

# RESPONSIBLE PROGRESS

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Manitoba's Economic, Fiscal  
and Borrowing Program Update

December 2019

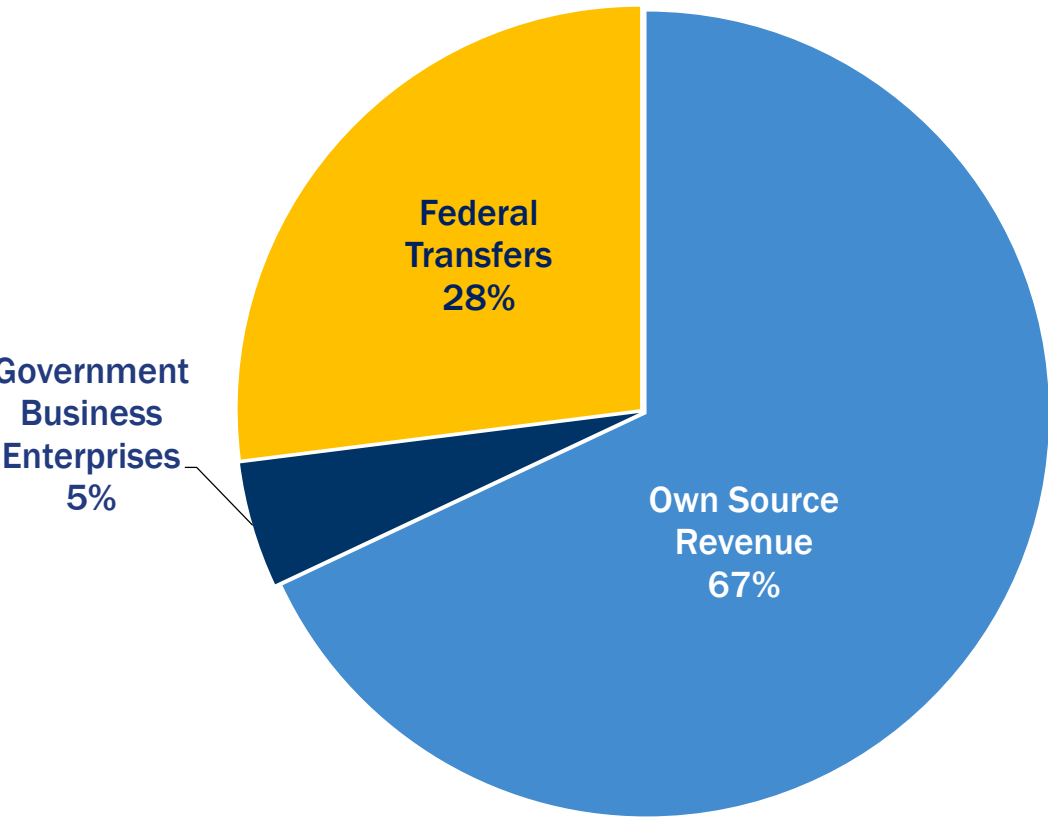
# PROVINCE OF MANITOBA

RESPONSIBLE PROGRESS | DECEMBER 2019

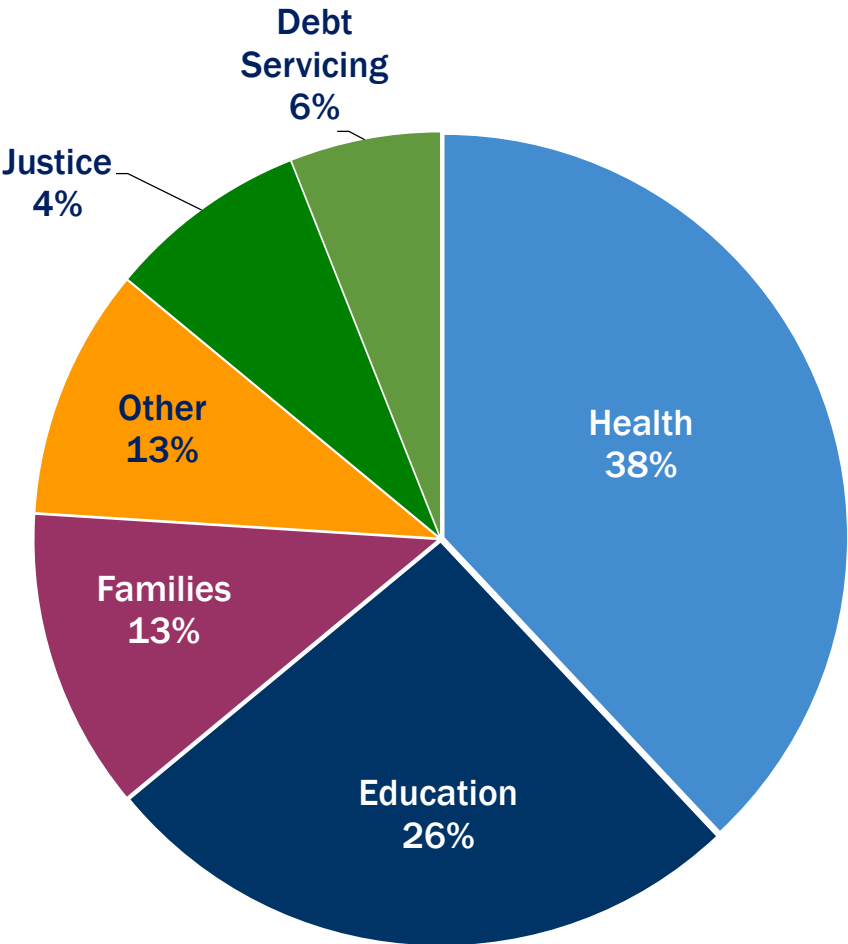
- ✓ Central geographical location
- ✓ Fifth-largest provincial population at almost 1.4 million and one of the fastest growing in Canada
- ✓ Nominal Gross Domestic Product is \$72.4 billion in 2018, among the most diversified and most stable economies in Canada
- ✓ Sound credit rating
  - Moody's: Aa2 (stable)
  - S&P: A+ (positive)
  - DBRS: A (high)
- ✓ The Progressive Conservative Party of Manitoba was elected to a second consecutive majority with 36 of 57 seats on **September 10, 2019**
- ✓ Next provincial election is on or before October 3, 2023



Revenues

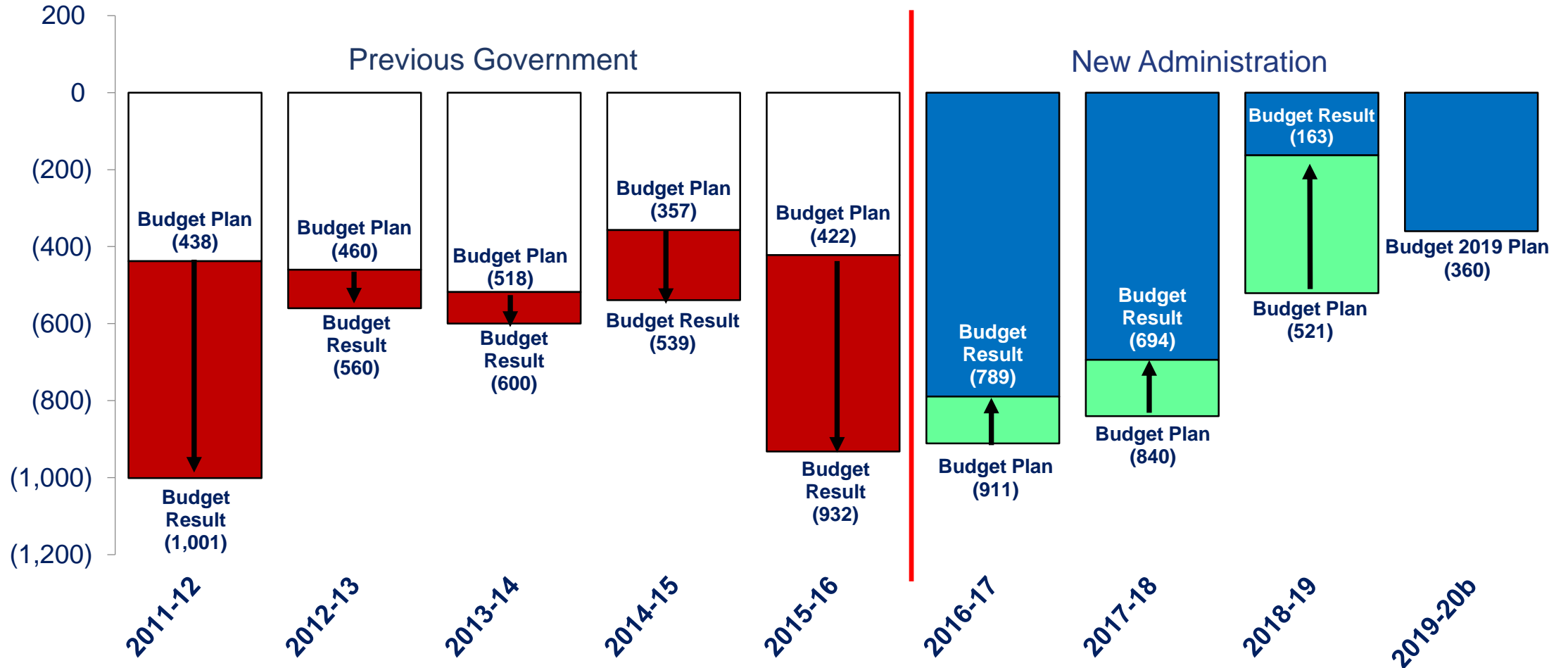


Expenses



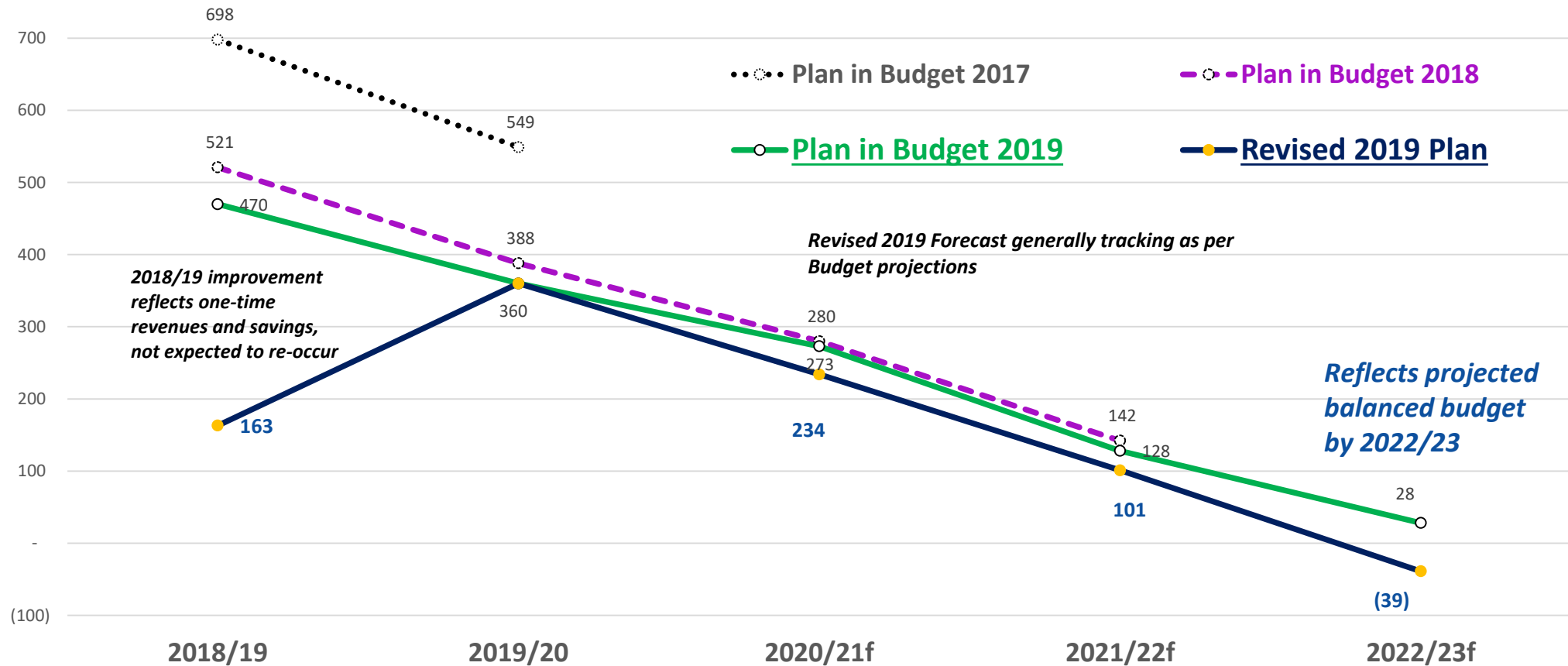
## Summary Budget Plan vs. Budget Result of Net Income (Deficit), 2011-12 to 2019-20b

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



## Summary Budget Net Income Projection

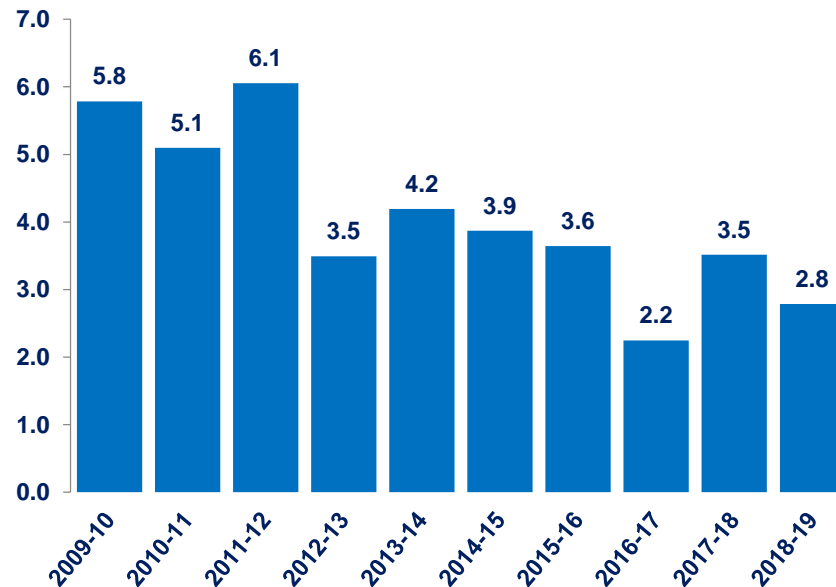
(Millions of Dollars) (f = forecast)



## Manitoba Expenditures and Net Debt are Middle Among Canadian Provinces:

- ✓ Per capita total expenditures at \$12,633 per person in 2018/19, ranked 6<sup>th</sup> lowest among 10 provinces
- ✓ Five year average growth at 2.8% is fifth among provinces

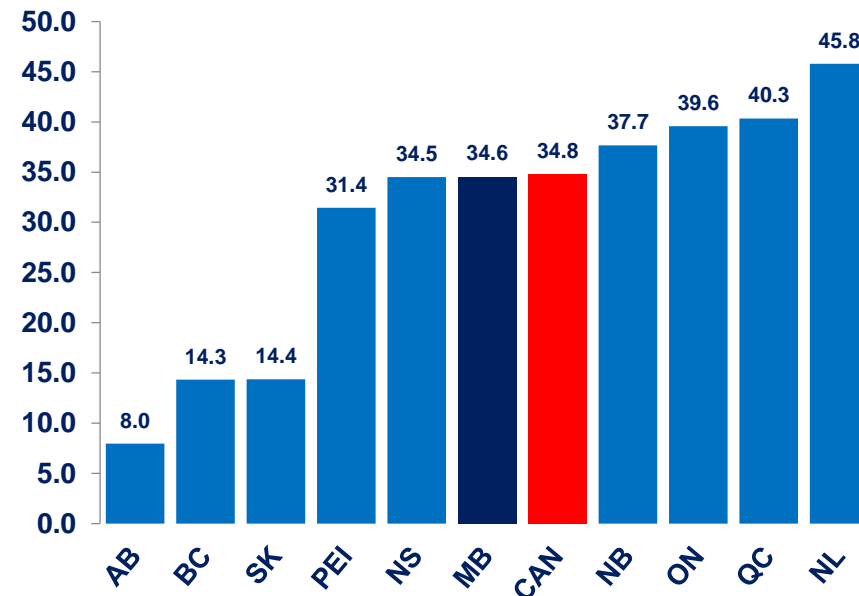
Total Expenditures, 5-Year Average Annual Growth, 2009/10 – 2018/19 (Compounded Average Annual Per Cent)



- ✓ Manitoba's net debt to GDP ratio was 34.6% in 2018/19. 6<sup>th</sup> lowest among provinces

- ✓ Manitoba's net debt to GDP ratio is below the federal level

Net Debt to GDP, Provinces and Federal Government, 2018/19 (Per Cent)





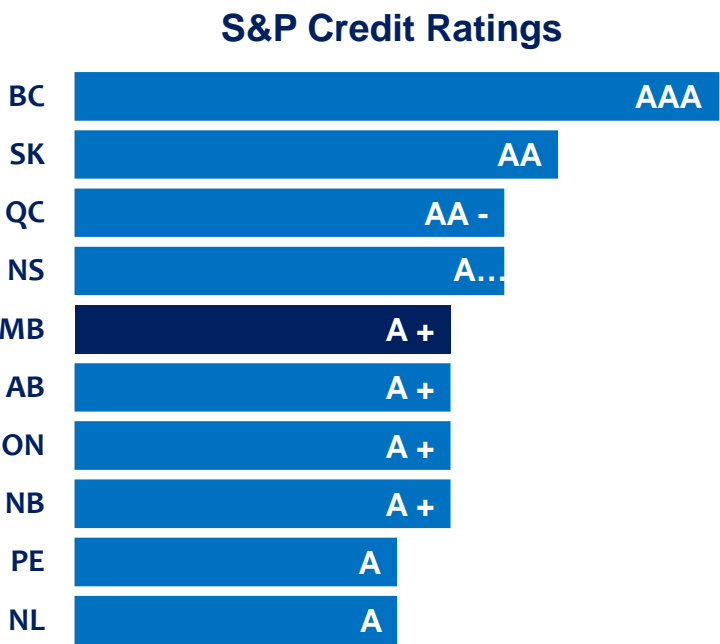
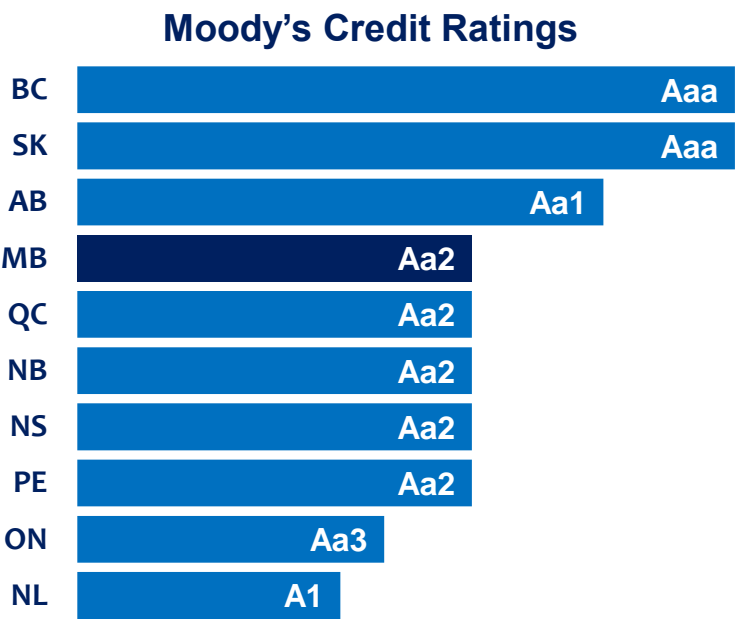
# MANDATE TO RESTORE CREDIT RATING

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“On Oct. 4, 2019, S&P Global Ratings revised its outlook on the Province of Manitoba to a positive from stable.”  
(S&P – October 4, 2019)

“Strong cost containment is helping to reduce after-capital deficits while the wind-down of large-scale capital projects at Manitoba Hydro should lessen the utility’s borrowing needs in the next few years. We are therefore revising our outlook to positive from stable.”  
(S&P – October 4, 2019)

“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.”  
(DBRS Rating Report– May 2, 2019)

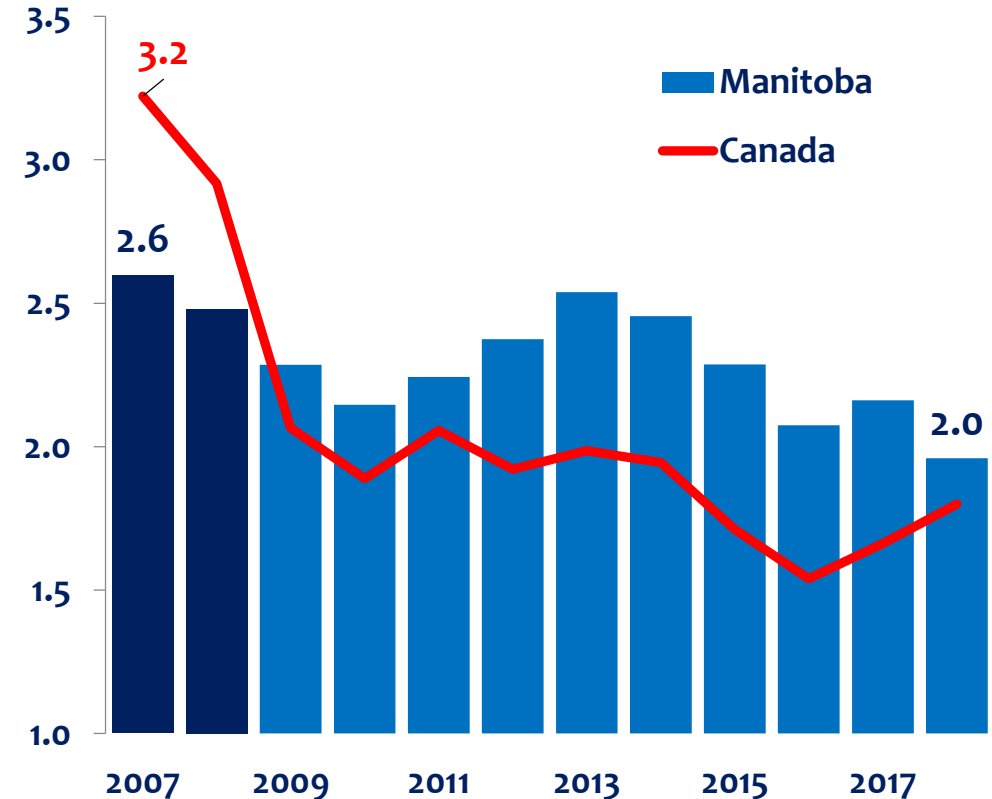


# STRONG ECONOMIC GROWTH

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- ✓ Jobs and growth are not concentrated in a single sector
- ✓ Long-term economic development is balanced by growth among various medium-sized sectors.
- ✓ The most stable economic growth among Canadian provinces
- ✓ Manitoba is now consistently posting among the fastest average annual real GDP growth in Canada
- ✓ Long-term growth above the national average since 2009 (10-year average annual real GDP growth)

10-Year Average Annual Growth in Real GDP: Manitoba and Canada, 2007 - 2018 (Compounded Average Annual Per Cent)

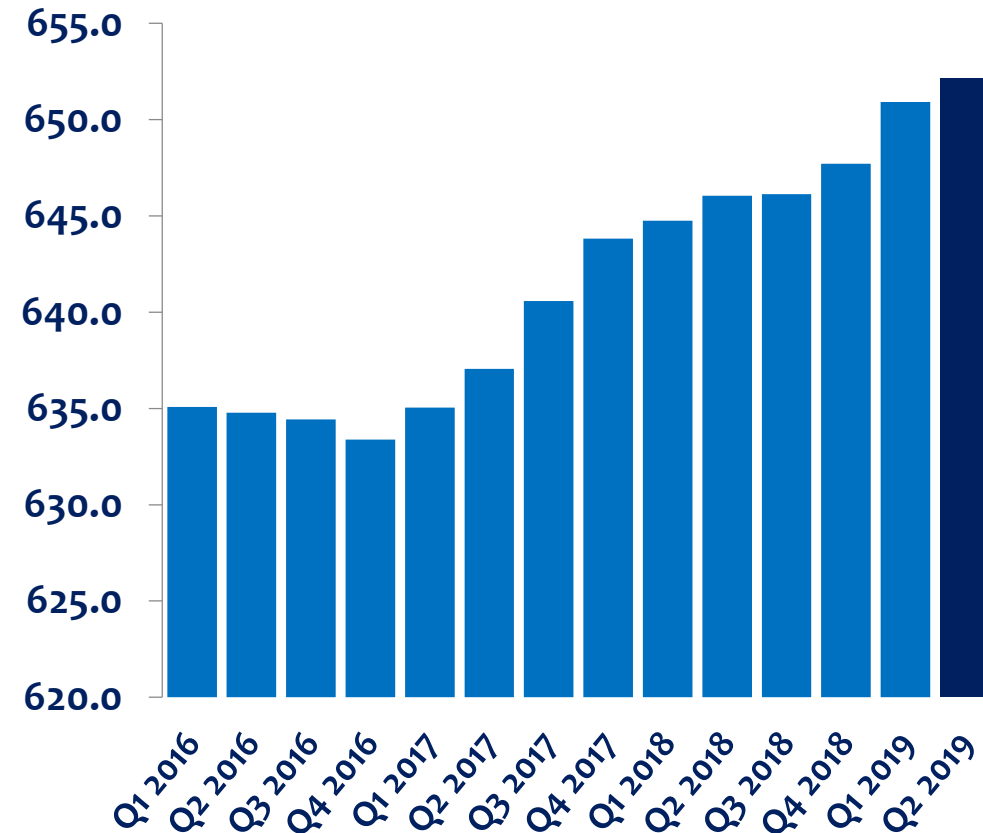




- ✓ **Employment** growing by 1.2% so far in 2019
- ✓ **Unemployment rate** is averaging 5.4% in 2019, below Canada's 5.7% rate and down from 6.0% in 2018
- ✓ **Number of unemployed** persons has fallen by 10.4%, one of the largest reductions among provinces (3<sup>rd</sup> best in Canada)
- ✓ **Private sector employment** growing by 1.5% in 2019
- ✓ **Manufacturing employment** is up 5.6% this year, the second strongest among provinces and much higher than Canada's growth of 0.5%

Manitoba Employment Level, Q1 2016 – Q2 2019

(12-month rolling total) (Thousands of Jobs)

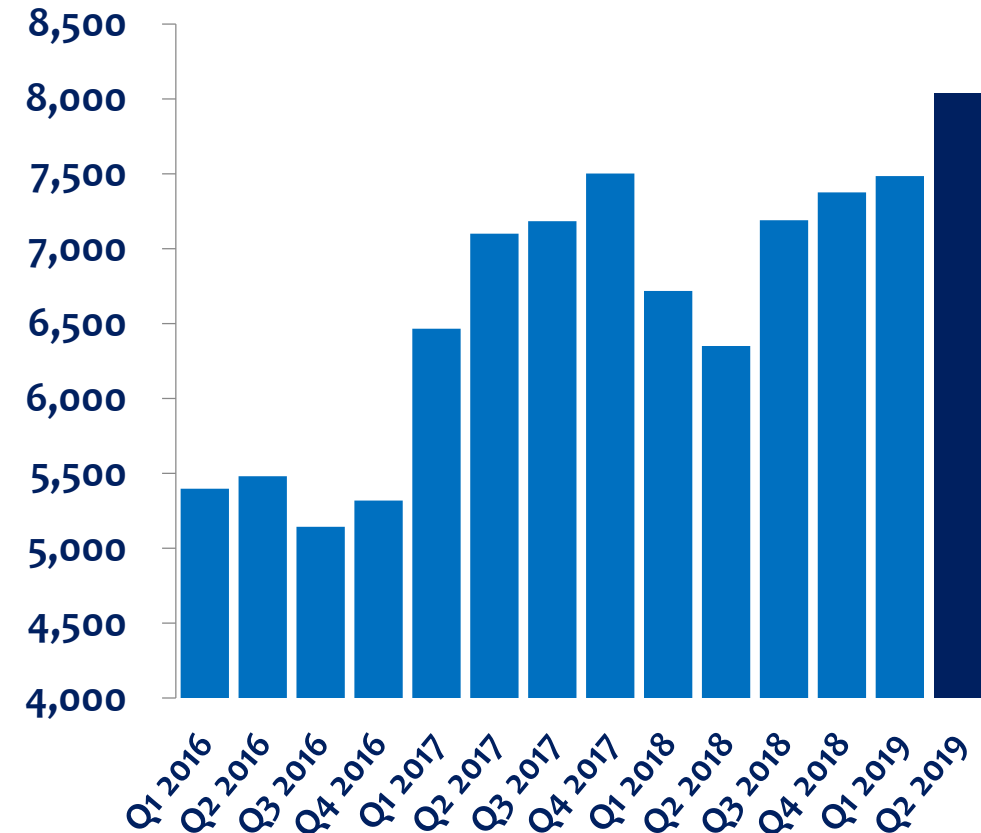


# POPULATION AND HOUSING

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- ✓ **Manitoba's population** has increased by 1.4% annually over the last five years, third highest in Canada and well above Canada at 1.2% annual growth
- ✓ **Housing starts** have increased 22.5% through the first half of 2019, the second strongest increase among the provinces
  - 14,877 new housing units started in the last two years (2017/18), best two year total in **31** years
  - 5,836 apartment units added in the last two years (2017/18), best two year total in **39** years

Manitoba Housing Starts, Q1 2006 – Q2 2019 (12-month rolling total) (Number of Housing Units Started)

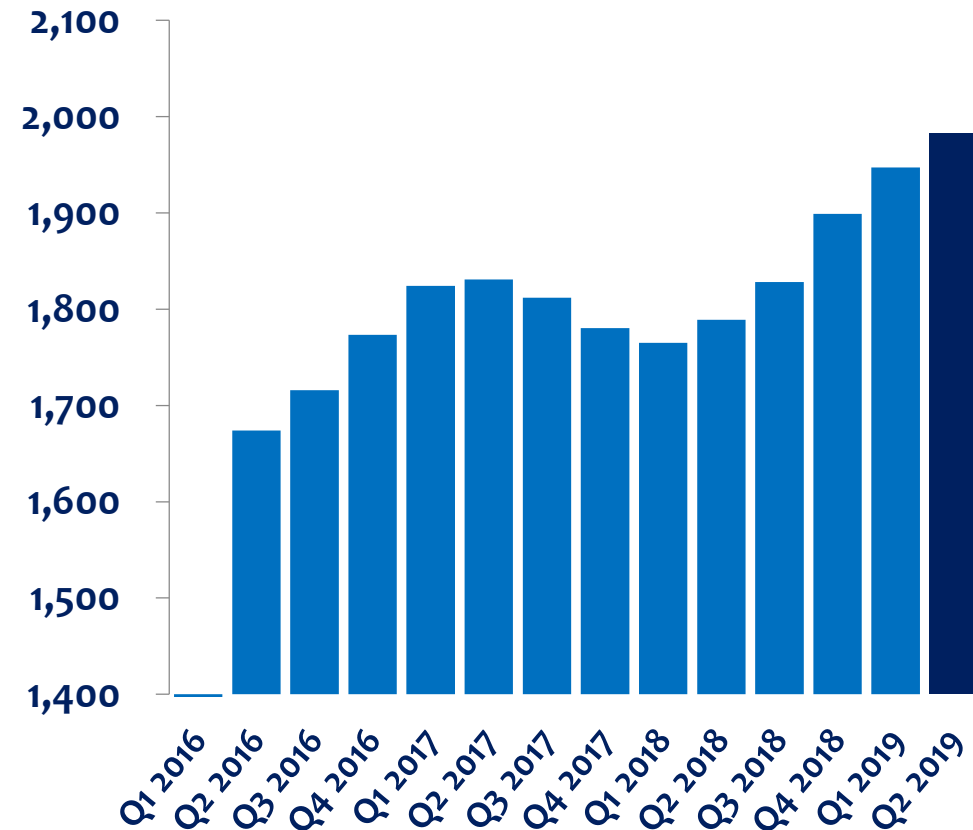


# CONSTRUCTION AND INVESTMENT

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- ✓ **Building permits** are up 15.6% this year, on track for a 48% increase since 2015
- ✓ **Private sector capital investment** increased by 10.1% in 2018, the strongest increase among provinces
- ✓ Statistics Canada estimates that **Manitoba's private capital investment** will grow 4.5% this year, the third year in a row that private investment has outpaced Canada
- ✓ **Capital spending on machinery and equipment** is expected to grow 6%, the strongest increase among provinces

Non-Residential Capital Investment in Buildings, Q1 2016 – Q2 2019 (12-month rolling total) (Millions of Dollars)

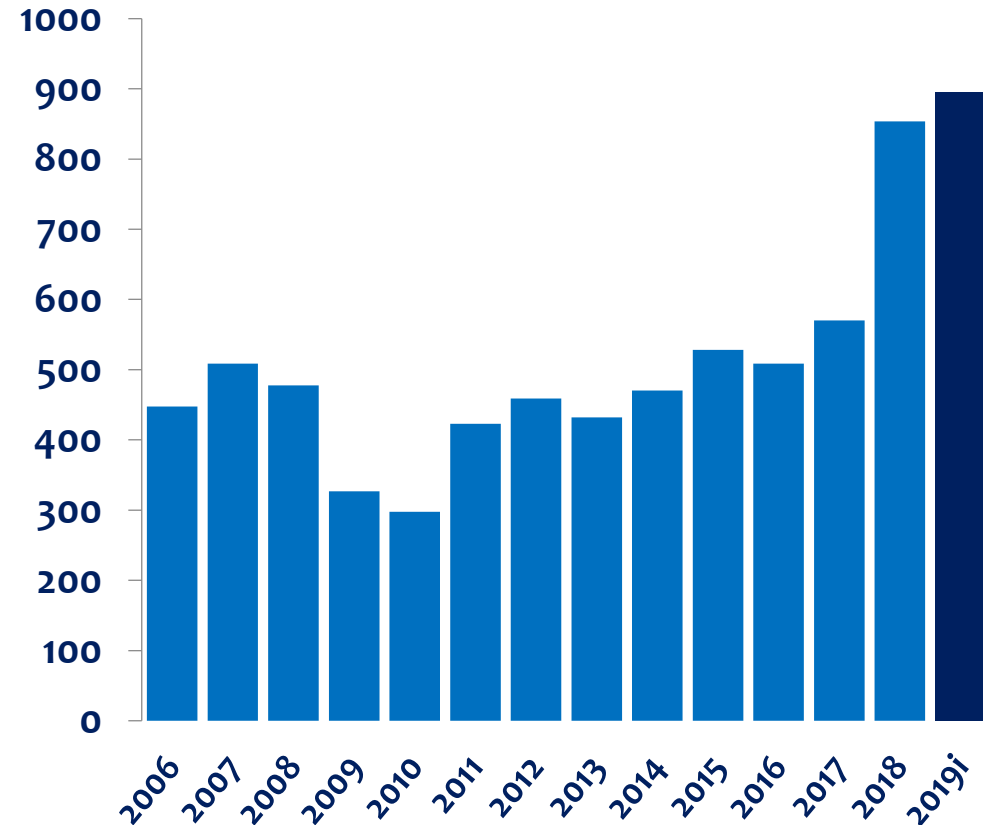


# ENCOURAGING PRIVATE SECTOR INVESTMENTS

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- ✓ 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

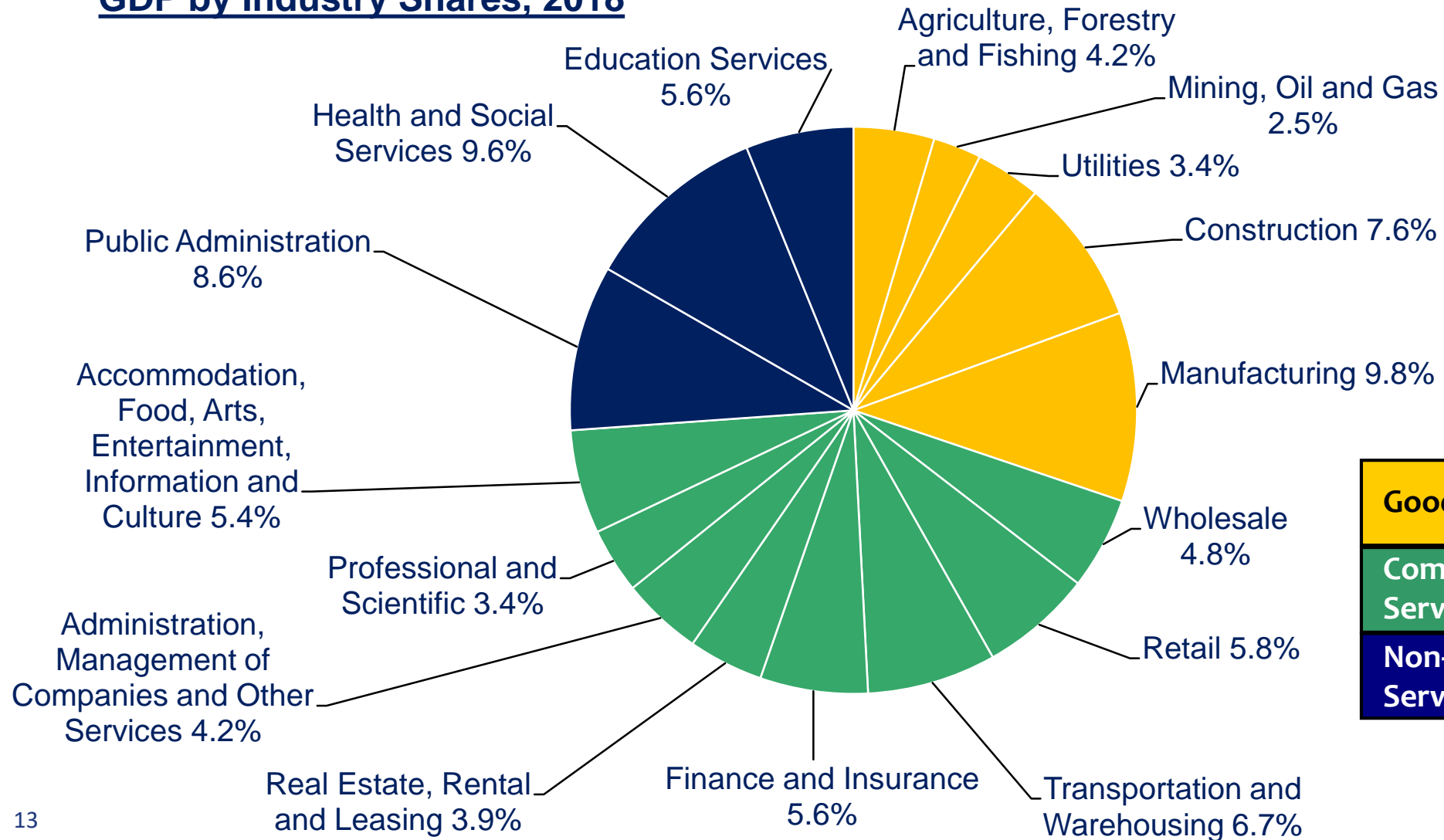
Capital Investment In Manufacturing, 2006-2019 (Millions of Dollars) (i = intentions)



# MOST STABLE ECONOMY IN CANADA

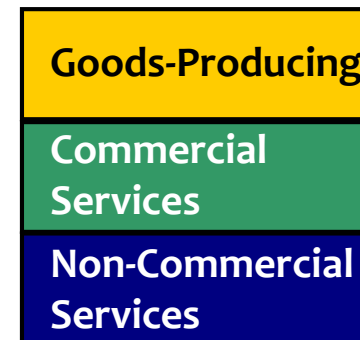
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## GDP by Industry Shares, 2018



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

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





# MANITOBA'S BROAD EXPORT BASE

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- ✓ 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





- ✓ 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

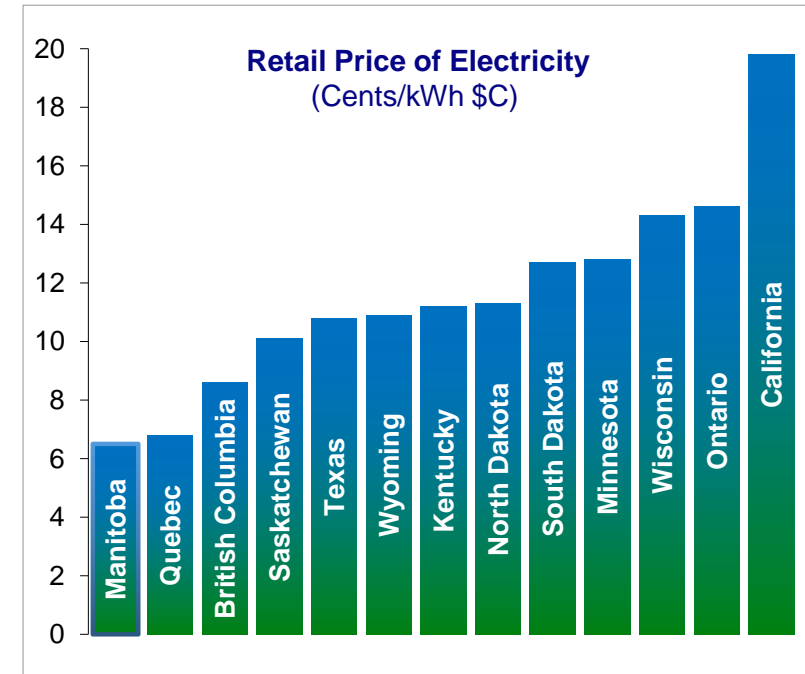
(As at December 2019)

	2019f		2020f	
	Manitoba	Canada	Manitoba	Canada
Per Cent Growth Unless Noted (f = forecast)				
Real GDP	1.2	1.5	1.3	1.7
Nominal GDP	2.8	3.3	3.3	3.7
Employment	1.1	2.0	0.6	0.9
Unemployment Rate (%)	5.5	5.7	5.7	5.8
Consumer Prices	2.2	2.0	2.0	2.0

# NORTH AMERICA'S CLEAN ENERGY LEADER

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- ✓ 97.2% of electricity generation is hydro, 2.7% is wind and 0.1% is thermal.
- ✓ Roughly 1/5 of the electricity generated is exported outside of Manitoba (U.S., Canada).
- ✓ Manitoba Hydro's current generation capacity is 5,561 MW, with an additional 5,110 MW more of potential generation identified.
- ✓ 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

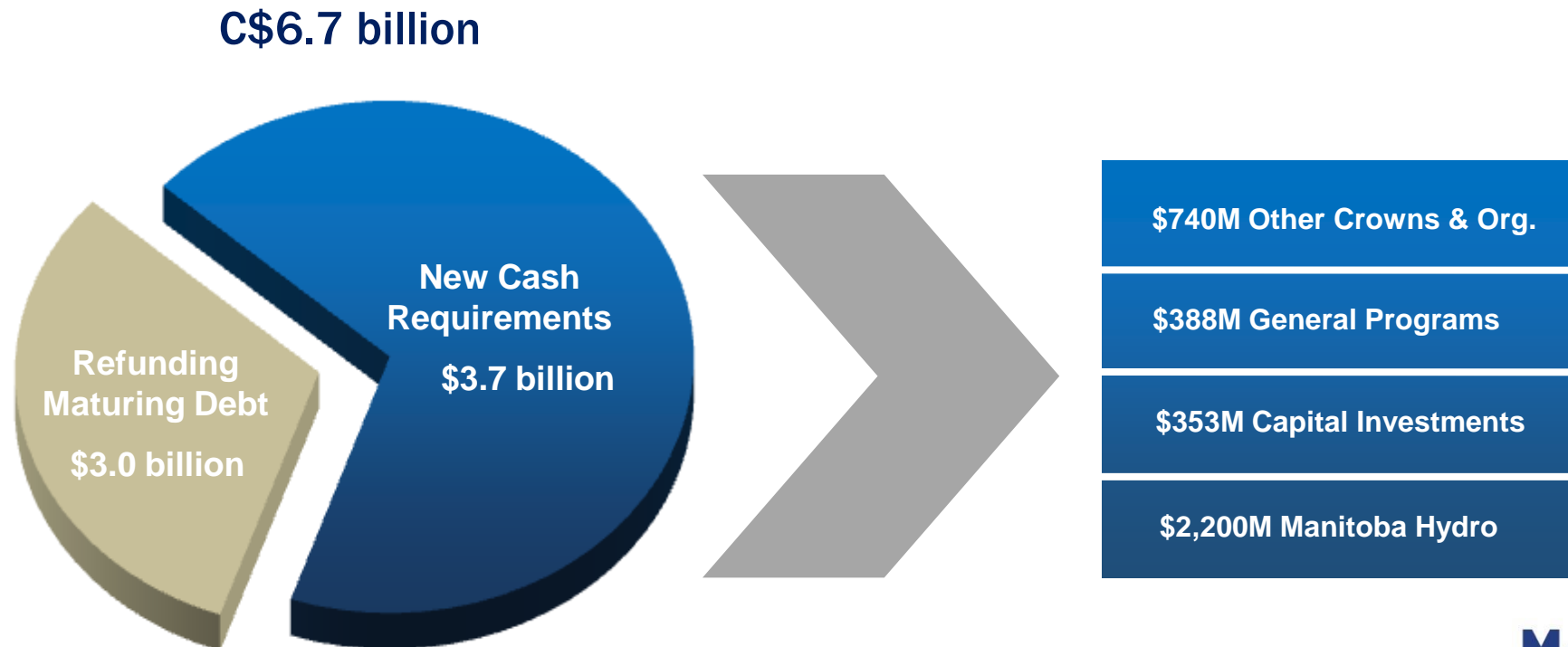
Anticipated First Unit in Service Date:  
Fall 2020

Anticipated Cost: \$8.7B

# BORROWING REQUIREMENTS

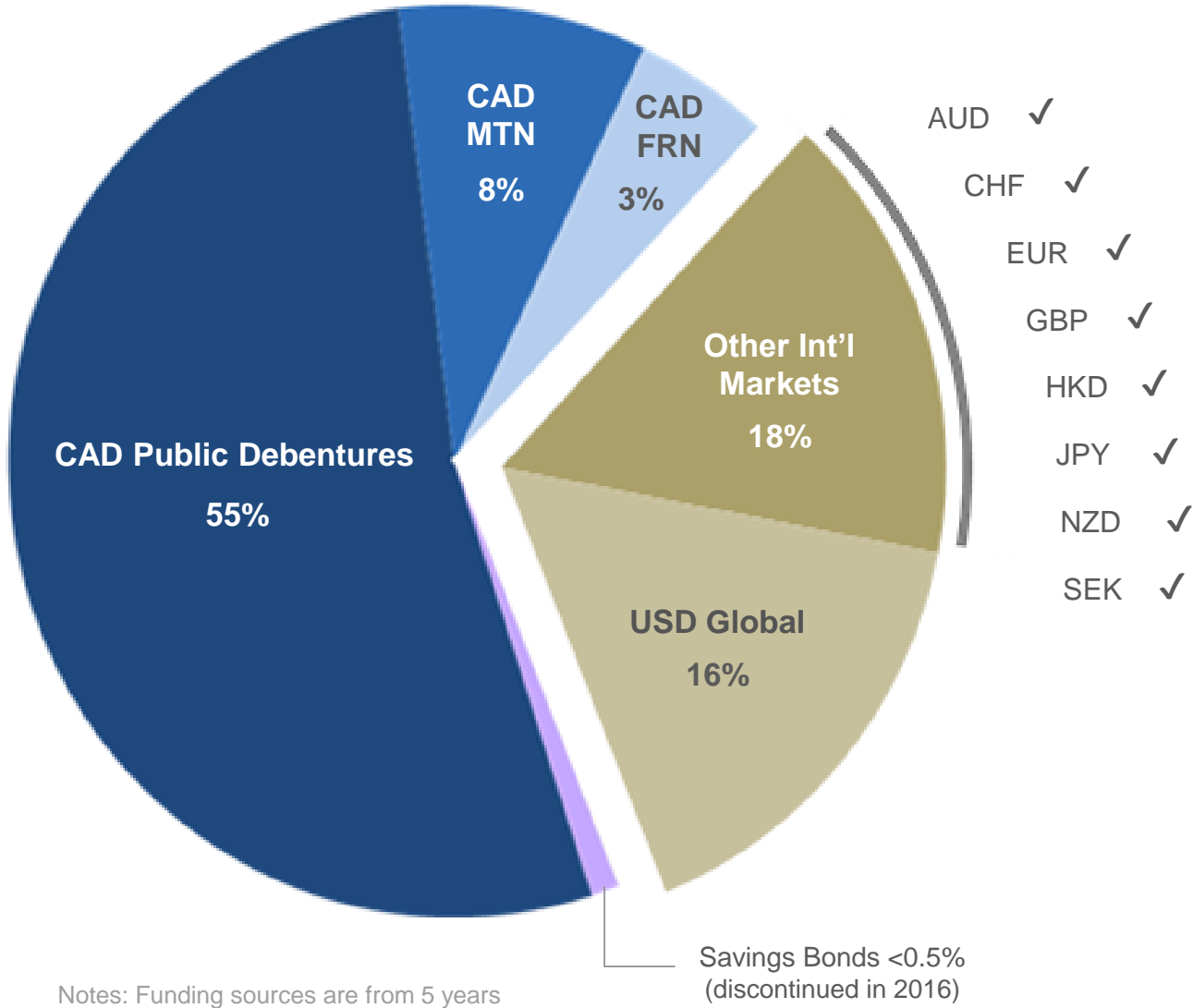
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- ✓ Budget 2019 was passed October 10,
- ✓ Expected borrowing requirements for budget 2019/20 are C\$6.7 billion.
- ✓ Planned funding through both domestic and international capital markets.
- ✓ To date, we have funded C\$5.0 billion, 84.4% of our needs for fiscal 2019/20.



# FUNDING SOURCES

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Notes: Funding sources are from 5 years

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

Thank you!

