

HISTORIC HELP FOR MANITOBANS

2023/24 First Quarter Report
Fiscal and Economic Update

July 2023

Budget 2023 Focuses on: Historic Help for Manitobans



Budget 2023 is investing nearly \$2-billion in new funding to provide historic help for Manitobans with across the board funding increases in all 19 government departments.

Fiscal position unchanged in the First Quarter of 2023/24

- First quarter deficit forecast on budget at \$363-million
- No change in summary net debt

2023/24 First Quarter Fiscal Update

	Forecast	Budget	Change
	(Millions of Dollars)		
Revenue	21,534	21,514	20
Expense	21,897	21,877	20
Net Income (Loss)	(363)	(363)	-
Summary Net Debt	31,057	31,057	-
Net Debt to GDP	34.6%	34.6%	-

Revenues and Expenditures are both forecast to increase by \$20-million:

- One-time increase in federal transfers for the Labour Market Transfer Agreement with corresponding increase in expenditures
- No change in deficit forecast
- Risk of Hydro not meeting budgeted net income mitigated by \$200-million revenue contingency



Historic Help for Manitobans

Providing historic help to make life more affordable for Manitobans was the focus of Budget 2023 and remains of critical importance to our government. We've implemented several measures to help you keep more of your money in your pocket:



- ✓ increased Basic Personal Amount to \$15,000, saving the average two-income family more than \$1,000 this year compared to 2022
- ✓ adjusted Manitoba tax bracket thresholds to \$47,000 and \$100,000, saving the average two-income family more than \$1,250 in 2024 when combined with the Basic Personal Amount
- ✓ increased the School Tax Rebate for residential and farm properties to 50%, saving the average homeowner \$774 this year
- ✓ reducing payments charged to Manitoba Hydro, saving Manitoba Hydro and rate payers more than \$4-billion over the next 20 years





Safer Streets

We've taken a balanced approach to crime that addresses root causes like homelessness, addiction challenges and mental health issues, while also getting tough on violent crime and violent criminals with the following actions:

- ✓ adding 29 Crown attorneys to prosecute violent criminals
- ✓ our two-year, \$51.8-million Violent Crime Strategy is enhancing policing and public safety initiatives to crack down on crime
- ✓ investing nearly \$3.4-million to develop 400 new community-based social housing units this year, through rent supplement agreements
- ✓ increasing funding for overnight shelters
- ✓ funding 1,648 new addictions treatment spaces – surpassing target of 1,000





Healing Health Care

We're making historic investments to heal health care for Manitobans:

- ✓ significant reduction in pandemic-induced backlogs, allowing Diagnostic and Surgical Recovery Task Force to shift focus to building health-system capacity
- ✓ implemented 12 initiatives under the Health Human Resource Action Plan to support retention, training and recruitment with more initiatives coming – 1,500 new hires to date
- ✓ constructing several capital projects across the province as part of the Clinical and Preventative Services Plan
- ✓ advancing six personal care home projects that will add approximately 670 beds to planning stage



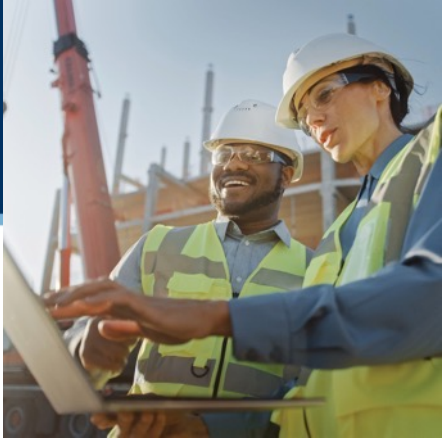


Stronger Communities

We're investing hundreds of millions of dollars to renew vital infrastructure and support communities including:

- ✓ over 31,000 Manitoba children now have access to \$10-a-day child care – achieved 3 years ahead of target
- ✓ 60% of the 43 actions in the five-year K to 12 Education Action Plan are already completed or underway
- ✓ adding one million square feet of learning space through capital projects
- ✓ expanding child-care spaces
- ✓ largest single investment in Community Living disABILITY services since the program's inception





Opportunities Ahead

We're making historic investments in infrastructure and other initiatives that will transform Manitoba into a global trade and transportation corridor:

- ✓ access-controlled perimeter highway freeway system
- ✓ investing in national trade corridors
- ✓ increased the payroll tax exemption and the reduced rate threshold
- ✓ launched suite of programs under the new Sustainable Canadian Agricultural Partnership
- ✓ supporting businesses through launch of new Communities Economic Development Fund Business Loan Program, \$20-million investment to support economic development and investment attraction and \$10-million in the Labour Market Fund to deliver new and enhanced training for high demand areas of the labour market

Manitoba Economy Surpassing Expectations in 2023

- ✓ more Manitobans working than ever before – averaging over 690,000 jobs in 2023
- ✓ full-time employment is up 4.2% in the first half of 2023, the highest among provinces
- ✓ Manitoba has the lowest unemployment rate in Canada at 4.3% in June 2023
- ✓ Manitobans spent a record \$26.4-billion on retail sales in 2022, up 8.6%, third highest among provinces. Sales are up another 5.5% through May 2023
- ✓ manufacturing sales are up 10.4% in 2023, highest among provinces
- ✓ Manitoba farmers cash receipts reached a \$9.7-billion milestone in 2022 and have further increased by 17.2% in the first quarter of 2023, third highest among provinces
- ✓ international exports are up 18.7% in 2023, second highest among provinces
- ✓ labour income is up 7.3% in 2023, third highest among provinces

Manitoba Economic Outlook at a Glance

Despite higher interest rates, the Manitoba economy showed unexpectedly solid gains in the first half of 2023, with sales from retail, wholesale and manufacturing sectors continuing to increase at a steady pace.

Persistently-high inflation combined with ongoing increases in interest rates are expected to slow growth in the second half of 2023 and into 2024.

	Budget 2023	Q1 Report	Budget 2023	Q1 Report
	2023F	2023F	2024F	2024F
Gross Domestic Product				
Real	0.7	1.7	1.1	0.9
Nominal	2.2	3.9	3.0	2.7
Consumer Price Index	3.8	3.9	2.2	2.3
Employment	0.4	1.8	0.8	0.8
Unemployment Rate (%)	5.4	4.9	5.9	5.4
Population	1.0	1.6	1.0	1.3

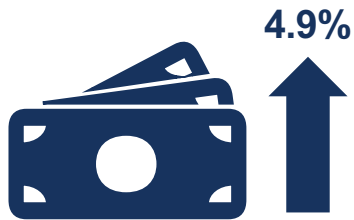
per cent change unless otherwise noted

Source: Manitoba Finance Survey of Economic Forecasts

Economic Update

Manitoba Economic Indicators, Year-to-date Growth, 2023

Avg. Weekly Earnings
April 2023



Employment
Jun 2023



Building Permits
May 2023



Manufacturing Sales
May 2023



Retail Sales
May 2023



CPI
Jun 2023



Farm Cash Receipts
Q1 2023



International Exports
May 2023



Housing Starts
Q1 2023



New Motor Vehicle Sales
May 2023



For up-to-date economic information, please visit the Manitoba Finance's [Economic Recovery Dashboard](#).
For further detail on Budget 2023 initiatives that are underway, please visit [2023/24 First Quarter Report Backgrounder](#).

Source: Statistics Canada

