

MANITOBA BUSINESS LEADERS CALL FOR TAX RELIEF

Reductions for Business and Payroll Taxes Most Desired As Other Indicators For Manitoba Business Remain Positive

FOR IMMEDIATE RELEASE

Winnipeg – Manitoba’s business community has a clear message for Manitoba’s re-elected NDP government – “lower taxes,” especially those paid by the province’s corporations. This finding emerges from the *Manitoba Business Leaders Index*, Probe Research Inc.’s annual survey of 200 Manitoba CEOs and business owners released exclusively to the *Winnipeg Free Press*.

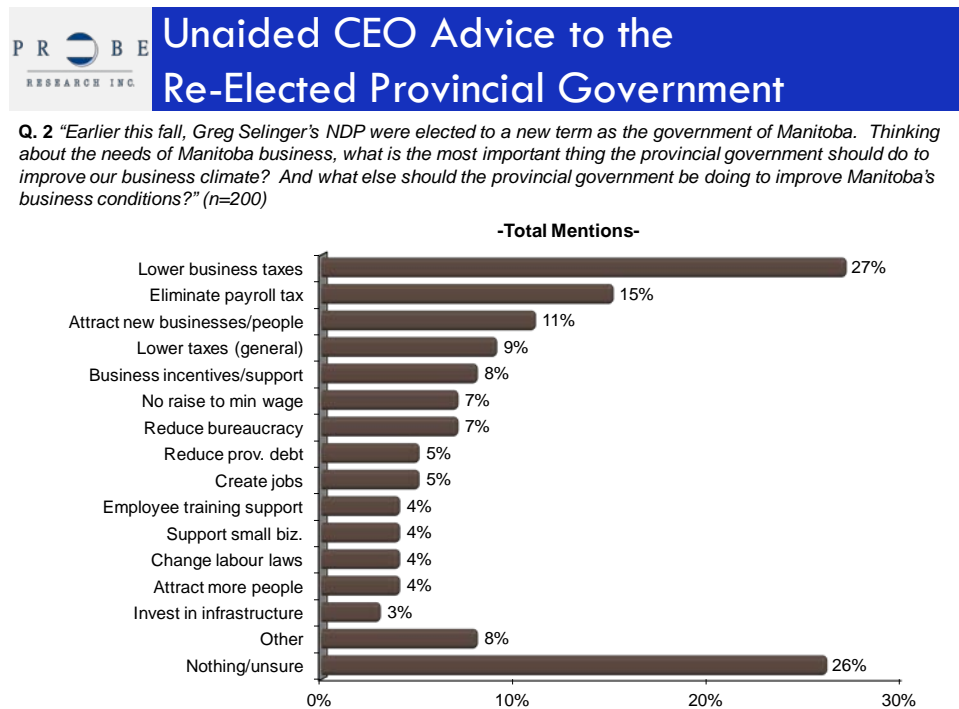
The main requests of Manitoba’s business leaders for Greg Selinger’s government are to lower business taxes (27%), eliminate the payroll tax (15%) and reduce other taxes (9%). Other advice from CEOs includes leaving the minimum wage at its current level, shrinking the provincial bureaucracy and attracting new businesses to the province (7% each).

Additional findings from this survey include:

- Three-quarters of Manitoba business leaders (74%) remain optimistic about the province’s economic prospects. This corporate economic outlook is similar to the level of confidence expressed by all Manitoba adults (78%).
- Slightly less than one-half of CEOs (45%) expect their own companies to be performing better at this time next year, compared to 44 percent who expect to remain at the same level at this time next year. Only eight percent of CEOs are braced for worse results in 2012.
- The number of companies reporting that they are experiencing a shortage of skilled labour has increased slightly in the past year, with more than one-half (52%) now saying it is difficult to find skilled employees.

Businesses Want Corporate and Payroll Tax Relief

CEOs were given an opportunity to provide suggestions and advice to the newly re-elected NDP government. As the graph below indicates, the main requests from business leaders are related to taxation. Fully one-quarter urge the Manitoba government to reduce business taxes (27%), while an additional 15 percent are calling specifically for the elimination of the payroll tax on corporate wages and another one-in-ten (9%) want the government to reduce other taxes.



Other policy requests from Manitoba's business community include:

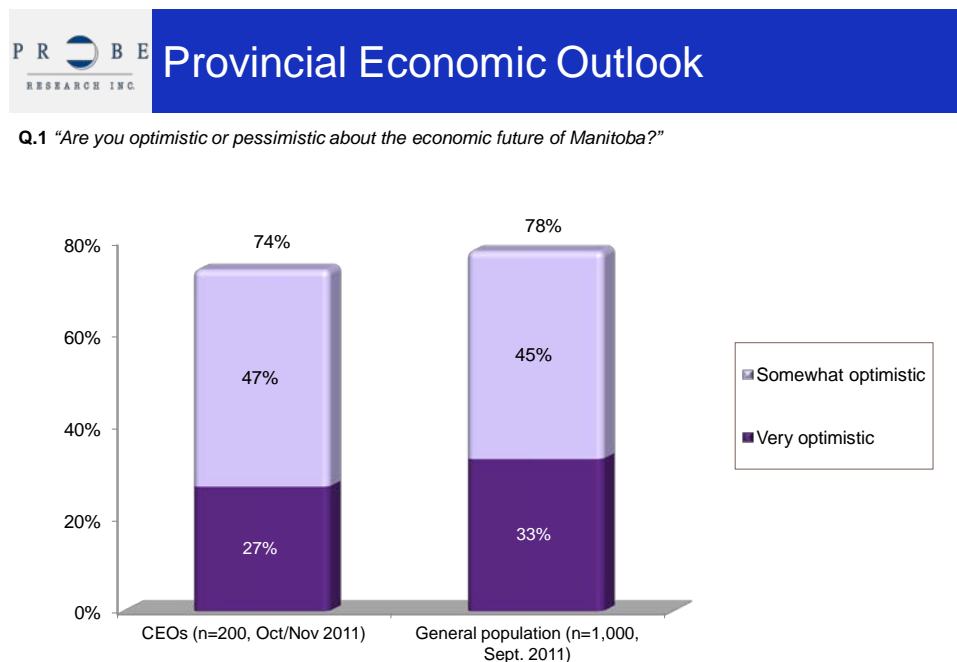
- Doing more to attract people and businesses to Manitoba (11%).
- Providing more incentives and support to businesses (8%).
- Holding the line on the minimum wage, reducing the size of the provincial bureaucracy, as well as doing more to attract new businesses to the province (7% each).
- Reducing the provincial debt and focusing on job creation (5% each).
- Changing the province's labour laws, and offering support for employee training (4% each).
- Investing in infrastructure (3%).

Perhaps not surprisingly, CEOs representing larger firms were more likely to call for eliminating the payroll tax, as this levy is only charged to firms that pay more than \$1.25 million per year in wages (23% of those with 50+ employees would like the payroll tax to be eliminated, versus just 7% among firms with fewer than nine employees).

One-quarter of business leaders (26%), meanwhile, declined to offer any advice to the provincial government regarding business affairs.

Overall Economic Outlook Is Positive

In general, Manitoba executives express confidence in the province's economic future, with nearly three-quarters expressing optimism about the state of the economy (74%, including 27% who said they are *very optimistic* and 47% who are *somewhat optimistic*). One-in-five CEOs, on the other hand, are more likely to be downcast about Manitoba's economic future (20%, including 8% who are *very pessimistic* and 12% who are *somewhat pessimistic*). Seven percent of those surveyed were either neutral in their outlook, or did not respond.

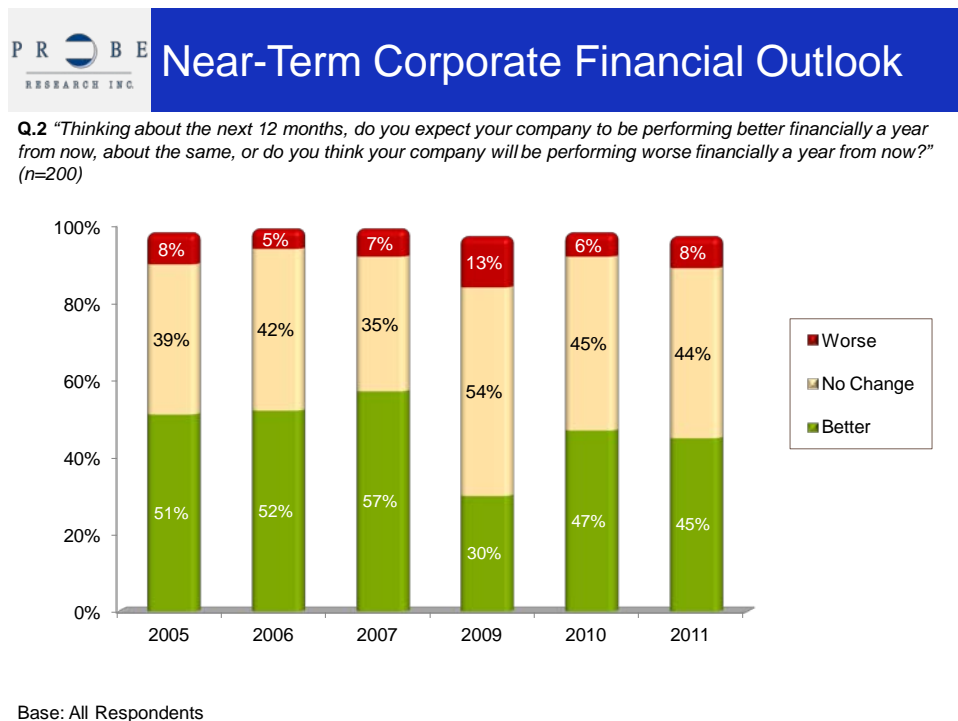


Base: All Respondents

This degree of economic confidence is comparable to the level of optimism expressed by the general Manitoba adult population. As of September 2011, more than three-quarters of adult Manitobans were optimistic about the province's economy (78%, including 33% *very optimistic* and 45% *somewhat optimistic*).

Near-Term Corporate Outlook Is Also Strong

Looking at their own corporate bottom lines, nearly one-half of Manitoba business leaders (45%) believe their companies will be performing better 12 months from now. A similar proportion (44%) expect to be doing just as well at this time next year, while fewer than one-in-ten (8%) expect their company's fortunes to worsen in the next 12 months. As the graph below illustrates, the near-term corporate outlook among Manitoba businesses is almost identical to where it was in 2010.



Notable variations included:

- Leaders of larger firms were more likely than small business owners to expect the performance of their companies to improve during the next 12 months (63% of executives with 50+ employees said they expect to perform *better*, versus 31% among those representing businesses with fewer than 10 employees).

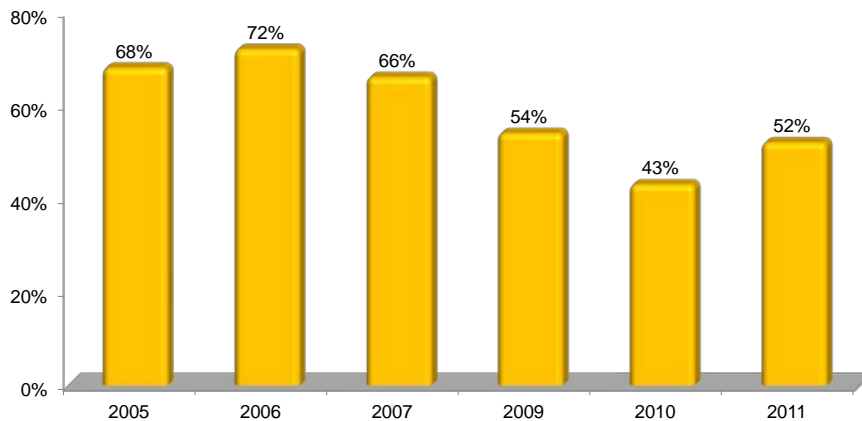
More Employers Experiencing Skills Shortages

As perhaps a sign that the local economy has improved somewhat during the past year, more businesses are reporting that they are having difficulty finding employees with the appropriate skills. Fully one-half now report that they are having trouble finding skilled workers (52%, up from 43% in 2010).

As the graph below illustrates, while the percentage of Manitoba businesses reporting skills shortages remains below pre-recession levels. This is the first time since 2005 that there has been a year-over-year increase in demand for specifically-qualified workers.



Q.3 "In the past year, have you had any difficulty finding qualified new employees with relevant skills?" (n=200)



- % of Respondents Having Difficulty Finding Employees -

Base: All Respondents

- Those representing larger and medium-sized firms were more likely to report skills shortages than smaller businesses (65% of those with 50+ employees and 57% of those with 10-49 employees have experienced shortages of skilled workers, versus 34% among firms with fewer than 10 employees).

The Manitoba Business Leaders Index is an annual scientific survey of Manitoba's senior business officials. The survey sample includes a stratified sampling of company CEOs, presidents, business owners and designated corporate senior officers representing 200 small, mid-sized and large commercial "establishments" (as defined by Statistics Canada and the Manitoba Bureau of Statistics). This sampling includes both publicly traded and private companies from all major sectors of Manitoba industry.

Executive interviews with 200 respondents were conducted between October 24th and November 9th, 2011. With a sample size of 200, one can say these results are accurate within +/- 6.9 percent of what they would be had the entire population of Manitoba business leaders been surveyed.

For more information on this survey, please contact:

Scott MacKay
President,

Probe Research Inc.
Suite 850-125 Garry Street,
Winnipeg, Manitoba R3C 3P2
Tel.: (204) 926-6567
Cell: (204) 955-9777
Fax: (204) 926-6566
E-mail: scott@probe-research.com

- 30 -