

# MEDIA Release



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## **Manitoba has lowest disposable income in western Canada**

**WINNIPEG** – The *MB Check-Up*, an annual study by the Chartered Accountants of Manitoba, shows that Manitoba was the only province to see a decrease in real disposable income (-1.3 per cent) in 2005, giving it the lowest real per capita disposable income when compared to the other western provinces, Ontario and the Canadian average.

“We now have the lowest disposable income from Ontario west but you do have to balance that against Manitoba having the lowest cost of living,” said Gary Hannaford, CEO of the Institute of Chartered Accountants of Manitoba (ICAM). “In our analysis of the province as a place to live, work, and invest, the live section is where some of Manitoba’s advantages come into play against poor performance in other indicators,” he added.

The *MB Check-Up* shows that real per capita disposable income in Manitoba (\$21,705) in 2005 fell behind Saskatchewan (\$21,953) for the first time in over decade and is well behind the Canadian average of \$24,099.

“What pushed Manitoba’s disposable income into the negative last year was the small increase in income growth in combination with a small increase in population, the high rate of inflation, and an increase in real direct taxes per capita paid,” Hannaford said.

The study shows that the rise in employment income very small (3.2 per cent), suppressed by reduced farm incomes. Real per capita accrued net income of farm operators from farm production declined from \$278 million in 2004 to a \$38 million loss in 2005.

“This does not necessarily forecast a downward trend in disposable income. We expect to see moderate gains in real per capita disposable income in 2006,” Hannaford said. He noted that real GDP is forecast to be higher in 2006 than last year, that employment growth is expected to be double what it was in 2005 and to exceed population growth, and that the province is also expected to have lower inflation.

“When you combine those factors with the cuts to personal tax rates that the Manitoba government has made, we can reasonably expect to see a recovery in disposable income in 2006,” Hannaford said.

The *MB Check-Up* also shows that Manitoba has the second lowest debt/income ratio (0.65) within the compared jurisdictions. The ratio is low because Manitoba has the second lowest house values (\$133,854 real average 2005 value) and the second lowest proportion of mortgage debt to total debt, the main factors affecting the debt to personal income ratio.

Hannaford noted however, Manitoban's indebtedness had the highest rate of increase within our comparison last year (6.6 per cent) and has been on an upward trend over the past five years.

The Live section of *MB Check-Up* also shows that Manitoba had the highest percentage of youth without high school diplomas (14.1 percent) and ranked fourth in social assistance dependency (5.2 percent).

On a more positive note, Manitoba had the second lowest crime rate in the western provinces, which decreased 9.7 per cent from the previous year. Winnipeg had the best air quality among the compared cities in 2005 and health care spending per capita remained in line with that of the other western provinces, within \$11 to \$38 per person, and is higher than both Ontario and the Canadian average.

*MB Check-Up* is published annually by ICAM and provides an independent factual comparison of the four Western provinces, together with Ontario and the Canadian average using 15 key indicators to create a profile of each as a place to live, a place to work and a place to invest. The second instalment of the report which deals with Manitoba as a place to work will be released next week and the third section, looking at Manitoba as a place to invest, will be released the following week.

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