

# Province of Manitoba

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## Economic, Fiscal, and Borrowing Overview

Manitoba Finance



February 2024

Manitoba 

# NEW GOVERNMENT PRIORITIES

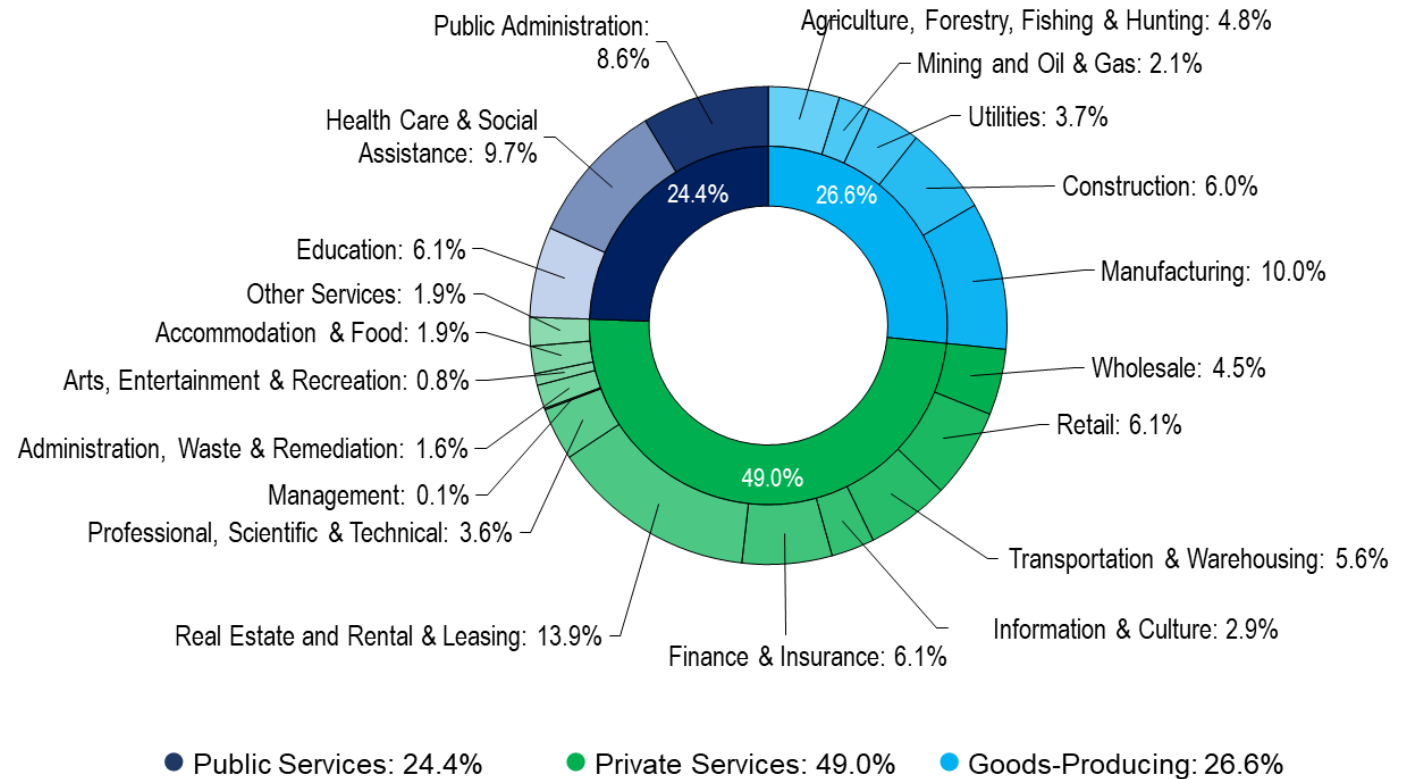
- The new government's key program priorities focus on improving **Health Care, Affordability & Job Creation, Education, and Community Safety.**
- **A commitment to balancing Manitoba's budget within the first term.**
- **A commitment to grow the Economy**
  - ✓ Establishing the Premier's Business and Jobs team comprised of memberships from every region and sector within the province
- A commitment to **Health Care** that will improve retention and recruitment of doctors, nurses, and other health-care professionals.
  - ✓ The province is set to spend \$2.75 million in the recruitment of health-care professionals
- A commitment to **Affordability** for Manitobans
  - ✓ As of January 1<sup>st</sup>, 2024, a fuel-tax holiday will be implemented for at least six months
- **Meeting the Climate Change Challenge**
  - ✓ Creation of the new department of Environment and Climate Change with a focus on affordable electric vehicles, plug-in hybrids, geothermal heat pumps, and a continued pledge to low-carbon electricity



# STABLE ECONOMY

- **Manitoba is one of the most diverse and balanced economies in Canada**
- **Nine industries contribute 5% or more to the provincial economy**
- **Only two industries contribute more than 10%**

Composition of Gross Domestic Product by Industry, Manitoba, 2022



Source: Statistics Canada, Table 36-10-0402

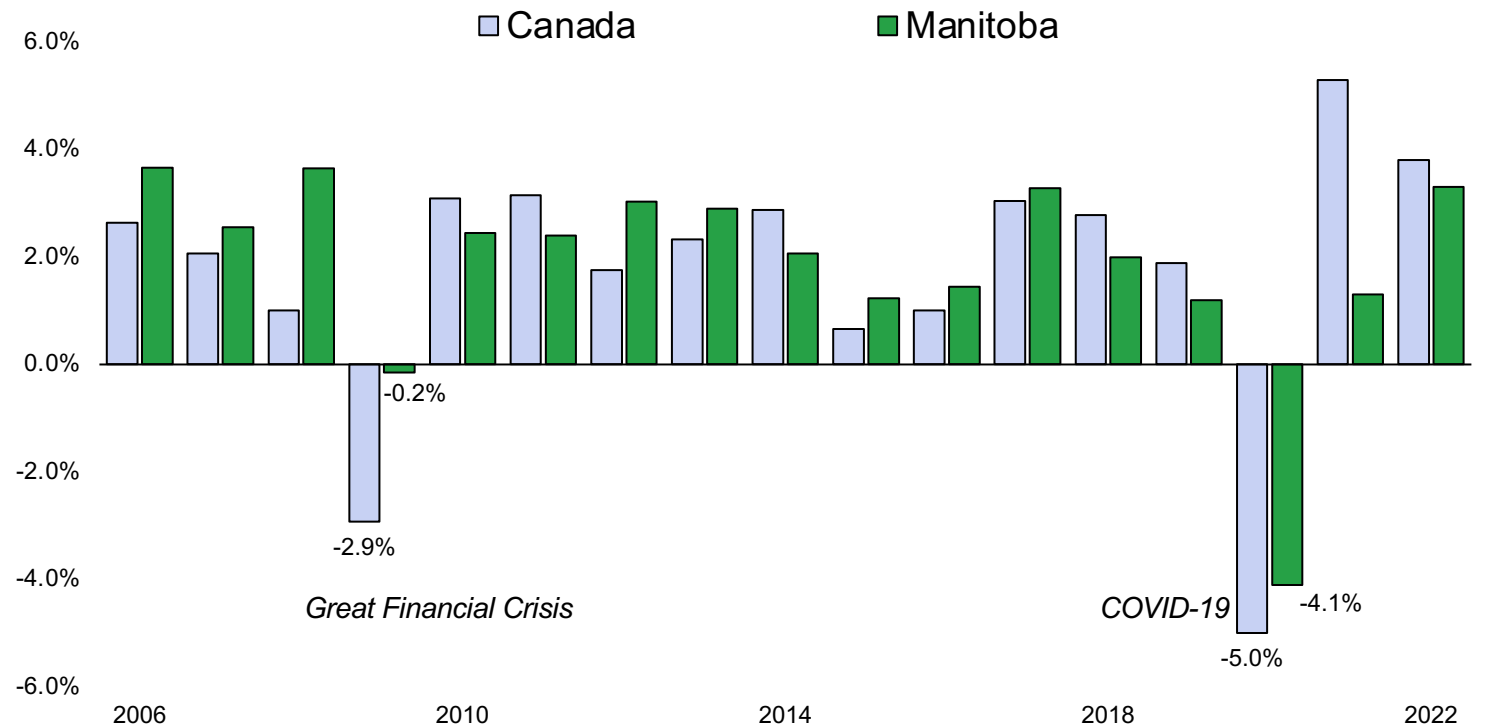
# STABLE ECONOMY

## Manitoba's economy fares better under global economic downturns

During the Great Financial Crisis in 2009, Manitoba's economy contracted by 0.2% compared to 2.9% nationally

During the 2020 pandemic, Manitoba's economy contracted by 4.1% compared to 5.0% nationally

### Real GDP Growth, Annual, Manitoba & Canada



Source: Statistics Canada

# ATTRACTING TALENT

Immigration is an economic driver that is helping fill labour market needs that otherwise cannot be filled domestically

Labour shortages have been identified in Manitoba across sectors and within businesses of all sizes

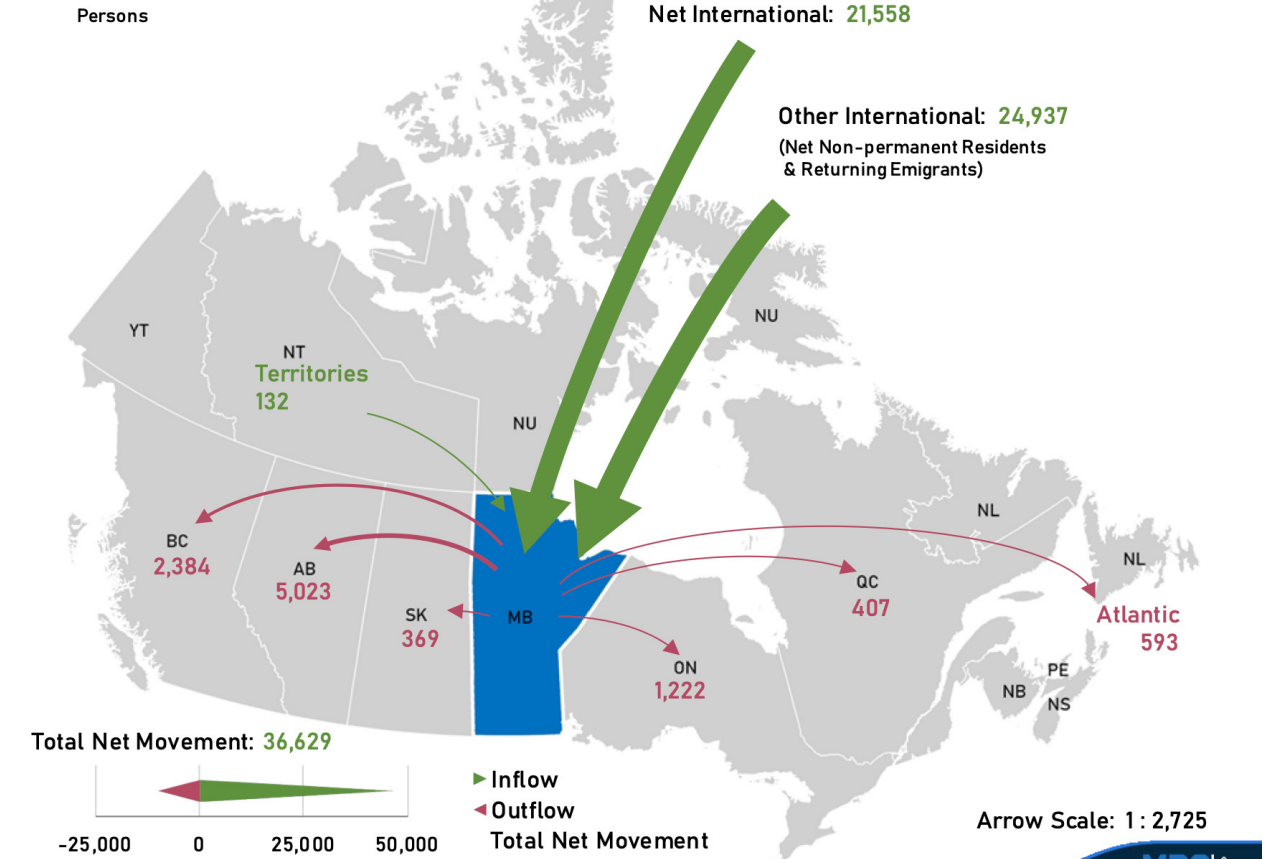
**On a twelve-month basis (compared to October 1, 2022) Manitoba's population increased by 41,844 people, or 2.94%.**

**The Manitoba Provincial Nominee Program (PNP) is critical to supporting Manitoba's employers, communities and regional labour markets**

In 2023, Manitoba's allocation of nominations under the PNP expanded by 50% to 9,500

## Current Twelve-month period

October 1, 2022 to September 30, 2023



Source: Statistics Canada, Tables 17-10-0040-01 and 17-10-0045-01

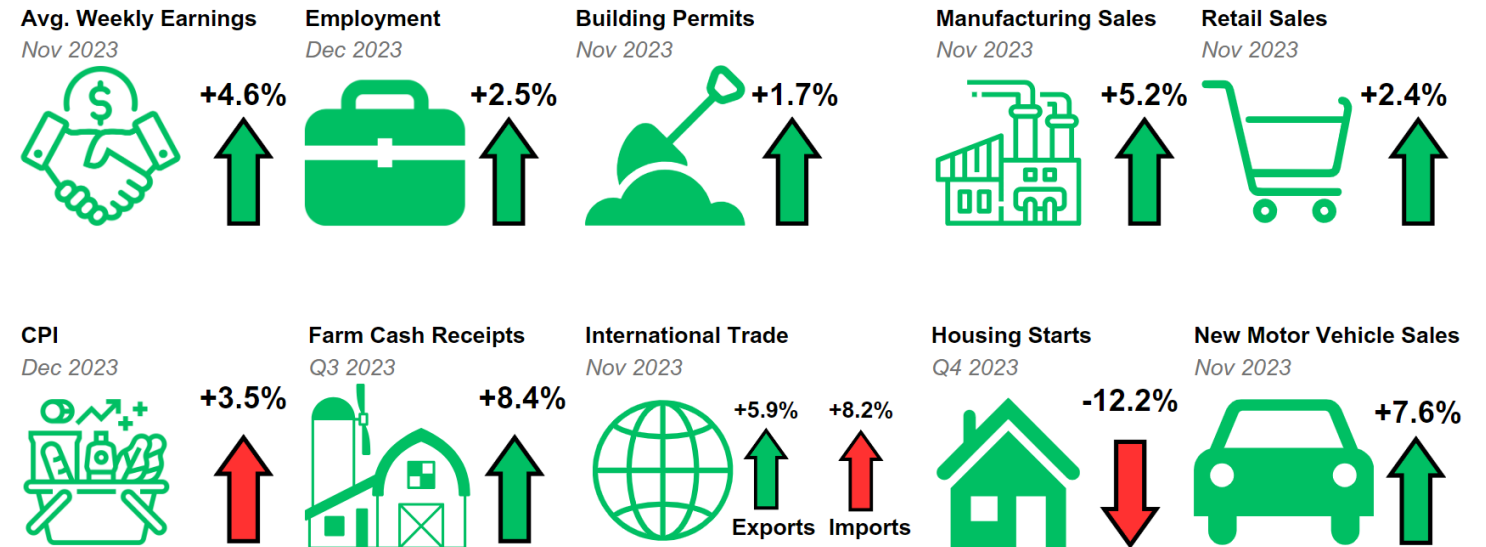


# ECONOMIC UPDATE

## Most Manitoba Economic Indicators Trending Up

- Several economic indicators soared to record levels in 2022
- Interest rates and inflation have slowed growth in 2023
- Several economic indicators continue to show moderate growth underscoring the resilience of the Manitoba economy

### Manitoba Economic Indicators, Year-to-Date Growth, 2023



Source: Statistics Canada

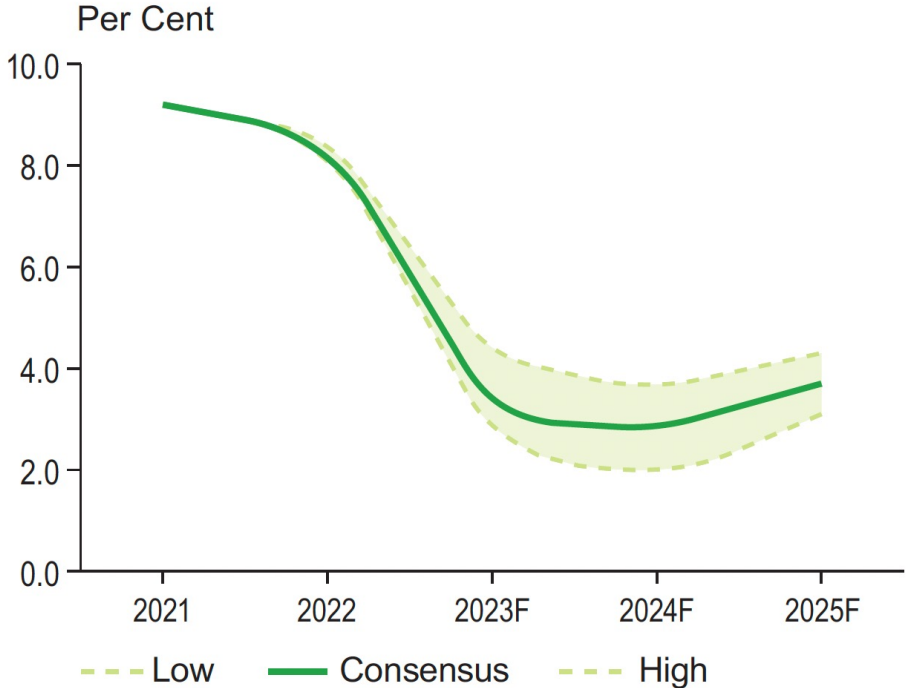
# ECONOMIC OUTLOOK

Economic growth is expected to slow in 2023 and 2024, compared to 2022

Inflation and higher interest rates pose economic and financial market uncertainties

Economists are forecasting inflation to stabilize in 2024

### Range of Nominal GDP Forecasts for Manitoba, 2021-2025



Sources: Manitoba Finance Survey of Economic Forecasts and Manitoba Bureau of Statistics

# MANITOBA OUTLOOK

- Private sector forecasts **real GDP** to expand by 1.4% in 2023 and 0.8% in 2024
- **Nominal GDP** is projected to grow 3.0% in 2023 and 2.8% in 2024
- **Consumer Price Index** inflation is expected to be 3.9% in 2023 and decrease to 2.5% in 2024
- Strong labour market in 2023 increased **employment** by 2.2%. Growth expected to moderate to 0.8% in 2024
- **Unemployment rate** expected to rise slightly from 4.9% in 2023 to 5.7% in 2024

Manitoba Economic Outlook at a Glance

	2023F			2024F		
	Budget 2023	First Quarter Forecast	Second Quarter Forecast	Budget 2023	First Quarter Forecast	Second Quarter Forecast
Gross Domestic Product						
Real	0.7	1.7	1.4	1.1	0.9	0.8
Nominal	2.2	3.9	3.0	3.0	2.7	2.8
Consumer Price Index	3.8	3.9	3.9	2.2	2.3	2.5
Employment	0.4	1.8	2.2	0.8	0.8	0.8
Unemployment Rate	5.4	4.9	4.9	5.9	5.4	5.7
Population	1.0	1.7	2.9	1.0	1.4	2.0

*per cent change unless otherwise noted*

Source: Manitoba Finance Survey of Economic Forecasts



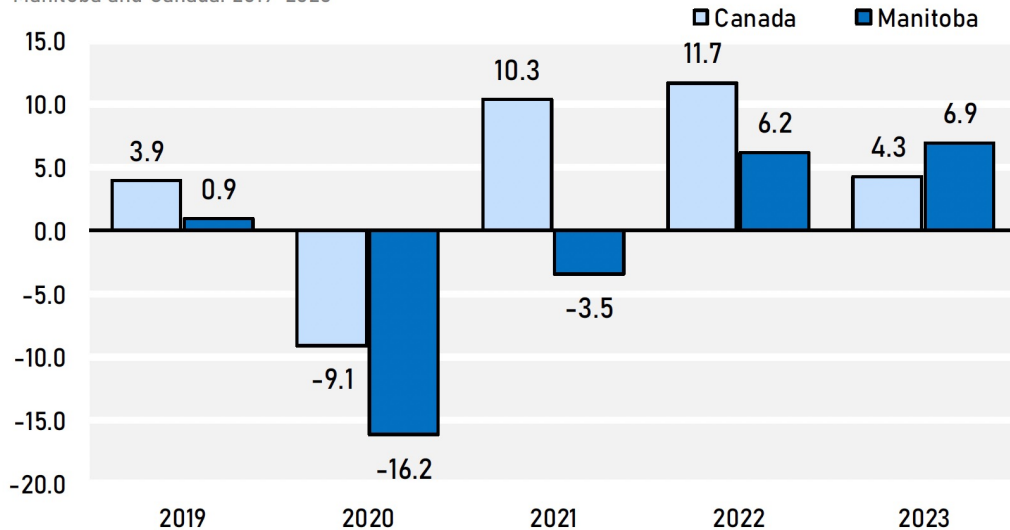
# NON-RESIDENTIAL CAPITAL EXPENDITURES

- In 2022, capital spending on non-residential tangible assets in Manitoba **increased 6.2%**

- Capital spending on non-residential tangible assets in Manitoba is expected to **increase by 6.9%** to \$8.70 billion in 2023.

Figure 1: Total capital spending on non-residential tangible assets, annual change (%)

Manitoba and Canada: 2019-2023

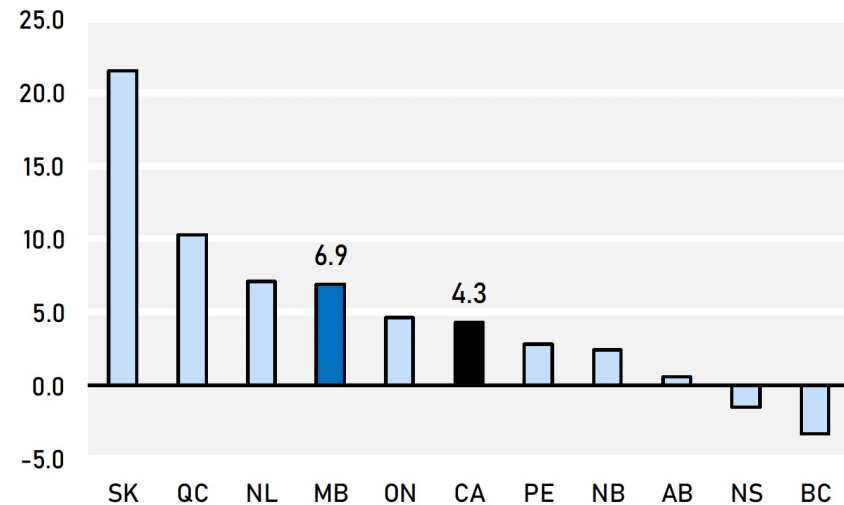


Source: Statistics Canada, Table 34-10-0035-01



Figure 2: Capital spending on non-residential tangible assets, annual change (%)

2023



Source: Statistics Canada, Table 34-10-0035-01

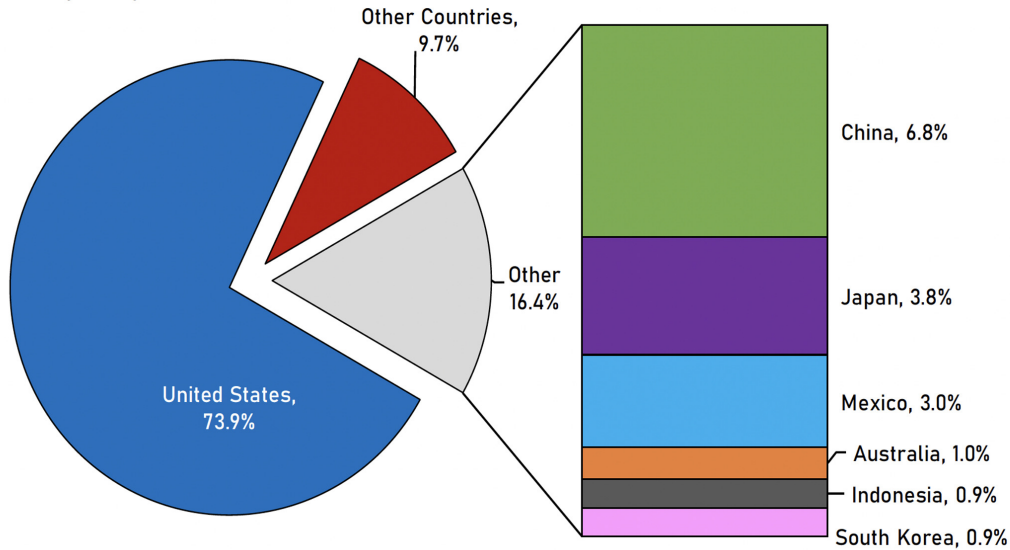


# MANITOBA EXPORTS

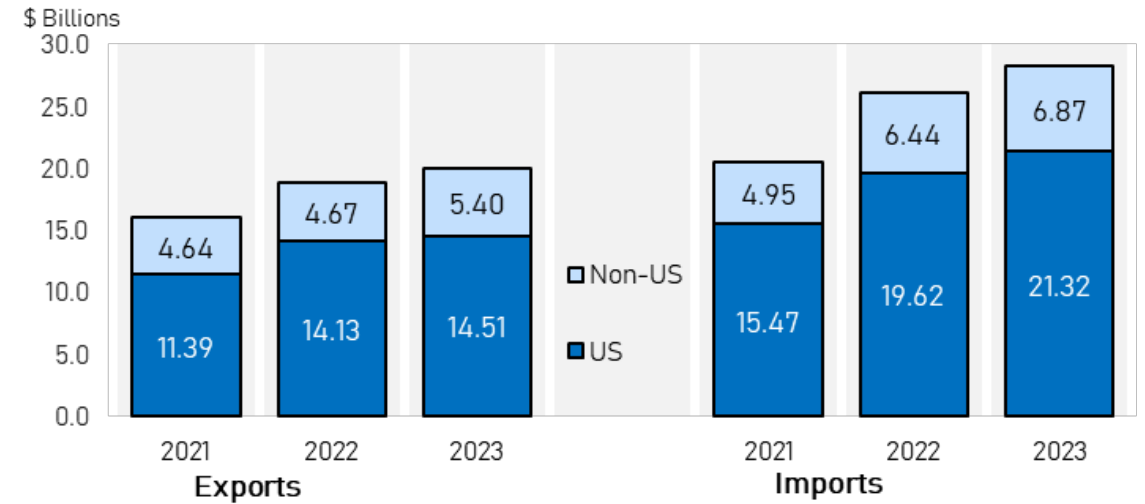
## MANITOBA YEAR-TO-DATE EXPORTS ARE UP 5.9% FROM LAST NOVEMBER

- ✓ Exports to the United States are up 2.7% compared to last year
- ✓ Non-US Exports are up 15.7% compared to last year

Manitoba exports by selected countries, share (%)  
January to September 2023



Year-to-Date Foreign Trade  
November 2023



# 2022/23 RESULTS

**Fiscal 2022/23 Public Accounts provided a surplus of \$270 million  
Improvement of \$1,020 million over the previous year's deficit**

- **\$1,947 million increase in Revenue:**

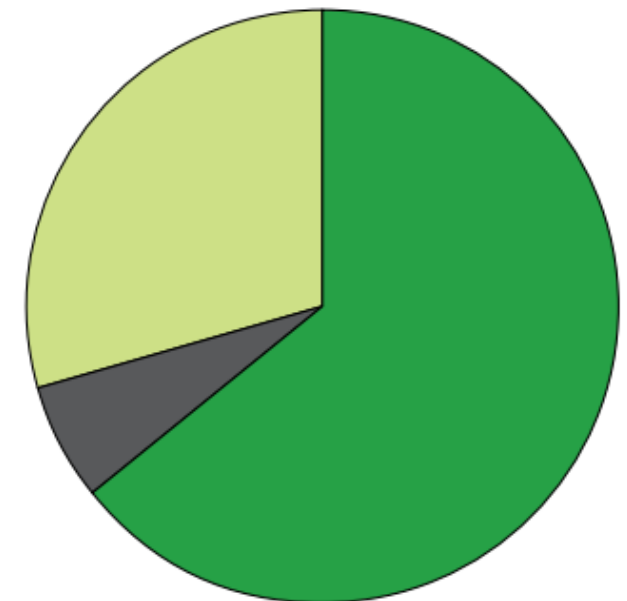
- Increase in Individual and Corporation Income Taxes of \$836 million.
- Increase of Retail Sales Tax of \$187 million.
- Increase in Federal Transfers of \$219 million for Disaster Financial Assistance Arrangement revenue, \$182 million for COVID-19 funding, and partially offset by delays in other project-based federal transfers.
- Increase in Government Business Enterprises net income of \$574 million

- **\$1,129 million increase in Expense:**

- \$1 billion in affordability measures, municipal grants, collective agreement settlements and help for Ukrainian newcomers through two Special Warrants.
- The affordability programs announced during the year include the nearly \$80 million Family Affordability Package and the \$200 million Carbon Tax Relief Fund.

## Sources of Revenue for the Year Ended March 31, 2023

Percentage



- Own-Source Revenue: 64.4%
- Government Business Enterprises: 6.4%
- Federal Transfers: 29.2%

# 2023/24 SECOND QUARTER REPORT

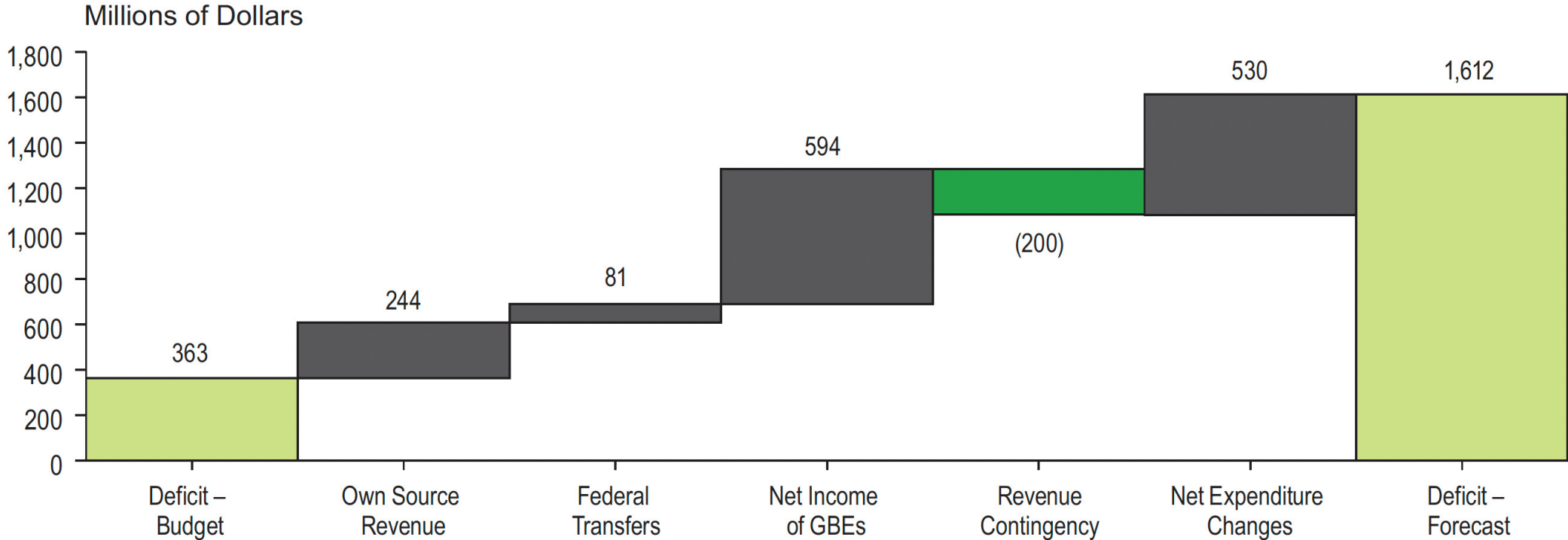
- The report forecasts a deficit of \$1,612 million for the fiscal year 2023/24
  - Revenues are projected to be \$719 million below budget
  - Expenditures are projected to be \$530 million higher than budget
- Projected Net Debt to GDP of 37.1%

## 2023/24 Second Quarter Fiscal Update

(Millions of Dollars)	Forecast	Budget	Change
Revenue	21,658	22,377	(719)
Expense	23,270	22,740	530
<b>Deficit</b>	<b>(1,612)</b>	<b>(363)</b>	<b>(1,249)</b>
<b>Summary Net Debt</b>	33,059	31,057	2,002
<b>Net Debt to GDP</b>	37.1%	34.6%	2.5

# 2023/24 SECOND QUARTER REPORT

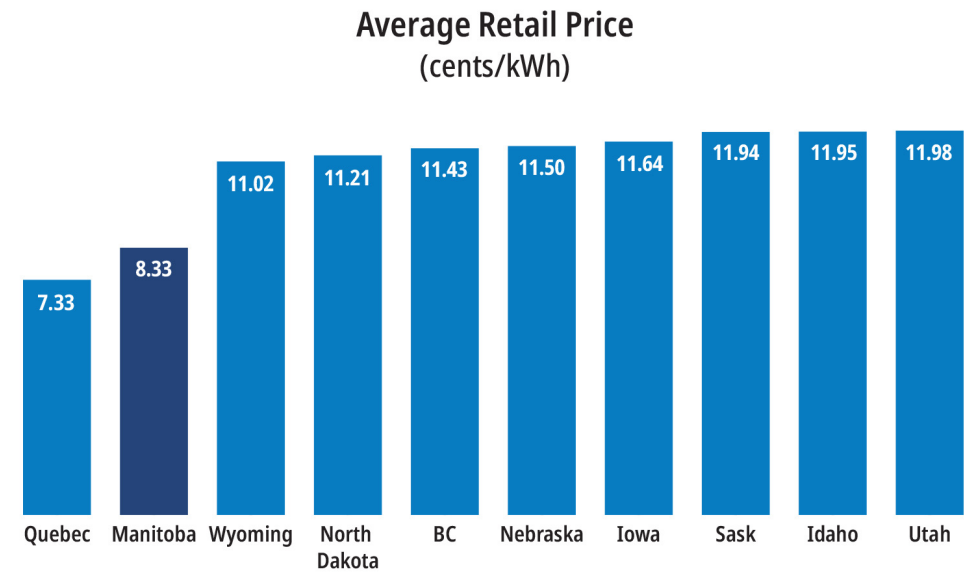
## Changes from Budget 2023



# NORTH AMERICA'S CLEAN ENERGY LEADER

- ✓ **Manitoba Hydro** is a **100%-owned** Crown Corporation of the Province of Manitoba
- ✓ 97.6% of electricity generation is hydro, 2.3% is wind and 0.1% is thermal
- ✓ Roughly 1/3 of the electricity generated is exported outside of Manitoba (U.S., Canada) under normal weather conditions
- ✓ Manitoba Hydro's current generation capacity is 6,180 MW, with an additional 4,415 MW more of potential generation identified
- ✓ \$31.4 billion total assets and \$3.8 billion revenue in fiscal 22/23
- ✓ Manitoba's clean electricity exports have reduced global emissions by approx. 7 MtCO<sub>2</sub>e per year, the equivalent of removing 2.15 million cars off the road annually\*
- ✓ Hydro's clean and renewable hydro power is an economic driver for the Province

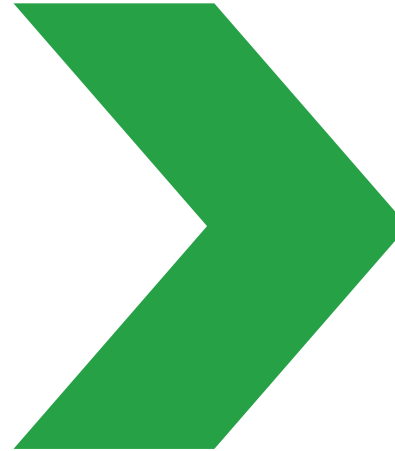
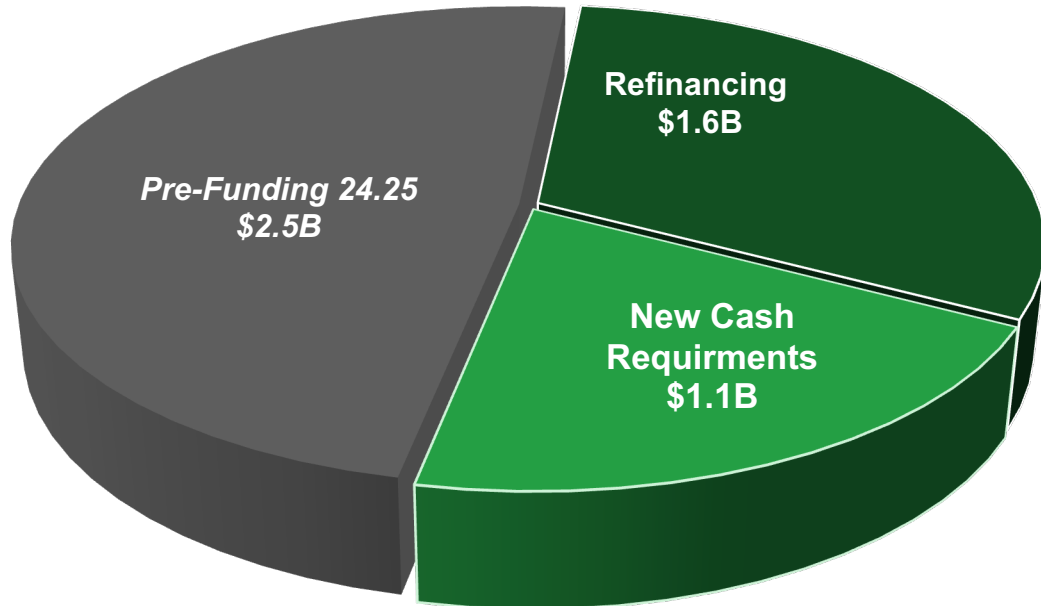
Ten Lowest Cost Provinces/States in North America



Source: US dept of Energy (January 2023), Edison Electric Survey (January 1, 2023), Annual Reports (2022/23).  
Exchange rate as of January 3, 2023: 1US\$ = 1.3658 CDN\$.

\* **Note:** Average of 8 years data. NRCAN conversion factor of 3.26 Metric Tons of CO<sub>2</sub> equivalent emissions per vehicle per year (Greenhouse Gases Equivalencies Calculator - Calculations and References | Natural Resources Canada (nrcan.gc.ca))

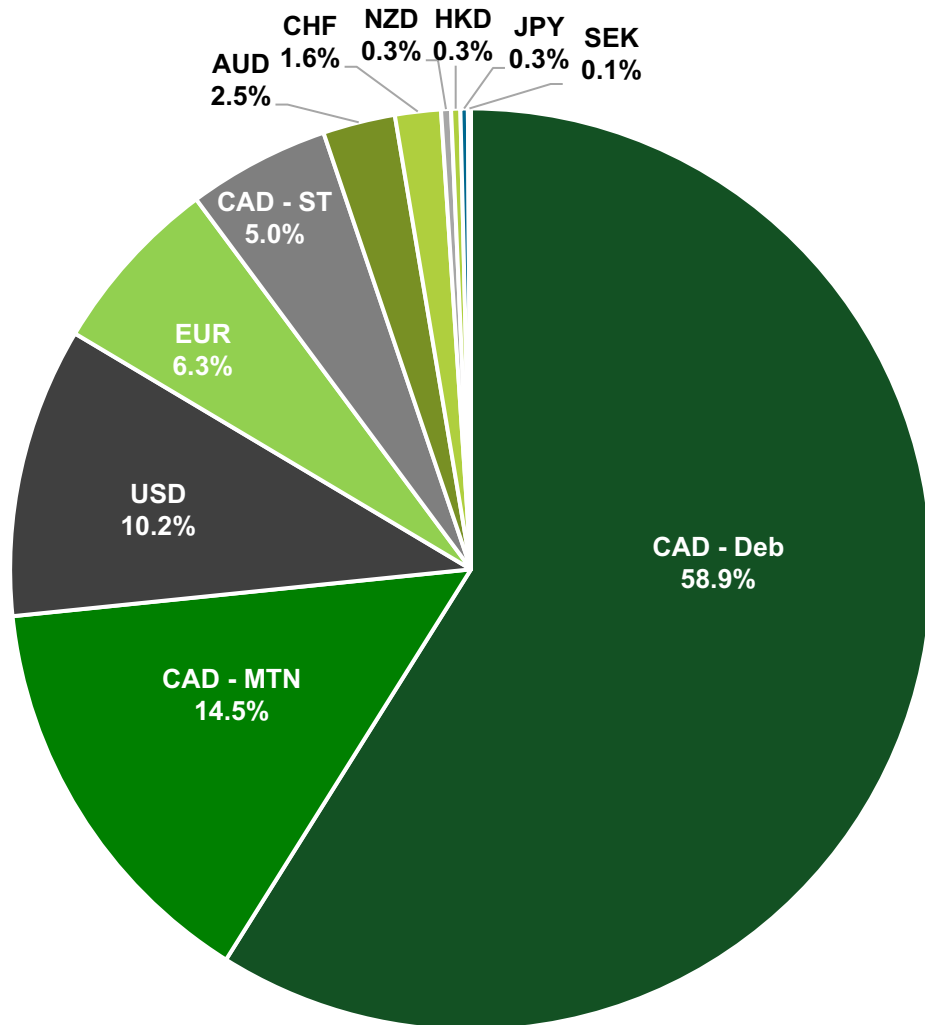
# BORROWING REQUIREMENTS



- ✓ Borrowing requirements for fiscal 2023/24 are forecasted to be **\$5.2 billion**, \$3.8 billion required for refinancing purposes and \$1.4 billion required to fund new cash requirements
- ✓ Includes 6-months of fiscal 2024/25 requirements
- ✓ Manitoba continues to maintain a strong liquidity position
- ✓ Planned funding through both domestic and international capital markets

# FUNDING SOURCES

## Gross Debt Outstanding by Currency



## Borrowing Programs

### Long-Term Debt

#### Domestic Borrowing:

- 10yr & 30yr Benchmarks
- Medium Term Notes (MTN's)

#### International Borrowing:

- US Dollars SEC Registered
- EMTN Programme
- Australian Medium-Term Notes

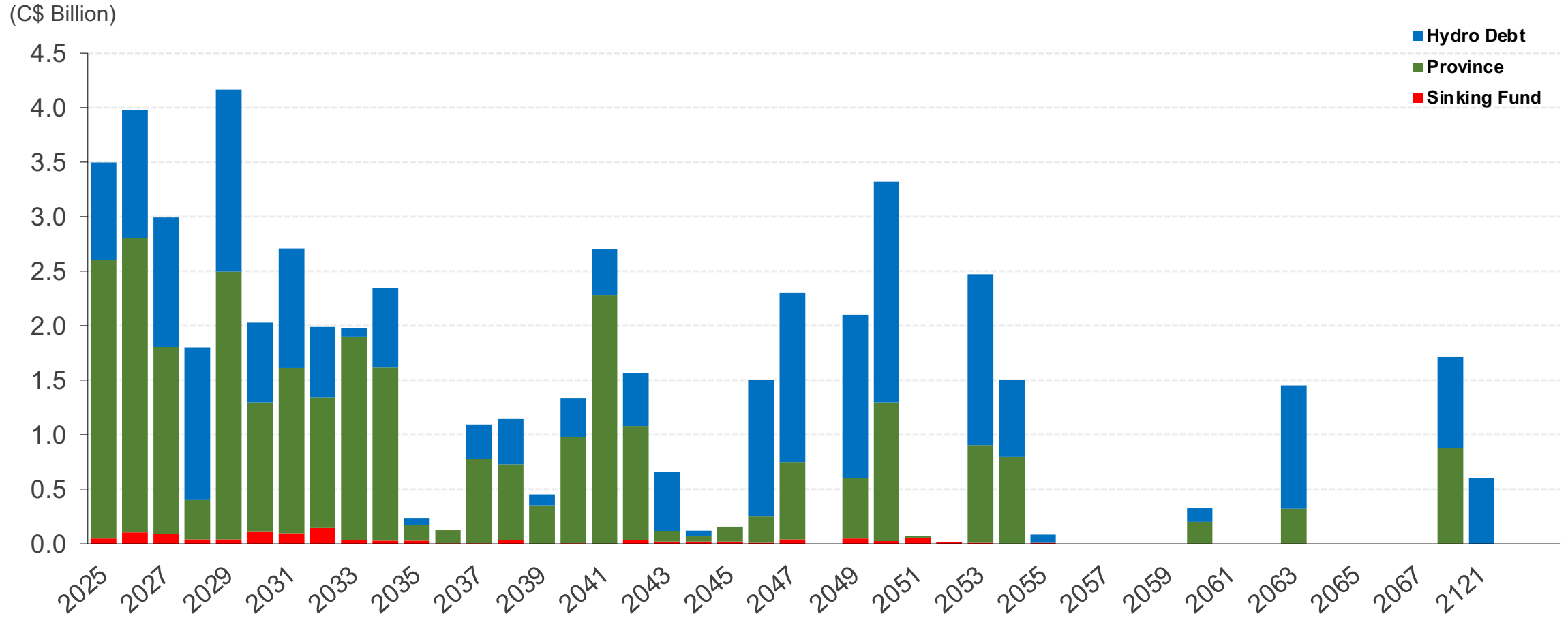
### Short-Term Debt

#### Domestic Borrowing:

- Treasury Bill Program
  - \$200 million, 91-day auction weekly
- Promissory Note Program



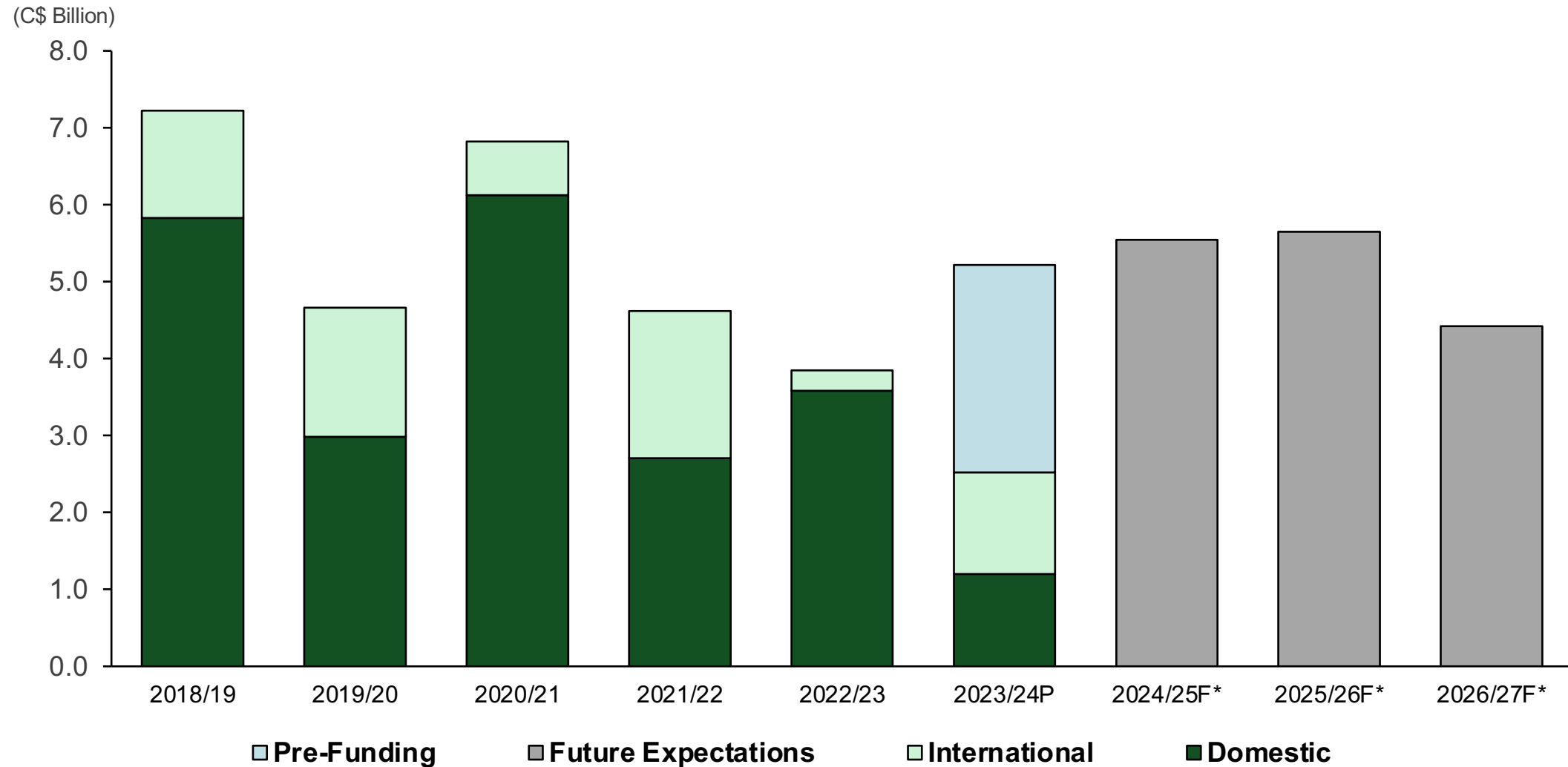
# DEBT MATURITY PROFILE



As of December 1, 2023. Excludes short-term debt and other liabilities, and the incremental impact of future financing.

# MEDIUM-TERM BORROWING PROGRAM

Borrowing requirements for fiscal 2024/25 and 2025/26 is driven by refinancing needs



\* Budget 2023 Forecast  
P - Projection

# CREDIT RATINGS

<b>Agency</b>	<b>Long-Term</b> Date of Last Action	<b>Short-Term</b>	<b>Trend</b>	<b>ESG Score</b>
Moody's	<b>Aa2</b> Friday, July 10, 2015	NR	Stable	<b>CIS-2</b> Neutral to Low
Standard & Poor's	<b>A+</b> Friday, July 21, 2017	A-1	Stable	-
DBRS Morningstar	<b>A (High)</b> Friday, October 11, 2013	R-1 (Middle)	Stable	<b>ESG Assessment</b> No Significant Impact on Credit Analysis

# CONTACT INFO

Treasury Division Website:

**[gov.mb.ca/finance/treasury](http://gov.mb.ca/finance/treasury)**

- SEC Registration Statement
- EMTN Prospectus
- Investor Presentation

**Nicoleta Oprea**  
**Assistant Deputy Minister**  
**Manitoba Finance, Treasury Division**  
(204) 945-6443  
[Nicoleta.Oprea@manitoba.ca](mailto:Nicoleta.Oprea@manitoba.ca)

**Jackson Gustafson-Fish**  
**Director, Capital Markets**  
**Manitoba Finance, Treasury Division**  
(204) 945-6460  
[Jackson.Gustafson-Fish@manitoba.ca](mailto:Jackson.Gustafson-Fish@manitoba.ca)

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