

Budget 2023

Pre-budget Consultation Presentation

January 2023

Budget 2023 planning with your input:

- Manitoba Government put in place a COVID-19 Response and Economic Recovery plan to meet the unprecedented challenge of the pandemic.
 - The plan has been successful with the economy fully re-opened and economic activity setting new records.
- Inflation and high interest rate threaten to stall the economic and jobs recovery.
 - Current inflation rate is at a 40 year high while interest rates are at a 14 year high.
- The government's focus will continue to be on healthcare, making life more affordable, jobs and economic growth.
- Annual public engagement meetings are an opportunity to discuss the very real challenges Manitobans are facing, and for government to hear how it can keep making life more affordable while building a better economy that will benefit all.

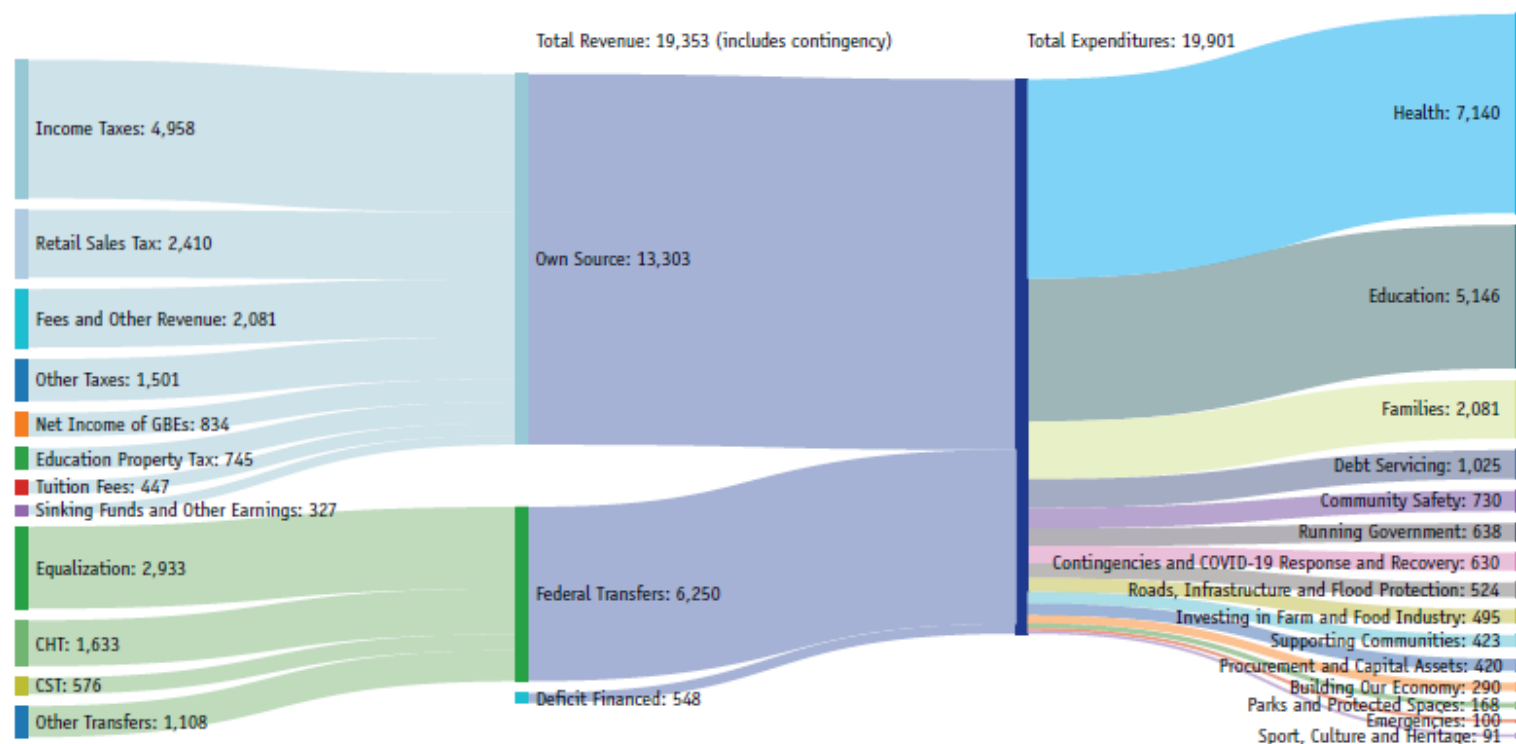
Where does your Money Go?

Summary Budget requires careful management of \$20 billion that flows to priority areas.

72 per cent of the budget goes towards, healthcare, education and social services.

Manitoba Revenues and Expenditures, 2022/23

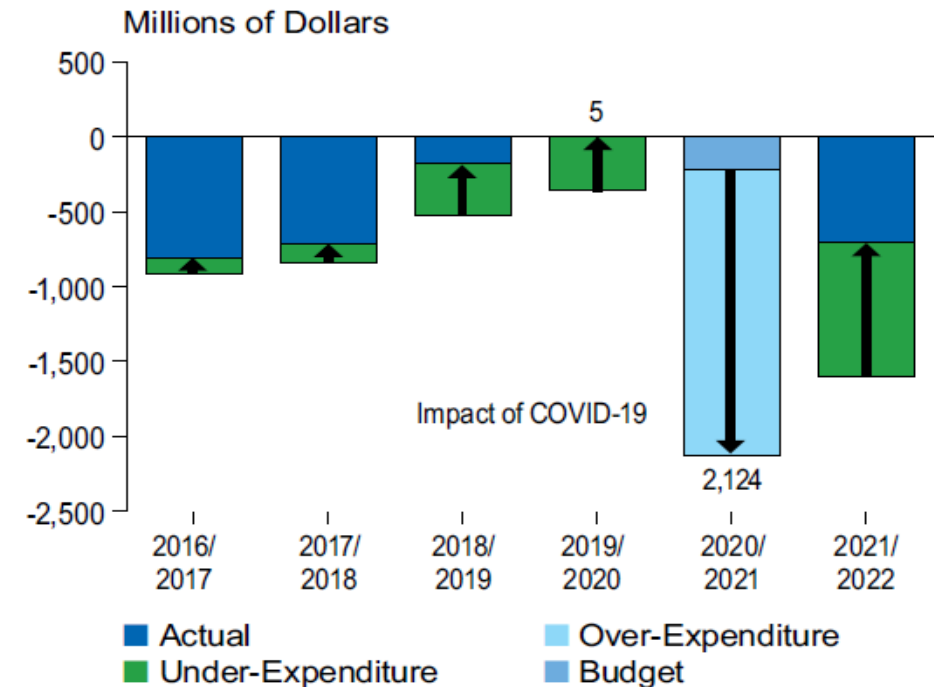
Millions of Dollars



Whole-of-government management approach is improving Manitoba's finances

- Budget was balanced in 2019/20, first time in 10 years.
- Rainy Day Fund was restored to \$800 million that allowed using \$215 million for COVID-19 response.
- Deficit was lowered to \$704 million in 2021/22, after an unprecedented \$2.1 billion hit from COVID-19 in 2020/21.

Budget Plan vs Actual



Source: Manitoba Finance

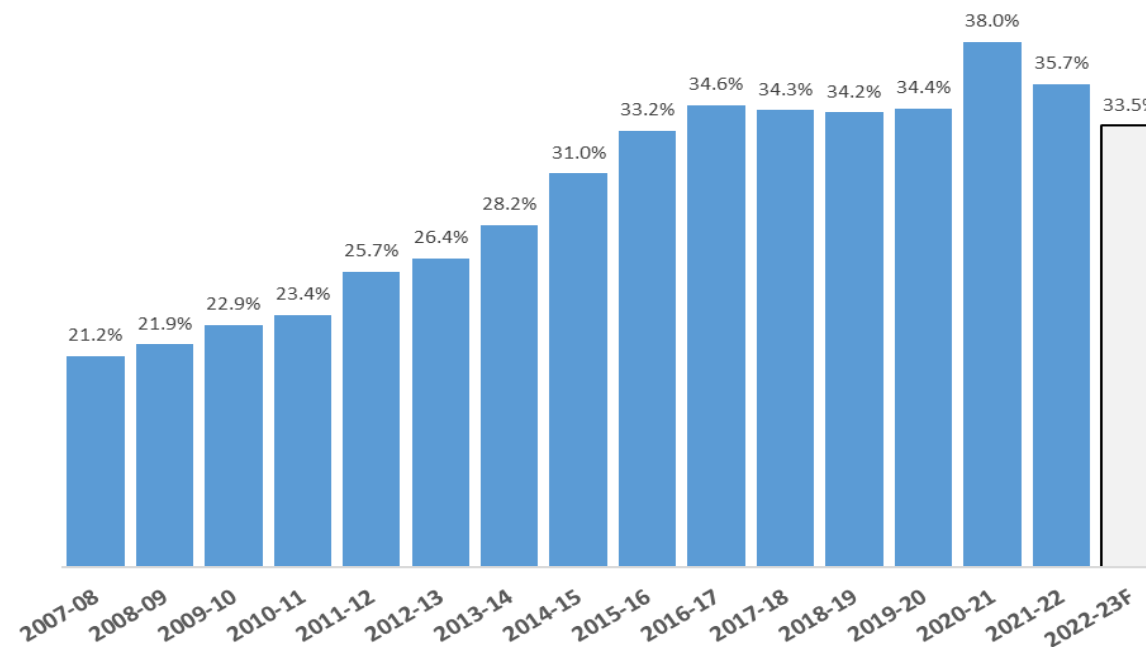
We are Getting the Budget back on Track

Government debt is falling as a share of the economy

- **Balance Budget Legislation** requires the government to take responsible steps to return to balance no later than 2028/29.
- Once fiscal balance has been achieved, the government will direct its efforts to gradually reducing the provincial debt burden.

Building Sustainable Financing

Net Debt as a Percentage of Provincial GDP

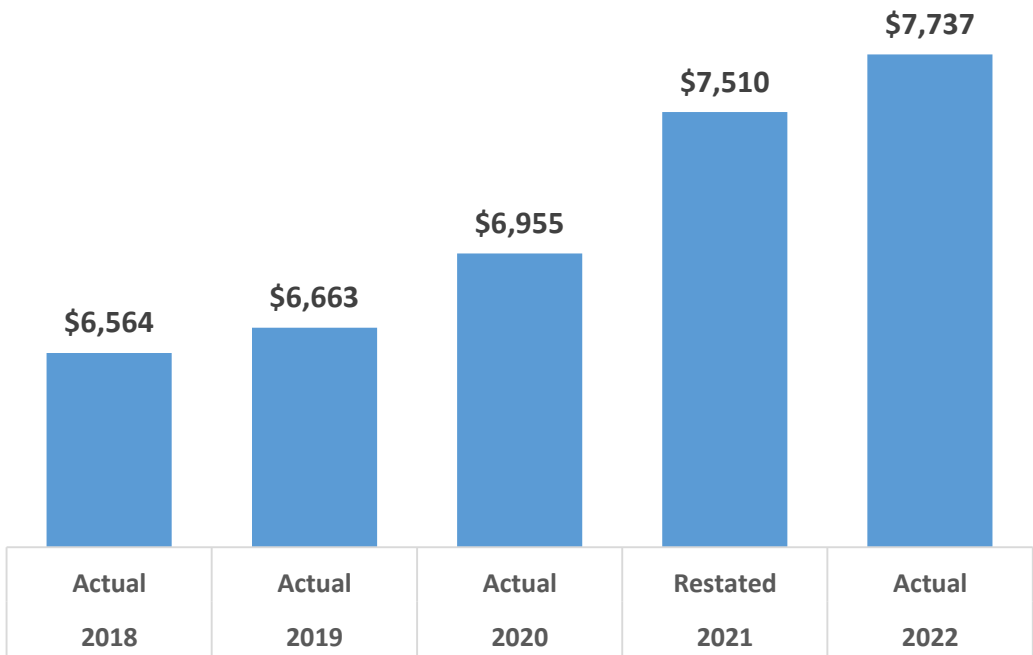


Health care and safety is our government’s top priority

- Health Care System expanded by creating two additional departments that focus on:
 - Mental Health and Community Wellness
 - Seniors and Long-Term Care
- Historic \$812 million investment in capital initiatives for rural and Northern health care facilities.
- \$110 million investment in the *Surgical and Diagnostic Task Force* is making noticeable progress in addressing backlogs created by COVID-19.
- Adding 2,000 more professionals to our health care system through an aggressive \$200 million multi-year health human resource action plan.

Spending on the Health Care System increased by 17.9 per cent over the last four years

Health Care Spending 2017/18 to 2021/22
(Millions of Dollars)



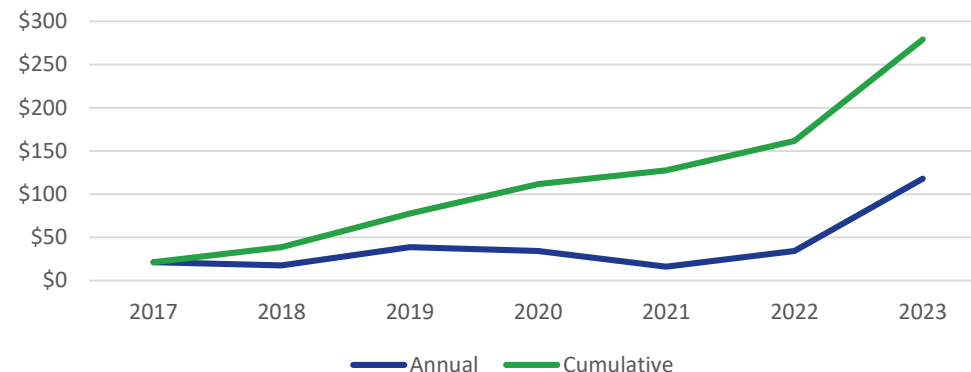
- ✓ Working collaboratively with all police agencies alongside all levels of government to ensure investments are made strategically and focused on protecting our citizens.
- ✓ Increasing supports for front-line law enforcement officers through technology, specialized training, increased police presence and support for more officers.
- ✓ Investing \$3.2 million in intensive bail supervision and high-risk warrant units to ensure the most violent criminals do not remain on the streets.
- ✓ Contributing \$3.6 million to Downtown Community Safety Partnership to help promote a safer downtown Winnipeg.
- ✓ Providing a new \$9 million annual investment in funding to our shelters that in turn support our most vulnerable citizens. These service providers offer shelter, warmth, community and connection to essential social services.

With inflation increasing to the highest growth rate in 40 years, Manitobans are facing the burden of rising costs and the government is responding with new affordability measures.

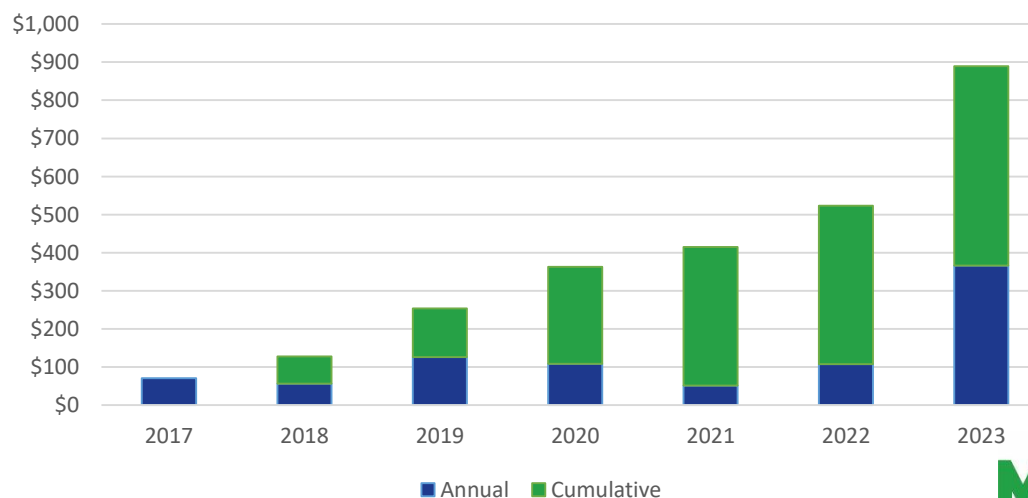
- ✓ \$87 million **Family Affordability Package** – delivered by the Department of Finance to help families with children, seniors living on fixed income and vulnerable Manitobans.
- ✓ \$9 million **Minimum Wage Adjustment Program** – delivered by the Department of Labour, Consumer Protection and Government Services - subsidy to Manitoba employers impacted by the increase in minimum wage to \$13.50 per hour.
- ✓ \$4.75 million **Food Security Fund** – Department of Families authorized to enter into funding agreements with 28 organizations to deliver this one-time program.
- ✓ Department of Finance is currently working on additional Affordability Measures.

- Tax reductions brought in by this government since 2016 will be providing \$1.2 billion in annual tax savings as of 2023, including \$973 million to families and individuals, and \$260 million to businesses.
- Indexing the basic personal amount and the personal income tax brackets protects Manitoba taxpayers from the impacts of inflation.
- Indexing will be providing nearly \$280 million in savings as of 2023, and more than 25,000 Manitobans will no longer be paying Manitoba income tax due to increase in the basic personal amount.

Total Tax Savings From Indexation
Annual and Cumulative (\$M)



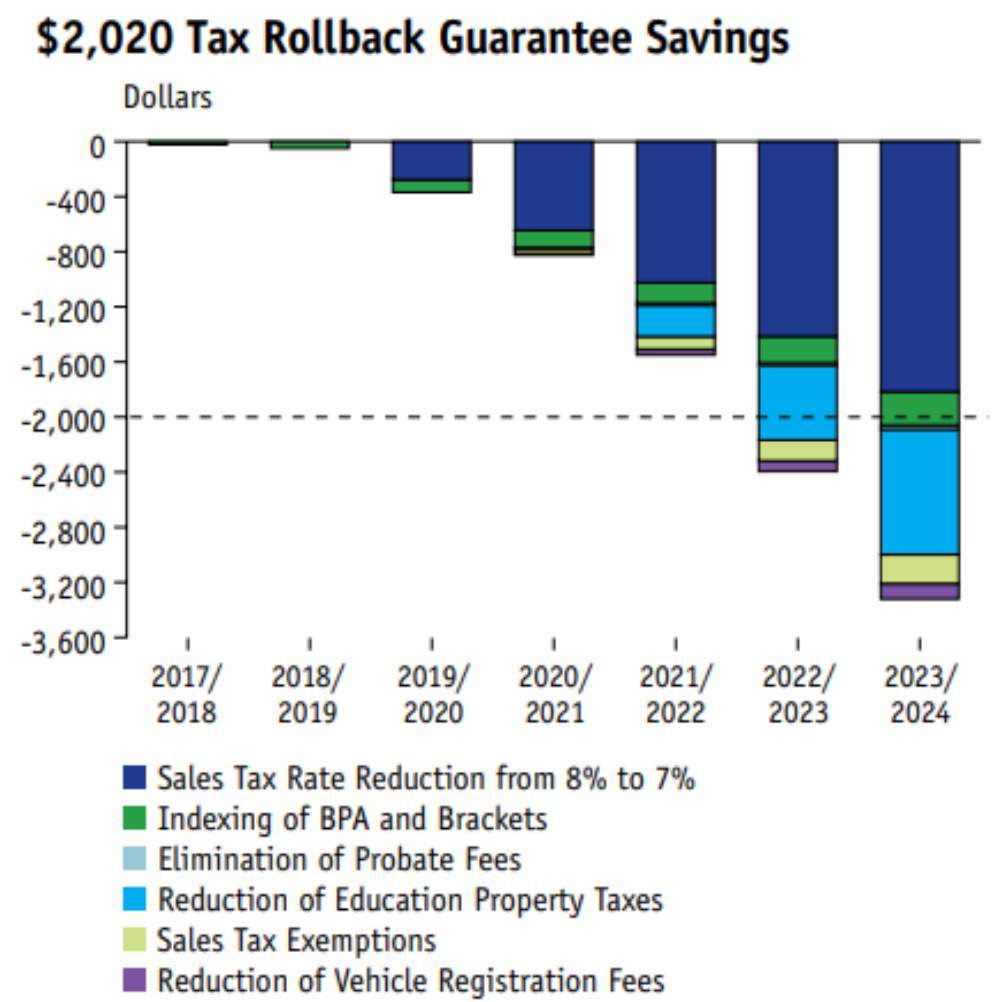
Maximum Individual Tax Savings
Annual and Cumulative



\$2,020 Tax Rollback Guarantee

In 2019, we committed to a \$2,020 Tax Rollback Guarantee by 2023/24 for every individual taxpayer in Manitoba

- We have met our commitment one year ahead of schedule in 2022/23. The savings are now worth \$2,400 for an individual or \$4,800 in a two person household.
- The Fraser Institute has named Manitoba the number one province for Tax Freedom Day, the day of the year when the average individual has earned enough money to pay their taxes. This year, Manitoba reached that day on June 4, ahead of every other province.



Engage Keeping Manitoba's Electricity Rates Low

- Over 97 per cent of the electricity generated in Manitoba comes from renewable hydroelectric power, producing virtually zero greenhouse gas emissions.

Manitoba currently has among the lowest average retail electricity rates

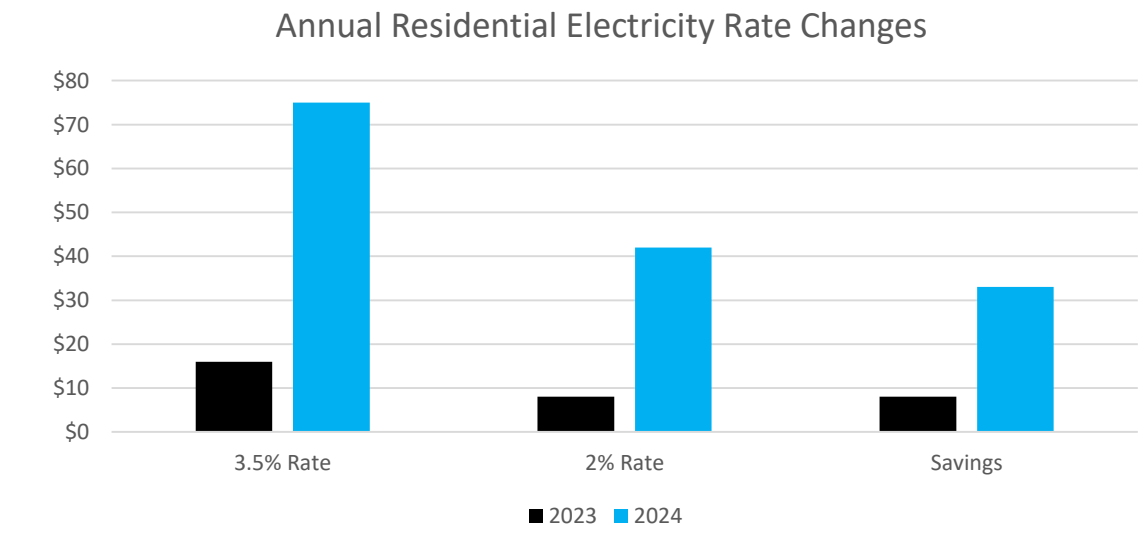
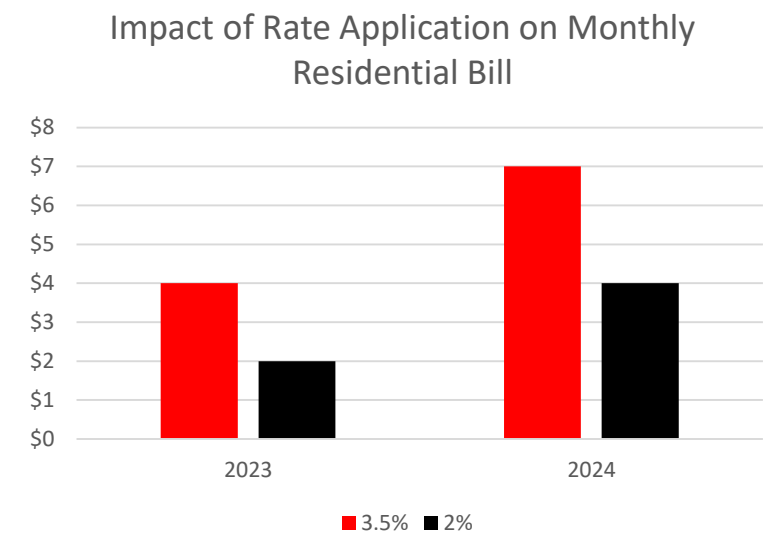
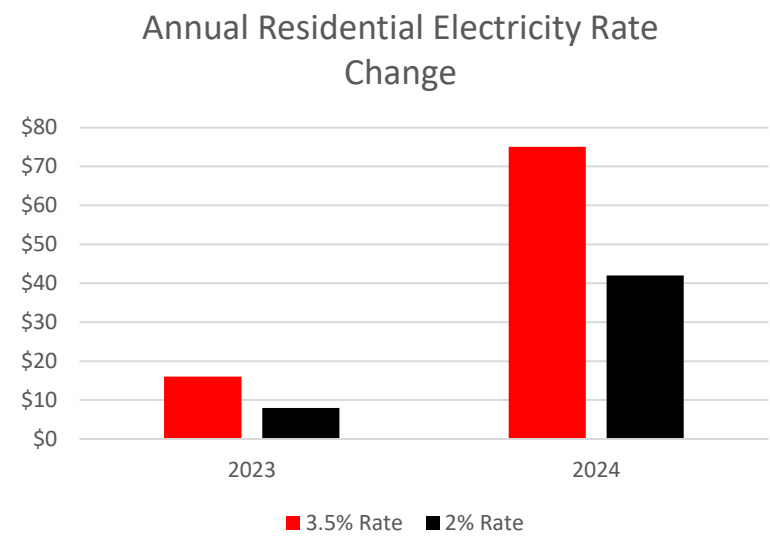
Ten Lowest Cost Provinces/States in North America



Source: US Dept of Energy (July 2021), Edison Electric Survey (July 1, 2021) Annual Reports (2020/21)
(Exchange rate as of July 2, 2021: 1 US\$ = 1.2353 Cdn)

More support through Lower Rates

- Manitoba Hydro's borrowings are \$24 billion - and approximately 40 cents of every dollar customers pay to the utility goes towards interest cost on that debt.
- To reduce Manitoba Hydro debt burden, government reduced by half, the annual payments made by Manitoba Hydro in the provincial debt guarantee and water rental fees.
- Consequently, Manitoba Hydro is now seeking a 2 per cent rate hike for the next two years instead of 3.5 per cent.
- Over the next few years the savings from these changes will total hundreds of dollars for residential customers without electric heat and far more for ones with electric heating



Conservation and Climate Fund

Awarded \$1.5 million in grants to support 14 projects throughout the province that work to help protect the environment by addressing the effects of climate change and reducing greenhouse gas emissions.

Supporting Solar Photovoltaic Systems

In 2022/23, Efficiency Manitoba will launch a new Solar Program providing incentives to Manitoba homes and businesses that install an approved grid-connected solar photovoltaic (PV) system to an existing building.

Efficiency Manitoba's Innovation Fund

The \$2.1 million Innovation Fund launched in 2022 will see the development and advancement of innovative energy efficiency technologies and strategies in Manitoba.

- Eligible projects can receive funding of up to 75 per cent of the project cost to a maximum of \$250,000 with funding available under two streams: technology demonstration or market capacity.

New Water Management Strategy

The strategy provides a comprehensive framework to conserve and protect the environment, enhance resiliency, improve water quality and availability and foster economic development opportunities, As well as support innovative solutions, best practices and new technologies to help address the shared water needs of Manitobans.

Key actions to support Manitoba's commitment to reduce emissions and contribute to ongoing national efforts to achieve net-zero emissions by 2050 include:

- Phased-out of Manitoba last coal-fired electricity generating unit and ceased operations at its Selkirk Natural gas generating facility.
- Scheduled increases to provincial biofuels mandate requirements for ethanol and biodiesel are projected to account for 10 per cent of Manitoba's one mega-tonne greenhouse gas (GHG) goal for the first Carbon Savings Account.

Engage Advancing Truth and Reconciliation

The path of truth and reconciliation is the most important journey that must be taken as a province, and as a country, to respond to the injustices of the past.

Treaty Relationship

On November 29, 2021, the first historic reading of a land acknowledgment occurred to commence house proceedings in the Manitoba legislature.

Indigenous Reconciliation Initiatives Fund

Starting next fiscal year, a \$5 million allocation will be made to advance progress on reconciliation achieved through relationship building activities as guided by the principles of respect, engagement, understanding and action in Manitoba's Path to Reconciliation Act.

Residential Schools

On June 15, 2022, Manitoba allocated \$2.5 million to begin the work to find and commemorate children who died attending residential schools, and promote collective healing and reconciliatory action.

Missing and Murdered Indigenous Women and Girls and 2SLGBTQQIA+ People

A broad engagement process involving over 40 community based organizations is ongoing to inform Manitoba's response to the National Inquiry into Missing and Murdered Indigenous Women and Girls.

Investments in Winnipeg:

- CentreVenture and the University of Winnipeg Community Renewal Corporation are undertaking development of the 2.4-acre Market Lands site just west of Winnipeg City Hall to build a \$40 million, 10-storey housing development that will be the first net-zero affordable residential high-rise in Canada.
- Investing nearly \$170 million to improve and modernize Winnipeg's public transit system.
- Neo Financial Technologies established a second headquarters in Winnipeg's Exchange District, creating 300 new positions.
- Maple Leaf Foods announced a \$182 million, 73,000-sq.-ft. expansion of its Lagimodière Boulevard facility in Winnipeg that will expand its workforce by about 350 people.
- The province previously invested \$18 million for various programs expanding home and community-based child care.
- In 2022/23, more than \$1 million from this grant, administered by the Winnipeg Chamber of Commerce, will be redirected toward a new pilot supporting newcomers in accessing employment or employment training programs by providing them with dedicated child care spaces.
- Investing more than \$167 million for the second phase of upgrades to the North End Sewage Treatment Plant in Winnipeg.

Investments in Central Manitoba:

- Canadian Premier Sands Inc. has plans to build North America's first solar glass manufacturing facility in Selkirk.
- Also in Selkirk, Charbone Corp. announced plans to build a green hydrogen fuel production facility.

Investments in Northern Manitoba:

- Vale announced a \$150 million investment to extend mining activities in Thompson by 10 years and exploration drilling to potentially extend operations past 2040.
- HudBay Minerals announced plans to expand significantly its operations in Snow Lake, having completed the refurbishment of the New Britannia mill to handle ore from its nearby Lalor mine.
- \$115 million invested in northern Manitoba under Manitoba's Clinical and Preventative Service Plan will guide improvements to access, quality and patient outcomes as well as meeting the unique needs of Manitoba communities.
- Dedicating \$10 million to the mining industry through a renewed partnership with the Manitoba Chambers of Commerce and the Manitoba Mineral Development Fund.
- Investing an additional \$5 million to improve and modernize systems that support mineral exploration and mining in Manitoba.
- Investing \$73.8 million to support a program of significant upgrades as well as the operation and maintenance of the Hudson Bay Railway. Support for this rail line will ensure future opportunities for Northern Manitoba.
- Budget 2022 provides \$900,000 to advance the development of a large area planning framework for northern Manitoba centered on community-based planning, that guides environmental licensing and Crown land resource allocation for sustainable economic development.

Investments in Western Manitoba:

- Completion of Merit Functional Foods \$150 million canola and pea processing plant. **(RM of Rosser)**
- Completion of Roquette's \$600 million pea protein production plant **(Portage la Prairie)**
- Construction in progress on O Foods' \$94 million oat processing plant **(RM of Rosser)**
- \$127 million for a new Hospital in **Neepawa**
- \$5 million for new endoscopy, chemo therapy spaces at **Dauphin Regional Health Centre**
- \$10.8 million for renovations to **Ashern's Lakeshore General Hospital**
- \$70 million to enhance health services in **Brandon**
- Avena Foods \$3 million project over three years to increase pulse processing capacity **(Portage la Prairie)**
- HyLife Foods Ltd.'s waste-water expansion to support increased pork processing **(Neepawa)**

Investments in Southern Manitoba:

- \$64.4 million expansion at the Boundary Trails Health Centre **(Winkler)**
- \$32 million expansion of the Bethesda Regional Health Centre **(Steinbach)**
- Equipment upgrades at Buffalo Creek Mills to support processing and increase export sales **(Altona)**

Investments in Eastern Manitoba:

- Parrish & Heimbecker completed a \$50 million, state of-the-art grain handling facility just outside of Dugald.
- Sio Silica Corporation (formerly CanWhite Sands Corp.) has been issued an environmental licensing to establish a silica sand extraction operation in the RM of Springfield.

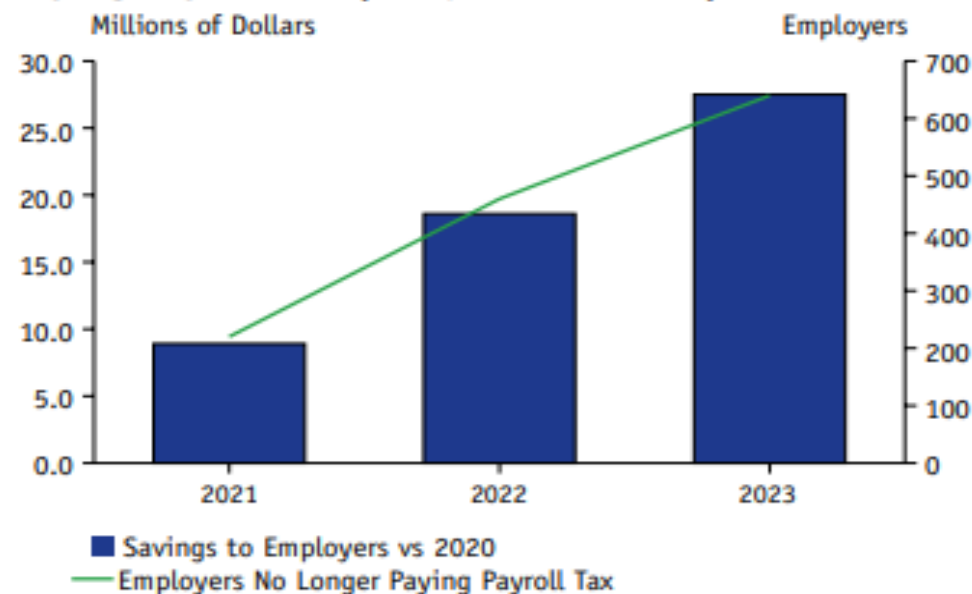


**New Parrish & Heimbecker
grain elevator, Dugald, MB
August 2020.**

Supporting Economic Recovery

- \$40 million commitment to CentrePort will stimulate high-paying jobs essential to economic growth.
- \$50 million investment in a new venture capital fund to give Manitoba companies much-needed access to equity, innovation funding and expansion capital.
- Manitoba Skills, Talent and Knowledge Strategy will advance Manitoba's economy and promote positive outcomes for Manitobans.
- Economic Development Board of Cabinet was formed in February 2022 to improve Manitoba's economic development activities by encouraging private-sector investments.
- Immigration is an economic driver that can be used to fill labour market needs that cannot be filled domestically.
 - The government is in the process of re-negotiating the Canada-Manitoba Immigration Agreement to better address Manitoba's labour market needs.

Payroll Tax Savings and Employers No Longer Paying Payroll Tax (Compared to 2020)



- As Minister of Finance I chair the Tax Competitiveness Working Group

- ✓ Over 9,000 Ukrainian nationals have already registered with Manitoba Health, far exceeding expectations.
- ✓ On a per capita basis, more Ukrainians have sought refuge in Manitoba than any other province.
- ✓ Manitoba leads the country in providing a full range of settlement supports and services to Ukrainian Temporary Residents including:
 - Meals and intake services to determine individual and family needs;
 - Temporary accommodations;
 - Access to co-ordinated public health and health care services, and the issuance of Manitoba health cards;
 - Orientation and referral services through Manitoba Start to link people to language training and workforce and employment opportunities;
 - Resources available through the Ukrainian Canadian Congress - Manitoba Provincial Council;
 - Education and child-care services and
 - Transition to more permanent housing.

Private Sector is Investing in Manitoba

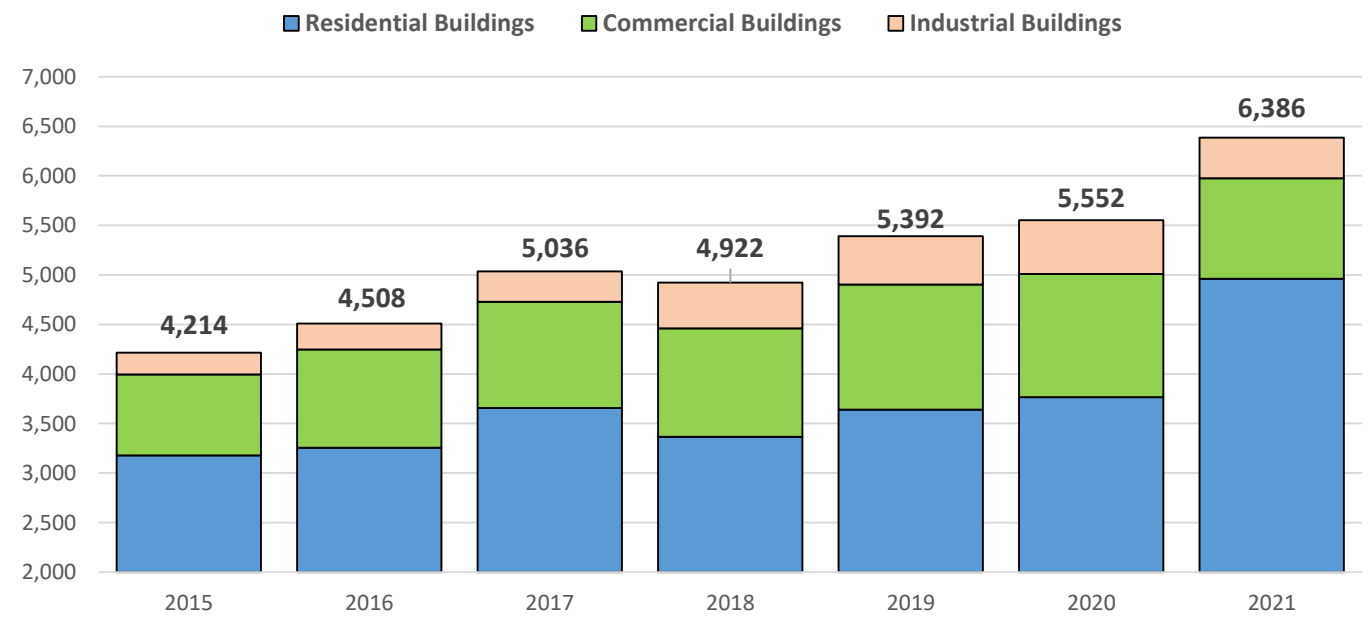
Record \$6.4 billion of private sector capital investment in residential, commercial and industrial properties in 2021

In 2021, investments increased by 15 per cent, or by \$834 million, driven by a 32 per cent increase in residential investments.

Growth increased by 7.2 per cent annually since 2016:

- Residential up 7.7 per cent annually
- Industrial up 11.1 per cent annually
- Commercial up 3.6 per cent annually

Private Sector Investment In Residential, Commercial and Industrial Buildings
(Millions of Dollars)



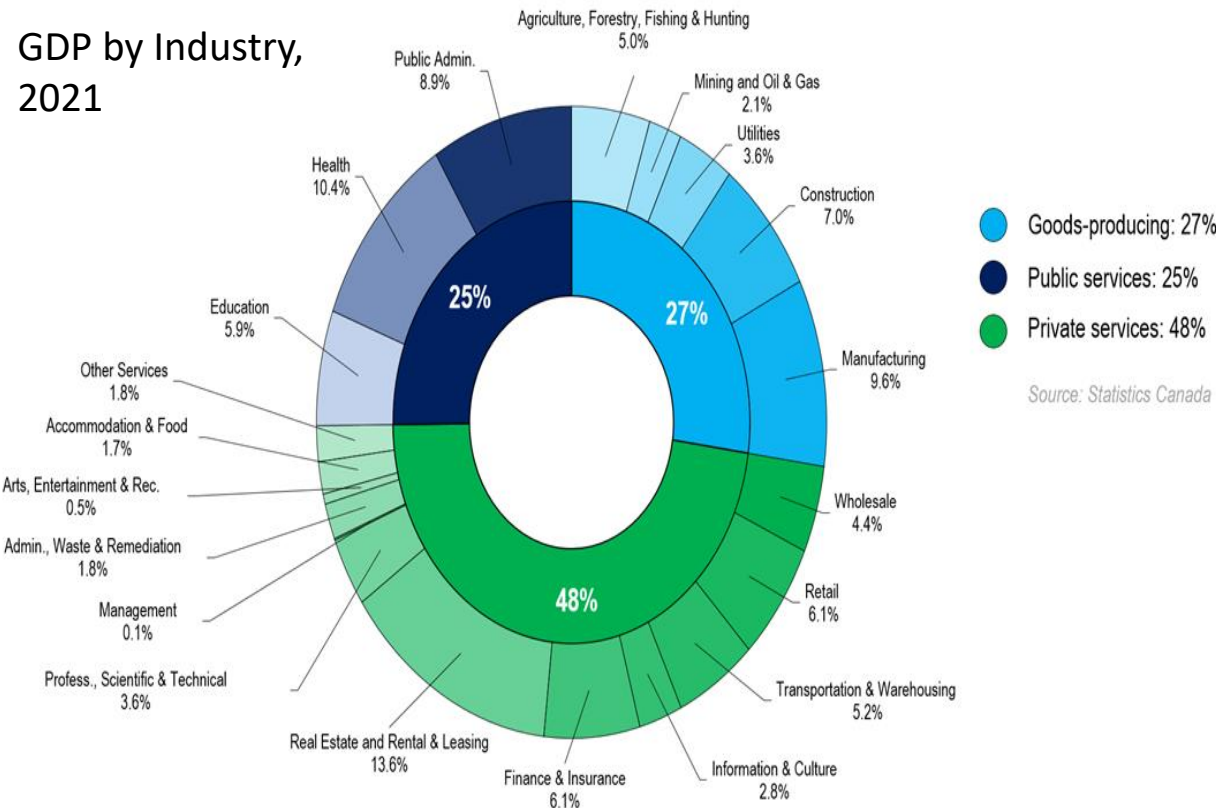
Earning Financial Credibility

- Manitoba's rating is 3rd highest on Moody's scale which means we have a superior ability to repay our short-term debt obligations while our long-term obligations are judged to be of high quality and subject to very low credit risk.
- On the S&P rating scale, we also have the 3rd highest rating which translates to having a strong capacity to meet financial commitments but somewhat susceptible to adverse economic conditions and changes in circumstances.
- On the DBRS rating scale, Manitoba is again positioned 3rd but on the (H)igher end of the scale. This outlines Manitoba having good credit quality and the capacity for the payment of financial obligations is substantial, but of slightly lesser credit quality than AA.

Province	Ratings		
	Moody's	S&P	DBRS
British Columbia	Aaa	AA+	AA(H)
Alberta	Aa3	A	AA(L)
Saskatchewan	Aa1	AA	AA(L)
Manitoba	Aa2	A+	A(H)
Ontario	Aa3	A+	AA(L)
Quebec	Aa2	AA-	AA(L)
New Brunswick	Aa2	A+	A(H)
Nova Scotia	Aa2	AA-	A(H)
PEI	Aa2	A	A
Nfld & Labrador	A1	A	A(L)

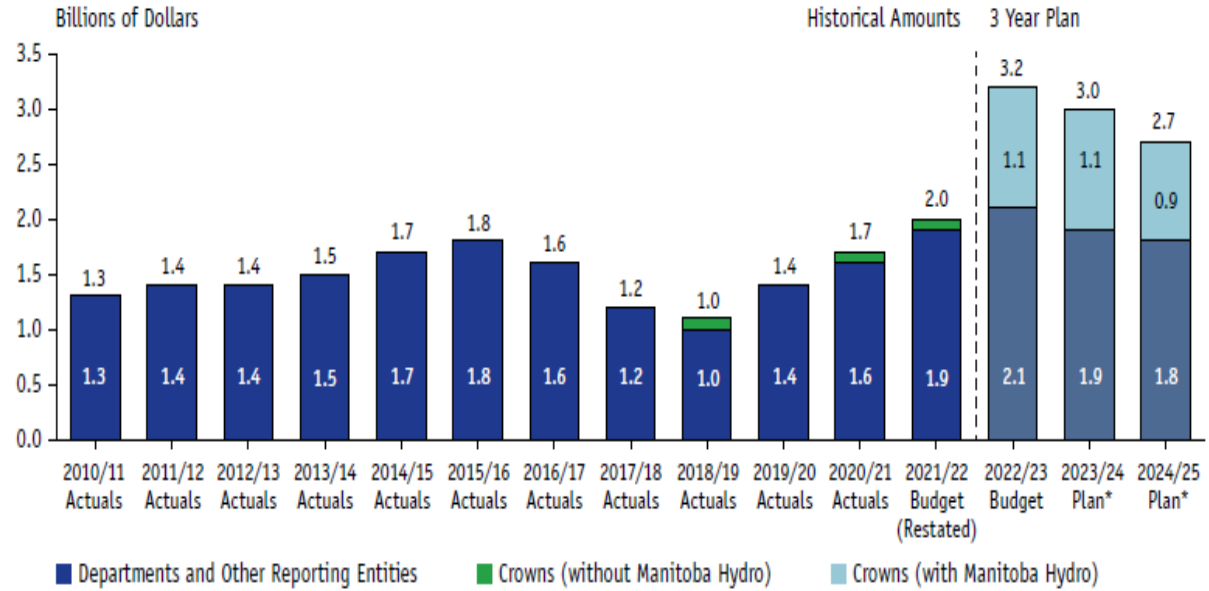
Manitoba benefits from the most balanced industrial structures among provinces

GDP by Industry, 2021



Investment in infrastructure boosts the economy, creating jobs and income for Manitobans.

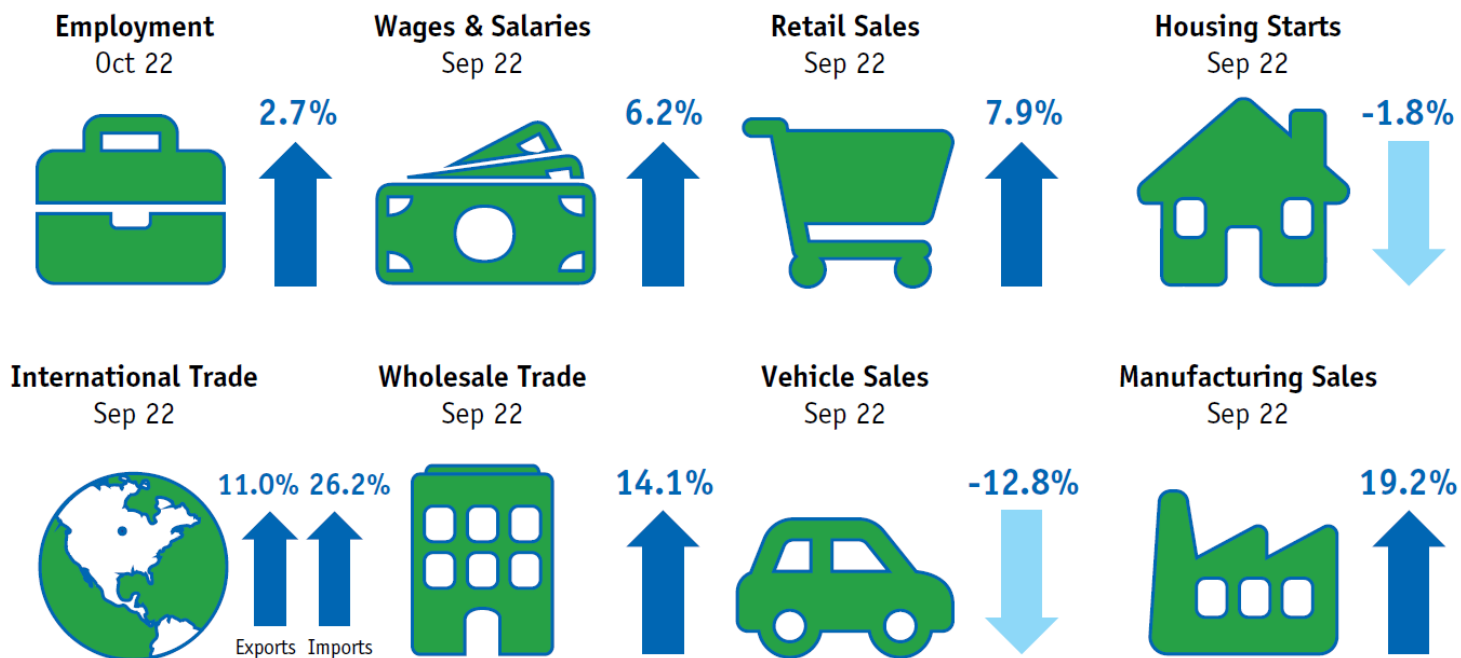
Strategic Infrastructure Plan



First three quarters of 2022 showed strong momentum in the economy following a phased re-opening of sectors in 2021.

New motor vehicle sales were an exception, as vehicle manufacturers and car dealerships struggle with smaller inventories due to the semiconductor shortage.

Manitoba Economic Indicators Trending Up, Year-to-date Growth, 2022



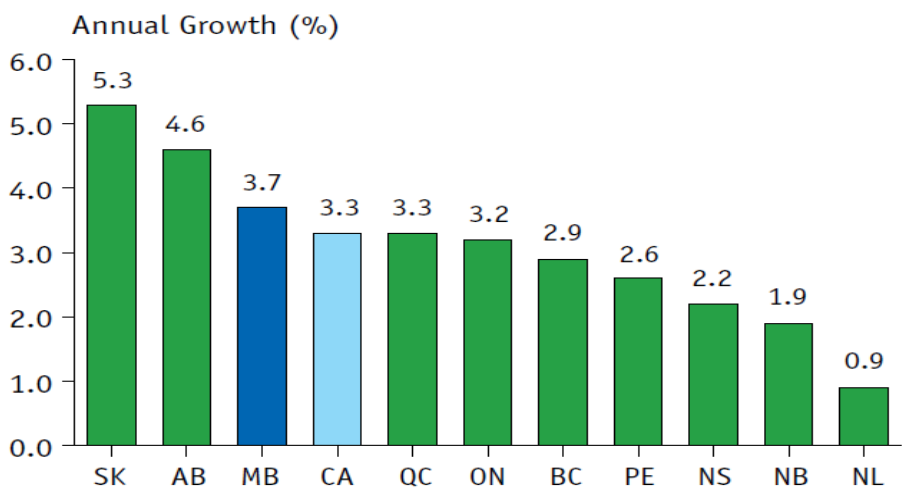
Source: Statistics Canada

Economic Growth Slowing

The brighter Manitoba economic outlook for 2022 is led by a rebound year in agriculture following drought conditions and strong pent-up demand conditions.

The 2022/23 Mid-Year Report expects real gross domestic product (GDP) to slow from 3.7 per cent in 2022 to 1.4 per cent in 2023.

Projected Real GDP Growth (%), 2022, Provinces & Canada



Source: Manitoba Finance Survey of Economic Forecasts

Manitoba Economic Outlook at a Glance

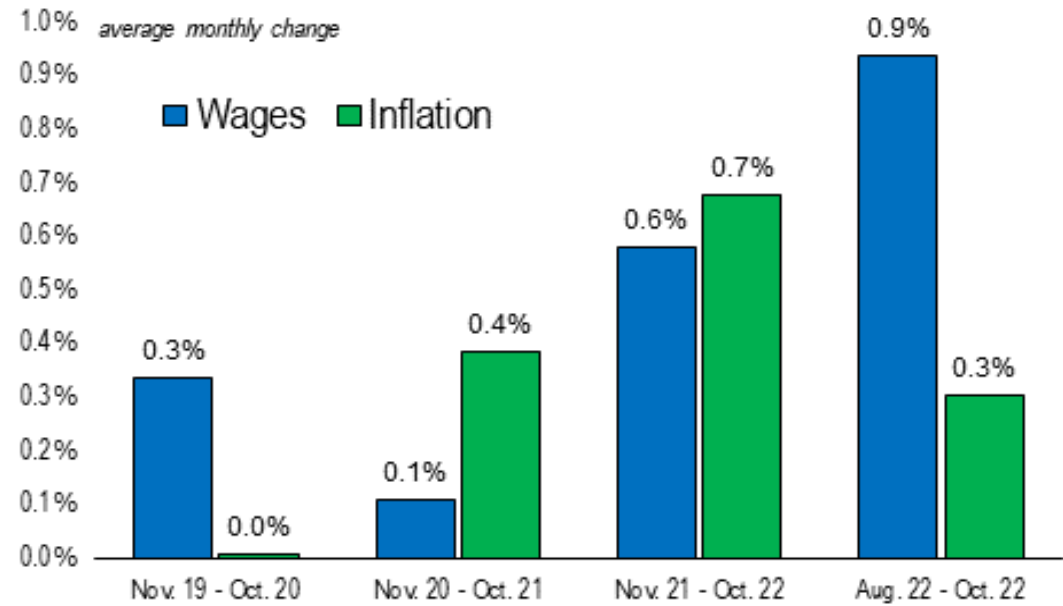
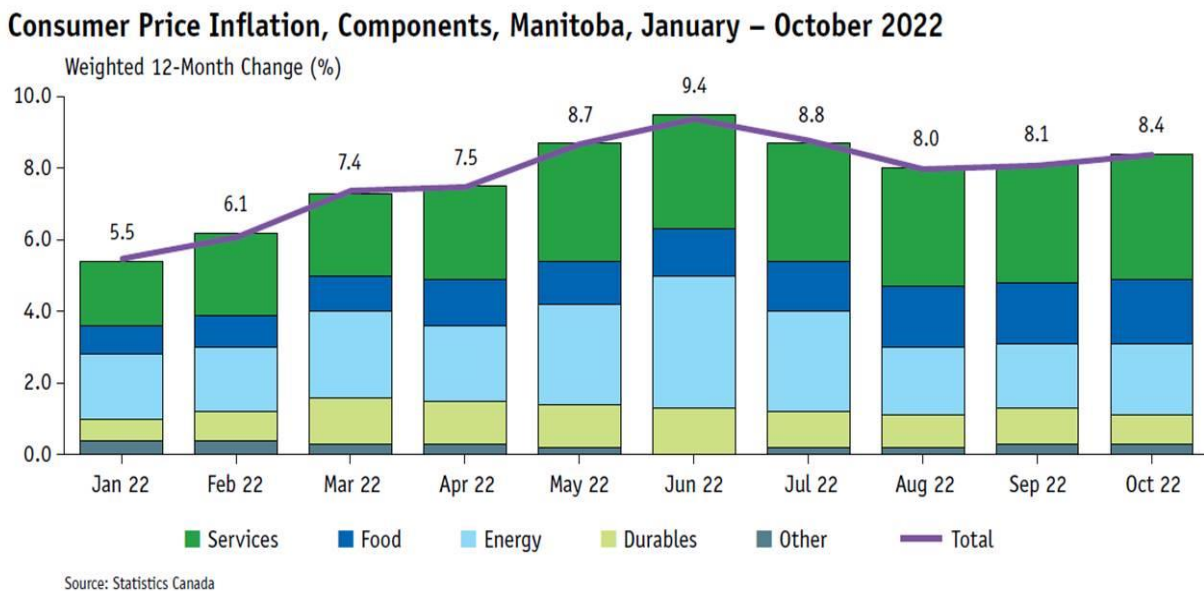
	2022 Forecast			2023 Forecast		
	Mid-Year Report	Budget 2022	First Quarter Report	Mid-Year Report	Budget 2022	First Quarter Report
Gross Domestic Product						
Real	3.7	3.6	4.1	1.4	2.8	1.9
Nominal	9.6	5.8	9.5	3.2	4.4	3.8
Consumer Price Index	7.5	3.9	7.0	3.7	2.5	3.3
Employment	2.5	2.3	2.9	0.5	1.2	0.9
Unemployment Rate (%)	4.7	5.2	4.7	5.2	5.0	4.9
Population	1.2	0.9	1.1	1.0	1.0	1.2

per cent change unless otherwise noted
Source: Manitoba Finance Survey of Economic Forecasts
Updated: November 22, 2022

Manitoba’s projected economic growth ranks third highest in the country – behind Saskatchewan and Alberta – and best amongst non-resource based provinces.

- Inflation is expected to remain elevated in 2023 averaging 3.7 per cent.
- Year-to-date inflation and wage growth is 7.8 per cent and 3.0 per cent, respectively.
- From November 2020, inflation has outpaced the average increase in wages.
- However, as Manitoba is moving forward, the wages are beginning to catch up

Prices for energy and services driving inflation



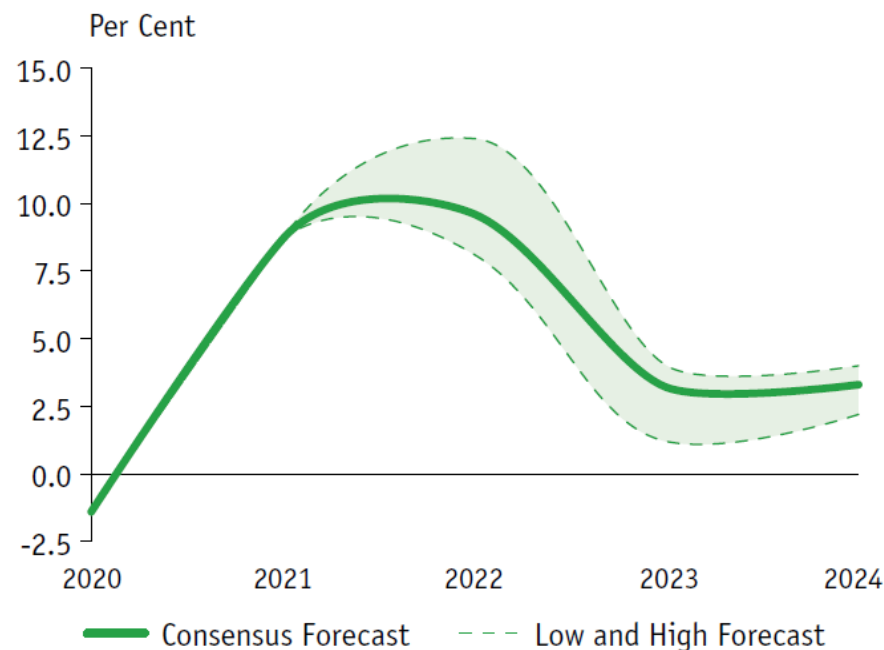
The chart shows the progression in the Nominal GDP economic forecast over time, comparing forecasts in 2022 through to 2024.

Elevated consumer prices and growing incomes are pushing up nominal GDP growth expectations.

The main downside risk is the Bank of Canada's future monetary policy with higher interest rates increasing costs of borrowing for items like mortgages and government debt servicing costs.

Forecast growth for 2023 is weakening since Budget 2022

Range of Nominal GDP Forecasts, Manitoba, 2022-2024



Source: Manitoba Finance Survey of Economic Forecasts

Recession Resistant Exports

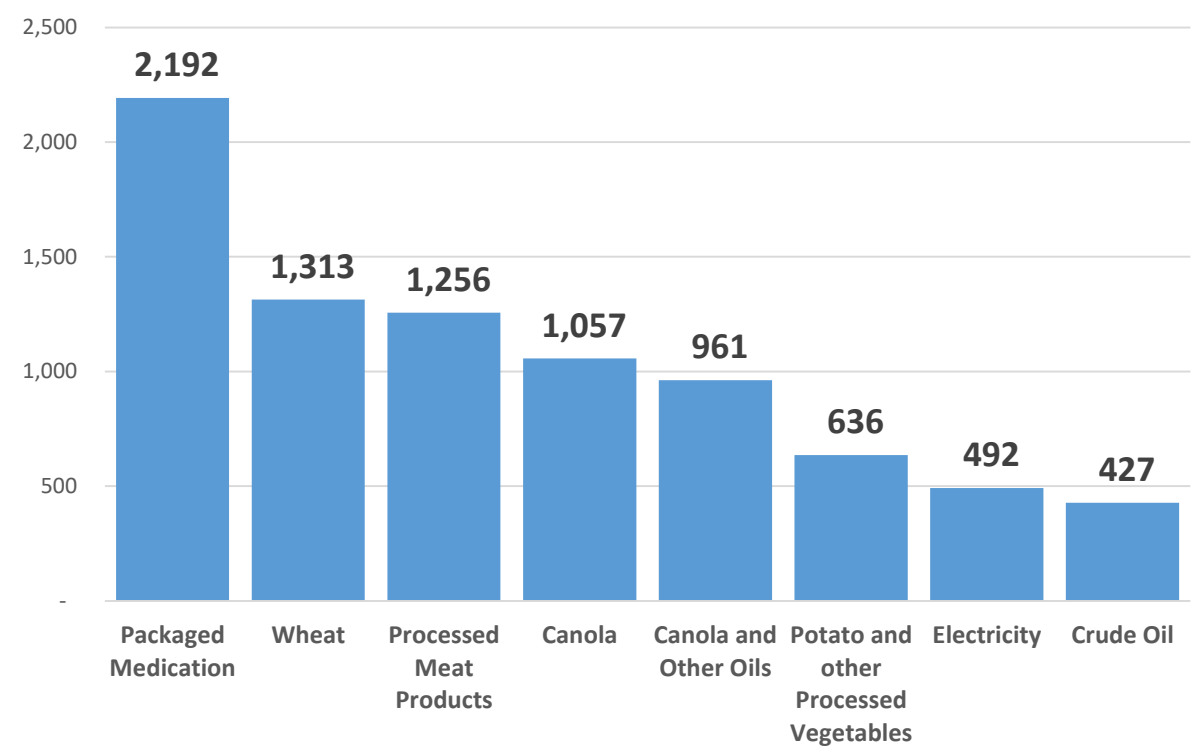
Manitoba's major exports include:

- Medication
- Agricultural Crops
- Processed Meat Products
- Processed Potatoes and vegetable products
- Energy (Hydro and Crude Oil)

Manitoba exports are somewhat less exposed to large business cycle swings

Top 8 International Exports in 2021

(Million of Dollars)



Engage Looking Forward to 2023

Manitoba has accomplished a lot over the last year. A record number of investments and capital projects announced along with a strong fiscal showing. Looking ahead to 2023, we have much to be optimistic about as a Province.

- School Tax Rebate for residential and farm property owners increase from 37.5 per cent in 2022 to 50 per cent in 2023. This increases the savings for an average homeowner from \$387 in 2021 to \$581 in 2022 and to \$774 in 2023. The total of the anticipated rebates are more than \$453 million in 2023 and \$1 billion over 2021 to 2023.
- Tax and fee reductions enacted since 2016 are now worth \$1.2B annually. Once school taxes are fully eliminated the annual tax savings for businesses and households will total over \$2 billion annually.
- Minimum wage is projected to reach \$15 on October 1. This represents a 25.5 per cent increase in the minimum wage since October 1, 2022.
- Manitobans can expect to see real tangible results from the investments that our government has made in healthcare and infrastructure in the next and the following years.
- Our government committed to do even more to help make life more affordable for all Manitobans, with a pledge to continue to look at new supports as they are needed.

Budget 2023 Your Input

?

- We want to hear from you, your ideas and suggestions on how to address our challenges in areas like healthcare, education, social services, the economy and reconciliation.
- Ideas you provide will help Manitobans get ahead while making our economy stronger and ensuring our core services are efficient and affordable over the long term.