

Province of Manitoba: Setting the Stage for 2021

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Bottom Line

Job creation and protection of vulnerable Manitobans will be the focus of the Manitoba government in 2021. Details of the plan are highlighted in the [January 5, 2021 cabinet shuffle](#) release. At the same time, the province's evolving response to COVID-19 began late in December 2020, with the administration of a vaccine program. This is a good time to review issues on the Manitoba horizon and consider the economic outlook for 2021 in light of provincial government plans.

Manitoba Finance released their 2020/21 Mid-Year Report - Fiscal and Economic Update on [December 17, 2020](#). This report outlines the Manitoba Economic Review and Outlook and the impact of COVID-19 on provincial revenues and expenditures. **It is clear that the better we can control the COVID-19 outbreak, the better economic results we are likely to see in 2021.**

Manitoba Government Cabinet Shuffle

The January 5, 2021 Manitoba government cabinet shuffle split two departments into four as part of the focus on protecting vulnerable Manitobans and creating job opportunities. As highlighted by media outlets, the Health department will be divided into two portfolios:

- **Health and Senior's Care** (Minister Heather Stefanson), and
- **Mental Health, Wellness and Recovery** (Minister Audrey Gordon).

Economic Development and Training has also been split into two departments:

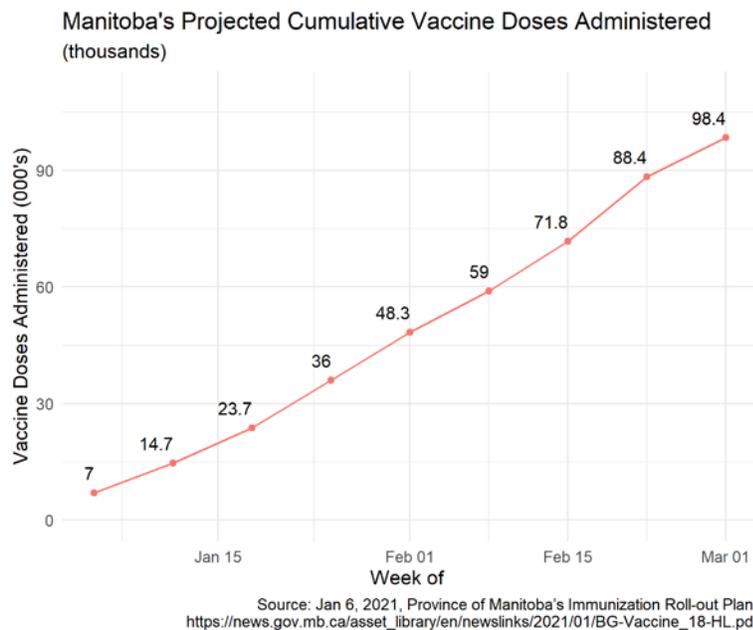
- **Economic Development and Jobs** (Minister Ralph Eichler),
- **Advanced Education, Skills and Immigration** (Minister Wayne Ewasko).

COVID-19 Vaccines in Early Stages of Distribution

As we start 2021, we are seeing a ray of light at the end of the tunnel. Canada has two [approved COVID-19 vaccines](#) that are already being distributed: [Pfizer-BioNTech](#) - approved December 12, and [Moderna](#) - approved December 23. A number of other vaccines candidates that Canada optioned are in phase 3 trials, but current planning appears to depend on the two approved vaccines. This planning is highlighted in media releases from the province: [COVID-19 Vaccine Bulletin # 18](#), and [statement from Premier Brian Pallister on immunization plans for first nations](#).

A [backgrounder](#) showing the rollout plan for the Pfizer-BioNTech vaccine projects the administration of approximately 98.4 thousand doses by the end of the week of March 1, assuming no supply chain interruptions (**Figure 1**).

Figure 1: Manitoba's Projected Cumulative Vaccine Doses Administered (thousands)

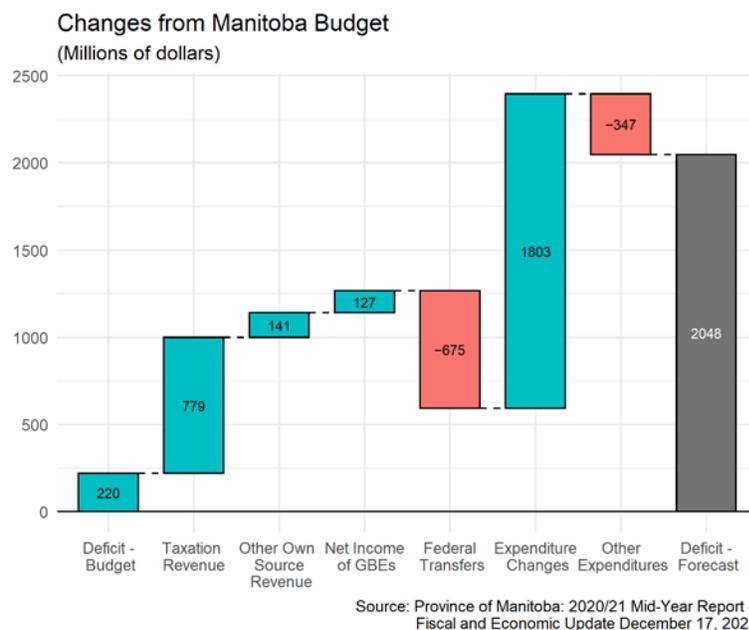


The province has identified administering these Pfizer-BioNTech vaccine doses via three supercenters: RBC Convention Centre Clinic (Winnipeg), Keystone Centre Clinic (Brandon), and Thompson Vaxport (Thompson).

As of January 6, 2021, the [plan](#) anticipates approximately 70 per cent of the Manitoba population immunized by the end of December 2021. This is under the assumption of supply availability of currently approved vaccines.¹

Manitoba 2020/21 Mid-Year Report - Fiscal and Economic Update

Figure 2: Changes in Manitoba Government Deficit Forecast (\$millions)



The waterfall chart² in **Figure 2** shows the components of the 2020/21 deficit projection. Beginning with the \$220 million forecast deficit in Budget 2020, the revenue and expenditure changes were primarily driven by COVID-19. The federal special COVID-19 transfer of \$675 million significantly improved the deficit situation. The changes result in a revised deficit forecast of \$2,048 million.

In the same report, the province estimated COVID-19 related expenditures would total \$3.2

billion. This would mean that the \$1.8 billion estimated to be spent in 2020/21 represents 56.3 per cent of this overall figure. The remaining 43.7 per cent is expected to be allocated/spent in future fiscal years.

¹ Implying that if other vaccines are approved soon, a faster immunization process may be possible.

² Manitoba Finance (2020). ["Manitoba 2020/21 Mid-Year Report – Fiscal and Economic Update"](#), page 4.

Table 1: Manitoba Economic Outlook (Percentage change unless noted) ³

Description	2019	2020	2021f
Real GDP	0.6	-4.6	4.1
Nominal GDP	1.0	-3.3	5.2
Employment	0.9	-3.6	3.7
Unemployment Rate (%)	5.3	8.1	6.6
Consumer Price Index (CPI)	2.2	0.6	1.6
Population	1.2	1.1	1.1

As noted in **Table 1**, Manitoba Finance shows both real and nominal GDP down sharply in 2020, with 2021 forecasted to have a strong bounce-back from the COVID-19 induced declines. Employment growth was off 3.6 per cent in 2020, with a strong bounce-back of 3.7 per cent forecast for 2021. Similarly, Consumer Price Index (CPI) growth weakened to 0.6 per cent in 2020, with CPI growth expected to strengthen by 1.6 per cent in 2021. The unemployment rate in 2020 increased to 8.1 per cent, but it is forecast to fall to 6.6 per cent in 2021.⁴

Figure 3: Manitoba Real GDP Forecasts (Millions of Dollars)

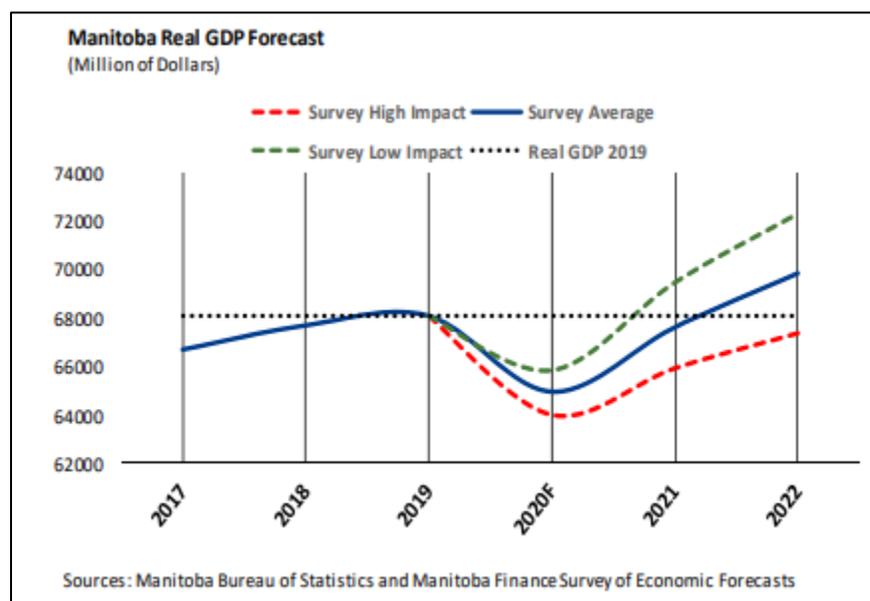


Figure 3 shows the range for Manitoba Real GDP forecasts, highlighting the high level of uncertainty that the COVID-19 pandemic has caused.⁵

The better we can control the second-wave of COVID-19, and control the virus as we head into 2021, the more likely we will achieve better economic outcomes.

EDW Contacts for Assistance or Inquiries:

- **For Winnipeg businesses looking for help accessing government programs, please reach out to our Yes! Winnipeg Team** through our [Help us help you form](#) if you are not sure who to contact on the YW team.
- For general inquires please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please email: marketingandbranding@edwinnipeg.com.

³ Ibid, page 17.

⁴ Ibid, page 17. Note: the forecast comes from Manitoba Finance’s Survey of Economic Forecasts.

⁵ Ibid, page 17. Our figure 3 is a screen shot of the chart in the report. The f in 2020F = forecast.