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Manitoba has mixed results as a place to invest

WINNIPEG – Manitoba’s exports slumped, like those in every other jurisdiction over the past year but our province boasted the second highest economic growth rate of all provinces, according to the *MB Check-Up*, an annual economic analysis of the province as a place to live, work and invest by the Chartered Accountants of Manitoba.

“The past year was a turbulent one with few precedents for the provincial and Canadian economies but the *MB Check-Up* shows that Manitoba emerged from 2008 in comparatively good shape,” said Gary Hannaford, CEO of the Institute of Chartered Accountants of Manitoba. “Manitoba’s widely diversified economy appears to have acted as insulation against the worst shocks of the global downturn in 2008,” he added.

Exports per worker, or the ratio of inflation-adjusted value of exports to the number of workers in the labour force, declined by 2.5 per cent in Manitoba. Exports declined across all the comparison jurisdictions in 2008 but this was the second smallest loss. Over the past five years, Manitoba saw an 8.5 per cent gain in the real value of exports per worker, when this indicator declined in all other jurisdictions, except Saskatchewan.

“Last year’s decline was due primarily to reduced exports in manufactured products,” Hannaford said. “However, 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.”

The *MB Check-Up* also shows that Manitoba had the second-largest increase in productivity among the studied jurisdictions in 2008, with a one-year productivity gain of 0.8 per cent, one of the few positive gains in Canada. Despite this increase, Manitoba continues to have the lowest productivity levels among the reviewed districts.

In 2008, the proportion of high technology jobs in Manitoba rose to 5.7 per cent, the second lowest percentage of the comparison jurisdictions.

“When you look at the trend over the past five years, the improvements show as Manitoba is tied with Alberta for the second largest gain in this indicator among the districts reviewed,” Hannaford said.

In 2007 (the most recent year for which data is available), Manitoba’s net financial liability/GDP ratio declined by 1.6 percentage points to 25.1 per cent. This one-year decline is Manitoba’s strongest year-over-year decline in the past five years.

However, at 25.1 per cent, Manitoba still has the highest net provincial debt as a percentage of GDP among reviewed jurisdictions. Since 2003, the province also saw the second-smallest decline (-4.8 percentage points) in its net financial liability/GDP ratio.

The *MB Check-Up* also shows that Manitoba tied with BC for the second-largest rate of decline (-0.3 percentage points) in the after-tax corporate profits to GDP ratio in 2008.

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“Manitoba’s decline in pre-tax profitability can be attributed to the price of commodities and exports of manufactured products turning down in the second half of 2008,” Hannaford said.

MB Check-Up is published annually by the Chartered Accountants of Manitoba and provides an independent factual comparison of the four Western provinces, together with Ontario and the Canadian average using 15 key indicators to create a profile of each as a place to live, a place to work and a place to invest. The second instalment of the report which deals with Manitoba as a place to live will be released next week and the third section, looking at Manitoba as a place to work, will be released the following week.

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