



Canadian Centre for  
Policy Alternatives  
Manitoba Office

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## Flush With Cash: The provinces are richer than they think

*Condensed version of David Macdonald, Senior Economist, CCPA-National report for the Manitoba context*

### **R**eport Context:

Across Canada, initial provincial budget projections early in the pandemic showed provinces would be struggling with large deficits for years to come.

Since 2020-2021, these estimates have been adjusted, showing smaller deficits than expected.

Improved provincial finances are a result of:

- Better than expected revenue
- Additional fiscal transfers from the federal government
- Higher inflation and record breaking corporate profits which contribute to provincial revenue

Today, 10 out of 10 provinces have already experienced surpluses or soon will.

9 out of 10 provinces are projecting that they will have better finances than before the pandemic.

There is now considerable fiscal room to invest in healthcare, index social assistance and other income supports to inflation, and invest in long-term care systems.

### Implications for Manitoba:

Manitoba is projected to run a small deficit of \$2 million in 2022-23:

- The First Quarter Report Fiscal and Economic Update revised the projected 2022-23 deficit from \$548 million (reported in Budget 2022) to \$202 million
- Deficit becomes \$2 million once the \$200 million contingency fund is removed from spending (some provinces do not have contingency or forecast error funds - removed for interprovincial consistency)

Manitoba's deficit adjustment is due to better than expected tax revenue and higher Hydro revenue (\$465 million above budget).

All lingering effects of the pandemic on provincial finances are now gone

The Province of Manitoba would likely have a sizeable surplus if it had not pursued tax cuts throughout the pandemic. This includes:

- \$350 million for education property tax rebate in 2022
- \$450 million for education property tax rebate in 2023
- In sum, tax cuts since 2019 amount to at least \$1.2 billion in annual lost revenue

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ERROL BLACK CHAIR

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IN LABOUR ISSUES

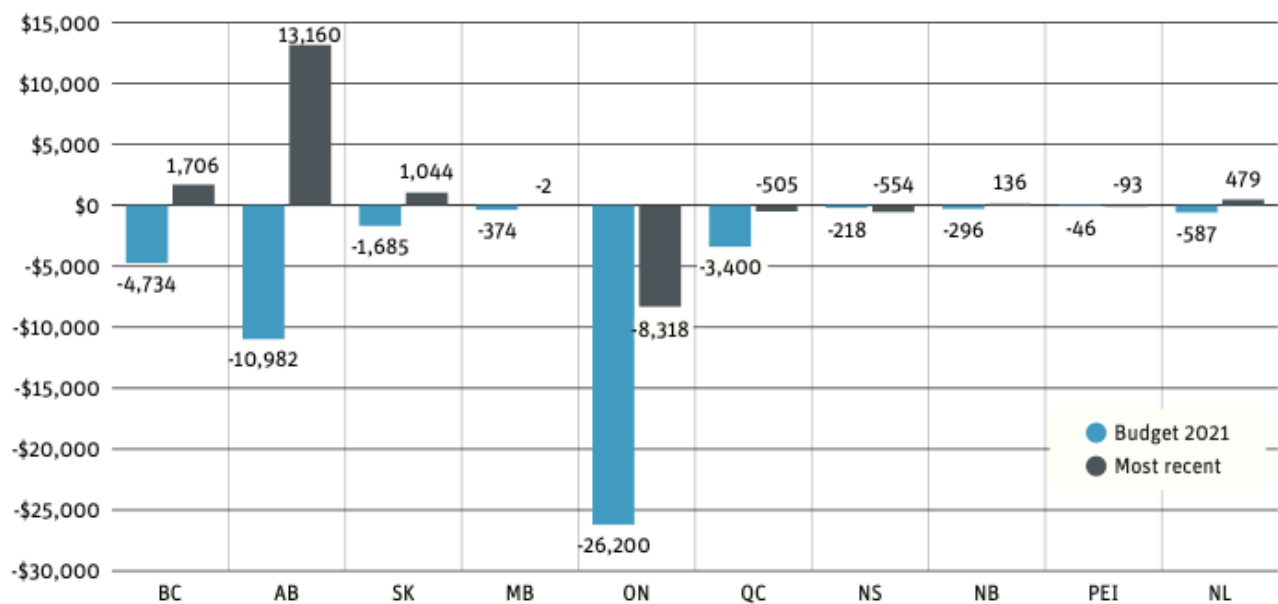
The provincial government has the money to invest in our broken health care system, raise EIA rates, invest in social housing, and invest in home-care and long-term care.

Full Report:

<https://policyalternatives.ca/publications/reports/flush-with-cash>

*Niall Harney holds the Errol Black Chair in Labour Issues with CCPA-Manitoba.*

**FIGURE 3** 2022–23 budget balances by province (initial vs. latest, \$mil)



**work** *References available upon request.*  
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