

# Are We There Yet?

Established in 1980, the Manitoba Employers Council (MEC) is the largest confederation of employer associations in Manitoba, representing more than 24,000 individual employers and over 300,000 Manitoba jobs.

MEC thanks the following organizations for their assistance with the 6<sup>th</sup> Edition of the Manitoba Prosperity Report:

**Canadian Federation of Independent Business**

**Canadian Manufacturers & Exporters**

**Manitoba Aerospace Inc.**

**Manitoba Chambers of Commerce**

**Manitoba Pork Council**

**Manitoba Trucking Association**

**Manitoba School Boards Association**

**Merit Contractors Association of Manitoba**

**Winnipeg Chamber of Commerce**

**Winnipeg Construction Association of Manitoba**

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## INTRODUCTION

The world has changed immensely in the past two plus years. The global coronavirus pandemic has exacted a tremendous human and health toll on citizens and families all across the world. To date World Health Organization data shows there have been more than 640 million positive cases and over 6.6 million deaths globally due to COVID-19. Unprecedented pressures were placed on healthcare systems globally, and the multiple waves and variants of COVID-19 increased uncertainty for everyone.

As we continue to learn how to live with COVID-19, it is important to take stock and measure where we are and see how we compare with other jurisdictions. Through analyzing key economic indicators we can determine how Manitoba compares relative to our closely neighbouring jurisdictions of British Columbia, Alberta, Saskatchewan and Ontario.

This sixth edition of the Manitoba Prosperity Report, created by the Manitoba Employers Council, updates these economic indicators to advance discussions about improving the conditions necessary to ensure Manitoba reaches its full potential. We also present policy recommendations to help Manitoba achieve its full prosperity potential and get the economy growing faster.

The Manitoba Employers Council (MEC), established in 1980, is the largest collective of individual employers and employer associations in Manitoba. MEC represents 24,000 individual employers and employer associations who collectively represent over 300,000 Manitoba jobs.

MEC represents Manitoba employers in employment matters such as labour relations, human resource management, employment standards, workers compensation, and workplace safety and health.

## EXECUTIVE SUMMARY

Improvements have occurred, however Manitoba continued to struggle in several areas. **In 11 of 33 indicators as compared to our closest neighbours, Manitoba finished at the bottom and in 6 of the other indicators, second last. In over half of all indicators Manitoba finished amongst the bottom two provinces.**

Manitoba finished last in several key areas such as:

- GDP per-capita;
- Interprovincial migration;
- Family taxes;
- Average weekly earnings;

Manitobans have the lowest wages and the highest personal income taxes amongst all five provinces. An individual earning \$50,000 in employment income would save over \$1,000 in income taxes alone if they lived in Saskatchewan. For the other provinces the differential is even greater, reaching almost \$2,300 in British Columbia.

While we have the lowest greenhouse gas emissions, on a per capita basis we rank in the middle of the pack. For decades we have relied on green electricity from Manitoba Hydro; increased electrification of vehicles will only serve to bolster that electric demand.

On the reconciliation indicators Manitoba ranked between second and fifth. Our young and growing indigenous population presents a huge opportunity for the province presently and in decades to come and it is encouraging that our unemployment rate was second behind only Ontario.

This version of the Prosperity Report of course also covers parts of the global COVID-19 pandemic. The pandemic led to a huge drop-in economic activity leading to elevated debt and deficit levels. To climb out of this hole we strongly recommend that the province continue to work to:

- Reduce the province's debt load and eliminate the deficit;
- Reverse interprovincial migration losses;
- Increase post-secondary graduation rates;
- Increase rates of entrepreneurship;
- Further reduce red tape;
- Reduce personal income taxes through rate reductions and increasing tax brackets;
- Reduce and eventually eliminate the payroll tax

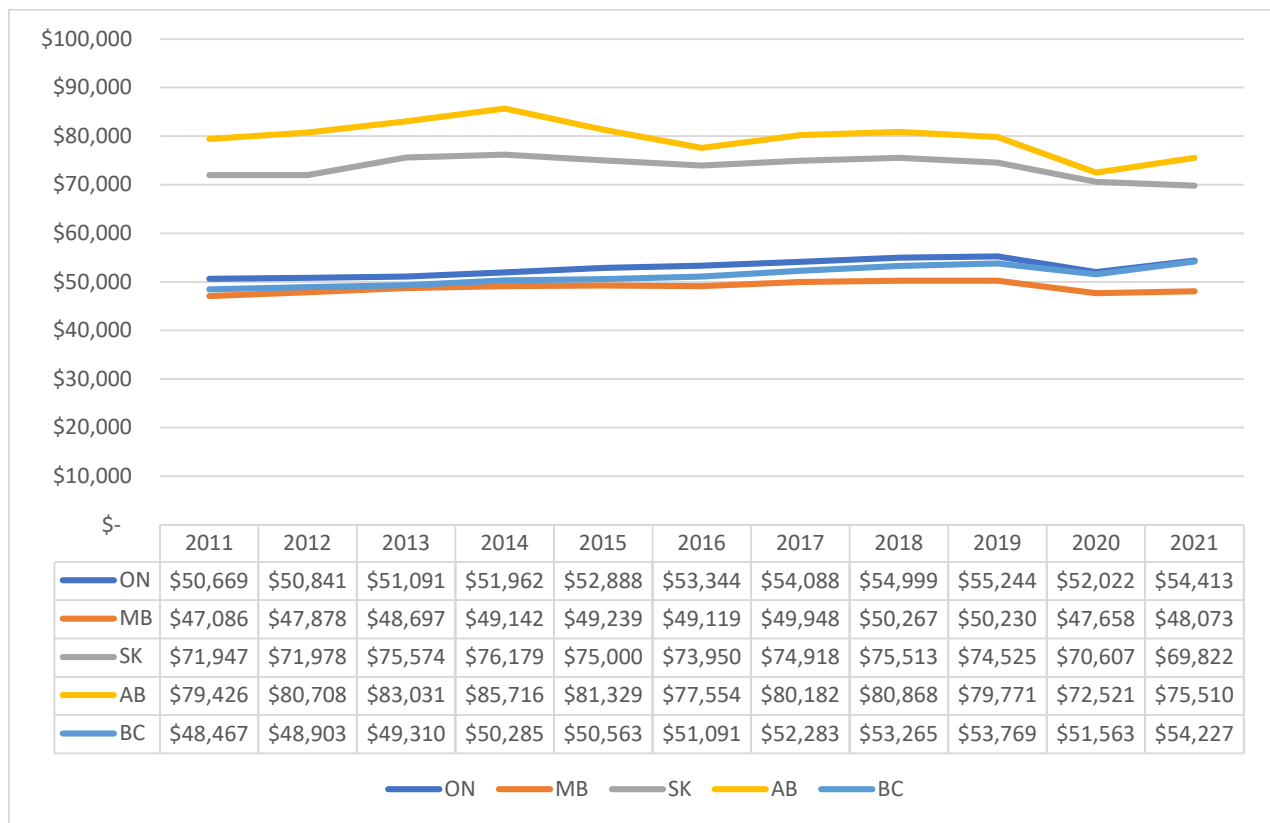
## AGGREGATE INDICATORS

### Gross Domestic Product (GDP) Per Capita

Manitoba Ranking: 5th

At \$48,073 in 2021, Manitoba's GDP per capita is the lowest amongst the five provinces. All provinces besides British Columbia saw a drop in their GDP per capita figures from 2019-2021, owing to the global pandemic.

Figure 1: GDP per capita, 2011-2021 (chained 2012 dollars)



Source: MEC Calculation. Statistics Canada Table 17-10-0005-01, Population estimates on July 1<sup>st</sup>.  
 Statistics Canada Table 36-10-0222-01, Gross domestic product at market prices.

## GDP Growth

Manitoba ranking: 3rd

From 2011-2021, Manitoba's GDP grew by an aggregate total of 15.20% ranking right in the middle of the pack amongst the five provinces measured in the report.

*Figure 2: GDP (chained 2012 dollars, millions)*

Province	2011	2021	Change from 2011-2021
ON	671,942	805,813	19.92%
MB	58,087	66,917	15.20%
SK	76,697	82,494	7.56%
AB	300,948	335,550	11.50%
BC	218,203	282,111	29.29%

*Source: Statistics Canada, Table 36-10-0222-01, Gross domestic product at market prices*

## Population Growth

Manitoba ranking: 3rd

From 2011-2021, Manitoba's population grew by 12.17%, again placing Manitoba right in the middle amongst all five provinces that are measured in this report. In real terms Manitoba's population grew by just over 150,000 people.

*Figure 3: Population Growth from 2011-2021*

Province	2011 Population	2021 Population	Increase
ON	13,261,381	14,826,276	11.80%
MB	1,233,649	1,383,765	12.17%
SK	1,066,026	1,179,844	10.68%
AB	3,789,030	4,442,879	17.26%
BC	4,502,104	5,214,805	15.83%

*Source: Statistics Canada, Table: 17-10-0005-01, Estimates of population, by age group and sex for July 1, Canada, provinces and territories*

## Net interprovincial migration

Manitoba ranking: 5th

From 2011-2021, Manitoba on a net basis lost over 70,000 people to other provinces, the most amongst the five provinces. This is a serious shortcoming which should be addressed urgently.

*Figure 4: Net interprovincial migration from 2011-2021*

Province	Total in-migration	Total out-migration	Net migration
ON	783,808	823,273	-39,465
MB	124,456	198,112	-73,656
SK	181,033	238,493	-57,460
AB	800,713	712,587	88,126
BC	667,115	507,880	159,235

*Source: Statistics Canada, Table: 17-10-0020-01, Estimates of the components of interprovincial migration, quarterly and MEC calculations*

## PROVINCIAL TAX INDICATORS

### **General Corporate Tax Rate**

Manitoba ranking: Tied 3<sup>rd</sup>

Alberta has by far the lowest corporate tax rate of all provinces, Ontario is 0.5% lower than the other three measured in this report.

*Figure 5: General Corporate Tax by Province*

B.C	AB	SK	MB	ON
12.0%	8.0%	12.0%	12.0%	11.5%

*Source: Province of Manitoba 2022 Budget*

### **Small Business Tax Rate**

Manitoba ranking: 1<sup>st</sup>

Manitoba is the only province in Canada with no small business tax. Ontario's small business tax rate is 3.2%. Saskatchewan's is currently 0%, but it will be rising to 1% on July 1, 2023 and 2% on July 1, 2024 which will put them in line with British Columbia and Alberta.

*Source: Province of Manitoba 2022 Budget*

### **Small Business Exemption Level**

Manitoba ranking: Tied 2<sup>nd</sup>

Saskatchewan is the only province with a small business income threshold above \$500,000, putting Manitoba into a tie for second.

*Figure 6: Small Business Exemption Level by Province*

B.C	AB	SK	MB	ON
\$500,000	\$500,000	\$600,000	\$500,000	\$500,000

*Source: Province of Manitoba 2022 Budget*



## Provincial Sales Tax

Manitoba ranking: Tied 3rd

Important to recognize this measures the sales tax rate only, not what it is applied to.

*Figure 7: Provincial Sales Tax Rates*

B.C	AB	SK	MB	ON
7.0%	0.0%	6.0%	7.0%	8.0%

*Source: Province of Manitoba 2022 Budget*

## Payroll Tax

Manitoba ranking: 5<sup>th</sup>

While the highest rate kicks in at different levels, Manitoba has the highest payroll tax rate amongst provinces measure din this report.

*Figure 8: Payroll Taxes by Province*

	B.C	AB	SK	MB	ON
Highest Payroll Tax Rate	1.95%	NA	NA	2.15%	1.95%

*Source: Province of Manitoba 2022 Budget*

### Highest Personal Income Tax Rate

Manitoba ranking: 3<sup>rd</sup>

When you add in the effect of federal taxes, Manitobans who are in the top federal tax bracket lose over half their income in taxes paid to the provincial and federal governments.

Manitoba's highest income tax bracket also starts at the lowest level of all five provinces, over \$70,000 lower in income as compared to the next province.

*Figure 9: Top Personal Income Tax Rate and Bracket*

	B.C	AB	SK	MB	ON
Highest Income Tax Rate	20.50%	15.00%	14.50%	17.40%	20.53%
Highest Income Tax Bracket Starts	\$227,092	\$314,929	\$144,639	\$74,417	\$220,001

*Source: KPMG Canadian Personal Tax Tables*

### Lowest Personal Income Tax Rate

Manitoba ranking: 5<sup>th</sup>

Manitoba's first income tax bracket has the highest rate and lowest threshold amongst all five provinces.

*Figure 10: Top Personal Income Tax Rate and Bracket*

	B.C	AB	SK	MB	ON
Lowest Income Tax Rate	5.06%	10.00%	10.50%	10.80%	5.05%
Lowest Income Tax Bracket Ends	\$43,070	\$131,220	\$46,773	\$34,431	\$46,226

*Source: KPMG Canadian Personal Tax Tables*

## Basic Personal Exemption

Manitoba ranking: 5th

Currently Manitoba has the lowest basic personal exemption of the five provinces measured in this report, and the third lowest in all of Canada behind only Nova Scotia and Newfoundland and Labrador. Alberta has the highest level in the country, over 90% higher than Manitoba's. This is especially onerous for low income earners.

*Figure 11: Basic personal exemption by province*

	B.C	AB	SK	MB	ON
2022	\$11,302	\$19,369	\$16,615	\$10,145	\$11,141

*Source: Province of Manitoba 2022 Budget*

## FAMILY TAX INDICATORS

Manitoba ranking: 5th

This comparison looks at provincial income taxes payable at various income levels for the five provinces.

Figure 12: Provincial income taxes on employment income for single individuals at \$50,000, \$80,000 and \$175,000.

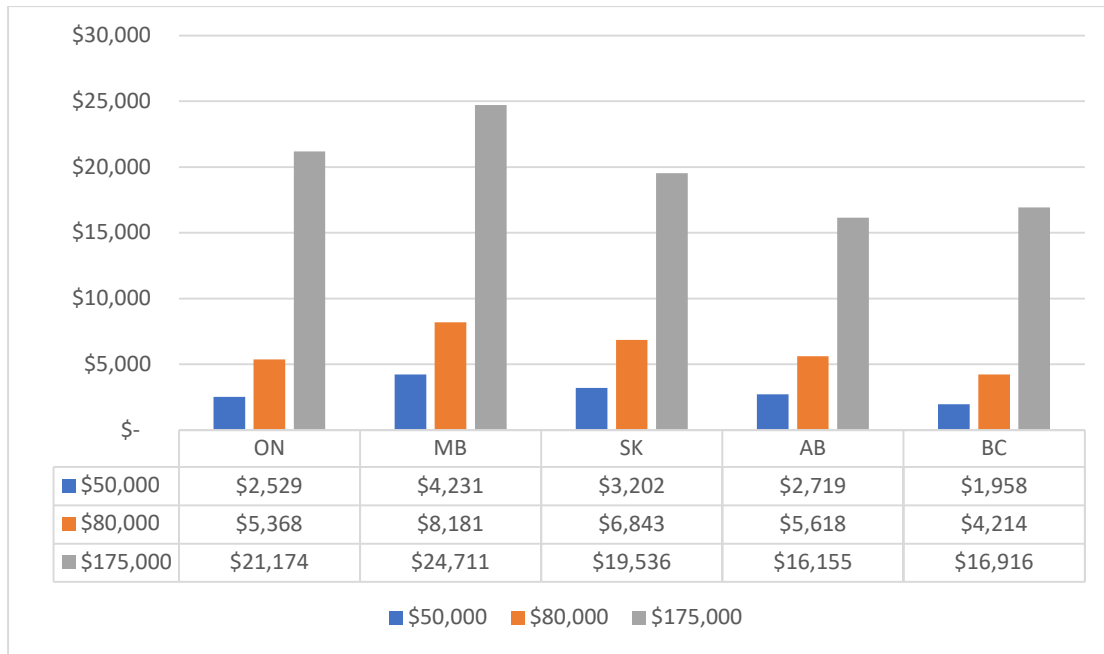


Figure 13: Tax savings in different provinces as compared to living in Manitoba.

Income Level	ON	SK	AB	BC
\$ 50,000.00	\$1,702	\$1,029	\$1,512	\$2,273
\$ 80,000.00	\$2,813	\$1,338	\$2,563	\$3,967
\$ 175,000.00	\$3,537	\$5,175	\$8,556	\$7,795

Source: Wealthsimple and MEC Calculations

## BUSINESS AND LABOUR INDICATORS

### Businesses Per Capita

Manitoba ranking: 5th

There are over 42,000 businesses in Manitoba, and on a per capita basis that is 32.5 people per business, the highest ratio amongst all five provinces measured. Coming out of the pandemic it will be interesting to see how the data changes over the next few years.

Figure 14: Residents per business

2021					
Province	B.C	AB	SK	MB	ON
Population	5,214,805	4,442,879	1,179,844	1,383,765	14,826,276
Businesses	207,362	170,266	42,009	42,586	482,575
Residents per business	25.1	26.1	28.1	32.5	30.7

Source: Statistics Canada Table 33-10-0214-01, Canadian business counts with employees. Statistics Canada Table 17-10-0005-01 Population Estimates on July 1<sup>st</sup>, by age and sex. MEC calculations.

### Head Offices Per Capita

Manitoba ranking: 2<sup>nd</sup>

Head offices provide high skilled and high paying direct and indirect jobs so it is quite encouraging that Manitoba has the second most head offices per capita amongst the five provinces.

Figure 15: Residents per head office

2020			
Province	Population	Head offices	Residents per head office
ON	14,745,712	1,083	13,165.6
MB	1,380,648	108	12,783.8
SK	1,179,300	83	14,208.4
AB	4,420,029	364	12,142.9
BC	5,158,728	314	16,429.1

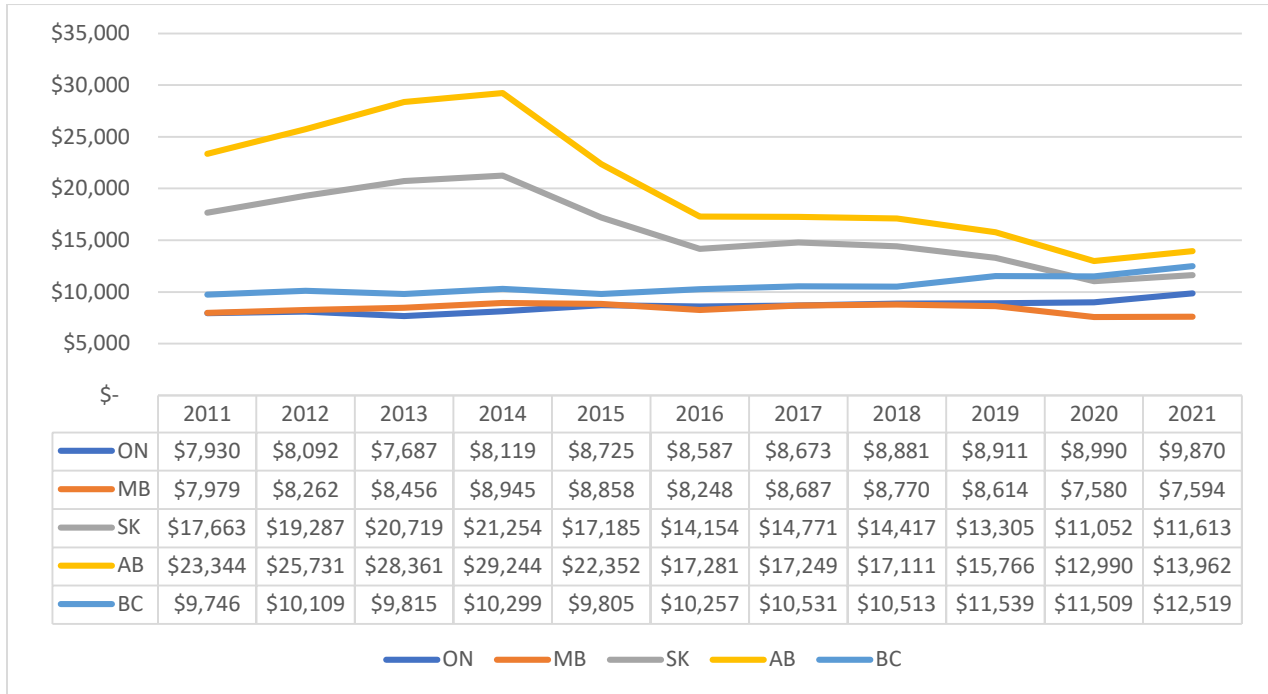
Source: Statistics Canada Table 17-10-0005-01, Population estimates on July 1<sup>st</sup>. Statistics Canada Table 33-10-0110-01, Head offices. MEC calculations

### Private Capital Investment Per Capita

Manitoba ranking: 5th

Private capital investment into Manitoba continues to lag as compared to the other provinces featured in this report.

Figure 16: Total private capital investment per capita excluding government spending (2012 dollars)



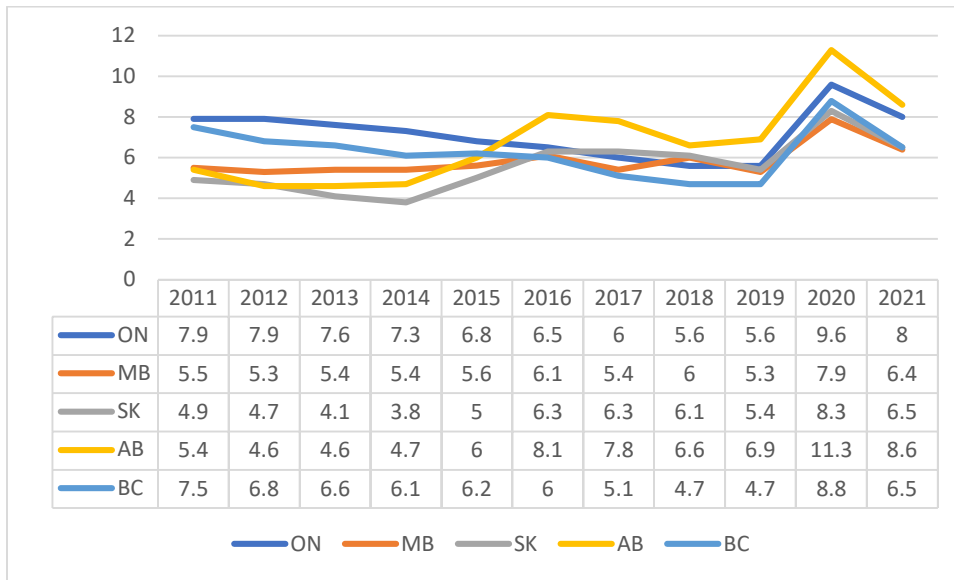
Source: MEC Calculation. Statistics Canada, Table 36-10-0222-01, Gross domestic product, expenditure-based, provincial and territorial, Business gross fixed capital formation. Statistics Canada Table 17-10-0005-01, Population estimates on July 1<sup>st</sup>.

## Unemployment Rate

Manitoba ranking: 1st

Bolstered by our stable diversified economy Manitoba consistently has one of the lowest unemployment rates amongst all provinces.

Figure 17: Unemployment rate (%) by province



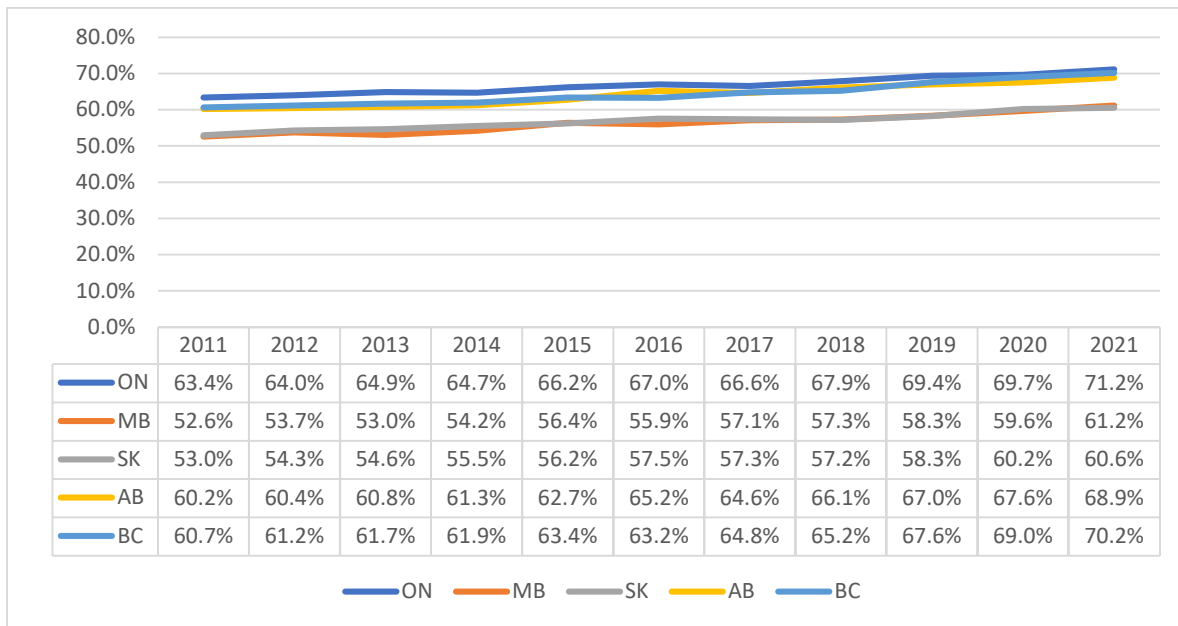
Source: Statistics Canada Table 14-10-0287-01. Labour force characteristics, monthly, seasonally adjusted. Also Statistics Canada Table 14-10-0090-01. Labour force characteristics by province, territory and economic region, annual, inactive

### Postsecondary Graduation Rates

Manitoba ranking: 4<sup>th</sup>

All provinces improved over the past decade, Manitoba ranks second last for the percentage of those aged 25-64 with a postsecondary diploma, certificate, or a university degree. It is important to note that this metric does not measure academic achievement levels or measure the quality of their education.

Figure 18: Percentage of those aged 25-64 with a postsecondary diploma, certificate, or university degree



Source: MEC calculations. Statistics Canada Table 17-10-0005-01, Population estimates on July 1<sup>st</sup>. Statistics Canada Table 14-10-0188-01, Labour force characteristics by educational degree.

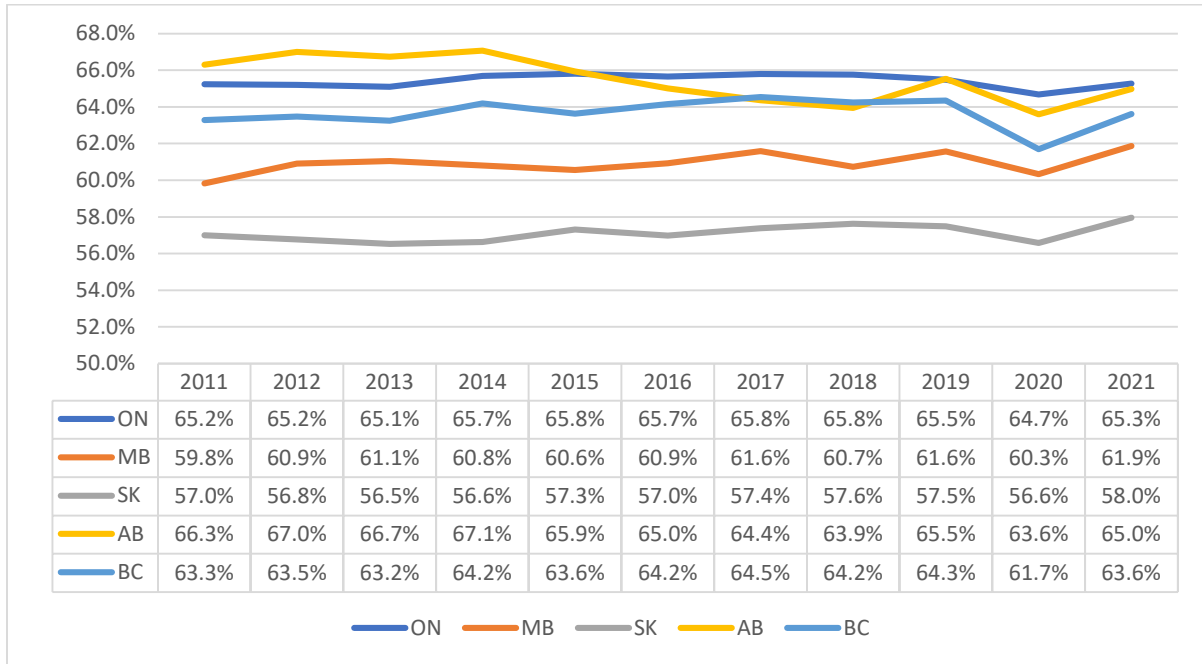


### Private Sector Employment

Manitoba ranking: 4th

This indicator looks at the percentage of all employees who are employed in the private sector as a percentage of all employed.

Figure 19: Percentage of private sector employees to total employed



Source: MEC Calculation. Statistics Canada Table 14-10-0027-01. Employment by class of worker, annual.

### Average Weekly Earnings

Manitoba ranking: 5<sup>th</sup>

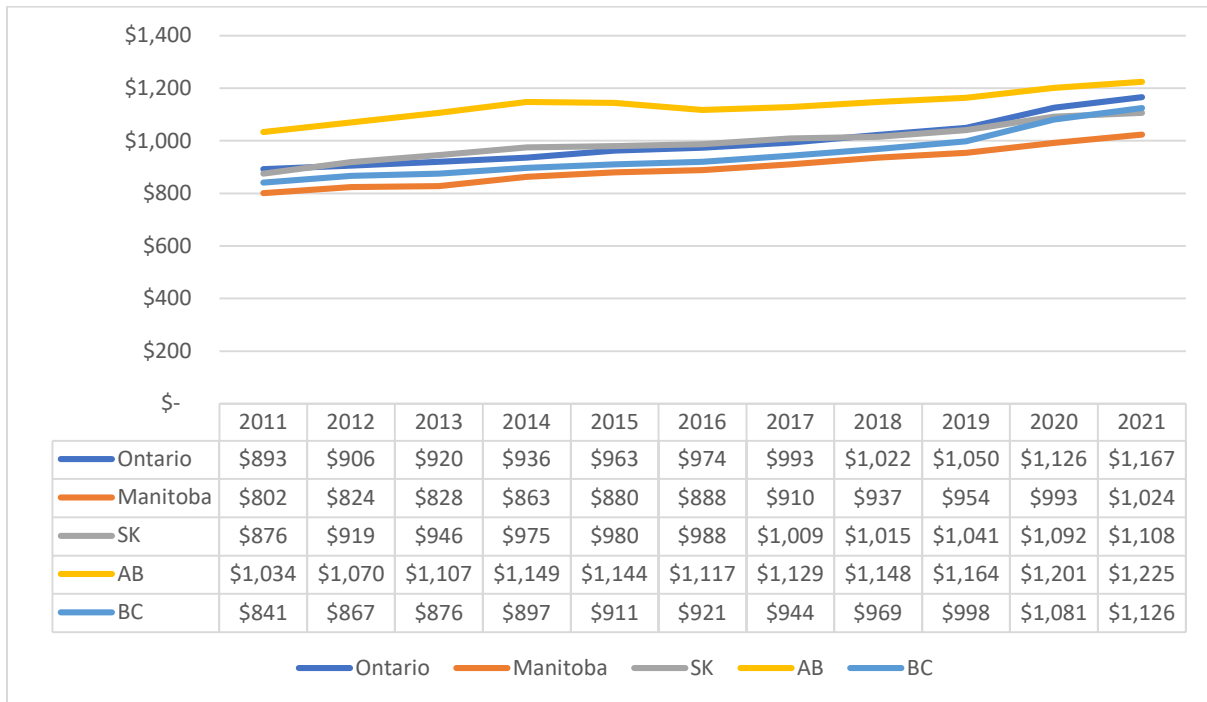
Average weekly earnings in Manitoba are around 7-17% less than the other four provinces. In real terms average weekly wages are just over \$200 a week more in Alberta.

Figure 20: Manitoba average weekly earnings as a percentage of other provinces

ON	87.75%
SK	92.44%
AB	83.56%
BC	90.93%

Source: MEC Calculation. Statistics Canada Table 14-10-0204-01, Average weekly earnings by industry, annual. All employees, including overtime, for industrial aggregate excluding unclassified businesses.

Figure 21: Average weekly earnings, 2011-2021



Source: Statistics Canada Table 14-10-0204-01, Average weekly earnings by industry, annual. All employees, including overtime for industrial aggregate excluding unclassified businesses.

## Job Vacancy Rate

Manitoba ranking: Tied 2<sup>nd</sup>

This metric measures the amount of vacant jobs as compared to overall labour demand. A higher rate means there are more job vacancies and indicates that employers are having trouble finding workers. All provinces have seen an increase over the past few years, showing that it is increasingly difficult to find workers.

*Figure 22: Job vacancy rate*

Province	2015	2018	2021
ON	2.7%	3.2%	4.5%
MB	2.3%	2.5%	3.8%
SK	2.7%	2.2%	3.4%
AB	3.2%	2.8%	3.8%
BC	3.3%	4.6%	5.7%

*Source: MEC Calculation. Statistics Canada Table 14-10-0325-01.*

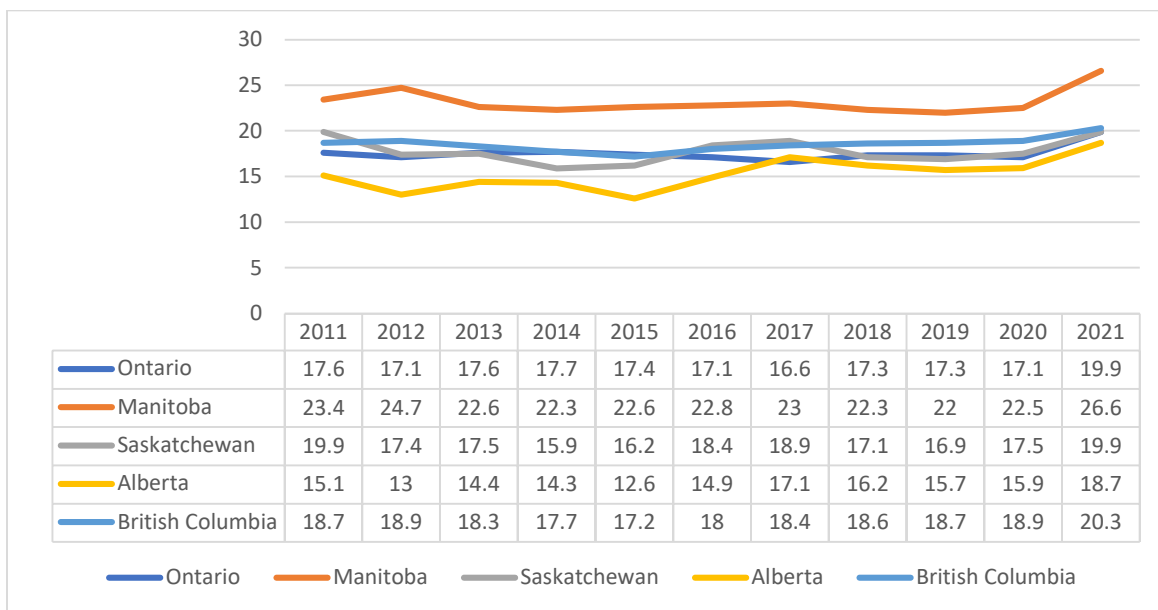
## GOVERNMENT INDICATORS

### Program Expenses Expressed as a Percentage of GDP

Manitoba ranking: 5<sup>th</sup>

This metric measures provincial government program expenditures expressed as a percentage of the province’s GDP. It is important to recognize that this metric doesn’t measure the quality of provincial program expenditures, just how expensive they are relative to the size of each province’s economy. Manitoba’s expenses relative to GDP had declined slightly from a decade ago, but then shot up again due to the pandemic like all provinces.

Figure 23: Program expenses relative to GDP (%)



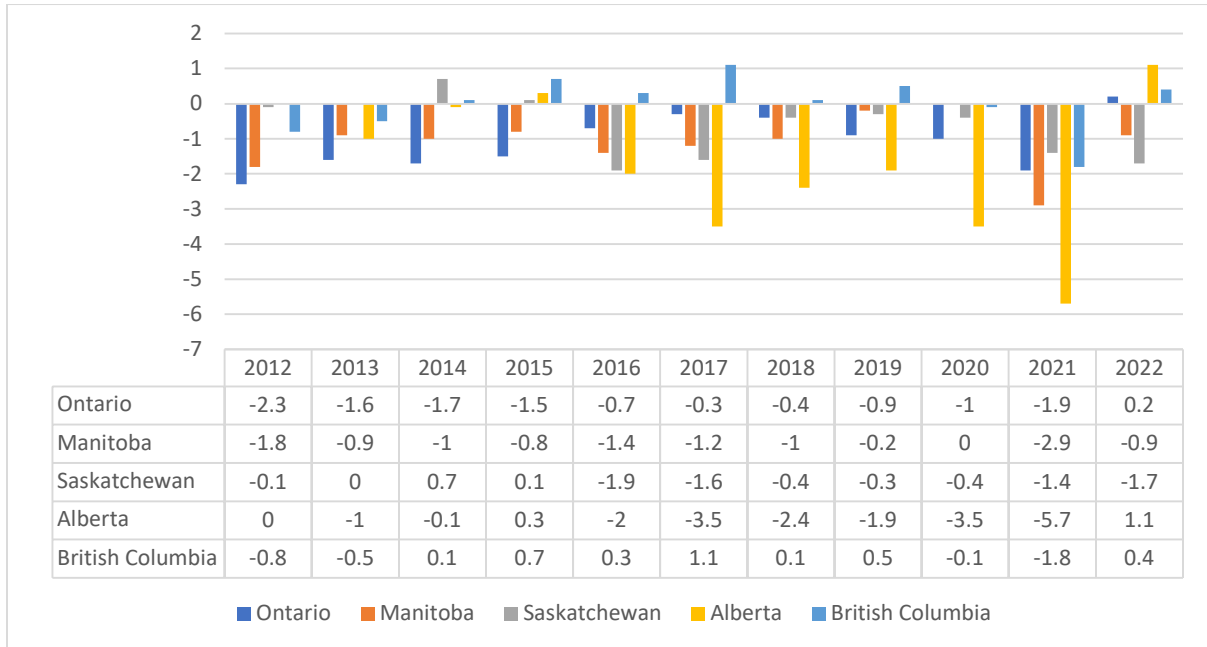
Source: RBC Economics

### Budget Balance

Manitoba ranking: 4<sup>th</sup>

This indicator measures each province’s budget balance to its GDP. Of note, Manitoba was the only province amongst the five measured to post a balanced budget in the 2019-2020 fiscal year. Like every government though the pandemic hammered the government’s finances over the past couple years.

Figure 24: Provincial Budget Balance relative to GDP



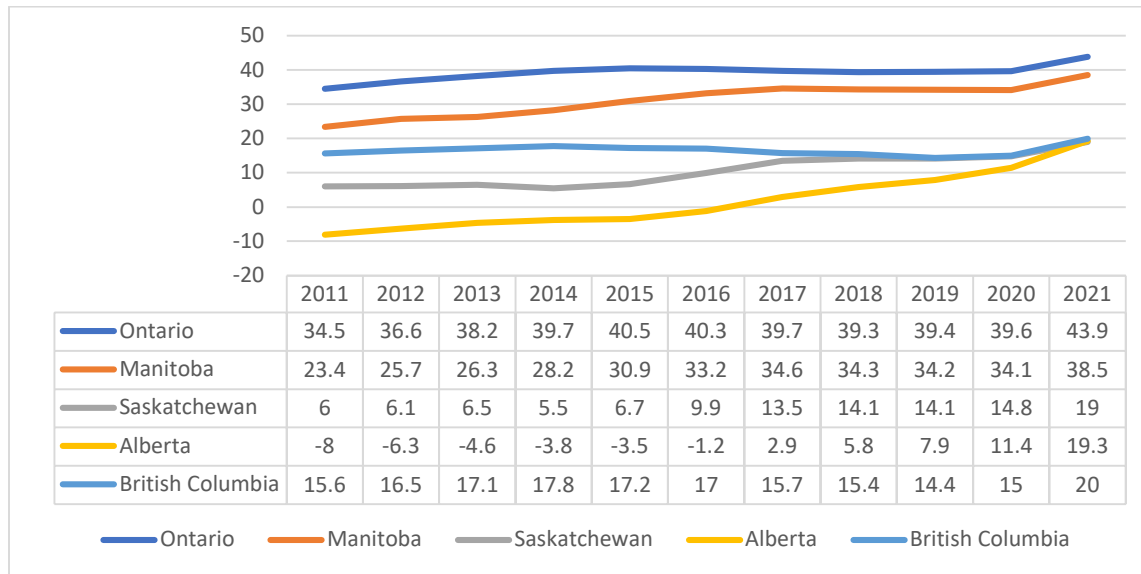
Source: RBC Economics.

## Provincial Net Debt to GDP

Manitoba Ranking: 4<sup>th</sup>

Net debt is a government's financial assets minus total liabilities. Manitoba has the second worst net debt to GDP ratio amongst the five provinces measured in this report.

Figure 25: Net Debt to GDP ratio



Source: RBC Economics

## Regulatory Restrictions

Manitoba ranking: 1st

This metric measures the amount of regulatory restrictions found in legislation and via regulation. Similar to the post-secondary achievement rates, this metric doesn't measure the quality just the amount, and encouragingly Manitoba ranks first amongst all provinces measured in this report.

Figure 26: Total Regulatory Restrictions in Canadian Province, Regulations and Statutes (2019)

Province	Regulatory Restrictions in Regulation	Regulatory Restrictions in Legislation	Total Regulatory Restrictions
ON	76,809	67,188	143,997
MB	25,241	32,648	57,889
SK	29,105	37,374	66,479
AB	35,732	31,989	67,721
BC	35,514	36,262	71,776

Source: Canadian Federation of Independent Business 2022 Red Tape Report Card.

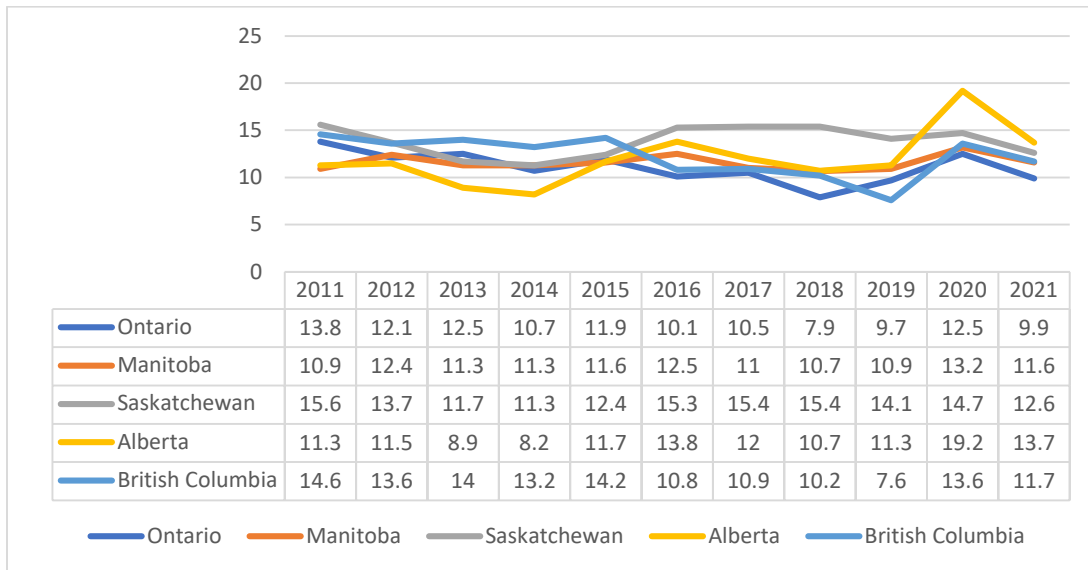
## RECONCILIATION INDICATORS

### Indigenous Unemployment Rate

Manitoba ranking: 2<sup>nd</sup>

After Ontario, Manitoba has the lowest unemployment rate amongst its Indigenous population.

Figure 27: Unemployment rate in the Indigenous population, 15 and over



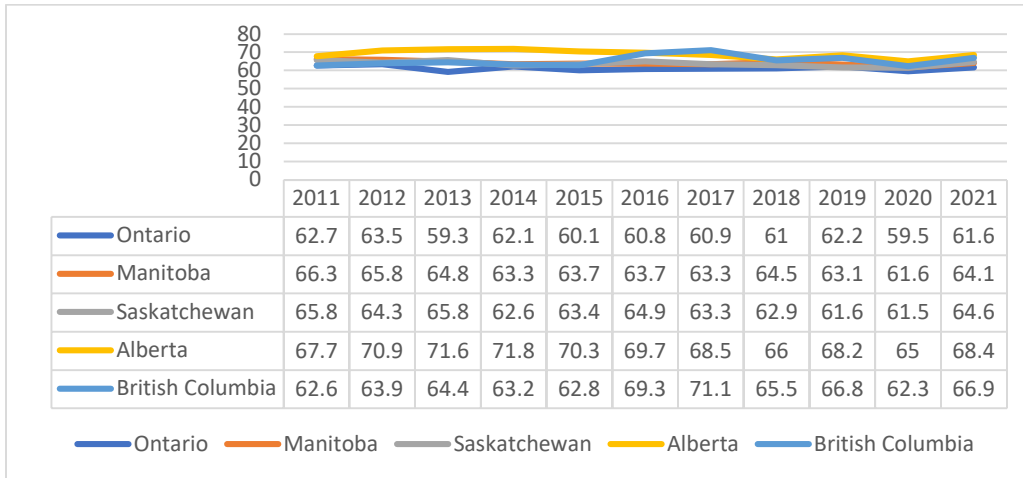
Source: Statistics Canada. Table 14-10-0364-01. Labour force characteristics by province, region and Indigenous group.

**Participation Rate**

Manitoba ranking: 4<sup>th</sup>

The participation rate is the percentage of working age population that is either working or actively looking for work.

Figure 28: Participation Rate in the Indigenous



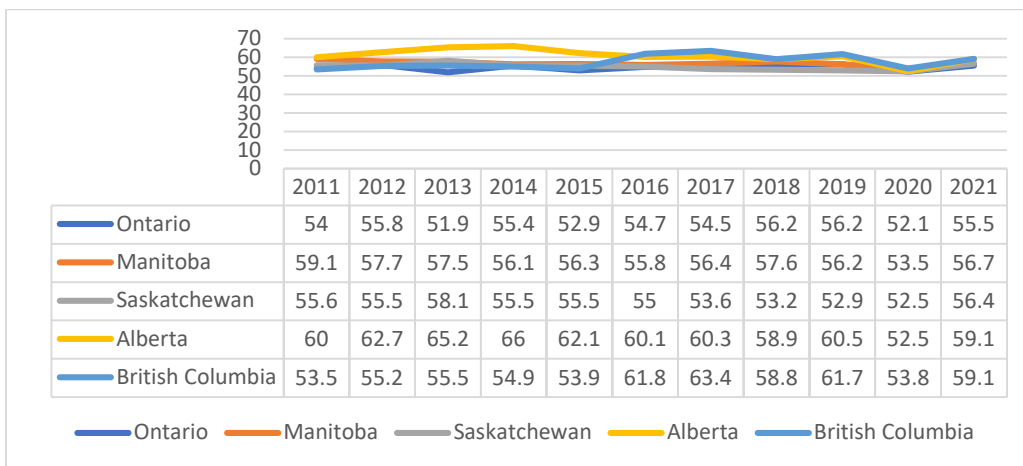
Source: Statistics Canada. Table 14-10-0364-01. Labour force characteristics by province, region and Indigenous group

**Employment Rate**

Manitoba ranking: 3<sup>rd</sup>

The employment rate is simply the percentage of employed people in the labour force.

Figure 29: Employment rate in the Indigenous population



Source: Statistics Canada. Table 14-10-0364-01. Labour force characteristics by province, region and Indigenous group.



## Education

Manitoba ranking: A 5<sup>th</sup>, 4<sup>th</sup> and a 2<sup>nd</sup>

Manitoba had the highest percentage with no certificate, diploma or degree. Encouragingly, behind only Saskatchewan, Manitoba has the second highest levels of those with a high-school diploma or equivalent. However, when it came to percentage with a post-secondary certificate, diploma or degree Manitoba only finished ahead of Saskatchewan.

*Figure 30: Highest certificate, diploma or degree and Indigenous Identity*

	ON	MB	SK	AB	BC	MB Ranking
No certificate, diploma or degree	15.3%	18.9%	18.1%	15.5%	13.5%	5
High-school diploma or equivalent	27.2%	30.9%	32.2%	28.8%	29.5%	2
Post-secondary certificate, diploma or degree	57.5%	50.2%	49.7%	55.7%	57.1%	4

*Source: Statistics Canada. Table 98-10-0414-01. Highest level of education by major field of study and Indigenous identity: Canada, provinces and territories, census metropolitan areas and census agglomeration with parts.*

## ENVIRONMENT INDICATORS

### Greenhouse Gas Emissions

Manitoba ranking: 1<sup>st</sup>

By far Manitoba emits the lowest amount of greenhouse gas emissions amongst comparison provinces, around one-third the amount of the next closest province.

*Figure 31: Megatonnes of carbon dioxide equivalent*

Province	2005	2020	Change from 2005 to 2020
ON	204	150	-27%
MB	21	22	5.6%
SK	71	66	-7.6%
AB	237	256	8.2%
BC	64	62	-2.9%

*Source: Environment and Climate Change Canada, National Inventory Report Greenhouse Gas Sources and Sinks in Canada.*

### Greenhouse Gas Emissions Per Capita

Manitoba ranking: 3<sup>rd</sup>

While Manitoba has the lowest emissions, on a per capita basis it ranks in the middle of the pack amongst comparison provinces.

*Figure 32: People per megatonne of carbon dioxide equivalent*

Province	Megatonnes of carbon dioxide equivalent (2020)	Population (2020)	People per megatonne
ON	150	14,745,712	98,305
MB	22	1,380,648	62,757
SK	66	1,179,300	17,868
AB	256	4,420,029	17,266
BC	62	5,158,728	83,205

*Source: MEC Calculation. Statistics Canada Table 17-10-0005-01, Population estimates on July 1<sup>st</sup>. Environment and Climate Change Canada Greenhouse Gas Sources and Sinks in Canada.*

## CONCLUSION

Of the 33 indicators included in this report, Manitoba ranked:

- 5<sup>th</sup> in 11 indicators
- 4<sup>th</sup> in 6 indicators
- 3<sup>rd</sup> in 7 indicators
- 2<sup>nd</sup> in 5 indicators
- 1<sup>st</sup> in 4 indicators

Given these results improvements need to be made. Steps in the right direction have been taken to reduce the regulatory burden. Some income tax reductions such as indexing tax brackets have taken place but we still lag far behind the other comparator provinces when it comes to the tax burden.

Coming out of the pandemic our economy is dealing with high inflation and a host of other challenges such as tight labour markets, high taxation levels and negative interprovincial migration. An aging population will put extra demands on government services, particularly healthcare. In order to provide good public services we need a strong economic foundation. To get there we strongly recommend a path forward for government based on:

- Reducing the province's debt load and working to eliminate the deficit;
- Reverse interprovincial migration losses;
- Increase post-secondary graduation rates;
- Increase rates of entrepreneurship;
- Further reduce red tape;
- Reduce personal income taxes through rate reductions and increasing brackets;
- Eliminate the payroll tax

By focusing on the above measures we can increase investment into Manitoba. For a brighter tomorrow we need increased investment today. This will stimulate greater economic growth, increase innovation and ultimately lead to higher productivity. This will lead in time to more jobs, higher wages and incomes, lower taxes and increased prosperity for all Manitobans.