

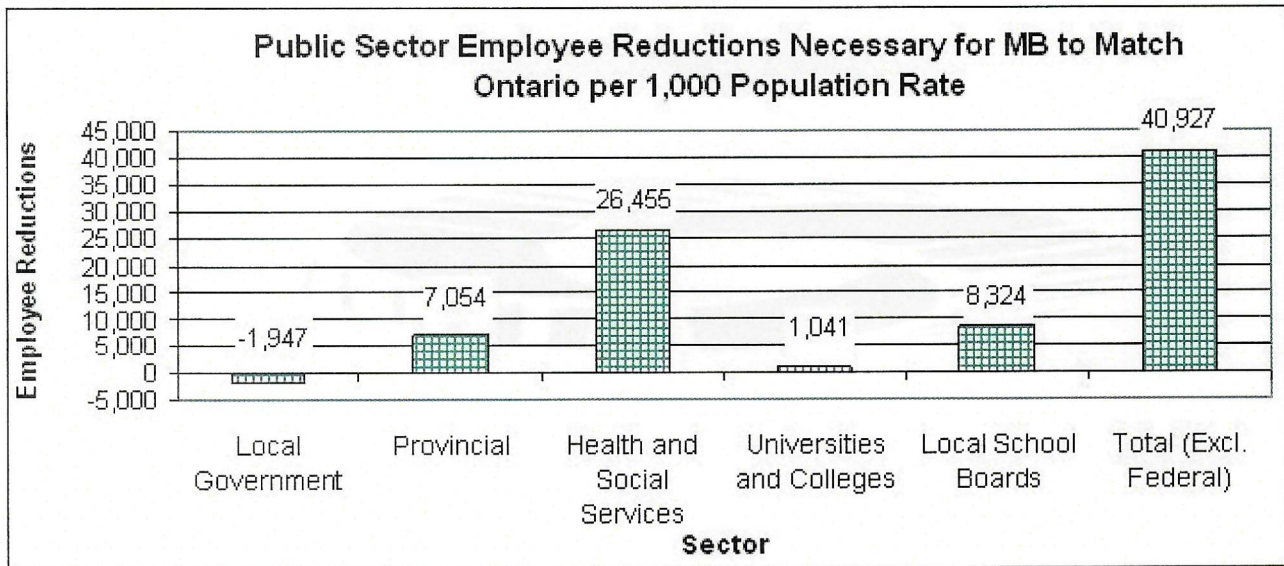
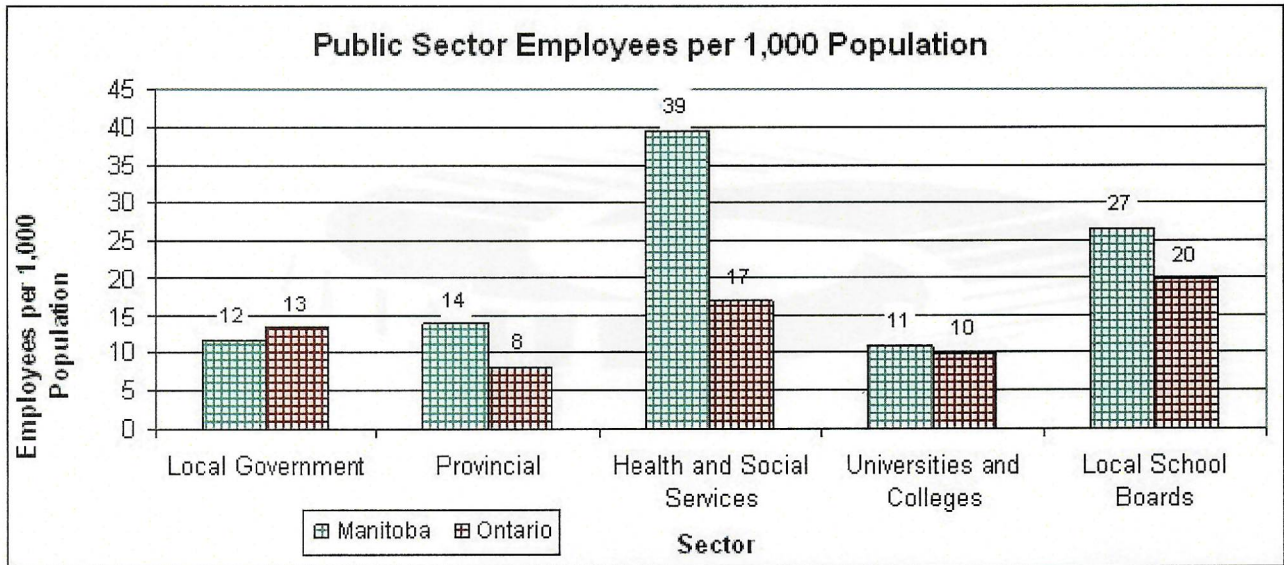


Can Ontario Afford Public Sector Padding in Manitoba?

The provincial government of Manitoba receives close to 40% of its revenue from federal transfer programs. Despite the intent of *equalizing* the ability of provinces to care for Canadian citizens, the program has had the unintended result of leaving recipient (have-not) provinces with many more public sector staff than those provinces that support them. "Have-not" Manitoba, for example, has more public sector staff per capita in every sector except local government compared to "have" Ontario ". For Manitoba to have the same ratios as Ontario, it would have to let go 40,927 public sector staff.

Manitoba's social outcomes are not noticeably better than Ontario's which leads to the question, why does Manitoba have such a proportionately larger public sector? And what are all these extra people doing? The best answer is that Manitoba politicians are not accountable to the (mainly) Ontario and Alberta taxpayers who are subsidizing their largesse, so they do not feel the same pressure to create efficient systems.

As Ontario's economy faces increasing stress from rising energy prices, a high dollar and a recession in its U.S. export markets we may see Ontario voters in riding-rich Ontario demand changes in these over-equalizing transfers to Manitoba. With figures like these below, they cannot be blamed. Rather than be caught by surprise, Manitoban policy-makers would be wise to start preparing for the reform of Canada's dysfunctional transfer payment policies at some point.



Sources- Statistics Canada

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