

MEDIA Release



500-161 Portage Avenue East
Winnipeg MB R3B 0Y4
Ph: 204-942-8248 Fax: 204-943-7119

EMBARGOED until October 27, 2006

Manitoba shows gains in labour productivity

WINNIPEG – The *MB Check-Up*, an annual study by the Chartered Accountants of Manitoba, shows that Manitoba’s labour productivity in 2005 grew by 2.9 per cent from the previous year.

“Capital investment is critical and has been an important driving force behind Manitoba’s productivity gains,” said Gary Hannaford, CEO of the Institute of Chartered Accountants of Manitoba (ICAM). He noted that Statistics Canada data shows real investment in machinery and equipment rose by 32.3 per cent in Manitoba between 2000 and 2005.

Manitoba’s business investment as a percent of provincial GDP rose to 13.6 per cent in 2005 after several years of little change and most of these dollars appear to be going toward investment in machinery and equipment, with a smaller share being spent on non-residential construction.

“This suggests that Manitoba’s businesses are making comparatively rapid changes to their processes in an effort to remain competitive,” Hannaford said. “The results of strong capital investment today will have positive effects on future productivity and if this trend is sustained, it will be the basis of Manitoba’s long term prosperity.”

In absolute terms, the *MB Check-Up* shows that Manitoba had the lowest ranking for labour productivity in 2005 when compared to the other western provinces, Ontario and the Canadian average. The province also had the lowest productivity in 2000 but between 2000 and 2005 Manitoba productivity grew by 6.6 per cent, the second fastest rate among the comparison jurisdictions.

The study shows Manitoba had the third lowest taxpayer-supported debt to GDP ratio of 18.3 per cent in 2005, a decrease of 3.7 per cent.

“Manitoba’s actual government debt rose from \$7.6 billion to \$7.7 billion between 2004/05 and 2005/06,” Hannaford said. “However, its debt/GDP ratio declined during this time due in part to real GDP growth in 2005, greater revenue from electricity sales, and a more diversified economic base,” he added.

Manitoba also had the highest provincial effective personal tax rate (17.8 per cent) for unattached individuals earning \$80,000 and the lowest after-tax corporate profits to GDP (8.04 per cent).

“Manitoba has started to reduce both its personal and general corporate taxation rates but not as far or as fast as the other western jurisdictions,” Hannaford said.

Manitoba ranked fifth out of the six comparison jurisdictions for all the innovation indicators – R&D intensity (0.82 per cent), proportion of high technology jobs (4.9 per cent) and patents per million population (44.1).

MB Check-Up is published annually by ICAM 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.

-30-

For further information contact:

Tanya Beck, Manager of Communications

Ph: 204-924-4416 or E-mail: tbeck@icam.mb.ca

With more than 2,700 members and over 300 CA students, the Institute of Chartered Accountants of Manitoba carries out its primary mission to protect the public by ensuring that its members have the highest level of competence and integrity as a result of demanding standards for admission to the profession, its continuous learning policy and its inspection and discipline processes. Thanks to the quality and rigor of their education and training, CAs bring superior financial expertise, strategic thinking, business insight and leadership to every organization.