

# **MOVING MANITOBA FORWARD**

**BUDGET 2020**

**SPEECH**



**Manitoba** 

# **THE 2020 MANITOBA BUDGET ADDRESS**

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Minister of Finance  
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- The 2020 Manitoba Budget Address
- Budget 2020
- Budget Papers
  - Summary Budget and Financial Updates 2020/21
  - Economic Review and Outlook
  - Tax and Fee Measures
  - Fiscal Arrangements
  - Manitoba's Poverty Reduction Strategy
- Fiscally Responsible Outcomes and Economic Growth Strategy
- Estimates of Expenditure for the Fiscal Year Ending March 31, 2021
- Financial Reports
- Economic Highlights
- Economic Statistics
- Facts for Investors

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- Discours du Budget 2020 du Manitoba
- Budget 2020
- Budget des dépenses pour l'exercice se terminant le 31 mars 2021
- Rapports financiers

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**THE 2020  
MANITOBA BUDGET ADDRESS**





## INTRODUCTION

Four years ago, our government put Manitoba on the long road to recovery.

The previous government had left our province with an enormous debt, fueled by an annual summary deficit approaching \$1 billion, on a trajectory to reach \$2 billion by 2022.

The Rainy Day Fund had been drained.

The province had the longest health care wait times, and the worst education outcomes, in Canada.

Our social services were not serving Manitobans who needed them most.

We led the nation in child poverty.

Numerous assets on the government's books were overvalued.

Many liabilities were either understated or hidden from Manitobans.

A number of items listed and valued as government assets weren't government assets.

In response to the mess we inherited from the NDP, our Progressive Conservative government began the hard work of fixing Manitoba's finances, repairing the services that Manitobans rely upon, and rebuilding our economy.

We have made remarkable progress toward achieving each of those objectives, and we're far better off today than we were four years ago.

We have reduced the deficit each year -- and in fact exceeded our deficit targets -- while making record investments in health, in education and for families.

We have made life more affordable for Manitobans by cutting the retail sales tax rate, by ending income tax bracket creep, and by eliminating many other fees.

Thousands of our lowest-income citizens no longer pay Manitoba income tax.

Fewer children are living in poverty.

And we are delivering better health care sooner.

We are replenishing the Rainy Day Fund, with an additional \$300 million contribution.

This will result in a balance of \$872 million by the end the coming fiscal year, at which point it will be fully funded.

Our province will be in a far stronger position to respond to unforeseen emergencies.

We have made our books far more accurate and transparent through our transition to summary accounting, and by accurately valuing government assets and liabilities.

In just four years, Manitoba has traveled a long way toward a strong, sustainable fiscal foundation, but our journey on the road to recovery is far from complete.

Many significant challenges remain in our path.

Despite the consistent progress we have made in reducing the deficit, Manitoba continues to have the highest per capita debt among Canada's provinces.

For the third year in a row, interest and debt servicing costs on our provincial debt will exceed \$1 billion.

Returning to a balanced budget before the end of the current term of government will be a remarkable achievement.

But it will still require 82 consecutive years of balanced budgets after that -- and \$100 million in annual debt payments -- before Manitoba will be debt free.

That's how deep the hole left to us by the previous NDP government really was.

That's the hole Manitobans have been climbing out of since 2016, and will continue to climb out of for decades into the future.

Budget 2020 continues the hard work, by focusing on the issues that matter most to Manitobans:

By providing better services.

By protecting our environment.

By making our communities stronger and safer.

By making life more affordable.

And by building a better, brighter future for all Manitobans and their families.

That is what Manitobans elected – and re-elected – us to do.

That is what we are doing.

It is a commitment we have made to Manitobans, and our government keeps its promises.

In 2016-17, we reduced the summary deficit by \$143 million to \$789 million and we have made consistent progress since then.

I am pleased to advise Manitobans that we are on track to reduce the summary deficit for the current 2019-20 fiscal year to \$325 million.

And, through a combination of measures that I will outline in a moment, we are projecting a summary deficit of \$220 million for the coming 2020-21 fiscal year.

We remain on track to table a balanced budget during the current term of government.

## **BETTER SERVICES FOR MANITOBANS**

After more than a decade of decay in the quality of our health care system under the previous government, our government is transforming our health care system so that Manitobans receive better health care when they need it, where they need it.

After more than a decade of decline in the quality our education system, our government is delivering new schools and a new approach to education that will give all young Manitobans the opportunity to achieve their potential.

After more than a decade of despair for families in need throughout our province, our government is reducing poverty and delivering the social services Manitobans need to get back on their feet again.

Budget 2020 increases funding for the Department of Health, Seniors and Active Living to \$6.82 billion -- the highest level in Manitoba history.

That includes funding for a range of capital projects, with a total strategic infrastructure budget of \$1.8 billion.

Two of the largest projects are the Health Sciences Centre master campus plan, at an estimated total project cost of \$592 million, as well as the Saint Boniface Hospital redevelopment at \$88.5 million.

The implementation of the Provincial Clinical and Preventive Services Plan will invest more than \$250 million in rural and northern healthcare, digital health supports and infrastructure investment in projects and program delivery.

That Plan will improve local access to health services and meet the needs of communities in areas like prevention, screening and management of chronic diseases.

It will enable patients to access the care they need closer to home, and prevent the need for 2,500 patient transports to Winnipeg over the next five years.

And it will shorten wait times in Winnipeg hospitals by moving 21,000 days of care away from the city's acute care facilities.

Budget 2020 also invests an additional \$10 million to reduce wait times for cataract and joint replacement surgeries.

This will reduce surgical wait times for thousands of Manitobans.

Our government also continues to make investments in renal replacement therapy for both in-centre dialysis at health centres across Manitoba, as well as home hemodialysis programs.

An additional 22-station dialysis unit, supporting up to 132 patients, is being developed within the \$75 million Diagnostic Centre of Excellence at the Health Sciences Centre.

Substantial completion of that project is expected later this year.

Our government is also working hard to address mental health and addictions in our province.

That's why Budget 2020 increases funding for mental health and addictions by \$2 million to \$22 million under the Canada-Manitoba funding agreement.

Budget 2020 also includes an increase of \$1.9 million for acute and long term drugs, and an increase of \$3.9 million for the Families Drug Program.

An additional \$188,000 in funding is allocated to the Cadham Provincial Laboratory to respond to population-wide outbreaks.

A few weeks ago, our government announced a \$6.6 million increase in K to 12 funding for the 2020-21 school year.

Budget 2020 provides operating grants totaling up to \$1.33 billion to Public School Divisions.

It is the highest level of education funding in the history of our province.

The existing funding formula ensures that no school division will receive less than 98% of the funding it received last year after adjustments have been made for enrolment and other factors.

Budget 2020 also provides \$160 million in funding for K-12 Education capital projects, including the construction of seven new schools and several major additions and renovation projects.

By the end of the coming fiscal year, 4,425 new classroom spaces will be open or under construction.

And that's just the beginning.

There are 13 more new schools coming over the next 10 years under our 20 New Schools Guarantee.

Our government knows that a good, healthy breakfast each morning is an important part of a child's education.

We will continue to work with our community partners to provide food within our school system for students who need it.

Last year, our government initiated an independent review of our kindergarten to grade 12 education system.

A nine-member commission is carrying out that review, and its findings and recommendations are expected this spring.

Budget 2020 allocates \$5 million for the implementation of education reforms related to the K to 12 Review.

Budget 2020 also increases funding for curriculum development by \$2.4 million.

This funding will support the expansion of the provincial assessment program, modernization of the provincial curriculum framework, and renewal of the K-12 science and health education anti-addictions curricula.

As part of our government's five-year \$25 million commitment toward implementation of the Teachers Idea Fund, Budget 2020 allocates \$5 million for that important initiative.

Our government knows that strong families are the foundation of a strong province.

That's why Budget 2020 increases cash funding for the Department of Families to \$2.1 billion.

It is the highest level of voted cash support for our social services in Manitoba history.

It includes a \$21.2 million increase in funding for Community Living and disABILITY Services.

With an investment of \$2.7 million, Budget 2020 also supports the addition of 1,087 licensed early learning and childcare spaces.

Of those spaces, 1,037 will be added through the completion of new capital projects, including new schools, along with 50 new home-based spaces.

Our government continues to implement the new single envelope funding model for child and family services authorities and agencies.

The model empowers transformative change by giving those authorities the flexibility to allocate more funding for prevention and early intervention initiatives.

It gives agencies the ability to implement creative solutions to support families and prevent the need for children to come into care, or to remain in care.

Under Budget 2020, cash funding for the Manitoba Housing and Renewal Corporation increases by \$10 million.

Over the next five years, the role of MHRC will shift from housing provider to one of funder and regulator, with the objective of making social housing more sustainable.

Budget 2020 also allocates \$12.7 million as part of a plan to dissolve the Manitoba Housing Development and Renewal Fund under the special funds remediation initiative.

Those monies will be re-invested in order to address the capital deficit in our housing stock, and in capital projects which are more consistent with the original intent of the Fund.

## PROTECTING OUR ENVIRONMENT

Our government is leading the world-wide fight to protect our environment from pollution and the impacts of climate change.

Leading the way by eliminating coal-fired electricity production in our province.

Leading the way by investing billions of dollars in the production and transmission of clean, renewable hydro-electricity.

And we're leading the way with our best-in-Canada Climate and Green Plan.

It's a plan that will continue to make investments in renewable energy, while encouraging Manitobans to reduce their energy consumption.

It will assist communities in their efforts to protect our watersheds.

And it will clean up contaminated sites, increase recycling, and build new schools to the highest standards of energy efficiency and environmental design.

The danger posed by climate change compels us to lower greenhouse gas emissions by reducing our reliance on hydrocarbons.

We know that carbon pricing has the potential to change consumer behaviour.

If implemented with proper thought as to its economic impact, it can encourage consumers to choose products, services and activities that are less harmful to our environment.

The federal government's one-size-fits-all carbon tax scheme does not accomplish that objective here in Manitoba.

The Ottawa plan fails to recognize its harmful impact on our comparatively high proportion of agriculture emissions, and our comparatively small industrial sector.

It also fails to account for our clean electrical grid, which is the result of massive investments already made by Manitobans as part of our shift to carbon-free energy production.

We often speak of the imprudent over-investment by Manitoba Hydro -- and bad project management -- that has seen the costs of those projects go almost \$10 billion over budget.

The hard reality, however, is that Manitobans will be paying for those investments for decades into the future.

Manitobans deserve respect for having the foresight to make those investments.

They deserve credit for shouldering those massive costs when no other provinces are doing so.

The federal carbon tax plan, at \$50 per tonne, would cost each Manitoban an additional \$400 annually.

In comparison, every Manitoba household owes nearly \$44,000 of Hydro-specific debt, with an annual interest cost of almost \$1,600 per household.

In other words, Manitobans are already paying a tax for investments that are reducing greenhouse gas emissions -- in the form of Manitoba Hydro debt payments -- and that tax is almost four times as much as a \$50 per tonne, made-in-Ottawa carbon tax would be.

The math is beyond dispute: the federal government's imposition of a carbon tax on top of our Hydro debt burden is unfair to Manitobans.

It penalizes us for being the nation's leader in green investments.

Residents of no other province are being forced to pay so much in the fight to reduce carbon emissions.

Ottawa's carbon tax is a threat to Manitoba's economy.

It hurts our competitiveness.

And, as the rate increases year after year, it will cost us jobs and private sector investment.

Our government will not allow that to happen.

That is why we will be implementing a green levy, effective July 1 of this year.

At \$25 per tonne, the Manitoba green levy will be flat like the prairie horizon.

It will not change each year.

It will cost Manitoba families and businesses less, and it will be more effective in reducing greenhouse gas emissions than the federal carbon tax plan.

Our government is determined to complete the Lake Manitoba and Lake St. Martin Outlet Channels Project project as soon as possible.

Budget 2020 reinforces that commitment by allocating a total of \$101 million for that important project.

Budget 2020 also includes a one-time capital investment of \$45 million for climate resiliency projects.

First announced in November of last year, this funding will be allocated in three portions of \$15 million for municipalities within the capital region, municipalities outside the capital region, and previously identified provincial protection priorities.

The City of Winnipeg's North End Water Pollution Control Centre is the single-largest source of nutrients, including phosphorus and nitrogen, flowing into Lake Winnipeg.

Upgrades to that facility will support efforts to reduce nutrients and improve water quality in Lake Winnipeg.

Our government has advised the City of Winnipeg that we are providing an additional \$21.8 million, to be held in reserve for the North End Water Pollution Control Centre.

That investment will increase the total amount of provincial funding for this project to over \$56.2 million, including funding already provided.

We will continue to work with both the City and federal government to ensure funding is in place for this important project.

Budget 2020 also provides up to \$15.8 million in funding to assist municipalities outside of Winnipeg in the development of safe and sustainable water and sewage facilities.

## **SAFER, STRONGER COMMUNITIES**

Our government is committed to keeping Manitobans safe.

We are working with communities and law enforcement to keep crime off our streets and out of our neighbourhoods.

That's why Budget 2020 allocates an additional \$6 million in funding for provincial police service agreements, including funding for 27 additional police officers.

That's why Budget 2020 provides an additional \$3.677 million to address crime and gang activity through improved intelligence sharing and other measures.

And that's why Budget 2020 also invests \$2.3 million as part of our government's Policing and Public Safety Strategy, so that Manitobans feel safe in their homes and communities.

Budget 2020 also includes \$1.015 million in funding to help police detect and deter drug impaired driving.

This will improve road safety through increased training and enforcement of new legislative offences following the legalization of non-medical cannabis.

With additional funding of \$568,000, Budget 2020 increases annual funding for First Nations policing to \$14.488 million.

This investment will enhance public safety in First Nations communities, fund additional officer positions, increase officer safety, and improve the equipment those officers use in carrying out their duties.

While others choose to treat thugs and thieves as victims, our concern is for the real victims of crime.

That is why budget 2020 allocates \$561,000 for grants to support community projects that deliver services to victims of crime in Manitoba, an increase of \$29,000.

That includes more funding for organizations such as the North End Women's Centre, Aurora Family Therapy Centre, the Age & Opportunity Centre, Brandon Victim Services, and Family Dynamics.

In addition, funding provided through the Criminal Property Forfeiture Fund for projects that directly support victims of crime will increase by \$200,000 to a \$500,000 base budget.

Our government is determined to end gender-based violence in our province.

That's why Budget 2020 provides \$58,000 in additional funding for the Western Manitoba Women's Resource Centre so that it can continue to do its important work on this issue.

While the previous government left Manitoba without the resources to respond to natural disasters, our government has replenished the Rainy Day Fund.

In order to ensure that we are well-positioned to address the risk of flooding this spring, Budget 2020 increases the budget for emergency expenditures to \$100 million.

There is also \$5.7 million in funding for the Department of Infrastructure to react quickly to smaller-scale floods or other emergency events.

We have never been as prepared to deal with flooding or other impacts of climate change.

Budget 2020 also allocates \$500,000 to support emergency preparedness and response related to animal health and welfare.

Our government knows that strong, sustainable municipalities make a strong, sustainable Manitoba.

That's why our government's support for municipalities continues to be the most generous in Canada.

Budget 2020 delivers \$313 million in funding to local governments through the Strategic Municipal Investment Fund.

It also provides \$3.8 million in funding for a number of critical infrastructure projects in northern Manitoba, including a wastewater treatment lagoon in Thicket Portage and a water treatment plant upgrade in Sherridon.

That funding is in addition to an increase of \$300,000 in minor capital grants for northern communities.

Our government's Strategic Municipal Investment Fund supports fair say for the City of Winnipeg and our other local governments.

It gives them the flexibility to carry out long-term planning, with improved transparency and predictability for both operating and capital support.

Over \$3 billion will be invested in critical infrastructure across Manitoba over the next 10 years through the Investing in Canada Infrastructure Program.

The Department of Municipal Relations is working with the Manitoba Strategic Infrastructure Secretariat and other departments to ensure that Winnipeg, Brandon and all of Manitoba's local governments have access to capital funding under that program.

Our government knows that a strong infrastructure network is critical to our safety and a strong Manitoba economy.

That's why Budget 2020 increases operating funding for the Department of Infrastructure by 7.2 per cent, to \$494 million.

The Department's capital budget is increased to \$516.2 million, reflecting an overall increase of \$83.7 million.

And the highways capital budget allocation rises to \$362.5 million, a \$12.5 million increase from the current fiscal year.

This is the first step toward keeping our government's commitment to increase the highways infrastructure capital budget to \$400 million over the next four years, and to fully spend those funds or carry them over to the following fiscal year.

They will not go unspent, as happened far too often under the previous government.

Budget 2020 also includes an allocation of \$600,000 for the Trucking Productivity Improvement Program.

Those funds will be used to maintain highways included in that program.

Our government continues to engage with Indigenous communities toward developing a comprehensive Reconciliation Strategy.

Budget 2020 provides \$500,000 in funding to further advance this important objective.

In order to advance the Treaty Land Entitlement Framework Agreement, Budget 2020 invests \$500,000 to support the resolution of outstanding, historical third party interests that are preventing land transfers under that important agreement.

## **MAKING LIFE MORE AFFORDABLE FOR MANITOBANS**

With the costs of so many goods and services rising, Manitoba families are finding that they have less money at the end of each month.

They are concerned about their ability to pay their bills.

We understand those concerns, and that's why our government is working hard to make life more affordable for Manitobans.

We promised to lower the retail sales tax rate by one point to 7 per cent during our first term in government, and we kept that promise.

During the recent election campaign, and as part of our 150th anniversary in 2020, we promised to return \$2,020 to Manitoban households over the next four years.

We keep our promises.

Budget 2020 delivers significant tax reductions which, combined with the 2019 tax cuts, are the largest in Manitoba history.

We are delivering those savings to Manitobans while reducing the deficit at the same time.

In order to offset the impact of the green levy I referred to earlier, our government will lower the retail sales tax rate to 6 per cent, effective July 1 of this year.

Manitoba will be the only province that has cut its sales tax in recent years – and we've done it twice.

We will have the second lowest rate in Canada.

This rate reduction will ensure that all who pay the green levy will benefit through a lower sales tax rate.

With approximately 510,000 households in Manitoba, the average annual savings will amount to approximately \$345 per household.

But that's not all.

It is estimated that up to one-half of savings received by Manitoba businesses will be passed on to Manitoba households, benefiting them by an additional \$131 per year.

That will result in average total savings for Manitoba households of \$476 per year.

In addition to making life more affordable for Manitobans, this PST cut will increase economic output and assist in job creation.

Combined with last year's PST rate reduction to 7 percent, it is estimated that this additional reduction in the PST rate and implementation of the green levy will grow the provincial nominal GDP by \$108 million per year.

It will increase labour income by an estimated \$50 million annually, and generate an estimated 1,042 person-years of employment growth.

The Basic Personal Amount is a non-refundable tax credit that every Manitoba resident is entitled to claim on their income tax return.

Our government legislated the indexing of the BPA and personal income tax brackets to the rate of inflation beginning in 2017.

Since then, the BPA has increased from \$9,134 to \$9,838.

The increased BPA saved Manitobans \$18.4 million in income taxes in 2019, and will save them another \$16.2 million in the 2020 tax year.

Even more importantly, it has removed 11,000 low-income Manitobans from the tax rolls as of this tax year.

That number will increase next year, and it will increase again in 2022.

Probate fees -- criticized by many as "death taxes" -- represent "double taxation" on money that has already been taxed.

They are ineffective social policy, and victimize Manitobans at a time when they are already experiencing the trauma of a death of a loved one.

Beginning on July 1 of this year, probate fees will be eliminated in Manitoba.

The Health and Post Secondary Education Tax Levy -- known to many as the "payroll tax" -- is a tax imposed on wages paid to employees.

Approximately \$510 million is paid in payroll taxes per year by approximately 3,000 Manitoba employers.

The payroll tax thresholds have not changed since 2008.

It's another form of bracket creep.

It discourages entrepreneurship and costs jobs.

It must be corrected, and that is why Budget 2020 increases the payroll tax thresholds, effective January 1, 2021.

This will benefit an estimated 1000 employers throughout our province.

It will result in more jobs -- more opportunities -- for Manitobans.

With higher taxes and fees, the previous government took more from Manitobans and delivered less.

Our government is taking less, but delivering more.

We are leaving more money on the kitchen tables of Manitobans, and there is more tax relief coming.

## **A BRIGHTER FUTURE FOR ALL MANITOBANS**

Manitobans know that a quality education is the best protection against poverty.

And that the shortest path to prosperity is a good job.

Our Economic Growth Action Plan is gaining momentum and optimism is growing throughout the province.

Our government is working with our private sector to create 40,000 new jobs during the current term of government, and we are off to a great start.

We continue to be among the leading provinces in private sector investment.

More Manitobans have jobs than ever before, and we continue to have one of the lowest unemployment rates in Canada.

Immigration to our province is at its highest level in decades, proving once again that Manitoba is the Home of Hope for people from all over the world who seek a better life for themselves and their families.

By increasing funding for the Manitoba Scholarship and Bursary Program by \$4.8 million, Budget 2020 gives young Manitobans the opportunity to achieve their dreams.

That includes \$1.8 million for the Manitoba Bursary Program and \$3 million for the Manitoba Scholarship and Bursary Initiative.

In conjunction with our private fundraising matching formula, this will make \$30 million available for students to begin or continue their post-secondary education.

The number of Manitoba students accessing student loans is estimated to have increased by 35 per cent.

In response, Budget 2020 makes more than \$41 million in interest-free loans available for students to realize their post-secondary education goals and move into their chosen careers.

Our government is also committed to strong, sustainable economic growth throughout Northern Manitoba.

That's why Budget 2020 allocates \$500,000 toward implementation of the Mineral Development Protocol.

And that's also why the Department of Agriculture and Resource Development will be providing project-based funding of up to \$50,000 each to First Nation communities to support activities related to mineral exploration and development within their territories.

## **CONCLUSION**

In just four years, Manitoba has made tremendous progress on the road to recovery.

The road is long, however, and the journey is far from complete.

Many significant challenges remain in our path, but our government is up to those challenges.

We are moving Manitoba forward by focusing on the issues that matter most to Manitobans:

By providing better services.

By protecting our environment.

By making our communities stronger and safer.

And by making life more affordable.

We're restoring hope.

We're creating opportunity.

And, driven by the unshakeable faith that our best days are ahead of us, we're building a better, brighter and more prosperous future for all Manitobans.

