



A balanced economy with consistent long-term growth

The Manitoba economy has a broad range of medium-sized industries. Economic production and jobs in the provinces are not focused on one particular sector or area. Economic development in Manitoba is balanced by growth across different sectors. By steadying the boom and bust period of economic growth, Manitoba has generated the most consistent long-term average rate of growth in most key economic indicators, including real GDP and employment.

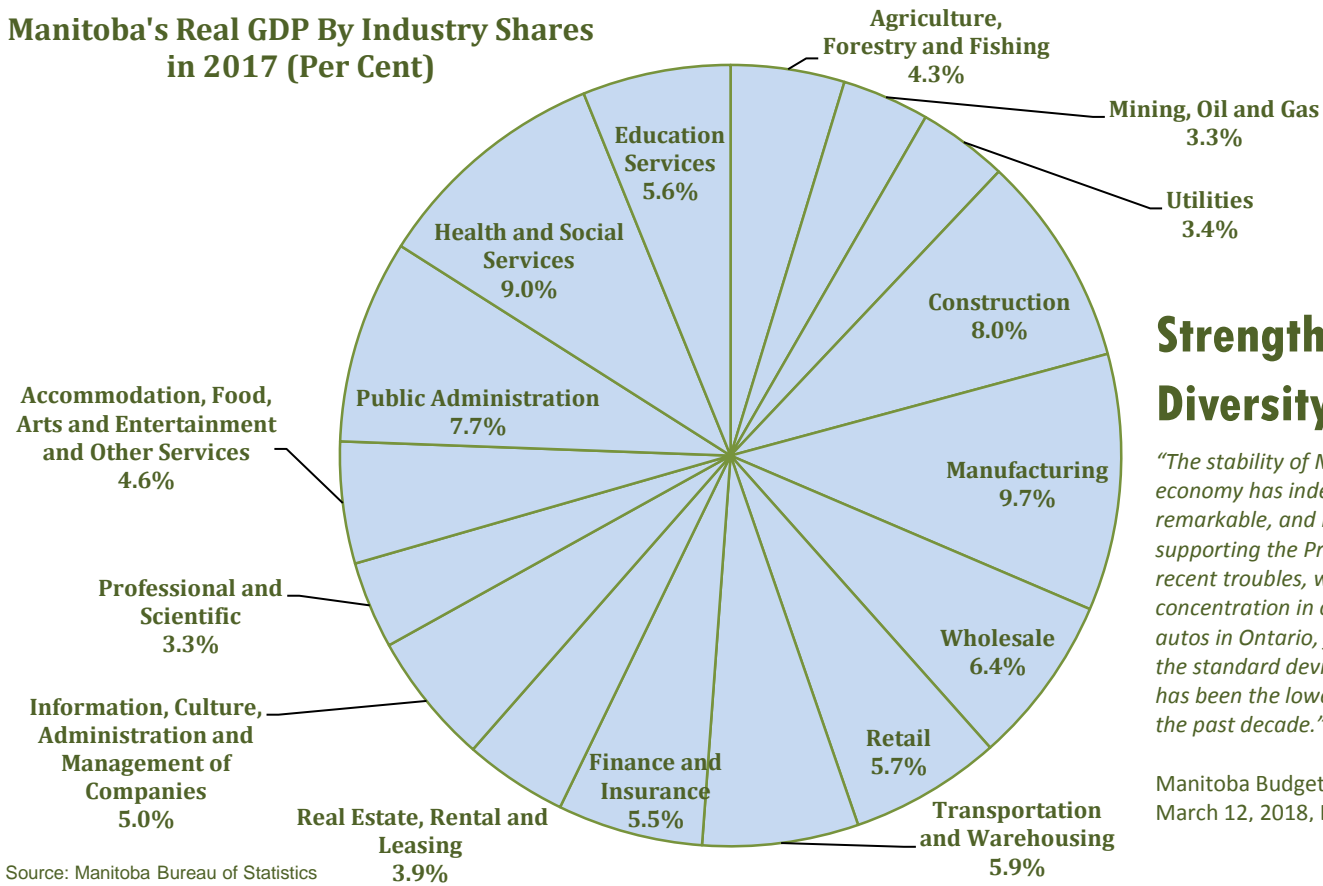
The strength of the economy extends beyond its diverse economic base. Centrally located in North America, the province has a recognized and extensive manufacturing sector, wholesale trade sector and a transportation and warehousing network that produces and distributes commodities, goods and services across Canada and globally. Almost half of Manitoba exports are destined for foreign markets while the other half are destined for provincial markets in Canada. Manitoba's distribution of export sales is the most balanced among provinces.

Highlights:

- Manitoba's real GDP growth improved from a low of 1.2% in 2015 to 2.5% in 2017, the highest since 2013.
- Manitoba government's financial results were better than budgeted in 2016/17 and in 2017/18. Given an improved base, the medium term outlook was revised up in the last provincial budget.
- Manitoba is attracting a record number of skilled workers, entrepreneurs and their families to the province.
- Manitoba's labour market is notable for low unemployment rate and high labour force participation.
- The increase in population and corresponding increase in domestic demand is supporting a record or near record level of capital investment on commercial, industrial and residential properties.
- Manitoba housing prices averaged \$287,330 in 2017, among the most affordable in Canada.
- Competitive residential and non-residential property values combined with some of the lowest electricity rates in North America, provides for a cost-effective and prime location for households and businesses.



Manitoba's Real GDP By Industry Shares in 2017 (Per Cent)



Strength in Diversity

"The stability of Manitoba's diverse economy has indeed been quite remarkable, and is one factor supporting the Province's credit despite recent troubles, with no outsized concentration in one industry (such as autos in Ontario, for example). In fact, the standard deviation of GDP growth has been the lowest in the country over the past decade."

Manitoba Budget Highlights - March 12, 2018, BMO Capital Markets

Source: Manitoba Bureau of Statistics

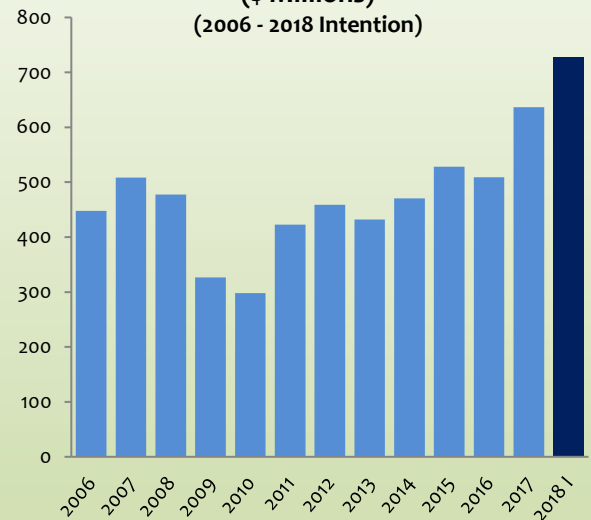
Expanding Productive Capacity in Manufacturing

Central geographical location, close proximity to markets for a diverse range of crops and livestock, strong agronomic environment, skilled employee base and a competitive cost environment are supporting a broad expansion of value added food processing in manufacturing. Manufacturing is Manitoba's largest industry.

- HyLife is modernizing and expanding its Integrated Pork Production and Processing System. The \$176 million investment plan has increased processing capacity by 100,000 square feet and added two new finisher sites to supply the new facility. Plans are underway for two more finisher sites in the province.
- Roquette is constructing the world's largest pea-protein processing facility in Manitoba. The \$400 million facility will have a capacity to process 120,000 tonnes of Canadian grown peas annually.
- Simplot announced a \$460 million plan to more than double its food processing capacity (from 180,000 to 460,000 square feet) for frozen french fries and formed potatoes.

Capital Investment in Manufacturing Capacity

(\$ Millions)
(2006 - 2018 Intention)



I = Capital spending intentions for 2018
Source: Statistics Canada

These facilities not only provide opportunities for farm diversification and employment, especially in rural areas, they will broaden the export base and enable Manitoba's agriculture sector to improve competitiveness and profitability.



Competitive Business Environment

Manitoba has a 0% income tax rate for small businesses (income up to \$500,000 in 2019), the lowest among provinces.

At 12% Manitoba's general corporate income tax rate is lower than the Canadian provincial average (14%).

The combined Manitoba and federal general corporate income tax rate of 27% is comparable to the median of our ten largest U.S. state trading partners.

Manitoba's sales tax rate is lower than most provinces in Canada. The retail sales tax rate in Manitoba will be lowered from 8% to 7% by 2020.

Personal income tax brackets and the Basic Personal Amount were indexed to the rate of inflation in Budget 2016.

Manitoba has a number of targeted corporate and community development tax credits to support economic growth in the province.

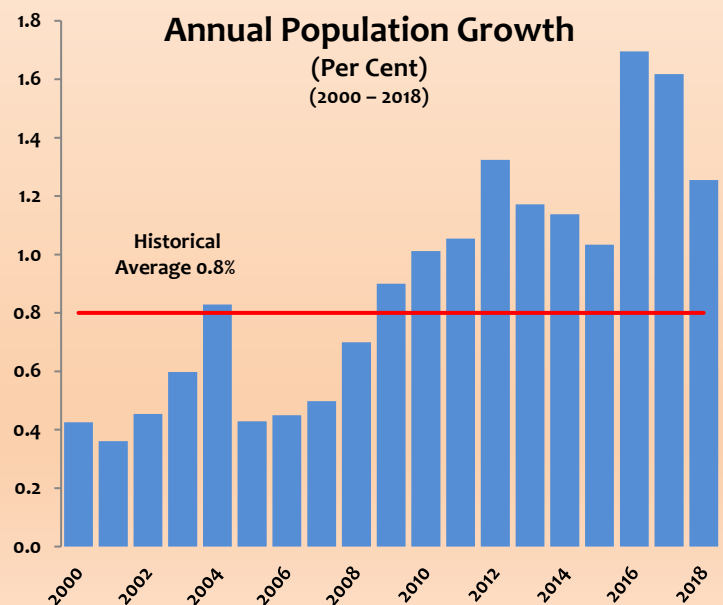
- **Manitoba Manufacturing Investment Tax Credit** for plant and equipment investment for first-time use in Manitoba.
- **Manitoba Research & Development Tax Credit** for scientific research and experimental development.
- **Manitoba Film and Video Production Tax Credit** for eligible production expenditures including eligible labour expenses.
- **Small Business Venture Capital Tax Credit** promotes local investment in emerging small and medium-sized business in Manitoba.
- **Interactive Digital Media Production Tax Credit** for companies that develop and produce interactive digital media projects in Manitoba.

Supporting Labour Market Needs

Manitoba Provincial Nominee Program has been very successful in boosting the working age population by utilizing immigration to recruit for labour market and entrepreneurial needs.

Manitoba's annual average rate of population growth has been higher than Canada since 2007.

In 2017, working age population surpassed 1,000,000 individuals for the first time.



Key Economic Indicators

(% change unless otherwise)

	2015	2016	2017	2018F	2019F
Real GDP	1.2	1.7	2.5	1.8	1.7
Nominal GDP	3.3	1.7	4.5	3.7	3.7
Employment	1.5	-0.4	1.7	0.5	0.8
Unemployment rate (%)	5.6	6.1	5.4	5.9	5.7
Population	1.0	1.7	1.6	1.3	1.3
Inflation	1.2	1.3	1.6	2.6	2.1

F – Forecast (As at October, 2018)

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



Improving Budgetary Performance

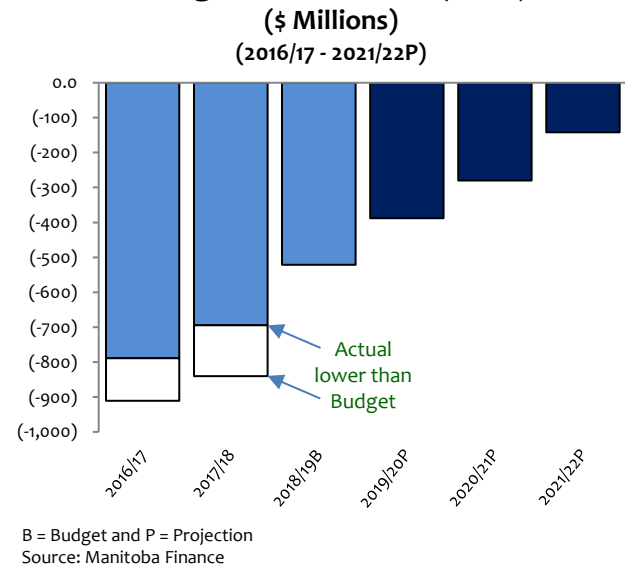
The Province of Manitoba budget balance was above expectation for the second year in a row:

- Budget 2016, tabled a deficit of \$911 million. Audited results show a deficit of \$798 million, \$122 million lower.
- Budget 2017, tabled a deficit of \$840 million. Audited results show a deficit of \$695 million, \$145 million lower.

The current budget tables a \$521 million deficit for 2018/19, a \$174 million improvement from the previous fiscal year.

Continued improvement in the province's medium-term fiscal position is due a strategy that balances responsible expenditure management practice with supporting tax relief for Manitobans.

Province of Manitoba Summary Budget Net Income (Loss)



Quick Facts

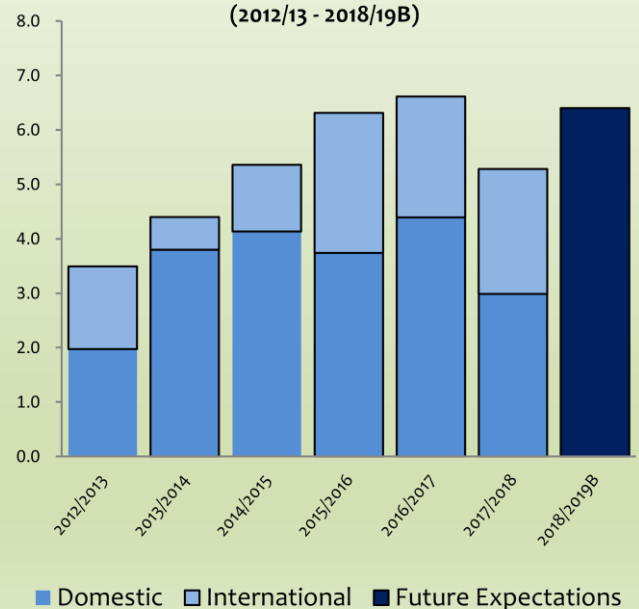
Premier:	The Honourable Brian Pallister
Minister of Finance:	Honourable Scott Fielding
Governing Party:	Progressive Conservative Party of Manitoba
Next General Election:	October 6, 2020
Capital City:	Winnipeg
Population (2018):	1,352,154
Nominal Gross Domestic Product (2018 Forecast):	\$73.1 billion
Quick Links	
Manitoba Finance:	
http://www.gov.mb.ca/finance/	
Manitoba Finance Economic Highlights:	
http://www.gov.mb.ca/finance/pubs/highlights.pdf	
Manitoba Finance Economic Statistics:	
http://www.gov.mb.ca/finance/pubs/statistics.pdf	
Manitoba's Provincial Budget:	
https://www.gov.mb.ca/budget2018/index.html	

Borrowing Program

Province of Manitoba borrowing requirements with respect to both general and self-sustaining annual borrowings is estimated at \$6.4 billion in 2018/19B.

Province of Manitoba Borrowing (\$ Millions)

(2012/13 - 2018/19B)



B = Budget
Source: Manitoba Finance

