

# GETTING THE JOB DONE

## BUDGET 2019

Manitoba's Economic, Fiscal and  
Borrowing Program Update

April 2019



# GETTING THE JOB DONE

## BUDGET 2019

### Province of Manitoba

- ✓ Central geographical location
- ✓ Fifth-largest provincial population at 1.34 million and one of the fastest growing in Canada
- ✓ Nominal Gross Domestic Product at \$73.1 billion, among the most diversified and most stable economy in Canada.
- ✓ Sound credit rating: Moody's: Aa2 (stable) and S&P: A+ (stable)
- ✓ Next provincial election is to take place October 6, 2020.
  - Manitoba has a set date for general elections, although the law allows for the election to be called before the set date.

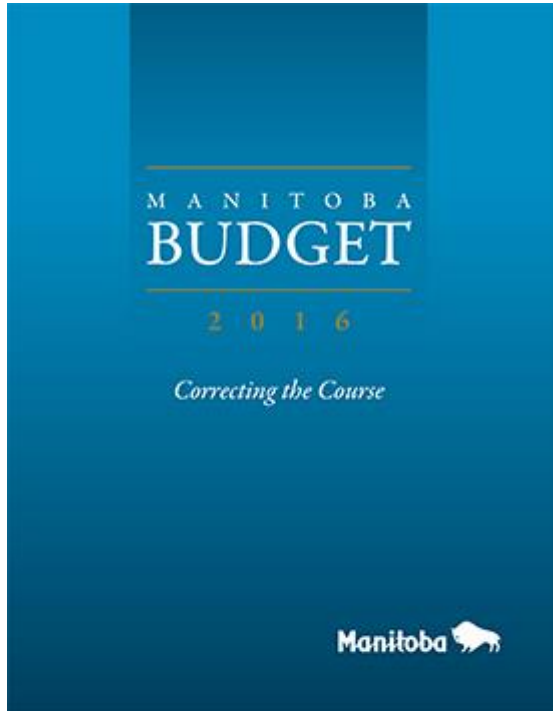


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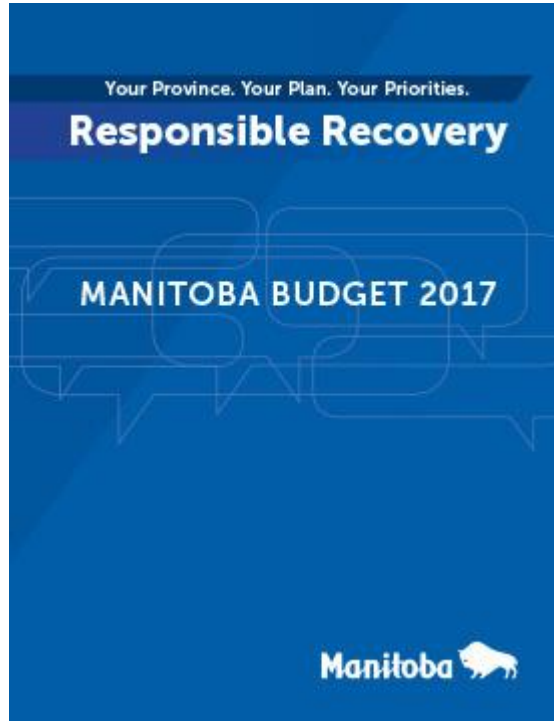
BUDGET 2019

## Clear and Transparent Fiscal Plan

### *Correcting the Course*



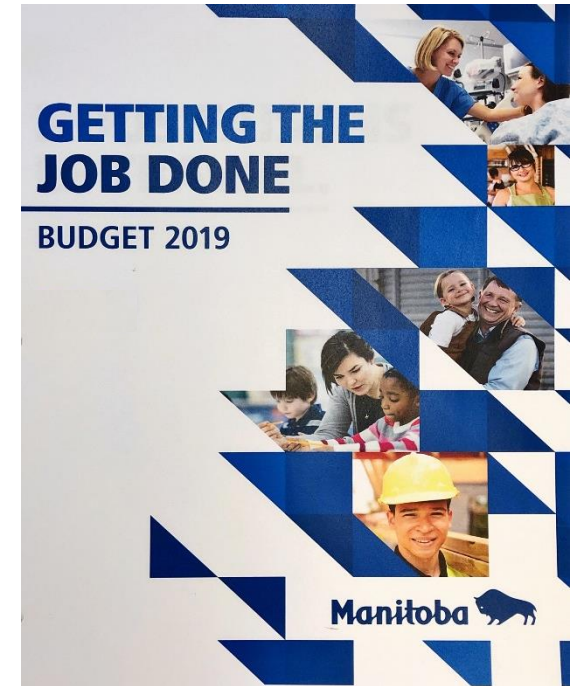
### *Responsible Recovery*



### *Keeping our Promises*



### *Getting the Job Done*



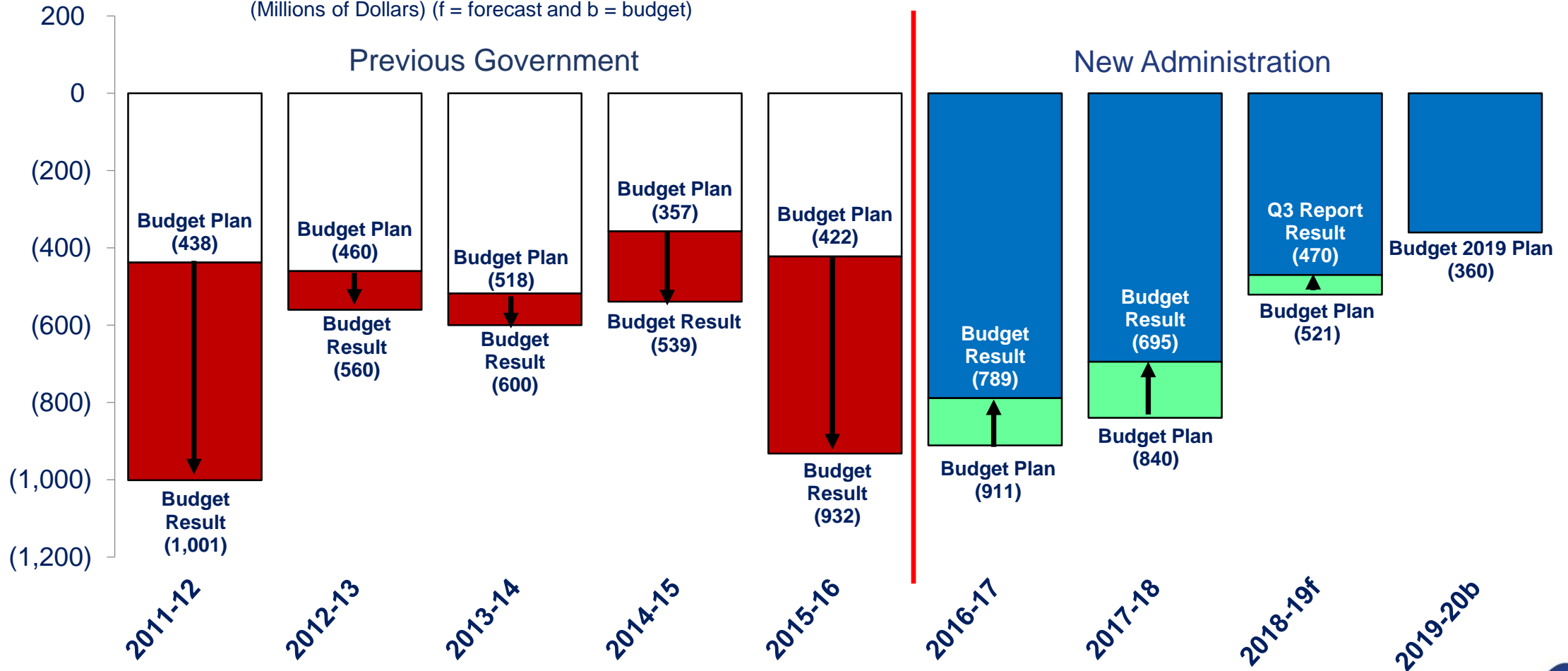
# GETTING THE JOB DONE

## BUDGET 2019

### Budget Results

#### Summary Budget Plan vs. Budget Result of Net Income (Deficit), 2011-12 to 2019-20b

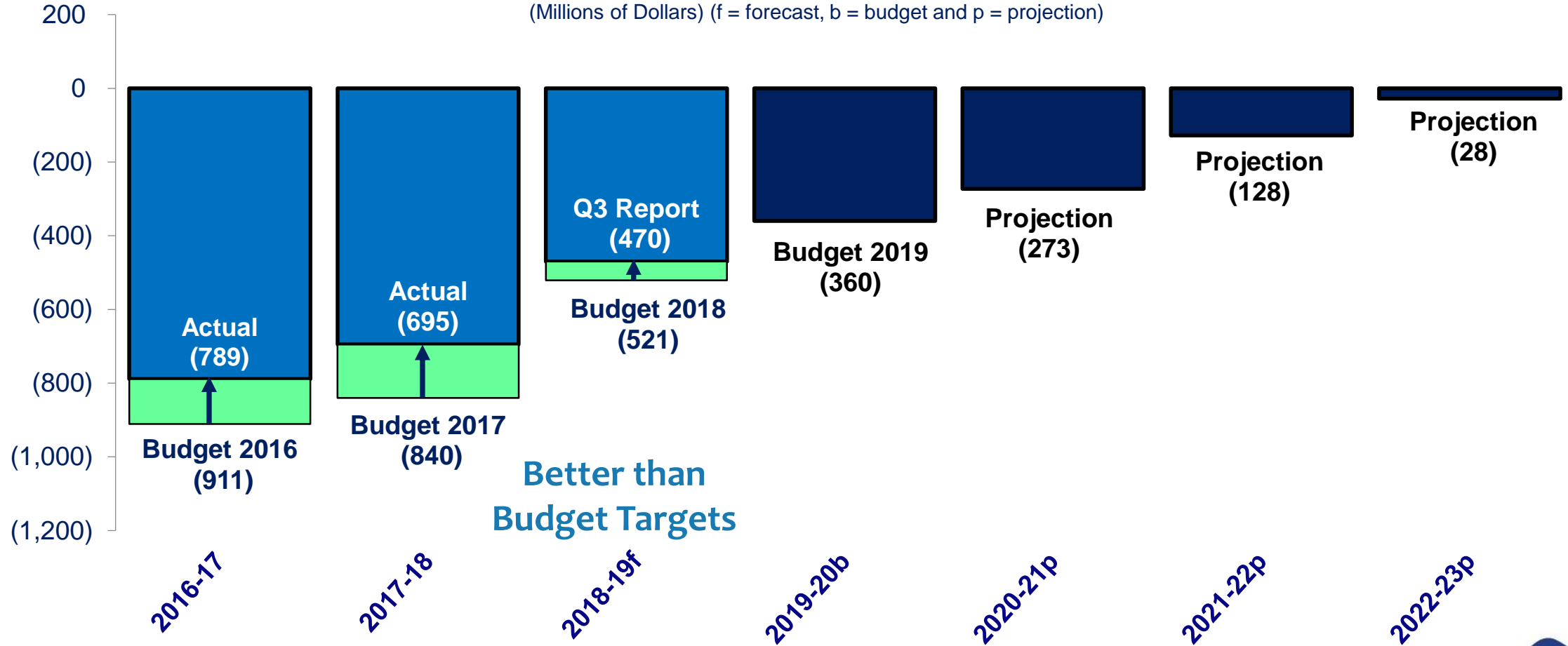
(Millions of Dollars) (f = forecast and b = budget)



### Measured Steps Towards Balance

Summary Budget Plan, Results and Projections of Net Income (Deficit), 2016-17 to 2022-23p

(Millions of Dollars) (f = forecast, b = budget and p = projection)



Better than Budget Targets

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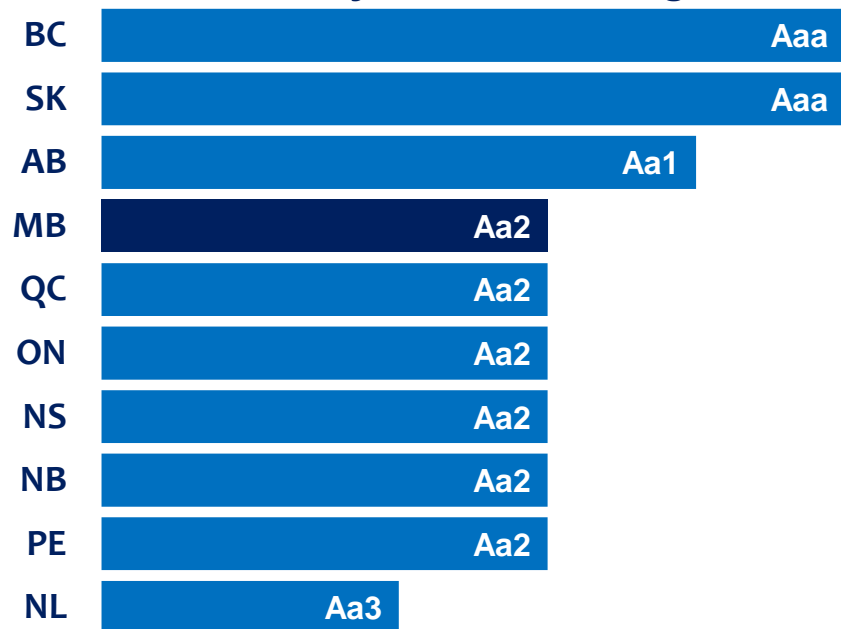
## BUDGET 2019

### Mandate to Restore Credit Rating

“The gradual pace of deficit reduction reflects the government’s objective of balancing the budget in a measured and responsible fashion without jeopardizing service delivery, while reducing the overall tax burden and making life more affordable for Manitobans.” (Paul LeBane – DBRS – March 8, 2019)

“This “bending” of the capital cost curve has resulted in strategic infrastructure spending returning to “sustainable levels”, (Catherine Maltais – National Bank of Canada – March 8, 2019)

#### Moody’s Credit Ratings



#### S&P Credit Ratings



### Fiscal Responsibility and Economic Growth Strategy

#### ✓ Reducing the Deficit

- Summary deficit at \$360 million (2019/20), lowest in six years.

#### ✓ Rebuilding the Rainy Day Fund

- Given economic and fiscal risks, Manitoba's rainy day fund is being replenished to a projected \$265 million by the end of the fiscal year (2019/20).

#### ✓ Investing in Front-line Services

- Record level of funding for health care, education and families in each budget.

#### ✓ Supporting Victim Services

- Funding to target drug-related criminal activity including methamphetamine.
- 29 new positions for Manitoba RCMP.

### **Fiscal Responsibility and Economic Growth Strategy**

#### **✓ Public Sector Transformation**

- The Idea Fund and Learning Fund to drive innovation and generate savings in the Public Service.
- Gradual, orderly and sustainable reduction in labour costs through an 8% natural attrition rate.

#### **✓ Summary Budgeting**

- Government Reporting Entities to report budgets using the same accounting method.

#### **✓ Financing and Administrative Consolidation**

- Enhanced Cash Management Functions – Entities to use the Province as their primary lender.
- Shopping smarter – centralizing procurement across agencies.



### **Fiscal Responsibility and Economic Growth Strategy**

#### **✓ Investing in Key Strategic Infrastructure**

- Annual commitment to spend at least \$1 billion on infrastructure (\$1.5 billion in 2019/20).
- Conducting Return on Investment (ROI) reviews for all capital projects.
- Almost \$314 million in support to municipalities in 2019/20.

#### **✓ The Economic Growth Action Plan**

- Establish three strategic partner organizations to deliver programming related to innovation, trade, investment and tourism.

#### **✓ New Tax Increment Financing Framework (TIF)**

- Targeting development through strategic use of TIF.

## **Improving Tax Competitiveness**

- ✓ Manitoba's Retail Sales Tax rate cut to 7% (July 2019).
- ✓ Second last Province to index Basic Personal Amount and personal income tax brackets to the rate of inflation.
- ✓ Manitoba has no small business income taxes for corporate income below \$500,000.
- ✓ Manitoba's general corporate income tax rate of 12% remains below the Canadian provincial average.
- ✓ Manitoba has a number of targeted corporate and community development tax credits to support economic growth.



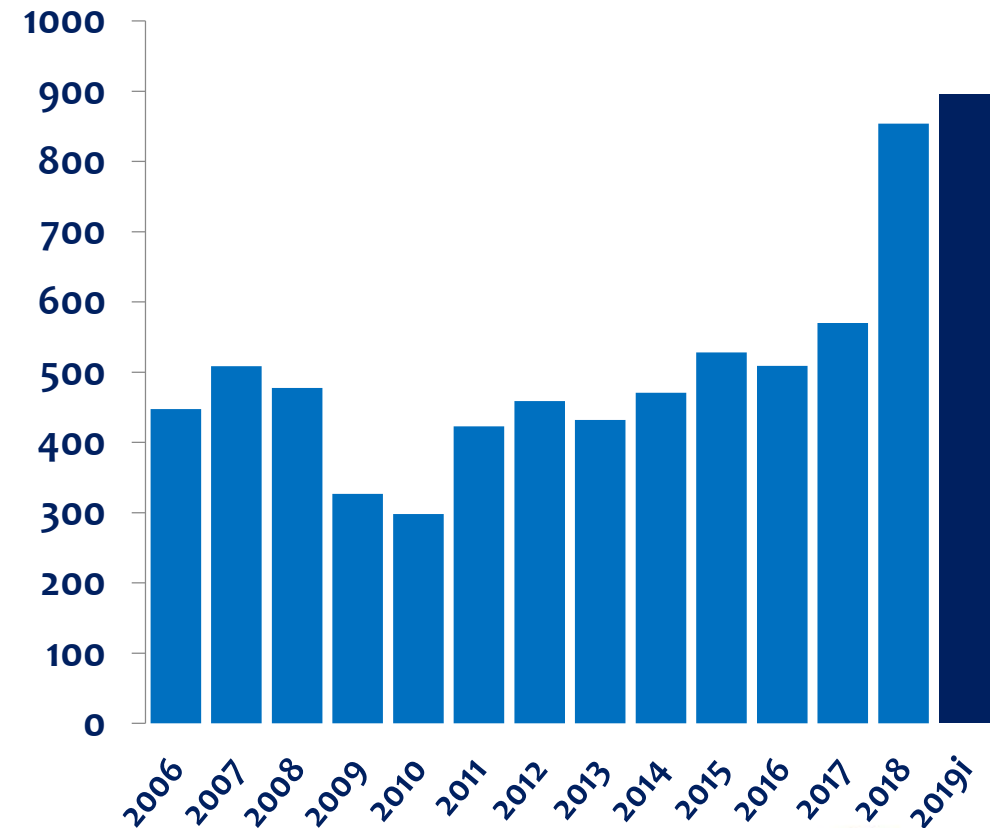
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BUDGET 2019

## Encouraging Private Sector Industrial Investment

- ✓ Reduced the number of red tape regulatory requirements by more than 24,000.
- ✓ Leading the nation in private sector capital investment in 2018.
- ✓ Leading the nation in manufacturing capital spending since 2015.
  - Canada Goose
  - Ubisoft
  - Amazon Web Services
  - Maple Leaf Foods
  - McCain Foods
  - Roquette
  - Simplot
  - BellMTS
  - CN Rail
  - True North Square
- ✓ Film industry growing; \$250 million worth of production expected for 2018/19.

Capital Investment In Manufacturing, 2006-2019 (Millions of Dollars) (i = intentions)

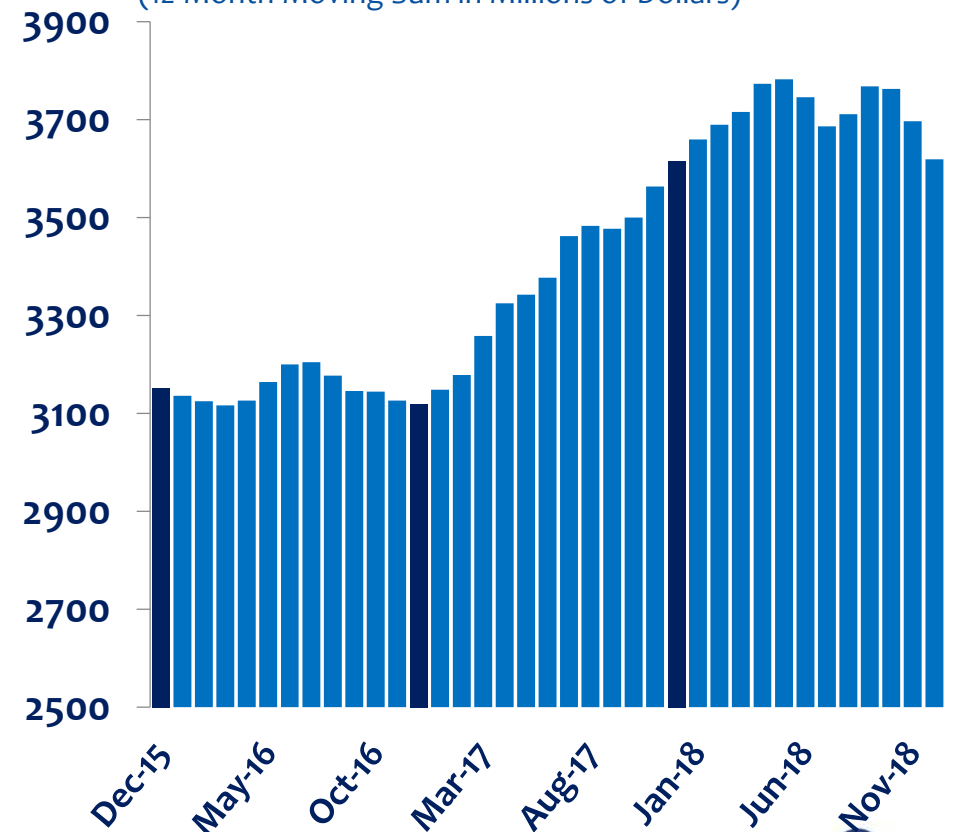


### Encouraging Private Sector Residential Investment

- ✓ **Record setting pace of capital spending on residential building in Manitoba over the past two years.**
- ✓ **Strong fundamentals:**
  - Over the past three years, population has increased by 1.5% annually, the second fastest among provinces.
  - Strong average weekly earnings growth in 2017 and 2018.
  - Among the most affordable housing in Canada.
- ✓ **Results:**
  - 14,877 new housing units started in the last two years, best two year total since 1986/87.
  - 5,836 rental apartment units added in the last two years, generating monthly income.

**Capital Investment: Residential Buildings,  
December 2015 – December 2018**

(12-Month Moving Sum in Millions of Dollars)

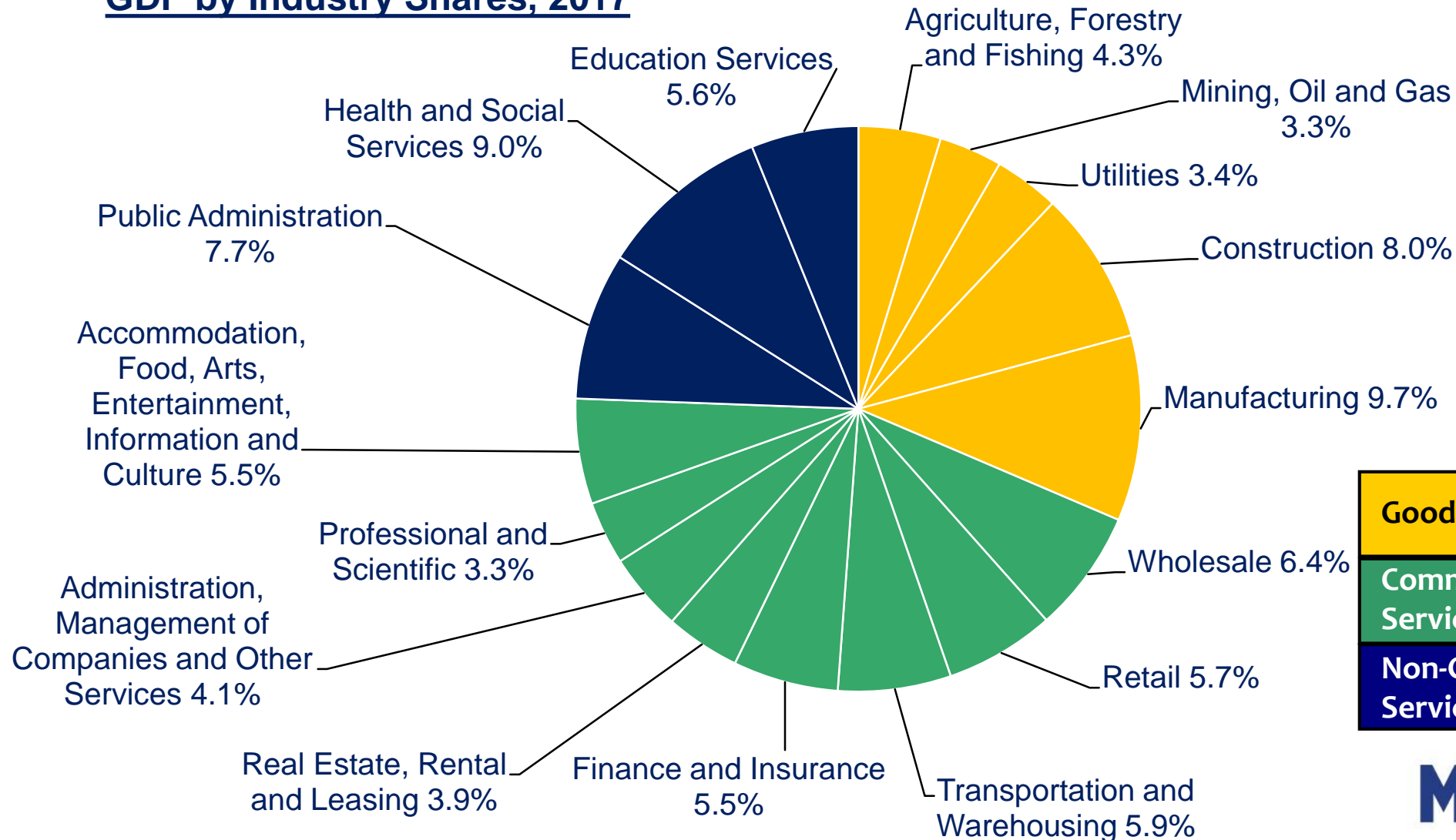


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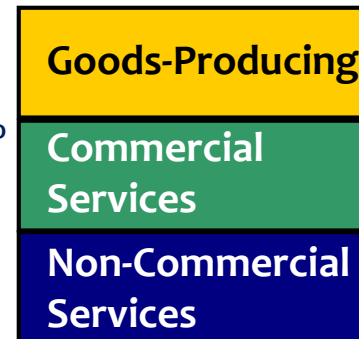
## Most Stable Economy in Canada

### GDP by Industry Shares, 2017



✓ Economic activity and jobs are not focused on one particular sector.

✓ Long-term progress is balanced by growth across different sectors.



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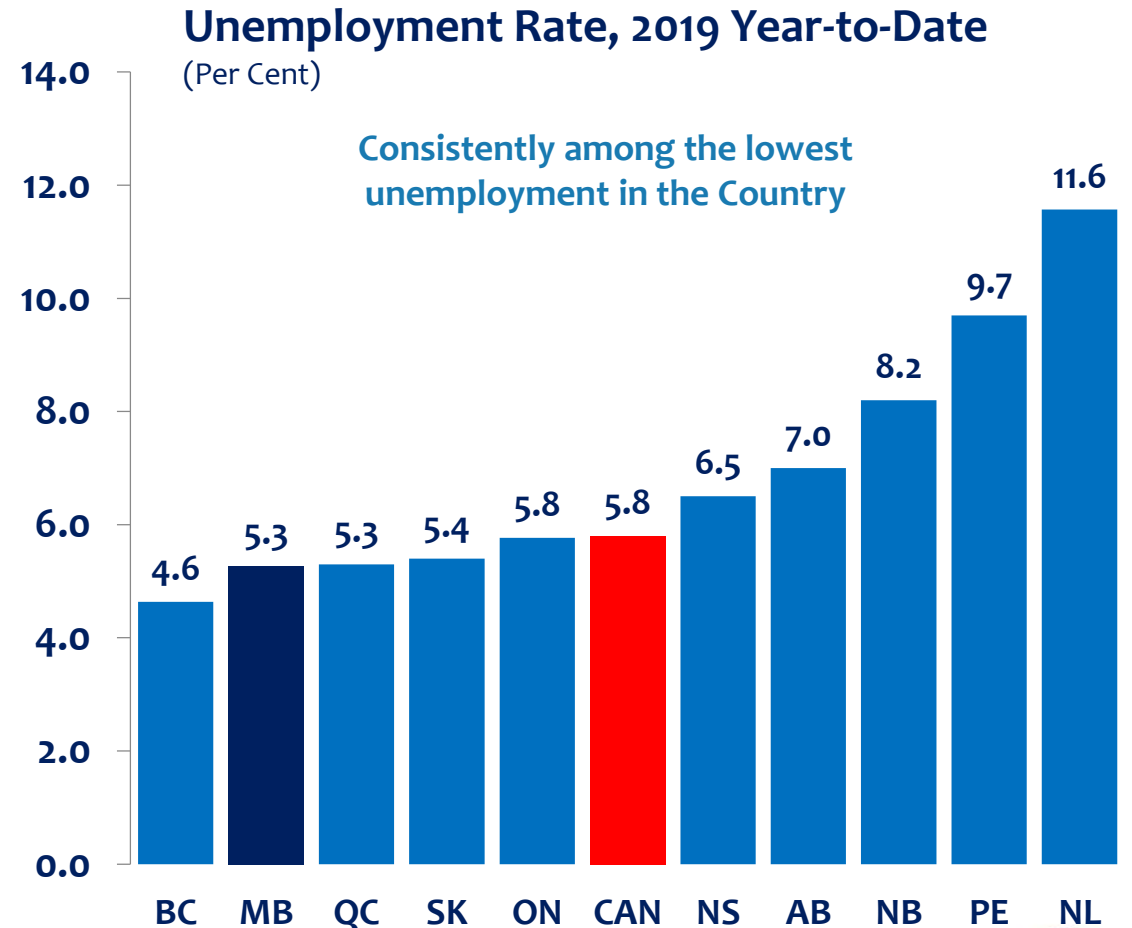
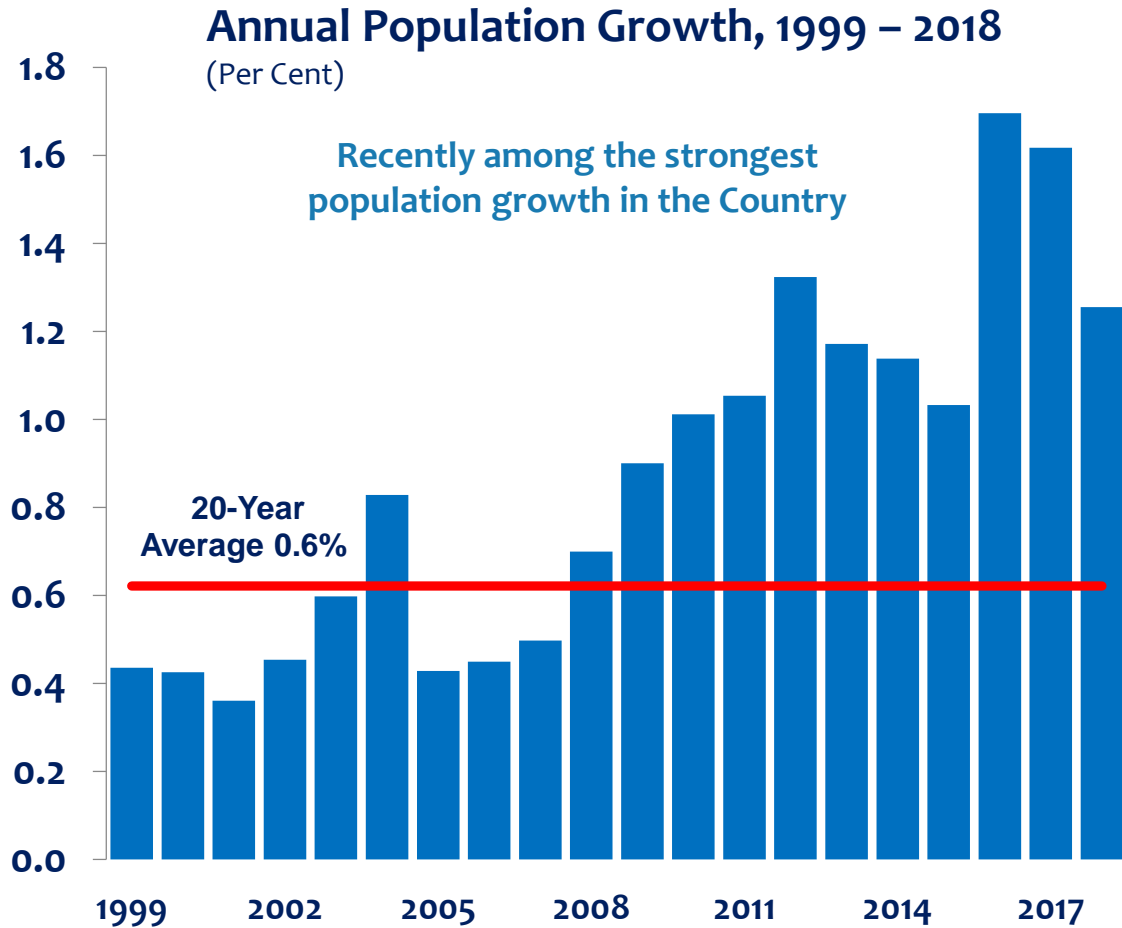
## BUDGET 2019

- ✓ Grains, Oilseeds and Livestock
- ✓ Aerospace Components and Service
- ✓ Transit and Inter-City Buses
- ✓ Processed Food Products
- ✓ Machinery and Equipment
- ✓ Mining and Oil Extraction
- ✓ Electricity (Mostly Hydro)
- ✓ Industrial Chemicals
- ✓ Pharmaceuticals

# Manitoba's Broad Export Base



### Strong Population Growth – Resilient Labour Market



- ✓ Forecasts reflect moderating growth in Canada, U.S. and China, which are Manitoba's key export markets.
- ✓ Manitoba has a number of large commercial and industrial capital projects currently underway and recently announced that will offset some of the downward pressure.

### Manitoba Finance Survey of Economic Forecasts

(As at April 2019)

	2019f		2020f	
	Manitoba	Canada	Manitoba	Canada
Real GDP	1.7	1.9	1.5	1.8
Nominal GDP	3.6	3.9	3.6	3.9
Employment	0.8	1.0	0.7	0.8
Unemployment Rate (%)	5.8	5.7	5.8	5.8
Consumer Prices	1.9	2.0	2.1	2.1



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- ✓ 97.2% of electricity generation is hydro, 2.7% is wind and 0.1% is thermal.
- ✓ Roughly 1/4 of the electricity generated is exported outside of Manitoba (U.S., Canada).
- ✓ Manitoba Hydro's current generation capacity is 5,648 MW, with an additional 5,110 MW more of potential generation identified.

## North America's Clean Energy Leader



# GETTING THE JOB DONE

BUDGET 2019

## Manitoba Hydro Capital Initiatives

- ✓ Manitoba Hydro is currently investing in a major generation project and has put into service a major transmission project.



### Keeyask

Hydro Generating Station Project

Design Capacity:

695 MW

Anticipated First Unit in Service Date:  
2020-21

Anticipated Cost: \$8.7B



### Bipole III

Transmission Line Project

Design Capacity:

1,364 km

In Service Date:  
July 4, 2018

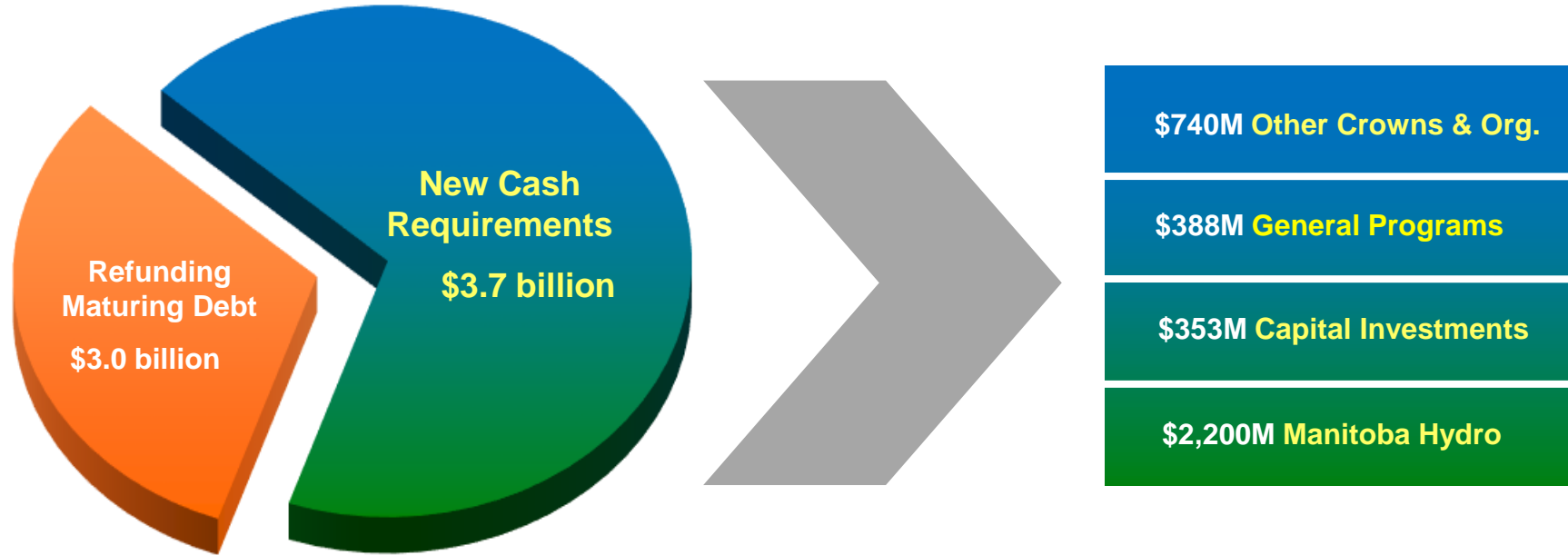
Anticipated Cost: Approx. \$4.8B

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## Borrowing Requirements

C\$6.7 billion

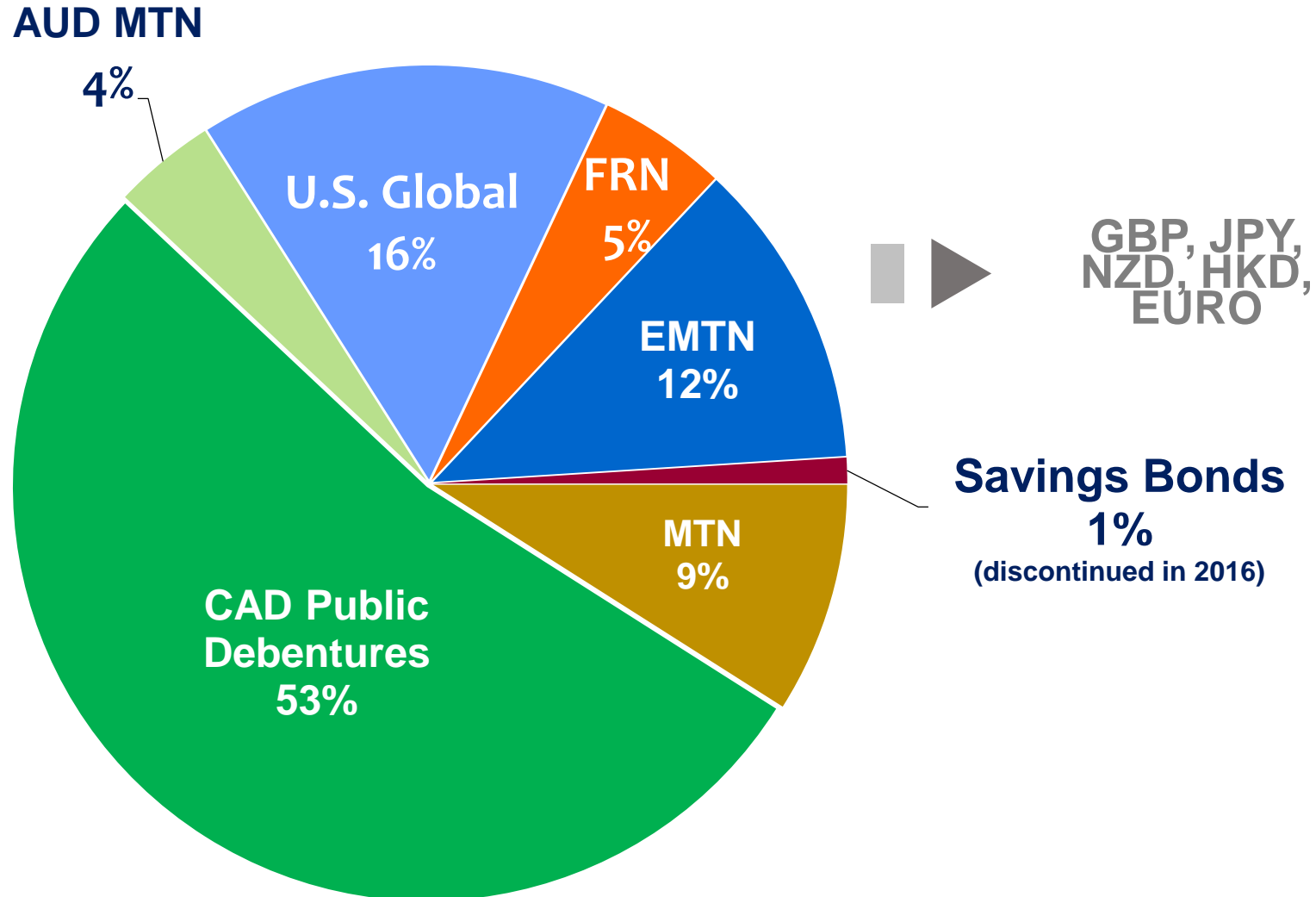


- ✓ Budget 2019 was tabled on March 7, 2019.
- ✓ Expected borrowing requirements for fiscal year 2019/20 are C\$6.7 billion.
- ✓ Planned funding through both domestic and international capital markets.
- ✓ To date, we have funded \$3.4 billion, 50.2% of our needs for fiscal 2019/20.

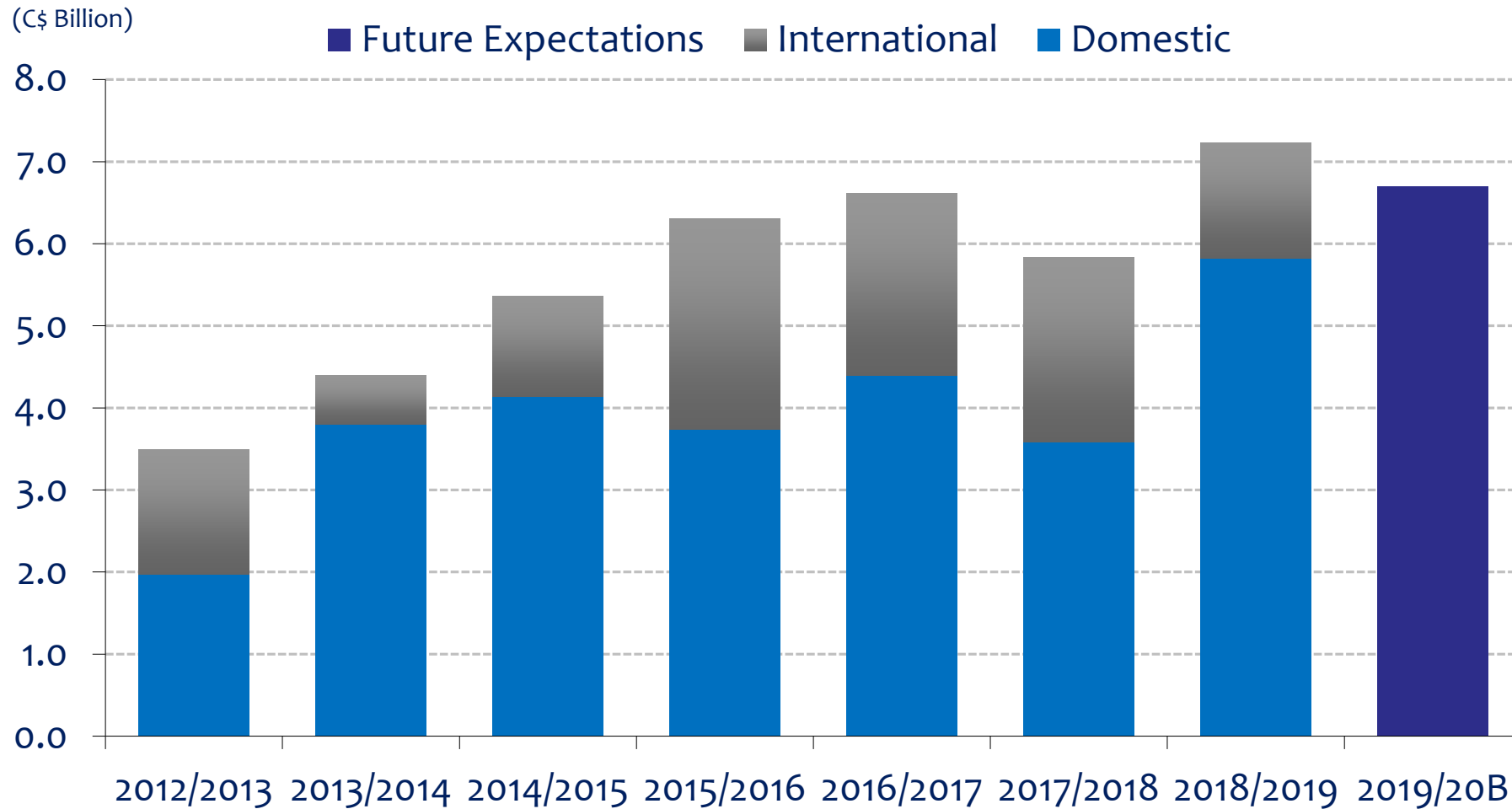
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## Funding Sources

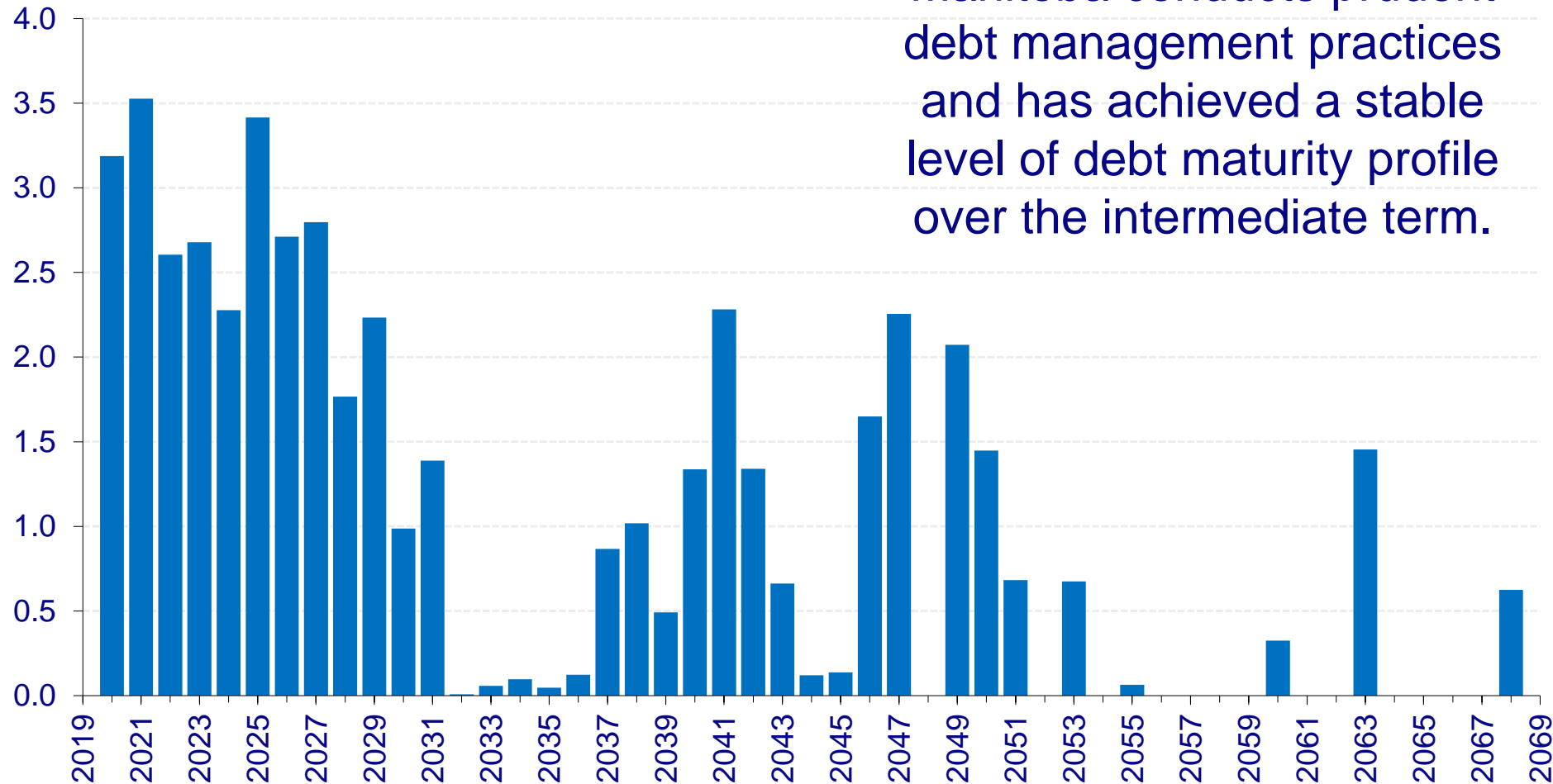


# Borrowing Program



### Debt Maturity Profile

(C\$ Billion)



Manitoba conducts prudent debt management practices and has achieved a stable level of debt maturity profile over the intermediate term.

*Thank You!*

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## BUDGET 2019

More information at:

[www.manitoba.ca/finance/](http://www.manitoba.ca/finance/)



**Manitoba** 