

Transcript Undertaking #2 – Dr. Yatchew

Reference: Transcript pages 4394 and 4581.

“Dr. Yatchew to provide his information on the low per capita debt in Manitoba relative to the other Canadian Provinces and to provide an additional column for the per capita debt, including the share of the debt for the Crown corporations in that Province.”

Response:

The relevant portion of the report states:^{1,2}

“4. Manitoba has a population of approximately 1.3 million. Its 2016 GDP was \$67 billion with per capita output of \$51,500. In part as a response to declines in commodity prices, Manitoba economic growth slowed during the 2014-2016 period, but is expected to have improved for the 2017 year. As a result of its industrial diversity, inter-provincial and international exports, high labour force participation and low per-capita debt, Manitoba’s economic growth has been strong in comparison to a number of other provinces.”

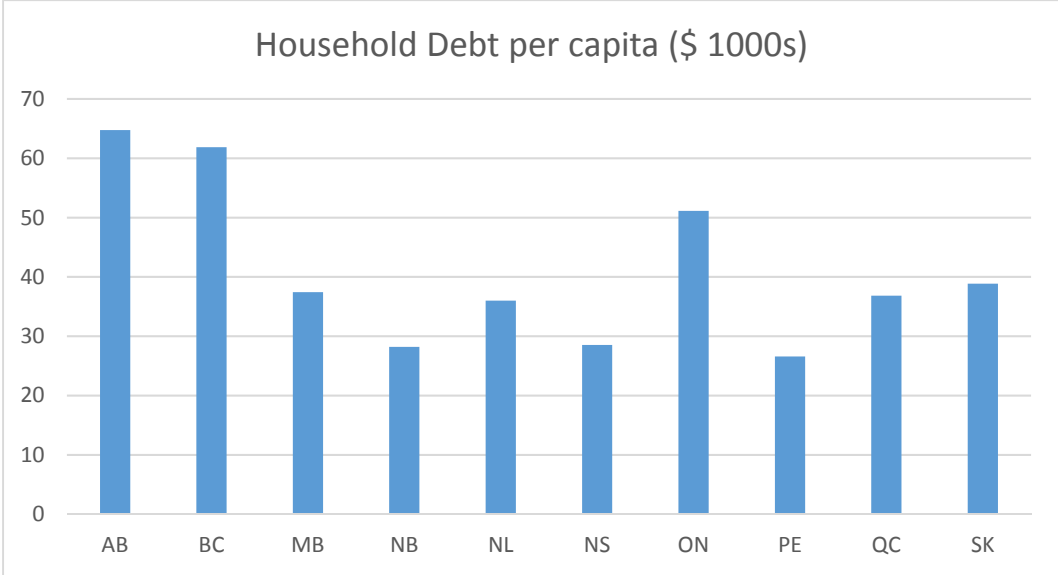
Household Debt

The following chart and table displays per capita household debt for 2016 using Statistics Canada Table 205-0004 “Survey of Financial Security”. Total debt includes mortgages, credit card and installment debt, student loans and vehicle loans.

¹ The report is available on the Manitoba PUB website at <http://www.pubmanitoba.ca/v1/proceedings-decisions/applications-current/pubs/2017%20mh%20gra/iec%20reports/yatchew%20report.pdf>.

² This section of the report references the 2017 “Manitoba Provincial Budget & Supporting Documents”, available at <http://www.manitoba.ca/budget2017/index.html>, and in particular “Budget Paper A, Economic Review and Outlook”. At page A6 of the Outlook, reference is made to the “lowest household debt per capita among provinces”.

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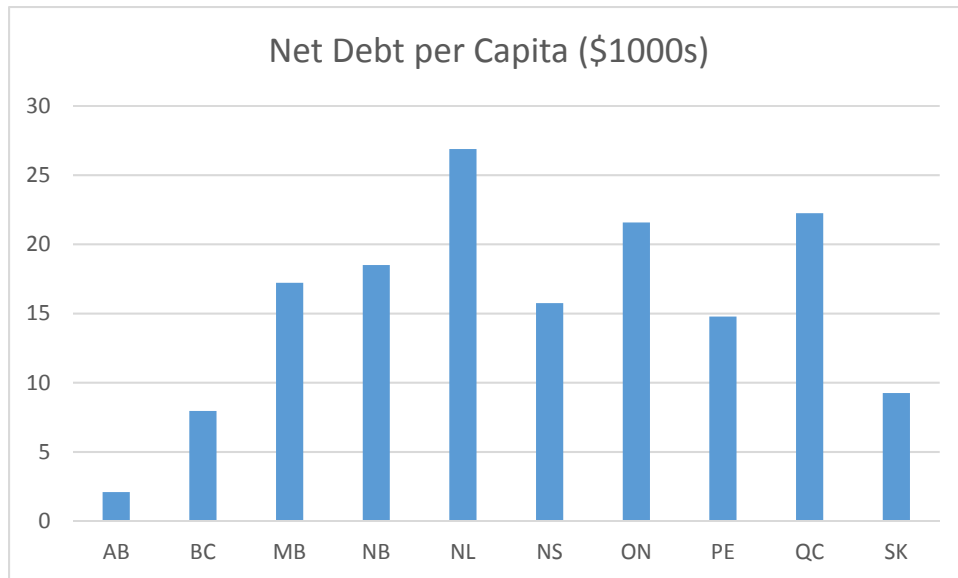
Province	Household Debt per capita (\$ 1000s)
AB	65
BC	62
MB	37
NB	28
NL	36
NS	29
ON	51
PE	27
QC	37
SK	39

Provincial Debt

Provincial debt data are apparently not available on a consistent basis from Statistics Canada. Calculations must rely on Provincial documents, budget papers and outlooks. We have not conducted this analysis, nor have we been able to separate Crown Corporation debt on a consistent basis. The chart and table provided below is derived from Royal Bank of Canada “Canadian Federal and Provincial Fiscal Tables”, September 26, 2017, 13th page, available at http://www.rbc.com/economics/economic-reports/pdf/canadian-fiscal/prov_fiscal.pdf. As noted on the first page of the document, “the tables are based on the public accounts of provincial and federal governments. Due

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to differences in accounting and reporting practices, figures are not strictly comparable between provinces.”



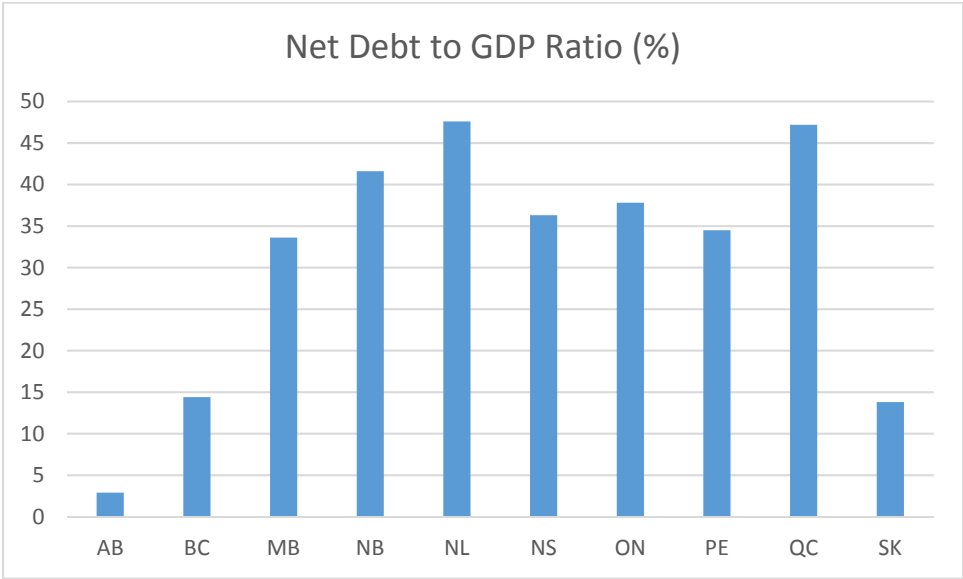
Province	Net Debt per Capita (\$1000s)
AB	2
BC	8
MB	17
NB	18
NL	27
NS	16
ON	22
PE	15
QC	22
SK	9

Discussion

Manitoba “Net Debt per Capita” is low in comparison to the most populous provinces, Ontario and Quebec, and also lower than Newfoundland-Labrador and New Brunswick. The figure for Alberta is very low, largely as a result of the benefits to Provincial coffers of oil and gas extraction. It bears reiterating that the Provincial data are not strictly comparable due to differing accounting methods.

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An additional useful measure is the “Net Debt to GDP Ratio”, displayed below for 2016-17, Royal Bank of Canada “Canadian Federal and Provincial Fiscal Tables”, September 26, 2017, 12th page, available at http://www.rbc.com/economics/economic-reports/pdf/canadian-fiscal/prov_fiscal.pdf. According to this measure, Manitoba compares favourably to most Provinces.



Province	Net Debt to GDP Ratio (%)
AB	3
BC	14
MB	34
NB	42
NL	48
NS	36
ON	38
PE	35
QC	47
SK	14