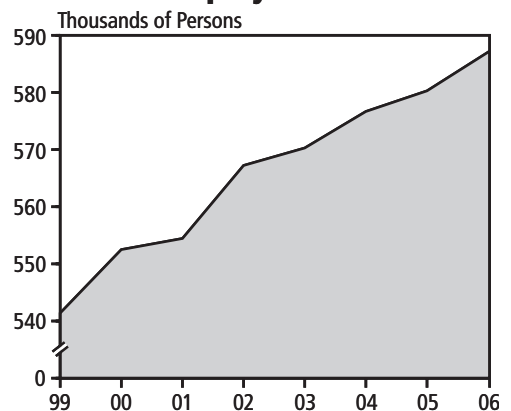
Manitoba's growing Aboriginal population is an important part of our economic future. Investments in education and training are delivering positive results: Aboriginal university and college enrolments are up, Aboriginal apprenticeship registrations have tripled since 1999 and Aboriginal off-reserve employment jumped by 30% between 2001 and 2005.

The critical youth segment of the population is also growing. Post-secondary enrolment has increased, and new initiatives such as the tuition tax rebate will encourage even more young people to choose Manitoba as the place to build their futures.

Revitalization in the province's urban centres continues to inspire renewed optimism and investor confidence in a dynamic and vibrant economic environment. Housing values are up and education property taxes are down. New landmark buildings such as the popular MTS Centre and Manitoba Hydro's state-of-the-art energy-efficient head office are transforming Winnipeg's downtown. Manitoba's spirit and energy are being captured in a campaign to tell the world that Manitoba is an exceptional place in which to live, work, visit and invest.

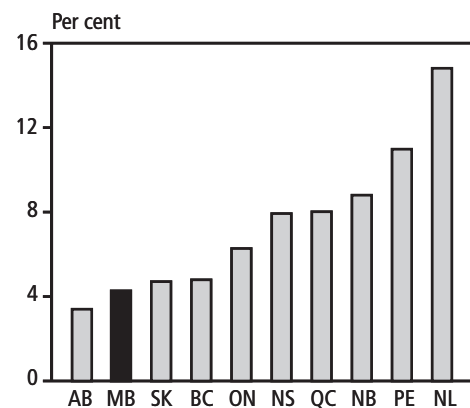
Rural Manitoba is benefiting from diversification, with significant expansion in areas such as value-added production, functional foods, and alternative energy – wind, ethanol, and biodiesel. The province's rich natural resource base and continuing development of hydro-electric power is providing unparalleled skills training and employment opportunities for

Manitoba Employment



Source: Statistics Canada

Unemployment Rates 2006



Source: Statistics Canada

Manitoba's Action Strategy sets the framework for strong economic growth.

northern residents.

These successes have been supported by Manitoba's Action Strategy for Economic Growth, which is based on recommendations provided by the Premier's Economic Advisory Council (PEAC).

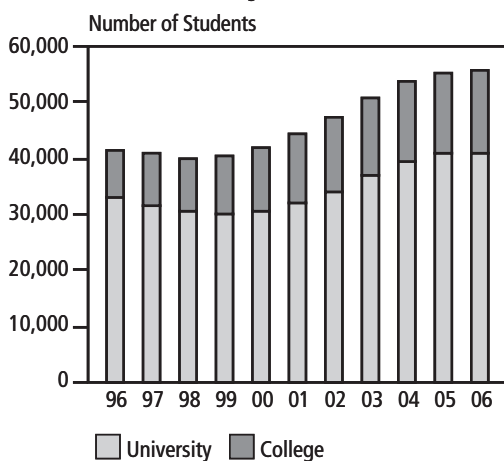
PEAC was established by the Premier following the successful Manitoba Century Summit, which brought together a broad cross section of community leaders from across Manitoba to develop a new economic strategy. Since its formation in 2001, this council of business, labour, Aboriginal, education and local community leaders has provided practical, action-oriented advice on a wide range of issues affecting the province's economy.

The key elements of Manitoba's Action Strategy are:

1. Education and Skills
2. Research and Innovation
3. Supporting Investment
4. Affordable Government
5. Growing Immigration
6. Manitoba's Green Energy Advantage
7. Building Communities

The seven-point action strategy was first released in 2003. It reflects the recommendations of PEAC and its task groups, which have focussed on specific economic opportunities. This document shows how the strategy continues to set the framework for strong economic growth in Manitoba and provide opportunity for citizens, entrepreneurs and investors throughout the province.

Post-Secondary Enrolment



Legend: University (light grey), College (dark grey)

Note: years refer to school-year endings

Source: Council on Post-Secondary Education

1. Education and Skills

Manitoba's economic strategy begins with a comprehensive education and skills development plan. The province is making great strides in expanding the quality, accessibility and affordability of post-secondary education and training, providing the knowledge and skills Manitobans need in an increasingly competitive economy.

Manitoba's strategy is designed to meet the demands of the future by increasing enrolments and training opportunities through:

- keeping education affordable – a 10% tuition reduction has helped to support dramatic enrolment increases of 34% for universities and 32% for colleges;
- providing fully offsetting revenue to universities and colleges to

compensate for the tuition reduction – a total of \$95 million since 2000;

- funding over 80 new and expanded programs through the College Expansion Initiative to address skill shortages in key growth sectors; and
- increasing support to ACCESS programs to enhance accessibility and successful completion of post-secondary education for under-represented groups.

In support of education excellence, Manitoba made a \$60 million three-year funding commitment for post-secondary education in 2006 – the largest commitment of its kind in Manitoba's history. In 2007, Manitoba strengthened this commitment by providing colleges and universities with an average funding increase of 7%.

Another element of Manitoba's strategy is to encourage young people who have completed their education and training to put down roots and start their careers in Manitoba. This initiative includes:

- creating a new 60% tuition rebate for all post-secondary graduates who live and work in the province;
- committing \$2 million for new Manitoba Graduate Scholarships and adding \$2 million to Manitoba bursaries to help post-secondary students reduce their education debt;
- expanding the 10% Co-operative Education Tax Credit to more employers; and
- introducing a Co-operative Graduates Hiring Incentive to support employers who hire recent graduates of co-op education programs.

The government has also supported major post-secondary capital projects totalling over \$400 million, including:

- contributing \$50 million to kick start the University of Manitoba's successful \$237 million capital campaign;
- committing up to \$25 million to the University of Winnipeg for its capital campaign and the new Richardson College for the Environment;
- working with the City of Brandon to relocate Assiniboine Community College to its new home at North Hill;
- committing an additional \$45 million for the University College of the North for capital improvements at The Pas and Thompson, and new regional centres; and
- funding capital improvements at Brandon University and Collège universitaire de Saint-Boniface.

university enrolment up
34% and college enrolment
up 32% since 1999

60% tuition rebate for post-
secondary graduates who live
and work in Manitoba

over \$400 million in
post-secondary capital
projects supported
since 1999

The province is committed to investing in the training and development needed to remain competitive.

“The surge in apprenticeship numbers is a direct result of working with the provincial government to address market needs for skilled trades and technical workers.”

Jeff Zabudsky, President,
Red River College, September 25, 2006

The booming mining and construction sectors coupled with strong economic growth generally have increased labour market pressures in Manitoba. Business leaders have made it clear that the availability of skilled labour is critical to maintaining growth. The province is committed to investing in the training and development needed to remain competitive. Manitoba is taking action by:

- modernizing the current apprenticeship system to keep pace with industry needs;
- expanding the sector councils which have delivered training to over 12,000 new and existing workers in 2006, a 65% increase since 2000;
- developing an alternative diploma to recognize work experience and academic credentials;
- supporting new credit transfer arrangements between colleges and universities;
- advancing Prior Learning Assessment and Recognition in educational institutions and in the workplace;
- committing more flexible funding to address training needs in key areas of the economy; and
- providing valuable training and work experience on major infrastructure projects, including the Red River Floodway Expansion and Hydro Northern Training Initiative.

Through sustained efforts in promoting trades and trades training, the province's apprenticeships have increased by 52% since 1999. Aboriginal apprentice registrations more than tripled and the number of certified journeypersons increased by 47%. Further investments over the next four years will build on the accomplishments of the Technical Vocational Initiative to address current and emerging industry and labour market needs.

The government also recognizes the need to invest in higher levels of literacy and essential skills to support the long-term well-being of individuals, families and the provincial workforce. Manitoba has created a new system of well-regulated Adult Learning Centres offering high-quality programming. In 2006, the province introduced *The Adult Literacy Act* – the first of its kind in Canada. This approach is delivering results – the number of Adult Learning Centre graduates has risen 96% in five years.

Support for education in the early years is also showing positive results. Manitoba's high school graduation rate continues to improve. The government has supported high-quality public school education through increasing funding for public schools by the rate of economic growth, with total funding reaching \$956 million in 2007. Building on this commitment,

the province has committed to increase the provincial share of public school funding from 70% to 80% of total public school expenditures.

2. Research and Innovation

Knowledge-based industries are at the forefront of future economic growth in Manitoba. PEAC has emphasized the importance of investments in research and innovation – investments that enable productivity increases, resource conservation and a higher standard of living.

Over the past seven years, Manitoba's promising knowledge-based industries have matured to become significant forces in the provincial economy. Companies from around the world recognize Manitoba as an exciting and dynamic place to invest in research and development work.

Manitoba is home to 40 life sciences companies and 30 research and development groups with expertise in areas such as health, environmental and agricultural biotechnology. The sector generates more than \$500 million in annual revenue and employs in excess of 4,000 people.

Manitoba's notable biotech and research organizations include Innovative Magnetic Resonance Imaging Systems (IMRIS), Monteris, Manitoba Institute of Cell Biology, Medicare, the International Centre for Infectious Diseases, the Canadian Science Centre for Human and Animal Health, and the National Microbiology Laboratory.

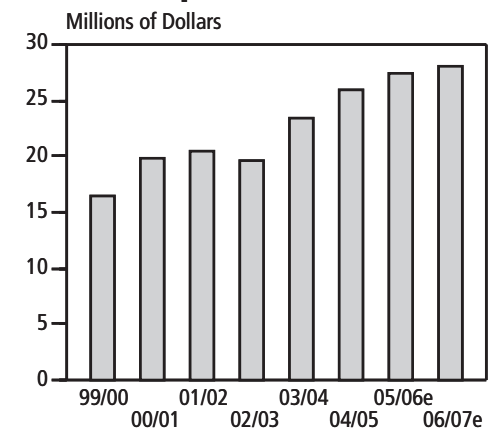
The University of Manitoba, the province's largest research institution, is a national and global innovation leader. Areas of excellence include functional foods and nutraceuticals, plant and human genomics, proteomics and systems biology, cardiovascular and diabetes diseases, HIV/AIDS research, alternative energy and advanced composite materials.

The Manitoba government provides strategic investments and targeted tax credits to support research & development (R&D).

- The Manitoba Research and Innovation Fund (MRIF) provides direct funding support for R&D projects and helps lever funds from outside sources. From 2003 to 2006, MRIF provided \$37 million for R&D projects and related support activities.
- The Manitoba Research and Development Tax Credit provides a 20% tax credit to support eligible R&D expenditures undertaken by Manitoba companies.
- The Industrial Technology Centre provides advanced technical services to Manitoba companies to improve their production processes.

Investments in research and innovation enable productivity increases, resource conservation and a higher standard of living.

Provincial Government Expenditures on Research and Development



Sources: Manitoba Science, Technology, Energy and Mines
Statistics Canada

“A Bright Outlook

Healthy growth in the goods-producing industries will generate positive spill-over effects for the service sector over the near term. ... The construction sector will be the main growth driver for the goods-producing industries over the next two years, due to strong business and public investment....”

The Conference Board of Canada, Provincial Outlook, Executive Summary February 2007

Provincial investments support a unique cluster of international caliber in research, development, and commercialization of functional foods and natural health products, including:

- the Richardson Centre for Functional Foods and Nutraceuticals at the University of Manitoba;
- the Canadian Centre for Agri-food Research in Health and Medicine in St. Boniface; and
- the Food Development Centre in Portage la Prairie.

Investments by Biovail and Cangene in the past two years have helped position Manitoba as one of the world’s most technologically advanced locations for pharmaceutical manufacturing. In 2006, Cangene successfully secured \$505 million in biodefence contracts from the U.S. government – representing one of the largest secured contracts by a North American life sciences company.

Manitoba’s information and communications technology industry continues to grow and confidence in the sector is evident. The video game industry, for example, has grown by more than five-fold in the last two years. There are now more than 230 digital media companies in Manitoba. The Manitoba government continues to support growth in this sector with the Manitoba Interactive Digital Media Fund, providing new media producers with support for content development and marketing and promotion. The fund helps ensure Manitoba’s digital media developers have the tools to create top-quality products, and the talent and infrastructure to be competitive in this young, vibrant and fast-growing industry.

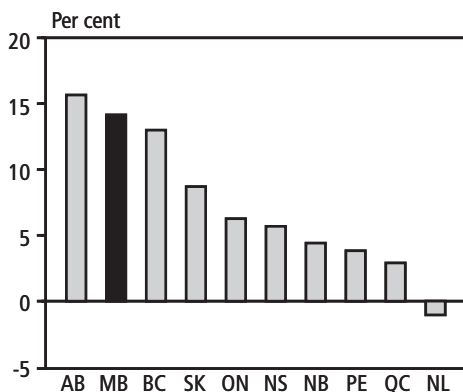
3. Supporting Investment

Investments in Manitoba deliver strong returns for investors and create new economic growth, jobs and opportunities for Manitobans. Manitoba offers investors a competitive and cost-effective business environment, a skilled and well-educated workforce, excellent transportation links, low industrial and commercial land costs, and electricity costs that are among the lowest in the world.

Since 1999, Manitoba’s annual capital investment has increased by 48% from \$5.4 billion to almost \$8 billion. In 2006, Manitoba’s increase in capital investment was 14.2%, second highest among all provinces. In 2007, capital investment in Manitoba is expected to grow another 11.3%, more than double the 4.6% increase predicted for Canada as a whole.

Robust investment in both residential and non-residential projects added strength to the construction industry in 2006. Led by a 42.1% increase in the

Investment Growth Rates, 2006



Source: Statistics Canada

transportation and warehousing sector and a 37.9% increase in the wholesale trade sector, investment in construction is projected to grow by 13.7% in 2007.

Major investments in Manitoba planned or currently under way in 2007 include:

- Winnipeg Airport Authority - \$585 million redevelopment project to modernize and expand the province's air transportation capabilities;
- Husky Energy - \$145 million expansion of its ethanol plant in Minnedosa to increase production capacity to about 130 million litres annually;
- CVRD Inco Limited – \$135 million investment to modernize and expand its Manitoba operations;
- Health Sciences Centre – \$35 million Siemens Institute for Advanced Medicine will focus on advancements in neurosciences, infectious diseases, advanced imaging and medical informatics; and
- Shape Foods – a \$30 million facility under construction to produce natural Omega-3-rich flax oil and meal in Brandon that would be the first of its kind in North America.

The Red River Floodway Expansion represents a significant investment in the future by the federal and provincial governments. Construction to date has already raised the level of protection provided by this unique project to the level of a one in 300 years flood.

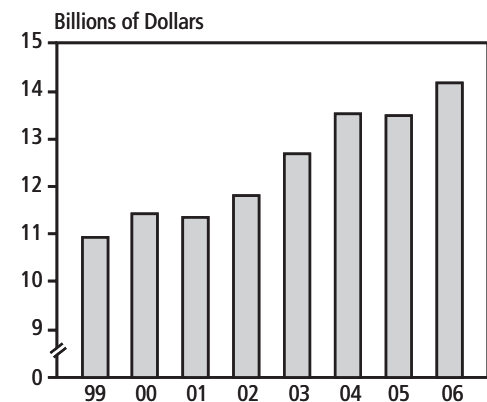
Manufacturing is one of the most important sectors of Manitoba's economy, employing approximately 70,000 people. In 2006, capital investment in manufacturing increased by 16%, with a 30% increase expected for 2007. Manufacturing shipments in 2006 increased to \$14.2 billion – a 5.2% increase, second among Canadian provinces and well above the 0.6% decline nationally.

To encourage more investment by the manufacturing sector, Budget 2007 increased the refundable portion of the Manufacturing Investment Tax Credit to 50%. As well, Manitoba continues to participate in the Advanced Manufacturing Initiative which has assisted over 175 Manitoba companies to adopt efficient manufacturing practices to increase productivity in the workplace.

Investment in the mining and oil and gas sectors has also seen strong growth. In 2006, investments in mining grew 20.4%, following a 28.9% increase in 2005.

In 2006, PEAC recommended that the province move toward "single window" service delivery for business, with a focus on reducing red tape and adopting a more client-focussed service model to better support business.

Manitoba Manufacturing Shipments

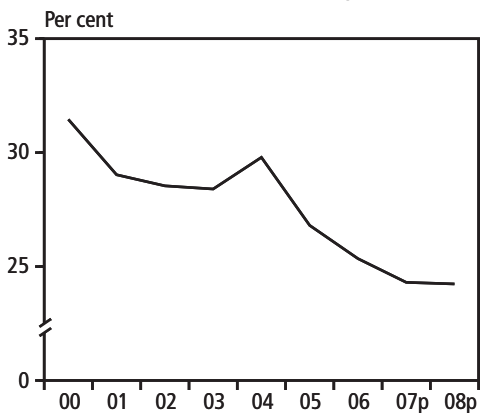


Source: Statistics Canada

Refundable portion of
Manufacturing Investment
Tax Credit was increased to
50% in Budget 2007.

Budget 2007 – the first in Manitoba’s history to fully reflect Generally Accepted Accounting Principles (GAAP)

Net Debt as a percentage of GDP



p - Projected

Source: Manitoba Finance

Manitoba Competitiveness, Training and Trade is leading the initiative to improve service delivery to business, beginning with:

- expanding BizPaL: the on-line service that provides Canadian businesses with one-stop access to permit and licence information for all levels of government, delivered in partnership with federal, provincial and municipal governments, to include more Manitoba municipalities;
- introducing on-line filing for the Retail Sales Tax and electronic remittances for other business taxes; and
- broadening the use of the common business identifier to make it easier to do business with more areas of government.

Manitoba continues to encourage investment in the provincial economy by:

- making strategic investments in provincial infrastructure, including an additional \$4 billion commitment for highways over 10 years;
- broadening the Community Enterprise Development Tax Credit to support direct investment in emerging enterprises; and
- maintaining a commitment to small businesses and the jobs they provide through sectoral training partnerships, mentoring services through BizCoach Manitoba and tax reductions.

4. Affordable Government

A fair, balanced and responsible approach to government finances is critical to keeping the economy on a solid footing, and for the long-term well-being of Manitoba families and communities.

The Manitoba government remains committed to making strategic investments in public priorities, such as health care, education, clean water and roads, while making sustainable tax reductions and paying down debt, all within a balanced budget framework. For Budget 2007, as recommended by the Auditor General, Manitoba moved to full summary budgeting, which is a comprehensive reporting on all government and government-controlled entities. Budget 2007 was the first Manitoba budget to fully reflect Generally Accepted Accounting Principles (GAAP).

Manitoba’s fiscal approach has earned four credit rating upgrades since 1999, debt burden as measured by net debt to GDP ratio has been reduced, and Manitoba has implemented a sensible plan to address its accumulated pension liability.

Since 1999, Manitoba has met or exceeded every tax reduction commitment it has made. Taxes are more affordable for families and property owners as a result of measures such as:

- eliminating the Residential Education Support Levy, saving Manitobans \$100 million annually;
- reducing education taxes on farmland by 65%, providing savings of \$29 million in 2007, and working toward an 80% reduction;
- increasing the basic Education Property Tax Credit to \$525;
- reducing the middle income tax rate by one-fifth to 13%;
- increasing the personal exemption level by \$1,240, removing thousands of low-income earners from the tax rolls.

Manitoba business has also benefited from measures to make their taxes more competitive, including:

- reducing the small business tax rate from second highest in Canada (8% in 1999) to the lowest in 2007 (3%, tied with Alberta), and then to 2% in 2008;
- doubling the small business tax threshold so more taxable corporations now benefit from the small business tax rate;
- reducing the corporation income tax rate from 17% to 14% in 2007 and to 13% on July 1, 2008 – a 24% reduction unprecedented in Manitoba history;
- phasing out the Corporation Capital Tax: the CCT deduction has already been doubled from \$5 million to \$10 million, reducing the number of firms paying this tax by 19%; and
- raising the payroll threshold for the Health and Post-Secondary Education Tax Levy to \$1.25 million, benefiting one-third of the employers which paid the tax in 2006.

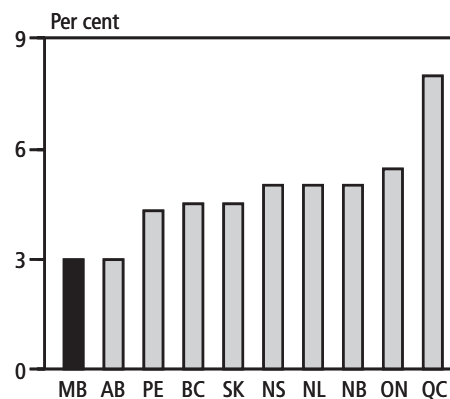
Tax changes introduced since 1999 provide significant tax relief for families and business, delivered within a fiscally responsible framework. Manitoba is committed to build on this record, providing steady, responsible tax relief for all taxpayers, combined with targeted incentives to encourage economic development, youth retention, environmental protection and support for low-income families.

5. Growing Immigration

The Manitoba government has acted on PEAC's recommendation to make immigration a central feature of the province's growth strategy.

Manitoba set a bold target – to attract 10,000 immigrants to Manitoba annually – and the goal has been achieved. Manitoba's immigration increased 24% in 2006 – its highest level in half a century – significantly

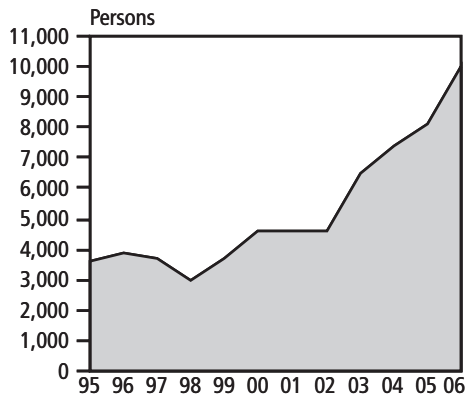
Small Business Tax Rates, 2007



Source: Manitoba Finance

Tax cuts introduced since 1999 will save Manitoba taxpayers \$867 million annually by 2010.

International Immigration to Manitoba



Source: Statistics Canada

“Under Doer, sustainable development has become an economic linchpin in the Canadian province of Manitoba.”

BusinessWeek, December 12, 2005

outpacing the national performance.

The Manitoba Provincial Nominee Program has been instrumental in achieving this goal. This program, which allows Manitoba to recruit and select immigrants to meet the province's unique economic and labour needs, has proven very successful. Manitoba accounted for fully half of all provincial nominees who came to Canada in 2006.

Based on this record, Manitoba has set another target – to double immigration over the next 10 years. To reach this goal, Manitoba will strengthen and extend its successful partnerships with employers, educators and communities. New funding will be provided for settlement services and targeted training, and new legislation will be introduced to improve recognition of foreign qualifications.

Our success in attracting and retaining immigrants is based in large part on Manitoba's innovative approach to helping immigrants settle and succeed in our province. Manitoba supports a range of immigrant economic development initiatives including:

- settlement services
- language training and English as an Additional Language services
- labour market integration, and
- ethno-cultural community support and anti-racism initiatives.

These are designed to ensure that newcomers enjoy a positive start in Manitoba, enabling them to connect to employment and training opportunities and establish roots in Manitoba communities.

6. Manitoba's Green Energy Advantage

PEAC has consistently promoted the development of Manitoba's rich hydro-electric resource, energy conservation, growing electricity exports and the development of new renewable energy sources.

Manitobans have made the province a world leader in developing clean energy and addressing climate change. With advantages in hydro-electric power, wind energy, biofuels, ground source heat pumps and hydrogen, Manitoba is uniquely placed to preserve the environment, while developing a strong, green economy.

Manitoba's tremendous renewable hydro-electric resource is a major advantage in powering the economy.

- Manitoba's electricity costs remain among the lowest in North America, providing homeowners and businesses with low-cost, reliable and renewable power.
- Manitoba Hydro is Canada's largest exporter of hydro power to the United States, and has recently negotiated its third power sale arrangement with Xcel Energy, as well as a 100 MW renewal agreement with the Wisconsin Public Service.
- Construction of the 200 MW Wuskwatim dam is already under way in partnership with Nisichawayasihk Cree Nation.
- Building Conawapa will add an additional 1,250 MW to the provincial system.

PEAC has also identified the value in expanding export markets. Manitoba continues to promote the national value of an east-west power grid in Canada. This grid would allow Manitoba and other provinces to transfer low-cost, reliable, renewable energy to other areas of Canada, providing greater energy security and reliability. Manitoba is encouraged by federal support for this vision.

Manitoba is a leader in aggressive energy conservation, reducing energy bills for homeowners and business and freeing up power for profitable exports.

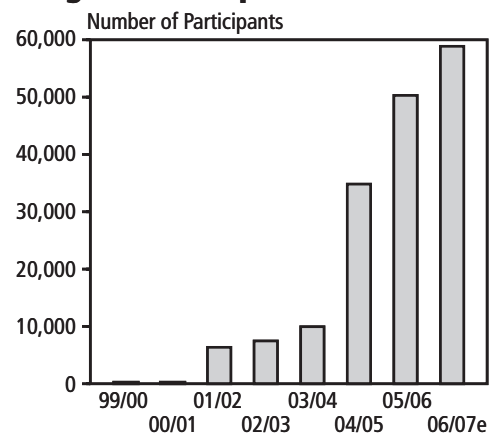
- Since 1999, some 150,000 Manitobans have participated in Power Smart programs, saving close to 300 MW of power – equivalent to building a “virtual” dam with more capacity than Wuskwatim.
- Energy efficiency programs are expanding to include a special focus on community-based retrofitting to help lower energy bills and revitalize homes in Centennial, West Broadway, Brandon and the Island Lake region.
- Manitoba's new green building policy is setting the pace for Canada, ensuring that all new Manitoba-funded building projects meet or exceed the internationally recognized LEED silver standard for healthy, high-quality, energy-efficient buildings.

Wind power, like hydro-electricity, is clean and renewable, helping to preserve the environment, while growing and diversifying the province's power supply and the economies of rural communities.

- One of Canada's largest wind farms is now in full operation in St. Leon and is expected to generate \$9 million in land lease payments for farmers over the life of the project.
- Manitoba Hydro is pursuing new wind projects totaling 300 MW, or enough to power 100,000 homes.

Manitoba's electricity costs are among the lowest in North America.

Residential POWER SMART Program Participation



e - Estimate

Source: Manitoba Hydro

“Manitoba demonstrates success in all energy efficiency initiatives. ...Manitoba again receives the highest ranking.”

Canadian Energy Efficiency Alliance,
6th Annual National Energy Efficiency
Report Card

Manitoba is supporting grassroots community revitalization, building vibrant and dynamic urban communities.

- Manitoba's strategy to harvest 1,000 MW of wind power will attract \$2 billion in investment and generate \$100 million in wind rights payments to landowners.

The provincial government is also working with rural communities to expand local biofuel production to produce cleaner energy and provide alternative markets for farmers by:

- introducing an ethanol mandate, which is helping to support Husky's new plant expansion in Minnedosa, and will reduce greenhouse gas emissions by 135,000 tonnes per year, or the equivalent to taking 10,000 vehicles off the road;
- eliminating the 11.5 cent per litre road tax for the Manitoba produced biodiesel portion of any blended diesel fuel to encourage local production; development and construction of plants is already under way at four sites in Manitoba; and
- supporting pilot projects to test the feasibility of anaerobic digesters on hog farms to turn waste into renewable energy that can directly benefit the producer, reduce greenhouse gases and lower the risk of surface and groundwater contamination.

Geothermal activity is booming in the province; Manitoba installs 30% of Canada's ground source heat pumps and trains more than half the country's installers. Manitoba Hydro is enhancing its Residential Earth Power loan program to support greater use of this highly-efficient green technology.

Manitoba is also emerging as a hub for leading-edge hydrogen technology, supported by our strength in bus manufacturing. Manitoba recently tested one of the most advanced hybrid fuel cell powered transit buses in the world, built by Manitoba's own New Flyer Industries. Manitoba is also pleased to be partnering on the new Hydrogen Centre of Expertise, advancing the study of hydrogen applications and other new technologies such as plug-in hybrid cars.

7. Building Communities

Manitoba communities – urban, rural and northern – are distinguished by unique customs and traditions, natural advantages and opportunities for growth. Manitoba's greatest economic advantage is Manitobans themselves. The vision, skill, determination and commitment found in communities across the province drives development and speaks to the confidence and excitement Manitobans feel about where they live.

Manitoba is working collaboratively with community organizations and other levels of government to strengthen communities and promote economic development.

Urban Communities

Manitoba's urban centres continue to grow and prosper. Through a variety of provincial programs and partnerships, Manitoba is supporting grassroots community revitalization, building vibrant and dynamic urban communities.

Winnipeg's downtown is being revitalized. New downtown destinations such as the upgraded Millennium Library, the MTS Centre, and Red River College's Princess Street Campus are bringing more people downtown. More people are living in the Exchange District and along Waterfront Drive. Construction of the new Manitoba Hydro office tower is under way and will bring an additional 2,000 workers downtown.

Manitoba continues to work with the Friends of the Museum and other partners to realize the great vision of a Canadian Museum for Human Rights at The Forks. This state-of-the-art museum will advance the understanding of human rights on an international scale.

In Brandon, the relocation of Assiniboine Community College to the North Hill site is an exciting element in the revitalization of this historically significant property. With the September 2007 opening of the Culinary Arts and Hospitality Administration programs, there is an opportunity to attract further investments on the site for the benefit of Brandon and surrounding area.

Provincial support to Brandon's Keystone Centre is assisting the centre in reaching and maintaining its status as an agricultural centre of excellence in Manitoba and in Canada.

Manitoba's approach to urban revitalization is built on a commitment to inner city renewal and community economic development, which reflects a belief in more equitable, sustainable and diversified development for the benefit of all Manitobans. This is exemplified by:

- establishing the Building Manitoba Fund in 2005 to expand Manitoba's personal income and corporation income tax revenue sharing arrangements with municipalities by including fuel tax revenue, which provides municipalities with three major sources of growth revenue;
- expanding Neighbourhoods Alive! (NA!) to include the communities of Dauphin, Flin Flon, The Pas, Portage la Prairie and Selkirk. Since 2000, Manitoba has invested \$39 million through NA! to support community revitalization efforts in Winnipeg, Thompson and Brandon;
- supporting non-profit community organizations like SEED Winnipeg to assist low-income entrepreneurs start and expand businesses, social enterprises and co-operatives;

Manitoba's approach to urban revitalization is built on a commitment to inner city renewal and community economic development, which reflects a belief in more equitable, sustainable and diversified development for the benefit of all Manitobans.

Creating Opportunities Action Plan

- alternative energy
- tourism
- agriculture
- natural resources
- industry services and manufacturing
- Aboriginal and northern initiatives

About Manitoba's new highway investments, CAA Manitoba said "This is great news not only for motorists and their safety, but also for the Manitoba economy and environment."

CAA Magazine, Spring 2007

- expanding the Urban Arts program to include the West End Cultural Centre and the Ndinawe Youth Resource Centre, which join Art City, Graffiti Gallery and the Circus and Magic Camp Partnership in providing communities with access to valuable creative programming for youth; and
- introducing a new model of housing development to be built on provincial and privately owned land in Waverley West. This addresses growing demand for housing with a green, walkable community accessible to a range of incomes and families while also supporting development and rehabilitation of the inner city by directing provincial profits from development to that purpose.

Rural Manitoba

The Manitoba government is working in partnership with rural communities to add value to the natural, cultural and physical resources the province possesses and to provide the infrastructure to help rural communities grow and prosper.

The Creating Opportunities Action Plan identifies rural economic development initiatives in six areas: alternative energy, tourism, agriculture, natural resources, industry services and manufacturing, and Aboriginal and northern initiatives. Other initiatives include:

- the Manitoba Community Enterprise Development Tax Credit, which provides community-based enterprises with access to needed equity capital and encourages Manitobans to invest in their communities;
- the Rural Entrepreneur Assistance Program, which has provided 437 loan guarantees totaling \$23.2 million. In 2006/07, 33 loan guarantees were approved totaling \$2.0 million;
- grants to rural development corporations to promote business development and support regional initiatives;
- a focus on trade issues to simplify and strengthen the interprovincial trade process for Manitoba's agri-food companies and a focus on external trade to identify opportunities and build sustainable business relationships;
- continued assistance to Brandon University's Rural Development Institute to support rural research and development projects; and
- the Enhanced Diversification Loan Guarantee Program, which helped 268 applicants access \$285.0 million in private financing to undertake diversification and innovation or value-added activities in their operations.

Development requires infrastructure, and Manitoba continues to make strategic investments in rural community infrastructure, including:

- investing more than \$130 million in water and sewer projects throughout the province;
- committing \$4 billion over the next 10 years in new highway investment to improve safety and to expand access to international trade routes;
- building on \$157 million in major capital health care projects by increasing the use of rural surgical and diagnostic facilities across the province; and
- providing over \$16 million annually through the Rural Economic Development Initiative to support rural and northern community economic development activities, including the Hometown Manitoba program which has funded more than 160 community-improvement projects.

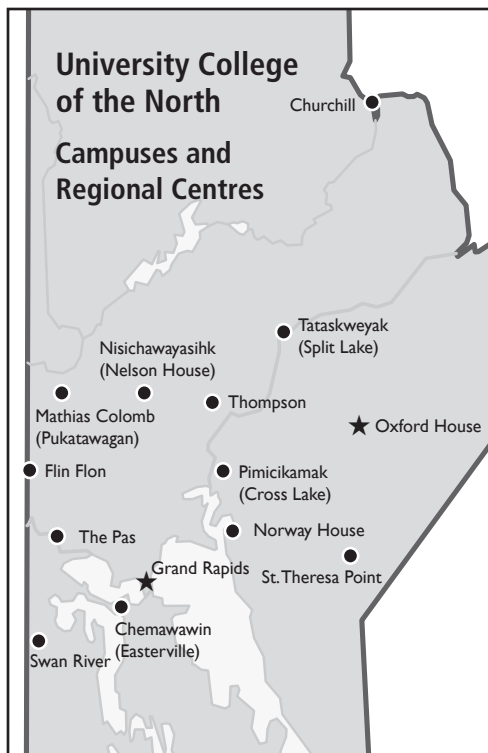
Agriculture is a key industry in rural Manitoba. After a few difficult years, agriculture has rebounded significantly; Manitoba's agriculture sector grew by 16% in 2006. Manitoba remains committed to safety net programming such as crop insurance and CAIS to provide protection producers can rely on.

The province supports continuing growth in both primary and secondary production in a number of important ways.

- The Farmland School Tax Rebate Program will provide savings of \$29 million to farmland owners in 2007. Along with increased school tax credits, Manitoba farmers have seen a significant reduction in their taxes.
- A proactive approach to food health and safety includes enhanced tracking and tracing, changes to *The Animal Diseases Act* to support planning for animal diseases, and a new dedicated animal health and welfare section under the Office of the Chief Veterinary Officer.
- The Bridging Generations Initiative helps farm families transfer the farm from one generation to the next. Manitoba has approved 485 loans totaling \$61.4 million since 2002/03.
- The expansion of the Provincial Nominee Program to include farmers as eligible immigrants resulted in 93 new farmers coming to Manitoba.
- Increased provincial investment in the Food Development Centre supports its work on new product development and commercialization. The Centre assisted in the development of 64 new food products and the creation or expansion of 12 food processing companies in the 2005/06 fiscal year.

The expansion of the Provincial Nominee Program to include farmers as eligible immigrants resulted in 93 new farmers coming to Manitoba.

Manitoba's integrated strategy for Aboriginal economic development is based on government partnerships with Aboriginal communities and businesses.



★ - Planned Expansion

Northern Manitoba

Through the Northern Development Strategy, Manitoba continues to build on its successes, making new investments in the priority areas of housing, health, transportation, education and economic development.

Improving school success rates and access to post-secondary and training opportunities in the North are strengthening communities and local economies. Key initiatives include:

- committing \$45 million in capital funding for the University College of the North to support expansion of services at the two main campuses in The Pas and Thompson, as well as the 10 current and two planned regional centres in Northern Manitoba;
- expanding programming at the University College of the North including doubling the spaces for training nurses in Northern Manitoba;
- supporting the Aboriginal Midwifery Education Program to provide culturally appropriate birthing services, primarily to remote and northern Aboriginal communities in Manitoba, Nunavut and the Northwest Territories;
- offering a northern community economic development diploma through Red River College in partnership with the University College of the North; and
- partnering with the federal government and Manitoba Hydro to provide \$60 million in pre-project training for northern Manitobans to participate in the opportunities which hydro development projects will bring to the region.

PEAC's Aboriginal Summit highlighted the many ways in which Manitoba's growing Aboriginal population represents an important resource for our growing economy. Manitoba's integrated strategy for Aboriginal economic development is based on government partnerships with Aboriginal communities and businesses. Key initiatives include:

- the Manitoba International Gateway Council Initiative will pursue opportunities to use Manitoba's unique northern rail route and deep sea port in the Port of Churchill to develop trade links with northern Europe and Asia;
- Manitoba continues to work closely with Aboriginal communities and the federal government to accelerate settlement of treaty land entitlement (TLE) claims. Manitoba and Canada have reached agreement on a new plan to transfer 150,000 acres every year under the TLE Framework;
- the Communities Economic Development Fund delivers the TEAM program to provide technical assistance to micro enterprises at the

community level throughout Northern Manitoba to assist in maximizing opportunities for revenue and business growth; and

- Broadband Communications North increases the potential for economic development, health and education services. Out of 67 northern communities, 52 are now connected to a broadband network.

■ CONCLUSION

Manitoba's Action Strategy for Economic Growth grew out of practical and action-oriented recommendations from the Premier's Economic Advisory Council. This framework has proven successful in delivering results for Manitobans and continues to underpin Manitoba's approach to sustainable, equitable and long-term economic growth and competitiveness.

Manitoba enjoys one of the healthiest, most diversified economies in Canada. Strong, steady growth combined with important advantages such as low energy costs, a very affordable cost of living, a skilled, hard-working labour force and very competitive business taxes help make Manitoba businesses competitive within Canada and around the world.

The strategy is strengthening Manitoba's economic performance and continues to build on all of the province's advantages. Manitoba is building new economic opportunities based on the province's advantages in resources and technology: in clean energy, in food production and bio technology, in cultural industries and advanced manufacturing.

Manitoba's plan for growth is working, and will continue to move forward to keep the province growing for the benefit of all Manitobans.

Manitoba's Action Strategy
delivers sustainable,
equitable and long-term
economic growth and
competitiveness for the
benefit of all Manitobans.

■ APPENDIX PREMIER'S ECONOMIC ADVISORY COUNCIL

Co-Chairs

Bob Silver	Western Glove
Robert Ziegler	President UFCW Local 832

Other Representatives

Jim August	Forks North Portage Partnership
Lea Baturin	Communications, Electrical, and Paperworkers Union
Daniel-Paul Bork	Clarence Cook & Associates Consulting Group
Jamie Brown	Frantic Films
Anita Campbell	Ma-Mow-We-Tak Friendship Centre, Thompson
David Chartrand	Manitoba Métis Federation
Janice Chase	Operating Engineers of Manitoba, Local 987
Jerry Cianflone	International Pizza System
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Polly Craik	FineLine
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Joanne C. Keselman	University of Manitoba
Doug Lauvstad	University College of the North, The Pas Campus
Michael Leech	Leech Printing Ltd., Brandon
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Florina Marcelino	Philippine Times
Irene Merie	Partners in the Park
Ashish Modha	Mondetta Clothing Company
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Marcel Moody	Nisichawaysihk Cree Nation, Nelson House
Judy Murphy	Royal Winnipeg Ballet
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Dale Paterson	Canadian Auto Workers Union, Retired
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Ian Smith	Institute for Biodiagnostics
Kevin Strong	TSX Venture Exchange
Dave Turpie	City Centre Mall, Thompson