

**LIVE  
WORK  
INVEST** **IN** **MB**

*2009 MB Check-Up*



## Invest

**Real labour productivity** is the amount of real GDP produced per hour worked and measures the efficiency of the workforce.

**Employment in the sciences** is the number of workers employed in Natural/Applied Sciences as a percent of the total labour force and correlates with current innovation activity.

**Exports per worker** is the ratio of inflation-adjusted value of exports<sup>3</sup> to the number of workers in the labour force.

**Net government financial liability as a percentage of GDP** measures the fiscal position of a provincial government. Net government financial liability is defined as total provincial financial assets (including sinking funds) minus financial liabilities plus guaranteed debt.<sup>4</sup>

**After-tax corporate profits to GDP** is the ratio of after-tax operating profits (including those accrued in both private sector and government business enterprises) to GDP.<sup>5</sup>

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<sup>3</sup> Exports here include shipments to other countries and other provinces; both goods and services are included.

<sup>4</sup> Guaranteed debt is a guarantee issued by the provincial government on behalf of its Crown Corporations that could become a claim on the government in the event that the Corporation does not meet its obligations.

<sup>5</sup> Estimates of direct taxes are developed for 2007 and 2008 in the absence of national or provincial Statistics Canada data.

# invest

Manitoba's performance as a place to invest was mixed in 2008.

Comparing 2007 to 2008, Manitoba saw the second largest gain in productivity (0.8%) and the second smallest decrease in exports per worker (-2.5%) in a year when the value of exports declined across all jurisdictions. The province ranked fourth in increasing employment in the sciences (0.1 percentage points) and showed the third lowest decline in net provincial financial liabilities as percentage of GDP (-1.6 percentage points) and after-tax profits to GDP (-0.3 percentage points).

In absolute terms, Manitoba had the third-highest ratio of after-tax corporate profits to GDP (11.54%) and the fourth-highest exports per worker (\$41,284). The province ranked fifth in the comparison jurisdictions for employment in the sciences (5.7%) and had the lowest productivity (36.2). Manitoba also had the highest net provincial financial liabilities as percentage of GDP (25.1%).

**Table 3.1**

## Summary of INVEST Key Indicators

	BC	AB	SK	MB	ON	CAN
Productivity	38.0	47.5	42.0	<b>36.2</b>	41.7	40.9
Employment in the Sciences	6.6%	7.6%	5.1%	<b>5.7%</b>	7.6%	7.1%
Exports per Worker	\$27,915	\$51,881	\$51,311	<b>\$41,284</b>	\$46,135	\$26,548
Net Provincial Financial Liabilities as a Percentage of GDP*	6.9%	-6.4%	16.1%	<b>25.1%</b>	21.4%	20.8%
After-Tax Corporate Profits to GDP Ratio	9.34%	18.79%	26.23%	<b>11.54%</b>	7.27%	10.80%
Productivity	-1.7%	-1.4%	1.8%	<b>0.8%</b>	-0.6%	-0.5%
Employment in the Sciences	0.2 ppt	-0.3 ppt	0.5 ppt	<b>0.1 ppt</b>	0.2 ppt	0.1 ppt
Exports per Worker	-9.1%	-4.2%	-1.8%	<b>-2.5%</b>	-6.7%	-6.3%
Net Provincial Financial Liabilities as a Percentage of GDP*	-2.0 ppt	-1.5 ppt	-2.7 ppt	<b>-1.6 ppt</b>	-1.1 ppt	-1.7 ppt
After-Tax Corporate Profits to GDP Ratio	-0.3 ppt	2.1 ppt	5.1 ppt	<b>-0.3 ppt</b>	-1.0 ppt	0.2 ppt
Productivity	-0.6%	2.5%	6.2%	<b>8.4%</b>	3.4%	3.3%
Employment in the Sciences	0.3 ppt	0.7 ppt	1.3 ppt	<b>0.7 ppt</b>	0.4 ppt	0.5 ppt
Exports per Worker	-4.3%	-0.8%	9.2%	<b>8.5%</b>	-4.5%	-3.9%
Net Provincial Financial Liabilities as a Percentage of GDP*	-7.1 ppt	-7.3 ppt	-11.4 ppt	<b>-4.8 ppt</b>	-2.7 ppt	-6.6 ppt
After-Tax Corporate Profits to GDP Ratio	2.3 ppt	2.2 ppt	12.5 ppt	<b>5.6 ppt</b>	-2.1 ppt	1.1 ppt

2008 Value

2007-08 % Change

2003-08 % Change

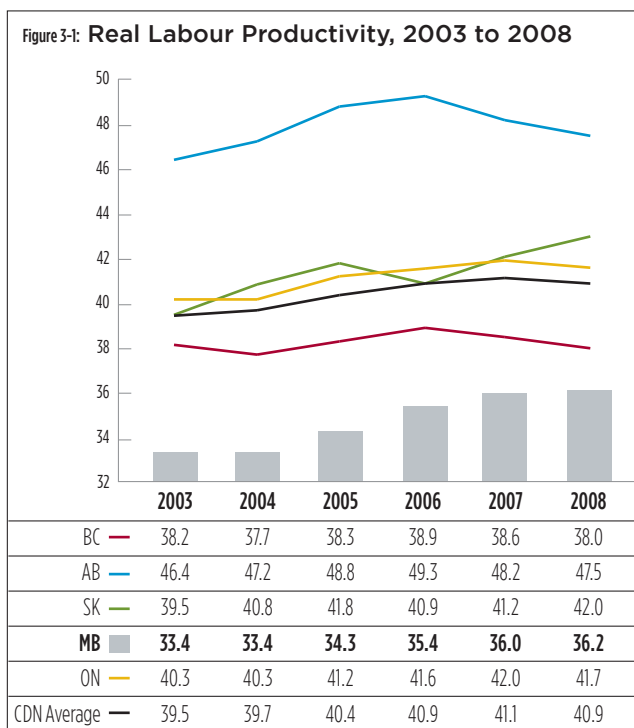
\*Net provincial financial liabilities as a Percentage of GDP. 2007 value presented and % change from 2003 to 2007 and 2006 to 2007.  
Note: ppt = percentage point.

## Productivity

Productivity measures the efficiency of the work force. Manitoba saw the second-largest increase among the studied jurisdictions in 2008, with a one-year productivity gain of 0.8%, one of the few positive gains in Canada. Despite Manitoba's increase, it continues to have the lowest productivity among the reviewed districts.

Between 2003 and 2008, labour productivity in Manitoba rose by 8.4%, the highest five year growth rate among the comparison jurisdictions.

Since 2003, Manitoba's real GDP has grown 2.5 times faster than the number of hours worked, giving rise to the increase in productivity. Economic growth in Manitoba started to accelerate in 2005. Commodity prices rose during this period, as well as capital investment on non-residential construction, machinery and equipment.<sup>14</sup> This raised capital-intensity and helped to boost labour productivity.



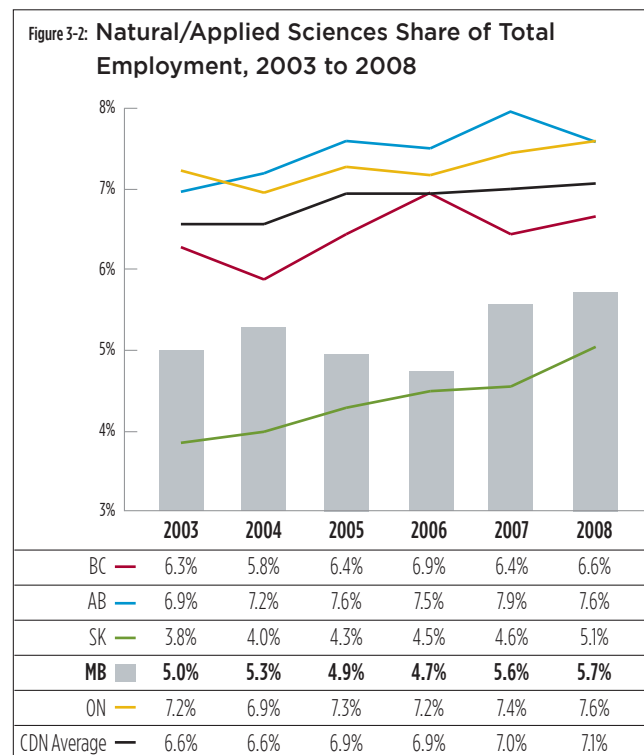
Source: Statistics Canada

## Employment in the Sciences

Employment of workers in the natural and applied sciences reflects the relative dominance of technological jobs in the labour force and has a strong correlation to current innovation activity and productivity.

In 2008, Manitoba's share of employees in the sciences rose by 0.1 percentage point to 5.7%, the second lowest percentage of the comparison jurisdictions. This was slightly ahead of Saskatchewan (5.1%) and well back of the national average (7.1%).

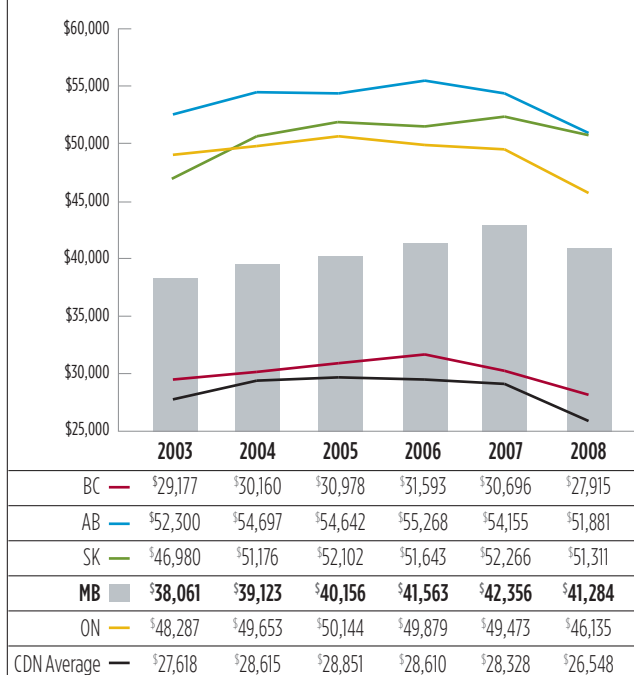
Over the past five years, Manitoba's share of employees in the sciences rose by 0.7 percentage points, tied with Alberta for the second largest gain among the districts reviewed.



Source: Statistics Canada, Labour Force Survey

<sup>14</sup> Statistics Canada, *Capital Expenditures for Construction by Sector, Province and Territory. Capital Expenditures on Machinery and Equipment by Sector, Province and Territory*, Cat. No. 61-205-XIB, February 2008.

Figure 3-3: Exports of Goods and Services per Worker (2002\$), 2003 to 2008



Source: Statistics Canada and consulting economist's calculations.

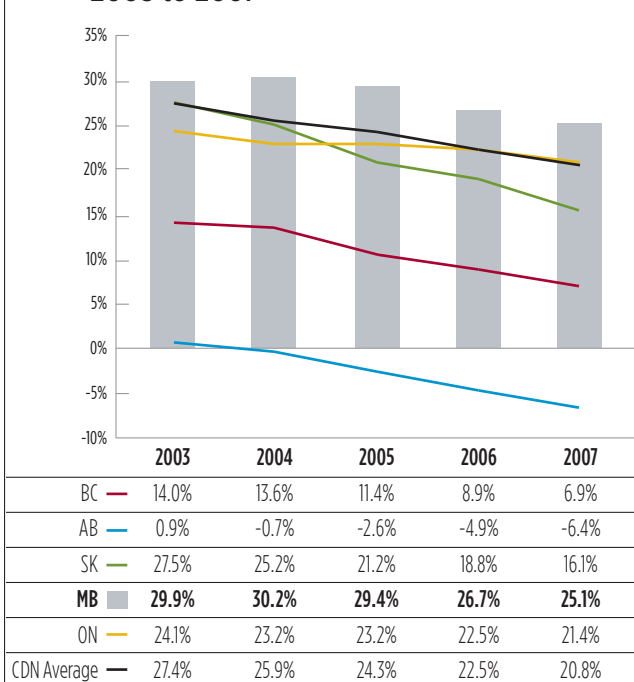
### Exports

Exports per worker, or the ratio of inflation-adjusted value of exports to the number of workers in the labour force, is sensitive to global demand conditions. It reflects changes to the trade environment and affects investment climate.

In 2008, the real value of exports declined by 2.5% in Manitoba, the second smallest loss of all jurisdictions. This decline was due primarily to reduced exports in manufactured products.<sup>15</sup> The province continues to rank fourth (\$41,284) among the districts reviewed.

Over the past five years, Manitoba saw an 8.5% gain in the real value of exports per worker. Except for Saskatchewan (9.2%) this indicator declined in all other jurisdictions. The five year trend reflects the rise in mineral and electricity demand and prices (at least until mid 2008) as well as greater demand for Manitoba's manufactured goods, including bus and airplane parts and agricultural machinery.

Figure 3-4: Net Provincial Debt as a Percentage of GDP, 2003 to 2007<sup>17</sup>



Source: Statistics Canada

### Net Government Financial Liability as a Percentage of GDP

In 2007 (the most recent year for which data is available), Manitoba's net financial liability as a percentage of GDP<sup>16</sup> declined by 1.6 percentage points to 25.1%. This one-year decline was on par with Alberta (-1.5 percentage points) and the Canadian average (-1.7 percentage points) but well back of the leader, Saskatchewan (-2.7 percentage points).

At 25.1%, Manitoba continues to have the highest net provincial debt as a percentage of GDP among reviewed districts. Since 2003, the province has had the second smallest decline (-4.8 percentage points) in its net financial liability/GDP ratio.

Between 2003 and 2007, Manitoba's total net financial liability rose to over \$12 billion in 2007. Countering the increases and lowering the overall ratio in net financial liability/GDP was strong growth in total GDP-expenditures which have increased each year from \$37.5 billion in 2003 to \$48.5 billion in 2007.

<sup>15</sup> Statistics Canada, "Provincial and Territorial Accounts, 2008", The Daily, April 27, 2009.

<sup>16</sup> Net Government Financial Liability as a Percentage of GDP is an indicator derived from Statistics Canada's Financial Management System (FMS) data and differs from debt ratios reported in the Province of Manitoba's and some other provinces' annual reports. Statistics Canada has announced that this data series will be terminated at the end of 2009 and will be replaced with a new internationally recognized financial data series "Government Financial Statistics" beginning in 2012.

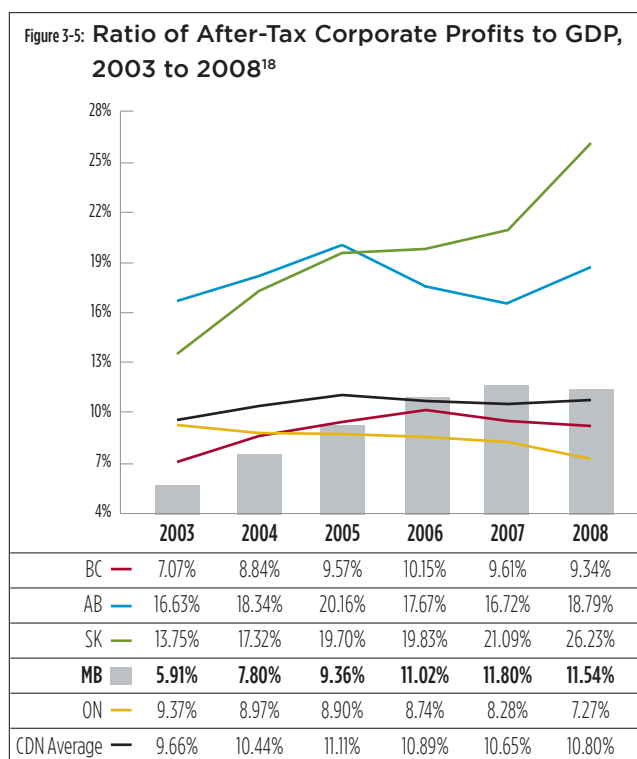
<sup>17</sup> Represents fiscal year. Most recent data is for fiscal year ending March 31, 2007.

### After-Tax Corporate Profits-to-GDP

Manitoba had the third highest ratio of after-tax corporate profits-to-GDP at 11.54% after Saskatchewan (26.23%) and Alberta (18.79%) in 2008.

Between 2007 and 2008, Manitoba's after-tax corporate profits-to-GDP ratio declined by 0.3 percentage points as the price of commodities and exports of its manufactured products both turned down in the second half of 2008. The province tied with BC for the second largest rate of decline while Ontario saw the largest decrease in profitability (-1.0 percentage point).

Over the past five years, Manitoba's after-tax corporate profits-to-GDP ratio rose by 5.6 percentage points. This growth was second only to the Saskatchewan (12.5 percentage points) and fuelled by rising export values and growing demand for the province's commodities and manufactured goods.



Source: Statistics Canada

<sup>18</sup> Direct taxes are estimated for 2006 and 2007 based on total corporate profit growth and current corporate tax rates.