

Paying Down Debt and Delivering Relief:

2027 Manitoba Pre-Budget Submission

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Canadian Taxpayers Federation

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About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation is a federally incorporated, not-for-profit citizen's group dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national organization. Today, the CTF has hundreds of thousands of supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (SK and MB), Ontario, Quebec and Atlantic. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to affect public policy change.

Any Canadian taxpayer committed to the CTF's mission is welcome to join at no cost and receive Action Update emails. Financial supporters can additionally receive the CTF's flagship publication *The Taxpayer* magazine published three times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board and representatives are prohibited from holding a membership in any political party. In 2024-25 the CTF raised $6.6 million on the strength of 75,231 donations. Donations to the CTF are not deductible as a charitable contribution. The CTF does not accept foreign funding.

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Introduction

The Manitoba government promised to make life more affordable for taxpayers and pay down debt before the next election.[1] This report provides the government with recommendations to meet both of those goals.

Bills for basics such as food and fuel are becoming more expensive and families need tax relief.

The government of Manitoba is increasing the debt by about $1.5 billion this year.[2]

The government should focus on providing taxpayers with permanent tax cuts and reducing unnecessary government expenditures to pay down debt and reduce the amount of money that's wasted on debt interest payments.

The latest Canadian Taxpayers Federation supporters survey shows 91 per cent of supporters in Manitoba think that taxes are too high. Manitobans earning $75,000 per year pay some of the highest provincial taxes in Canada.

City	Winnipeg	Regina	Calgary	Vancouver	Toronto	Montreal
2026 Provincial Taxes	**$5,831**	$3,054	$1,955	$2,475	$3,070	$3,091

Source: 2026 Saskatchewan budget

Eighty-five per cent of Manitoba supporters also say they are "very concerned" about the Manitoba government's debt.

This report recommends tax cuts to save taxpayers money and grow the economy. Reducing taxes means more money in the pockets of Manitoba families to cover bills. It also recommends reductions in spending so the government can pay down the debt and reduce the cost of interest payments.

To finance the tax relief and pay down debt, this report relies on finding savings in government spending.

The recommended measures are:

1. **Cut the fuel tax**
2. **End bracket creep**
3. **Bring government compensation in line with Manitoba's labour market**
4. **End corporate welfare**
5. **Stop the spending spree and find savings**
6. **Bring back real balanced budget legislation**

With these proposed actions, Manitoba will be able to provide much-needed tax relief while improving its budgetary position.

1. https://assets.nationbuilder.com/mbndp/pages/3327/attachments/original/1695920186/Manitoba-NDP-Election-Platform-2023-web.pdf?1695920186
2. https://www.gov.mb.ca/asset_library/en/proactive/20262027/first-quarter-report-september2026.pdf

Costed Measures	Tax Relief	Cutting Spending
Cut the fuel tax	$320,000,000	–
End bracket creep	$82,000,000	–
Bring government compensation in line with Manitoba's labour market	–	$544,176,000
End corporate welfare	–	$615,000,000
Stop the spending spree and find savings	–	$2,344,865,087
Totals	**$402,000,000**	**$3,504,041,087**
Net budget impact	**–**	**$3,102,041,087**

Cutting Taxes

Cut the fuel tax

Tax Relief: $320 million

Every day, Manitobans fill up their gas tanks to get to work, go to the grocery store or take their kids to hockey practice. With high gas prices, a family's bill for transportation is eating away at their budget and making life less affordable.

Other provinces and the federal government recently recognized this and acted. Manitoba's government didn't.

The Alberta government cut its gas tax to save drivers money. So did the Newfoundland and Labrador government. The Prince Edward Island government cut its gas tax too. Prime Minister Mark Carney extended his own gas tax cut to make life more affordable.[3] [4] [5] [6]

The Manitoba government currently charges a 12.5 cent per litre tax on gasoline and diesel. A Manitoba family pays about $9 in the provincial gas tax when they fill up a minivan and $12 for a pickup truck.[7]

Permanently cutting the gas tax would save a two-vehicle family that fills up once every two weeks about $550 annually.

The Manitoba government previously cut its provincial fuel tax to zero for the entirety of 2024. Premier Wab Kinew said that cut was the "most important thing that a provincial government ever did in the history of Manitoba."[8]

Gas taxes make up 17 per cent of the pump price in Manitoba. Provincial and federal taxes together cost 27 cents per litre of gasoline.[9]

In Manitoba, driving isn't a luxury. People commuting for work can't take a flight from Steinbach to Winkler or a train from Brandon to Winnipeg. The only option is to get in the car and drive.

And the government should make that option as affordable as possible.

Cutting the provincial gas tax would save Manitoba drivers $320 million and save the average family filling up a pickup truck and a minivan once every two weeks about $550 per year.

3. https://www.cbc.ca/news/canada/calgary/alberta-pause-gas-tax-9.7354046
4. https://www.cbc.ca/news/canada/prince-edward-island/pei-suspends-fuel-tax-9.7358032
5. https://www.canada.ca/en/public-safety-canada/news/2026/09/the-government-of-canada-extends-federal-fuel-excise-tax-relief-on-gasoline-diesel-and-aviation-fuels-for-canadians0.html
6. https://www.gov.nl.ca/releases/2026/fin/1026n03/
7. https://www.taxpayer.com/media/gas-tax-honesty-report-ctf-2026.pdf
8. https://www.cbc.ca/news/canada/manitoba/kinew-important-manitoba-government-moves-9.7148030
9. https://www.taxpayer.com/media/gas-tax-honesty-report-ctf-2026.pdf

End bracket creep

Tax Relief: About $82 million

Manitobans should not be punished for receiving a cost-of-living raise. And the Manitoba government shouldn't be profiting from inflation at the expense of families.

When Manitoba taxpayers get a cost-of-living pay raise, they have more money on paper, but they can't afford to buy anything extra because the prices of everything else jumped up too.

To combat this, almost all provincial governments and the federal government adjust income tax brackets with inflation to make sure taxpayers aren't getting bumped into higher tax brackets when they aren't truly making any more money.

But no longer in Manitoba.

The government stopped linking income tax brackets to inflation in Budget 2025.[10] That means inflation can automatically bump taxpayers into a higher tax bracket and raise their taxes. This sneaky tax hike is called bracket creep.

Bracket creep cost taxpayers $82 million last year. But it's only going to get more expensive. That's because the cost of bracket creep compounds every year because of inflation.

By failing to index tax brackets, the provincial government will take more money from taxpayers' wallets every year, without politicians standing up to vote for it.

That's an underhanded and sneaky way to raise taxes.

This year's budget didn't contain a single line on how much extra bracket creep is costing taxpayers.[11]

A taxpayer making $60,000 in 2025 who only received cost-of-living raises since then will have paid about $115 more in income tax because of bracket creep by the end of this year.[12]

But that's only the beginning. Bracket creep doesn't just take more from taxpayers once, but it increases every year that the government fails to index tax brackets.

That's why that same taxpayer, who made $60,000 in 2025, will pay about $1,051 in bracket creep by 2030. And costs increase depending on an individual taxpayer's income.[13]

Taxpayers shouldn't be punished for receiving a cost-of-living pay raise. The government needs to end bracket creep. It makes life more expensive in one of the least transparent ways possible.

Ending bracket creep would save taxpayers at least $82 million and save Manitobans from the cost of future hidden tax hikes.

10. https://www.manitoba.ca/asset_library/en/budget2025/budget2025.pdf
11. https://www.gov.mb.ca/budget2026/index.html
12. https://www.taxpayer.com/media/MB_BracketCreep_Report.pdf
13. https://www.taxpayer.com/media/MB_BracketCreep_Report.pdf

Bracket creep costs by income level

Income	Tax increase in 2025	Tax increase in 2026	Tax increase in 2027*	Tax increase in 2028*	Tax increase in 2029*	Tax increase in 2030*	Total tax hike
$30,000	$13	$62	$97	$133	$170	$208	***$684***
$40,000	$13	$62	$97	$133	$170	$208	***$684***
$50,000	$20	$95	$150	$205	$262	$319	***$1,051***
$60,000	$20	$95	$150	$205	$262	$319	***$1,051***
$70,000	$20	$95	$150	$205	$262	$319	***$1,051***
$80,000	$20	$95	$150	$205	$262	$319	***$1,051***
$90,000	$20	$95	$150	$205	$262	$364	***$1,096***
$100,000	$55	$265	$416	$569	$726	$886	***$2,917***
$150,000	$55	$265	$416	$569	$726	$886	***$2,917***
$200,000	$55	$263	$410	$559	$709	$861	***$2,856***

*Projected costs based on two per cent annual inflation

Cutting spending

Bring government compensation in line with Manitoba's labour market

Savings: $544 million

Paying government employees, also known as "personnel services," is the largest line item in Manitoba's budget.[14]

Last year, the province spent $11.3 billion on personnel services, representing 96 per cent of what it collected via taxes.[15] In the interest of fairness and to free up resources for much-needed tax relief, the government must make sure its compensation costs are in line with that of non-government employees in Manitoba.

The average government employee earns a 4.8 per cent wage premium over their private-sector counterparts, according to the Fraser Institute.[16] Since 2020, the number of Manitoba government employees making more than $100,000 per year increased by 178 per cent.[17]

Government employees are also more likely to be enrolled in a pension plan than those in the private sector.[18] The type of pension plan afforded to government employees is also typically a defined benefit plan, such as the Civil Service Superannuation Fund for employees of the Manitoba government or the pension for members of the legislative assembly.[19] A defined benefit plan offers the employee a guaranteed benefit during retirement. This guarantee is often on the back of taxpayers who would be saddled with the cost of a bailout if pension funds do not perform well.

Those who work for the government in Manitoba also retire earlier and have higher levels of job security than those who work in the private sector.[20]

In the interest of fairness, the Manitoba government should also cut the transition allowance payable to leaving MLAs after an election. After the most recent election, retiring or defeated MLAs were eligible for $1.8 million in taxpayer-funded handouts.[21]

To achieve immediate budgetary savings and bring wages in line with the private sector, the government should implement a 4.8 per cent reduction in total employee compensation costs. Apart from wage reductions, savings can be achieved through other methods. These methods include not replacing unnecessary employees who leave or retire, encouraging early retirement and moving all applicable employees to a defined contribution instead of defined benefit pension plan.

14. https://www.gov.mb.ca/asset_library/en/finances/annual-report-and-public-accounts-2025-26.pdf
15. https://www.gov.mb.ca/asset_library/en/finances/annual-report-and-public-accounts-2025-26.pdf
16. https://www.fraserinstitute.org/sites/default/files/2025-10/comparing-government-and-private-sector-compensation-in-canada-2025.pdf
17. https://www.taxpayer.com/newsroom/more-than-34,000-people-on-manitoba-government-sunshine-list
18. https://www.fraserinstitute.org/sites/default/files/2025-10/comparing-government-and-private-sector-compensation-in-canada-2025.pdf
19. https://cssb.mb.ca/employees/new-employees/#:~:text=The%20Civil%20Service%20Superannuation%20Fund,as%20CSSB%20or%20the%20Board.
20. https://www.fraserinstitute.org/sites/default/files/2025-10/comparing-government-and-private-sector-compensation-in-canada-2025.pdf
21. https://www.taxpayer.com/newsroom/outgoing-mlas-eligible-for-1.8-million-in-golden-parachutes

Reducing the cost of paying government employees will reduce the estimated cost of salaries and benefits from $11.3 billion to $10.8 billion.[22] This will result in savings of $544 million.

	Current Cost	Cost With Reduction
Salaries and Benefits	$11,337,000,000	$10,792,824,000
Budgetary Savings		**$544,176,000**

Source: 2025-26 Manitoba Public Accounts

22. https://www.gov.mb.ca/asset_library/en/finances/annual-report-and-public-accounts-2025-26.pdf

End corporate welfare

Savings: $615 million

Businesses should be thriving or failing on their own merits, not because some spend more time lobbying the provincial government for taxpayer-funded handouts.

The government introduced $95 million in corporate welfare in Budget 2023. This includes an extra $50 million to a venture capital fund, $35 million through so-called economic development loans and $10 million to the Manitoba Mineral Development Fund.[23]

In Budget 2024, the government continued the corporate welfare spending spree. These new handouts include spending $50 million on a new Strategic Innovation Fund to hand out money to corporations.[24] The government also later gave a handout of $23.4 million to a bus company to build a new facility.[25]

Budget 2025 was no different, as the government handed over $50 million more to the Strategic Innovation Fund to hand out money to corporations.[26]

Budget 2026 continued the trend. The government handed out millions to agri-processors and $50 million in loans through the Trade Growth Investment Financing Program among others.[27]

It's clear that the government should not be in the business of business, and it should not be forking over taxpayers' dollars to do it.

Overall, from 2015 to 2024, the government of Manitoba spent $6.2 billion on corporate welfare.[28] That's an average of $615 million spent each year on subsidies.

Completely axing these subsidies would have very little impact on business growth in the province, as businesses do not decide where to move and invest based on the corporate welfare packages they receive.

When job creators decide where to relocate or expand, their primary focus is on long-term profitability rather than one-off subsidy packages. Other factors such as tax rates and level of business regulations have a much bigger impact on a business owner's decision to locate somewhere compared to a subsidy.[29] [30]

Economic research finds no statistically significant relationship between business subsidies and economic growth, or per capita GDP levels.[31] The level of taxation, compared to competing jurisdictions, affects a company's profitability, and ultimately its bottom-line and growth.[32]

In other words, competitive tax rates attract job creators and direct investment.[33] Lower tax rates also contribute to lowering the cost of capital for job creators, thus increasing their ability to re-invest in their company. [34]

23. https://www.gov.mb.ca/asset_library/en/budget2023/budget-2023.pdf
24. https://www.gov.mb.ca/asset_library/en/budget2024/budget2024.pdf
25. https://news.gov.mb.ca/news/?archive=&item=65777
26. https://www.gov.mb.ca/budget2025/index.html
27. https://www.gov.mb.ca/asset_library/en/budget2026/budget2026.pdf
28. https://www.fraserinstitute.org/studies/eliminating-corporate-subsidies-canada-opportunity-boost-growth
29. https://www.brookings.edu/wp-content/uploads/2016/06/cohen-1.pdf
30. https://www.fraserinstitute.org/sites/default/files/2026-08/eliminating-corporate-subsidies-in-canada-opportunity-to-boost-growth.pdf
31. https://medium.com/concentrated-benefits/florida-man-seeks-a-quarter-of-a-billion-dollars-6bb6fe36a96e
32. https://www.oecd.org/mena/competitiveness/41997578.pdf

Instead of using taxpayers' dollars to give handouts to corporations, the government should look to provide broad-based tax relief to encourage businesses to move to and invest in Manitoba.

Corporate welfare doesn't work and handouts only result in single companies getting payouts, while broad-based tax relief allows all businesses to retain more money to use to hire new workers and invest in new equipment.

Completely cutting corporate welfare will reduce budgeted spending by $615 million, freeing up more funds to repay debt and use for tax relief.

33. https://www.oecd.org/mena/competitiveness/41997578.pdf
34. https://files.taxfoundation.org/legacy/docs/TaxFoundation_FF477.pdf

Stop the spending spree and find savings

Savings: $2.3 billion

The Manitoba government is planning to significantly increase the debt. Difficult decisions need to be made to cut spending and pay down debt before the problem gets worse.

This year, the government is increasing Manitoba's debt by about $1.5 billion.

By the end of 2026-27, Manitoba's provincial debt is projected to reach $38 billion. Since 2015, the government increased the debt by 74 per cent, which means the government is wasting more money on debt interest payments and not on important priorities or tax relief.[35]

The government plans to spend $2.4 billion on interest payments on the debt this year. That costs every single Manitoban about $1,570.[36]

Debt interest payments make up about nine per cent of the entire budget. If the government didn't have to spend that every year on interest, it would currently be projecting a $1.9-billion surplus.

Year	Interest Charges
2022-23	$1,963,000,000
2023-24	$2,156,000,000
2024-25	$2,316,000,000
2025-26	$2,337,000,000
2026-27	$2,382,000,000

Source: Manitoba Budget and Public Accounts

Over the last five years, interest charges cost taxpayers about $11.2 billion.[37][38]

Taxpayers can't afford for the government to keep wasting money on interest payments. Any increase in interest rates also means that holding government debt will only become more expensive.

The government has a spending problem.

Since 2019, overall government revenues increased by 54 per cent, but spending increased by 57 per cent.[39] This is a fundamental imbalance that the government needs to address.

Before the pandemic, the government was already spending at all-time highs. To stop the debt from increasing and to start paying it back, the government needs to reduce spending to pre-pandemic highs in 2019 with spending increases adjusted for inflation and population growth.

To find these savings the government needs to conduct a thorough spending review. In its efforts to balance the budget in the nineties, former prime minister Jean Chrétien's government set forth the best practices for program reviews.[40] The review was comprehensive and applied six tests to every expense:

1. Does it serve the public interest?
2. Is government involvement necessary?
3. Is this an appropriate role for this level of government?
4. Are public-private partnerships possible / desirable?
5. Are there ways to make it more efficient?
6. Can taxpayers afford this expense?

35. https://www.gov.mb.ca/asset_library/en/finances/annual-report-and-public-accounts-2025-26.pdf
36. https://www.gov.mb.ca/asset_library/en/proactive/20262027/first-quarter-report-september2026.pdf
37. https://www.gov.mb.ca/asset_library/en/finances/annual-report-and-public-accounts-2025-26.pdf
38. https://www.gov.mb.ca/asset_library/en/proactive/20262027/first-quarter-report-september2026.pdf
39. https://www.gov.mb.ca/government/finances/financial-reports-archive.html
40. https://macdonaldlaurier.ca/files/pdf/MLI-Anglosphere-CanadaPaper_Web_F.pdf

The savings identified thanks to this process led to $9.8 billion in spending reductions, equivalent to 18.9 per cent of federal program spending at the time.[41]

The Newfoundland and Labrador government embarked on a similar spending review in 2021. The report identified more than $860 million in achievable savings for that provincial government.[42]

Reducing spending to pre-pandemic levels and only increasing spending by inflation and population growth would result in the Manitoba government spending $2.3 billion less than is currently budgeted for 2026-27. Combining that with the other savings highlighted in this report would allow the government to begin to pay down debt.

The net $3.1 billion in savings identified in this report can be used to pay down debt, reduce interest charges and provide tax relief.

41. https://macdonaldlaurier.ca/files/pdf/MLI-Anglosphere-CanadaPaper_Web_F.pdf
42. https://www.saltwire.com/newfoundland-labrador/devon-drover-new-premier-needs-to-bring-fiscal-restraint-to-nl

Bring back real balanced budget legislation

Savings: Unknown

Higher deficits mean more debt and that means more money wasted on interest payments.

The government projects that almost $2.4 billion will be wasted this year on interest charges.[43] That's more than quadruple what the government plans to spend on agriculture.

The government needs to get back to basics: It must get spending down and balance the budget.

But what incentives does the government have to do that? The province's balanced budget legislation is one answer, but that legislation has been changed and neutered since it was introduced.

The government needs to put the bite back into Manitoba's balanced budget law.

When business owners don't balance their own budgets or they make bad business decisions, they pay for it with their wallet. The least Manitoba politicians can do is get some real skin in the game.

Former premier Gary Filmon brought in Manitoba's first balanced budget law in 1995.[44] It laid out some clear rules for what should happen to cabinet ministers' pay if they failed to balance the budgets of their departments.

Under the initial law, if the government failed to balance the budget, the extra pay an MLA receives for being a cabinet minister would be cut by 20 per cent. If the deficit continues into the next year, the extra pay would be cut by 40 per cent.[45]

This year cabinet ministers will receive about an extra $61,468 for their position. A 20 per cent pay cut would see them lose almost $12,300 and a 40 per cent pay cut would chop about $24,600 off their paycheque.[46]

That's a big stick and a crunchy carrot. Keeping hold of more than $12,000 is a good reason to buckle down and find a way to balance the budget.

But now the law is much less stringent.

Under the current law, a minister's pay can still be cut by up to 40 per cent.[47] But instead of being punished for any deficit, if the government lowers the deficit by some amount, but hasn't balanced the budget, ministers still get to keep their pay.

Ministers are also exempt from the law for their first year on the job. And if the government eventually balances the budget, even years later, ministers get back the pay they were docked. That's not a real punishment.

"Why does it have to be so complicated? Why wouldn't they just pass a law that says if you run a deficit, you take a pay cut?" said then-NDP leader Wab Kinew when the law was being gutted in 2018.[48]

The premier just needs to replace the current law with the one from 1995.

43. https://www.gov.mb.ca/asset_library/en/proactive/20262027/first-quarter-report-september2026.pdf
44. https://web2.gov.mb.ca/laws/statutes/1995/c00795e.php
45. https://web2.gov.mb.ca/laws/statutes/1995/c00795e.php
46. https://www.reviewcommissioner.mb.ca/mla-pay-2026.html
47. https://www.canlii.org/en/mb/laws/stat/ccsm-c-f84/latest/ccsm-c-f84.html
48. https://www.cbc.ca/news/canada/manitoba/balanced-budget-jubilee-manitoba-1.4585431

The government needs to stop borrowing money and get spending down. It also needs to work to prevent future deficits by strengthening Manitoba's balanced budget law, so politicians face real punishments when they blow open the taxpayer piggy bank.

Conclusion

Addressing Manitoba's financial challenges will not happen overnight and it will not be easy. To reduce the debt, the government needs to meet this challenge head on and act as soon as possible. Procrastination will not make things easier.

However, the government is not the only one facing a budget crunch and it should also focus on making life more affordable for Manitobans.

Cutting the fuel tax would put $320 million directly back into the pockets of Manitoba families, saving the average family about $550 per year.

The government stopped indexing income tax brackets by inflation in 2025. That means inflation can automatically bump taxpayers into a higher tax bracket and raise their taxes. This is a sneaky tax hike called bracket creep.

Ending bracket creep would save taxpayers at least $82 million and save Manitobans from the extra cost of future hidden tax hikes.

Given the wage and benefit premium enjoyed by government employees over their private sector counterparts and the large expense that salaries and benefits make up of the budget, it is necessary to reduce the cost of government employee compensation. Eliminating the wage gap between the government and the private sector promotes fairness and would provide $544 million in savings that can be used to finance tax relief and pay down debt.

The government also needs to end corporate welfare. Years of research show that when companies are looking to move and invest, they are looking for low taxes and low regulation, not taxpayer handouts. Stopping the corporate welfare gravy train would instantly save the provincial government about $615 million every year.

Interest payments on government debt are a recurring expense that will grow until the province deals with its debt. Making it a clear priority to continue reducing the debt would reduce the amount spent on interest payments and free up more funds for much-needed tax relief.

Limiting the increase in government spending to the growth in population and inflation from previous pre-pandemic highs would save taxpayers $2.3 billion in unnecessary government expenditure.

The government should implement these cost savings measures as soon as possible. Getting spending under control is paramount so the government can begin to pay back the debt and reduce the amount of money being wasted on interest payments every year.

Overall, the Manitoba government should emphasize foundational fiscal prudence and respect for taxpayers. The budget should be balanced through controlling spending, not relying on tax increases. Future surpluses should not be used for new spending, but instead, be set aside for tax relief or to pay down the debt.

Overall, the measures recommended in this report will put $402 million back into the pockets of Manitobans and help save at least $3.5 billion in government spending. This will have a net positive budgetary impact of $3.1 billion.