

Responsible Recovery

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PROVINCE OF MANITOBA

ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, 2018

PROVINCE DU MANITOBA

RAPPORT ANNUEL

POUR L'EXERCICE TERMINÉ LE 31 MARS 2018

INCLUDES:

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DES ÉTATS FINANCIERS

VOLUME 1 DES COMPTES PUBLICS



**MINISTER OF
FINANCE**

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

Her Honour the Honourable Janice C. Filmon, C.M., O.M.
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of the Province of Manitoba for the year ended March 31, 2018. This document completes the government's accountability reporting for the year. The Report includes a review of the year's results relative to the government's budget. It also contains economic statistics and indicators of the financial health of the Province.

Included in this Annual Report is Volume 1 of the Public Accounts. The Public Accounts contain the summary financial statements of the government reporting entity and management's financial statement discussion and analysis report.

A handwritten signature in black ink, reading "Scott Fielding".

Honourable Scott Fielding
Minister of Finance

Office of the Minister of Finance
September 2018



**MINISTER OF
FINANCE**

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

Son Honneur Janice C. Filmon, P.C., O.M.
Lieutenant-gouverneure de la province du Manitoba

Votre Honneur,

J'ai le privilège de vous présenter, à titre informatif, le rapport annuel de la province du Manitoba pour l'exercice qui s'est terminé le 31 mars 2018. Ce document complète le compte rendu des activités du gouvernement pour cet exercice. Le rapport comprend une récapitulation des résultats de l'exercice par rapport au budget du gouvernement. Il contient également des statistiques économiques et des indicateurs de la santé financière de la province.

Ce rapport annuel inclut le Volume 1 des comptes publics. Les comptes publics contiennent les états financiers sommaires de l'entité comptable du gouvernement, ainsi que les commentaires et analyses de la direction à ce sujet.



Monsieur Scott Fielding
Ministère des Finances

Cabinet du ministre des Finances
Septembre 2018

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YEAR-END REVIEW



I am pleased to present the Government of Manitoba's Annual Report for the fiscal year ended March 31, 2018. This report contains the financial statements for the year and reports of fiscal and economic performance.

I am also proud to report that our government has succeeded in our efforts to control expenditures for the second consecutive year. In fact, we did better than the ambitious targets we set for ourselves in Budget 2017. The summary financial statements show a net loss of \$695 million for the fiscal year ended March 31, 2018. That is \$145 million below the \$840 million deficit that was estimated at the beginning of the fiscal year.

We have surpassed our targets under Manitoba's balanced budget law, which required our government to reduce the summary deficit by \$100 million this year. We have also contributed an additional \$50 million into the Rainy Day Fund, which is five times the amount originally budgeted.

Manitoba's economy remains stable and, bolstered by significant growth in private capital investment throughout our province, improved moderately from the previous fiscal year. This has provided the necessary resiliency to withstand a \$220 million reduction in provincial income tax revenues, caused by the federal government's recent amendments to the Income Tax Act.

As indicated at the time of our third quarter report, these statements move forward with measures to reduce externally-driven volatility in our summary statements by properly valuing assets that were previously overvalued and by recording liabilities in a more responsible, accurate manner.

Though many challenges remain on the path to fiscal sustainability, we are tremendously proud of the progress we have made since forming government two years ago. We remain on target to reduce the provincial sales tax before the end of our first term and to return to balanced budgets in our second term.

Respectfully submitted,
Honourable Scott Fielding
Minister of Finance

BILAN DE L'ANNÉE

Je suis heureux de présenter le rapport annuel du gouvernement du Manitoba pour l'exercice financier qui s'est terminé le 31 mars 2018. Le présent rapport contient les états financiers pour l'exercice ainsi que les rapports sur les résultats financiers et économiques du gouvernement.

Je suis également fier de signaler que notre gouvernement a réussi dans ses efforts visant le contrôle des dépenses, pour la deuxième année consécutive. En fait, nous avons même dépassé les objectifs ambitieux que nous nous étions fixés dans le Budget de 2017. Les états financiers sommaires montrent une perte nette de 695 millions de dollars pour l'exercice qui s'est terminé le 31 mars 2018. Cette somme est inférieure de 145 millions de dollars au déficit qui avait été estimé au début de l'exercice (840 millions de dollars).

Nous avons dépassé les objectifs définis dans le cadre des mesures législatives sur l'équilibre budgétaire, qui exigeaient de notre gouvernement qu'il réduise son déficit sommaire de 100 millions de dollars cette année. Nous avons également alloué une somme additionnelle de 50 millions de dollars au fonds jour de pluie, soit cinq fois le montant initialement prévu.

L'économie du Manitoba reste stable. Soutenue par une croissance importante des investissements privés en immobilisations dans toute la province, elle s'est légèrement améliorée par rapport à l'exercice précédent. Cela nous a permis de résister à une réduction de 220 millions de dollars des recettes tirées de l'impôt sur le revenu provincial qui a été causée par des changements récemment apportés par le gouvernement fédéral à la Loi de l'impôt sur le revenu.

Comme nous l'avons indiqué dans notre rapport du troisième trimestre, ces états mettent en œuvre des mesures visant à réduire la volatilité des états sommaires d'origine externe en évaluant correctement les éléments d'actif qui avaient été surévalués et en enregistrant l'actif et le passif de manière plus responsable et exacte.

Bien que de nombreux obstacles demeurent sur le chemin vers la durabilité financière, nous sommes extrêmement fiers des progrès accomplis depuis la formation de notre gouvernement il y a deux ans. Nous restons sur la bonne voie en vue de réduire la taxe de vente provinciale avant la fin de notre premier mandat et de retourner à l'équilibre budgétaire lors de notre second mandat.

Le tout respectueusement soumis.
Le ministre des Finances,
Scott Fielding

ECONOMIC REPORT / RAPPORT ÉCONOMIQUE

Overview

In real terms, the Manitoba economy grew by 2.5% in 2017, which was stronger than the average growth rate of 1.5% recorded in the previous three years. Economic growth was particularly strong in the first half of last year.

A number of factors contributed to the strong growth recorded last year. Led by double-digit increases in non-residential investment, business capital formation - a key contributor to future productive capacity of the economy - rose at a solid pace. The increase in capital spending supported strong full-time and private sector employment growth, lifted consumer confidence and retail sales, and robust population gains. Additionally, the agriculture sector, boosted by record harvests in a number of crops, logged its best year on record in 2017. The external sector was well supported by exports to non-U.S. countries and to other provinces. Residential investment in the province posted its best year ever, with housing starts increasing to the highest levels in 30 years. Commodity prices rallied in the latter half of 2017, lifting the value of production for the provincial mining sector after a number of years of declines. Temporary factors, such as Manitoba's hosting the Canada Summer Games, also contributed to the provincial economy.

The economy slowed somewhat in the latter half of 2017. The deceleration in economic activity is not unique to Manitoba, as the Canadian economy slowed down markedly in the second half of last year as well. The Bank of Canada began to raise interest rates in July 2017 and has raised rates thrice in the last year. Rising interest rates are a headwind to the provincial economy, as debt servicing costs of households, businesses, and governments continue to grow. Trade tensions between the U.S. and Canada also began to worsen in the second half of last year with the imposition of tariffs on a number of Canadian exports. Furthermore, starting in early 2018, measures taken by the federal government to cool the housing market also began to weigh on housing investment in the province.

Gross Domestic Product

At *Budget 2017*, the province's real gross domestic product (GDP) was forecasted to grow

Tour d'horizon

En termes réels, l'économie manitobaine a crû de 2,5 % en 2017, ce qui représente un taux plus élevé que le taux de croissance moyen de 1,5 % enregistré au cours des trois années précédentes. La croissance économique a été particulièrement forte au premier semestre de l'année dernière.

Un certain nombre de facteurs ont contribué à la forte croissance enregistrée l'an dernier. Sous l'impulsion d'une augmentation à deux chiffres de l'investissement non résidentiel, la formation de capital des entreprises – un facteur essentiel de la capacité de production future de l'économie – a connu une croissance vigoureuse. L'augmentation des dépenses d'immobilisations a favorisé la hausse de l'emploi à temps plein dans le secteur privé, l'augmentation de la confiance des consommateurs et des ventes au détail, et la croissance soutenue de la population. De plus, 2017 a été la meilleure année jamais enregistrée dans le secteur agricole, grâce à des récoltes records de plusieurs cultures. Le secteur externe était bien soutenu par les exportations vers des pays autres que les États-Unis et vers d'autres provinces. L'investissement résidentiel dans la province a connu sa meilleure année, le nombre de mises en chantier ayant atteint les niveaux les plus élevés en 30 ans. Les prix des produits de base se sont raffermiss au cours du deuxième semestre de 2017, ce qui a fait augmenter la valeur de production du secteur provincial de l'exploitation minière après plusieurs années de baisses. Des facteurs temporaires, comme la tenue des Jeux d'été du Canada au Manitoba, ont également contribué à l'économie provinciale.

L'économie a quelque peu ralenti au cours de la deuxième moitié de 2017. La décélération de l'activité économique n'est pas propre au Manitoba, car l'économie canadienne a également ralenti de façon marquée au deuxième semestre de l'année dernière. La Banque du Canada a commencé à augmenter les taux d'intérêt en juillet 2017 et les a augmentés trois fois au cours de l'an dernier. La hausse des taux d'intérêt constitue un vent contraire pour l'économie provinciale, car les coûts du service de la dette des ménages, des entreprises et des gouvernements continuent de croître. Les tensions commerciales entre les États-Unis et le Canada ont également commencé à s'aggraver au deuxième semestre de l'an dernier avec l'imposition de droits de douane sur un certain nombre d'exportations canadiennes. En outre, à compter du début de 2018, les mesures prises par le gouvernement fédéral pour ralentir l'activité du marché du logement ont également commencé à peser sur l'investissement dans le logement dans la province.

Produit intérieur brut

Au moment de l'élaboration du *Budget de 2017*, il était prévu que le produit intérieur brut (PIB) réel de la province devait

by 2.0%, while nominal gross domestic product was projected to increase by 3.6%. According to the Manitoba Bureau of Statistics, real GDP grew by a much stronger 2.5% in 2017. Nominal GDP growth was also robust and grew almost a percentage point higher at 4.5%.

croître de 2,0 %, tandis qu'il était prévu que le produit intérieur brut nominal devait augmenter de 3,6 %. Selon le Bureau des statistiques du Manitoba, le PIB réel a connu une augmentation bien plus forte de 2,5 % en 2017. La croissance du PIB nominal a également été vigoureuse et a augmenté de près d'un point de pourcentage à 4,5 %.

Led by strong wage and salary gains in 2017, the all-important household final consumption expenditures grew by a robust 3.1%. Gross fixed capital formation also grew at a solid pace of 4.1% in 2017. Investments in residential structures (up 10.3%) and non-residential structures (up 14.2%) were particularly strong last year. Investments in machinery and equipment were weak (down 11.5%) for the second consecutive year.

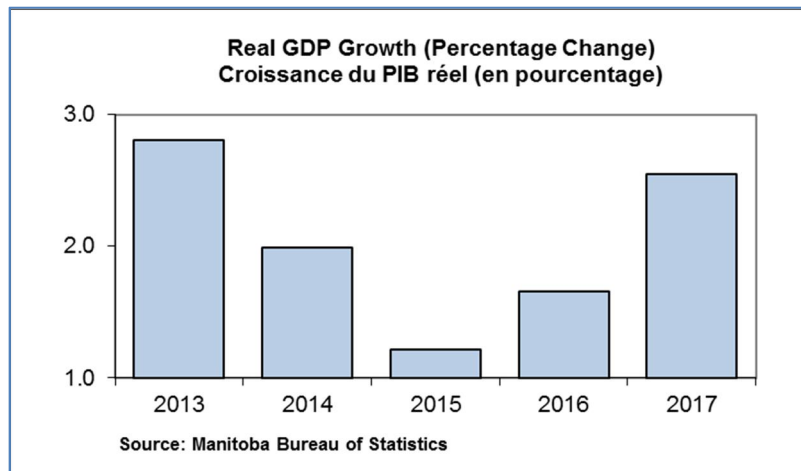
Grâce à des gains de traitements et de salaires élevés en 2017, les dépenses de consommation finale des ménages les plus importantes ont augmenté de 3,1 %. La formation brute de capital fixe a également connu une forte croissance de 4,1 % en 2017. Les investissements dans les structures résidentielles (en hausse de 10,3 %) et les structures non résidentielles (en hausse de 14,2 %) ont été particulièrement importants l'an dernier. Les investissements dans les machines et le matériel ont été faibles (en baisse de 11,5 %) pour la deuxième année consécutive.

Exports of goods and services from the province rebounded strongly (up 3.1%) last year. Exports to other countries grew by 2.8%, while exports of goods and services to other provinces grew at an even sharper pace of 3.4%. Final domestic demand, a good proxy for the health of the local economy, grew by 2.8% in 2017, indicating the provincial economy last year experienced one of its best years for economic growth in the past five years.

Les exportations de biens et de services de la province ont fortement rebondi (en hausse de 3,1 %) l'an dernier. Les exportations vers d'autres pays ont augmenté de 2,8 %, tandis que les exportations de biens et de services vers d'autres provinces ont augmenté à un rythme encore plus rapide de 3,4 %. La demande intérieure finale, qui représente un bon indicateur de la santé de l'économie locale, a augmenté de 2,8 % en 2017, ce qui indique que l'économie provinciale de l'an dernier a connu l'une de ses meilleures années de croissance économique au cours des cinq dernières années.

From an industry perspective from Statistics Canada, Manitoba's agriculture, forestry, and fishing sector led growth among industries and expanded by 8.6%. It was followed by the construction sector and the wholesale trade sector, which grew by 7.9% and 5.3%, respectively. In real terms, the mining, oil, and gas sector declined for the fifth consecutive year and fell by 2.2%. The information, culture, administration and management of companies sector also contracted (down 0.2%) in 2017. The utilities sector, the third worst performing sector, grew by a paltry 0.4%.

Du point de vue de l'industrie selon Statistique Canada, le secteur de l'agriculture, de la foresterie et de la pêche du Manitoba a été un moteur pour la croissance parmi les secteurs et a enregistré une croissance de 8,6 %. Il a été suivi par le secteur de la construction et le secteur du commerce de gros, qui ont augmenté respectivement de 7,9 % et 5,3 %. En termes réels, le secteur de l'exploitation minière, pétrolière et gazière a diminué pour la cinquième année consécutive et a chuté de 2,2 %. Le secteur de l'information, la culture, l'administration et la gestion des entreprises s'est également contracté (baisse de 0,2 %) en 2017. Le secteur des services publics, le troisième secteur le moins performant, a connu une piètre croissance de 0,4 %.



Population

According to Statistics Canada, Manitoba's population was estimated to be 1,338,109 persons as of July 1, 2017, the fifth largest among provinces. Population estimates are published quarterly, however the July estimate is considered to be the "official" annual estimate.

In 2017, population increased by 19,994 persons or 1.5%. This follows a record annual increase of 22,693 persons or 1.8% in 2016. Manitoba's population increase of 1.5% in 2017, was the third largest increase among provinces and well above the 1.2% national average.

On an annual basis, in the first quarter of 2018, Manitoba's population grew by 16,849 persons. Net interprovincial migration declined by 8,948, but this was more than offset by the 12,165 and 6,916 person increase in net international migration and net natural increase (births minus deaths), respectively.

Population increased by 1.2% annually over the past decade, significantly higher than the long-term average rate of 0.8%. Recently, Manitoba showed the fastest population growth among provinces, averaging 1.5% annual growth, well above the national average of 1.1%.

Much of this growth is due to the concerted effort of Manitoba's Provincial Nominee Program (MPNP) to use immigration to recruit for the labour market and entrepreneurial needs.

In addition to immigration, population growth from the natural rate of increase has also risen. With a younger demographic arriving through immigration and the echo boom entering the prime child rearing age, the number of births has increased to exceptional levels, rising from a low of 13,764 births in 2001/02, to a record 17,641 births in 2016/17.

As the proportion of younger people increases, the median age has declined, making Manitoba's overall population younger. The median population age peaked at 37.8 years from 2008 to 2013 and has since declined. In 2017, the median age fell to 37.4 years, the third lowest among provinces and below Canada's (40.6 years).

Population

Selon Statistique Canada, la population du Manitoba était estimée à 1 338 109 personnes au 1^{er} juillet 2017, soit la cinquième plus importante parmi les provinces. Les estimations de la population sont publiées chaque trimestre, l'estimation de juillet est cependant considérée comme l'estimation annuelle « officielle ».

En 2017, la population a augmenté de 19 994 personnes, soit 1,5 %. Cette croissance fait suite à une augmentation annuelle record de 22 693 personnes, soit 1,8 % en 2016. L'augmentation de la population du Manitoba de 1,5 % en 2017 a été la troisième hausse en importance parmi les provinces et elle se situe bien au-dessus de la moyenne nationale de 1,2 %.

Sur une base annuelle, au premier trimestre de 2018, la population du Manitoba a augmenté de 16 849 personnes. Le solde migratoire interprovincial net a diminué de 8 948, mais il a été plus que compensé par une augmentation de 12 165 et de 6 916 personnes du solde migratoire international net et de l'accroissement naturel net (les naissances moins les décès), respectivement.

La population a augmenté de 1,2% par par année au cours de la dernière décennie, ce qui est nettement supérieur au taux moyen à long terme de 0,8%. Récemment, le Manitoba a affiché la croissance démographique la plus rapide parmi les provinces, affichant une croissance annuelle moyenne de 1,5 %, ce qui est nettement supérieur à la moyenne nationale de 1,1 %.

Une grande partie de cette croissance est attribuable aux efforts concertés déployés par le Programme des candidats des provinces (PDCP) du Manitoba pour faire appel à l'immigration afin de recruter des candidats pour le marché du travail et les besoins des entreprises.

Outre l'immigration, la croissance démographique par rapport au taux d'accroissement naturel a également augmenté. Avec l'arrivée d'un plus jeune groupe démographique grâce à l'immigration et à la génération Y atteignant l'âge de procréer, le nombre de naissances a connu des niveaux exceptionnels, passant de 13 764 naissances en 2001-2002 à un record de 17 641 naissances en 2016-2017.

À mesure que la proportion de jeunes augmente, l'âge médian a diminué, faisant ainsi de l'ensemble de la population manitobaine une population plus jeune. L'âge médian de la population a atteint un sommet de 37,8 ans de 2008 à 2013 et a depuis diminué. En 2017, l'âge médian est tombé à 37,4 ans, soit le troisième âge le plus bas parmi les provinces et un âge inférieur à celui du Canada (40,6 ans).

Labour Force and Incomes

Manitoba's labour force expanded by 0.9% in 2017 to reach an all-time record of 680,900. Employment grew by 10,500 positions, or 1.7%, and helped push the unemployment rate down to 5.4%. Manitoba's unemployment rate of 5.4% last year - the second lowest among provinces - was nearly a percentage point lower than Canada's average rate of 6.3%. The province's labour force participation rate of 67.2% was the third highest among provinces in Canada and was 1.4% higher than the Canadian average.

More than five out of six jobs created last year were full-time positions (full-time jobs created in 2017:9,200; part-time jobs created in 2017:1,300). The 1,300 decline in public sector jobs were most than offset by the 11,800 gain in private sector jobs. The finance, insurance, real estate, and leasing industry led job gains with 3,100 positions added last year and was followed by trade (1,600 positions), and business, building, and other support services (1,200 positions). Utilities (1,000 positions), other services (900 positions), and agriculture (300 positions) shed the most number of jobs last year. Average weekly earnings grew by a solid 2.5% last year. Actual hours worked advanced by 2.0% in 2017 and was well above the 0.7% gain recorded since the end of the Great Recession.

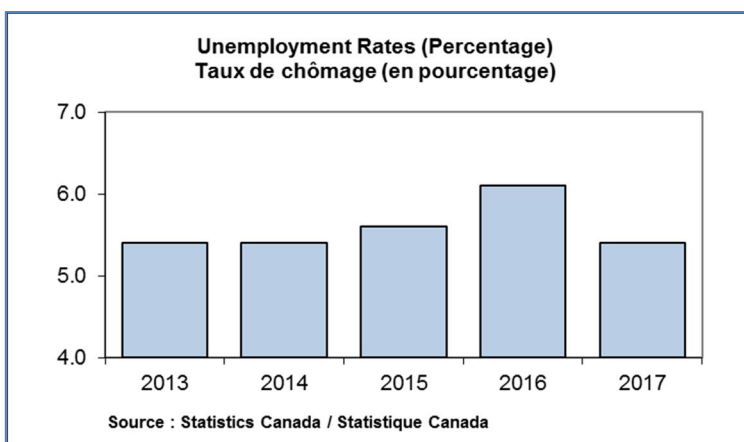
Employment is up 0.7% in the first six months of 2018 compared to the same period last year. Year-to-date, the unemployment rate has averaged 6.1% - the increase in unemployment rate is largely due to the robust 1.3% gain in the labour force. Earnings of Manitoba employees continues to be solid in 2018, with average weekly earnings increasing by 2.4% in the first four months of the year, almost matching the growth of 2.5% recorded in 2017.

Population active et revenus

La population active du Manitoba a augmenté de 0,9 % en 2017 pour atteindre le record historique de 680 900 travailleurs. L'emploi a augmenté de 10 500 postes, soit 1,7 %, et a contribué à faire baisser le taux de chômage à 5,4 %. Le taux de chômage au Manitoba de 5,4 % l'an dernier, le deuxième taux le plus faible parmi les provinces, était près d'un point de pourcentage inférieur au taux moyen canadien de 6,3 %. Le taux de participation à la population active de la province, qui s'établissait à 67,2 %, était le troisième plus élevé parmi les provinces canadiennes et était supérieur de 1,4 % à la moyenne canadienne.

Plus de cinq emplois sur six créés l'an dernier étaient des postes à temps plein (emplois à temps plein créés en 2017 : 9 200; emplois à temps partiel créés en 2017 : 1 300). La baisse de 1 300 emplois dans le secteur public a été largement compensée par la hausse de 11 800 emplois dans le secteur privé. Le secteur de la finance, de l'assurance, de l'immobilier et de la location a affiché des gains d'emplois, avec 3 100 postes ajoutés l'an dernier, suivi du commerce (1 600 postes) et des services aux entreprises, de la construction et des autres services de soutien (1 200 postes). Les services publics (1 000 postes), les autres services (900 postes) et l'agriculture (300 postes) ont perdu le plus grand nombre d'emplois l'an dernier. La rémunération hebdomadaire moyenne a augmenté de 2,5 % l'an dernier. Le nombre réel d'heures travaillées a progressé de 2,0 % en 2017 et dépassait largement le gain de 0,7 % enregistré depuis la fin de la Grande récession.

L'emploi a augmenté de 0,7 % au cours des six premiers mois de 2018 par rapport à la même période l'an dernier. Depuis le début de l'année, le taux de chômage s'est établi en moyenne à 6,1 % – l'augmentation de ce taux est en grande partie attribuable à la forte hausse de 1,3 % de la population active. La rémunération des employés du Manitoba demeure solide en 2018, la rémunération hebdomadaire moyenne ayant augmenté de 2,4 % au cours des quatre premiers mois de l'année, ce qui correspond presque à la croissance de 2,5 % enregistrée en 2017.



Investments

In real terms, investments grew by 4.1% to \$13.5 billion in 2017. Capital investments accounted for 23.9% of the provincial nominal output of \$70.5 billion in 2017. Investments in an economy are made by businesses, non-profits serving households, and governments. Last year, business investment rose by 5.4% to \$10.6 billion in real terms. Investments by non-profit institutions serving households rose by 44.2% to \$141 million, while investments by general governments shrank by 1.7% to \$2.8 billion.

Non-Residential

Non-residential investment is comprised of capital formation in non-residential structures, machinery and equipment, intellectual property products, and investments made by general governments. Investments in non-residential structures increased by \$507 million, or 14.2%, to \$4.1 billion last year. Investments in machinery and equipment declined by \$339 million, or 11.5%, to \$ 2.6 billion. Investments in intellectual property products and investments by non-profit institutions serving households posted modest increases of \$6 million and \$43 million, respectively. Investments by general governments declined by \$48 million, or 1.7%, to \$2.8 billion.

Residential

In 2017, province-wide housing starts gained momentum and recorded the highest level of starts since 1987. Province-wide housing starts increased 41.0%, (7,501) second highest among provinces. Multiple starts increased 57.3% (4,112), while single starts were up 25.3% (3,389). Multiple starts now represent 54.8% of total starts, up from 49.2% in 2016.

As a result of the robust increase in housing starts, capital investment in residential properties grew by 14% in 2017, with investment in new dwellings rising by 30% and apartments by 34.4%. Capital spending on single units rose by 28.4%. Investment in household repair and renovation increased by 1.6% in 2017.

Investissements

En termes réels, les investissements ont augmenté de 4,1 % pour atteindre 13,5 milliards de dollars en 2017. Les investissements en immobilisations représentaient 23,9 % de la production nominale provinciale de 70,5 milliards de dollars en 2017. Les investissements dans une économie sont effectués par les entreprises, les organismes sans but lucratif desservant les ménages et les gouvernements. L'an dernier, les investissements des entreprises ont augmenté de 5,4 % pour atteindre 10,6 milliards de dollars en termes réels. Les investissements des organismes sans but lucratif desservant les ménages ont augmenté de 44,2 % pour atteindre 141 millions de dollars, tandis que les investissements des gouvernements généraux ont diminué de 1,7 % pour s'établir à 2,8 milliards de dollars.

Non résidentiel

L'investissement non résidentiel se compose de la formation de capital dans les structures non résidentielles, les machines et le matériel, les produits de propriété intellectuelle et les investissements effectués par les gouvernements généraux. Les investissements dans les structures non résidentielles ont augmenté de 507 millions de dollars, soit 14,2 %, pour atteindre 4,1 milliards l'an dernier. Les investissements dans les machines et le matériel ont diminué de 339 millions de dollars, soit 11,5 %, pour s'établir à 2,6 milliards de dollars. Les investissements dans les produits de propriété intellectuelle et les investissements des organismes sans but lucratif desservant les ménages ont affiché des hausses modestes de 6 millions de dollars et de 43 millions de dollars, respectivement. Les investissements des gouvernements généraux ont diminué de 48 millions de dollars, soit 1,7 %, pour s'établir à 2,8 milliards de dollars.

Résidentiel

En 2017, les mises en chantier à l'échelle de la province ont pris de l'ampleur et ont atteint leur plus haut niveau depuis 1987. Le Manitoba s'est classé au deuxième rang des provinces avec une augmentation des mises en chantiers provinciales de 41,0 % (7 501). Les mises en chantier d'habitations à logements multiples se sont accrues de 57,3 % (4 112) et celles d'habitations individuelles de 25,3 % (3 389). Les mises en chantier d'habitations à logements multiples représentent désormais 54,8 % de toutes les mises en chantier, comparativement à 49,2 en 2016.

Comme conséquence de la croissance vigoureuse des mises en chantier, les investissements en immobilisations consacrés aux biens résidentiels ont augmenté de 14 % en 2017. Cela inclut une hausse des investissements de 30 % dans les nouveaux logements et de 34,4 % dans les appartements. Les investissements en immobilisations consacrés aux unités d'une seule personne ont augmenté de 28,4 %. Les investissements dans les réparations et la rénovation domiciliaires ont augmenté de 1,6 % en 2017.

Following the sharp increase in 2017, housing activity slowed in the first quarter of 2018, declining by 39% compared to the same period in 2017.

Manufacturing

Manufacturing sales increased by \$1.2 billion to \$18.9 billion in 2017. Growth in 2017 was 6.7%, the highest growth in six years. The increase in 2017 is well above the 1.8% average annual pace recorded in the previous five years.

Growth in manufacturing sales was broad-based, with eight out of ten reporting industries posting higher sales. Food processing is the largest manufacturing industry and sales increased by 8.4% in 2017 following a 5.8% increase in 2016. This diversified industry produces processed meats, dairy products, frozen french fries, grain and oilseed products, agricultural feed products, and vegetables products. Transportation equipment sales recorded a 9.2% increase in 2017 surpassing the \$3 billion level for the first time. The industry is focused on aerospace products and parts, and heavy vehicle manufacturing, including buses, fire trucks, motor homes, recreational vehicles and trailers.

After weak growth in 2016, machinery manufacturing sales accelerated by 14.2% in 2017, with the rebound in demand for agricultural, construction and mining machinery. Sales from electrical equipment, appliance and component manufacturers increased by 13.0% in 2017. Other industries that reported gains include fabricated metals (9.1%), chemicals (4.8%), primary metals (4.7%), and printing (1.6%). Two reporting industries saw sales decline in 2017 as furniture manufacturing sales slipped by 1.3% and wood product sales declined 0.6%.

Recent capital investments in food processing, with Roquette's pea processing facility and Simplot's expansion of french fries and potatoes products, will further diversify the industry and support growth in the future.

Manufacturing sales have continued to improve in 2018 with gains in chemicals (21.4%), fabricated metal (14.6%), processed food (12.2%), transportation equipment (9.9%), machinery and equipment (4.8%), electrical products (1.0%) and primary metals (0.3%). These gains are offset by weakness in printing (-2.8%) and wood products (-0.2%).

Après la forte augmentation en 2017, le secteur du logement a reculé au cours du premier trimestre 2018, avec une chute de 39 % par rapport à la même période en 2017.

Industrie manufacturière

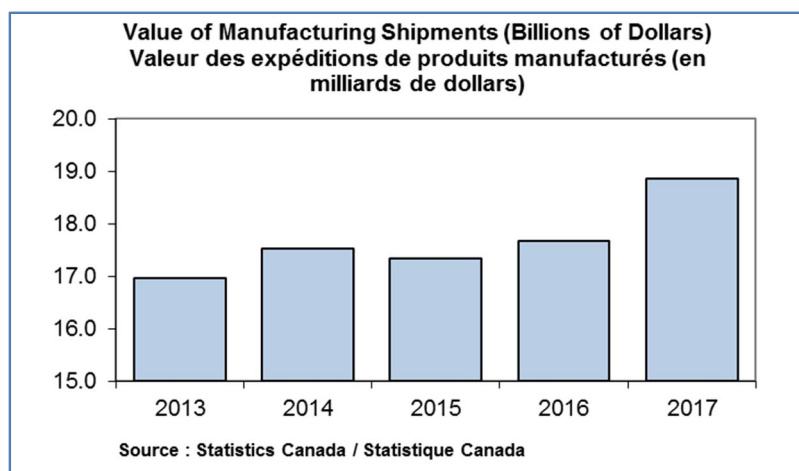
Les ventes dans l'industrie manufacturière ont augmenté de 1,2 milliard de dollars pour atteindre 18,9 milliards en 2017. En 2017, la croissance a été de 6,7 %, soit la plus forte croissance en six ans. L'augmentation en 2017 est bien supérieure au rythme annuel moyen de 1,8 % enregistré au cours des cinq années précédentes.

La croissance des ventes dans l'industrie manufacturière a été généralisée, huit des dix industries déclarantes affichant des ventes plus élevées. L'industrie de la transformation des aliments est la plus importante industrie manufacturière et les ventes ont augmenté de 8,4 % en 2017, après une hausse de 5,8 % en 2016. Cette industrie diversifiée produit des viandes transformées, des produits laitiers, des frites congelées, des céréales et des oléagineux, des produits alimentaires agricoles et des légumes. Les ventes de matériel de transport ont enregistré une hausse de 9,2 % en 2017, dépassant le niveau de 3 milliards de dollars pour la première fois. L'industrie est axée sur les pièces et produits aérospatiaux et la fabrication de véhicules lourds, y compris des autobus, des camions-incendie, des autocaravanes, des véhicules récréatifs et des remorques.

Après une faible croissance en 2016, les ventes de machines ont augmenté de 14,2 % en 2017, avec la reprise de la demande de machines agricoles, de construction et d'exploitation minière. Les ventes des fabricants d'équipement électrique, d'appareils électroménagers et de composants ont augmenté de 13,0 % en 2017. Parmi les autres industries qui ont déclaré des gains, mentionnons les produits métalliques fabriqués (9,1 %), les produits chimiques (4,8 %), les métaux de première fusion (4,7 %) et l'impression (1,6 %). Deux industries déclarantes ont connu une baisse des ventes en 2017 alors que les ventes de fabrication de meubles ont diminué de 1,3 % et les ventes de produits du bois ont diminué de 0,6 %.

De récents investissements en immobilisations dans l'industrie de la transformation des aliments, avec l'installation de transformation des pois de Roquette et l'expansion des frites et des produits de pommes de terre de Simplot, diversifieront encore davantage l'industrie et favoriseront la croissance à l'avenir.

Les ventes dans l'industrie manufacturière ont continué de s'améliorer en 2018 grâce à des gains dans l'industrie des produits chimiques (21,4 %), des produits métalliques fabriqués (14,6 %), des aliments transformés (12,2 %), du matériel de transport (9,9 %), des machines et du matériel (4,8 %), des produits électriques (1,0 %) et des métaux de première fusion (0,3 %). Ces gains sont compensés par la faiblesse de l'industrie de l'impression (-2,8 %) et des produits du bois (-0,2 %).



Retail

Strong population growth continued to buoy retail activity in Manitoba, as consumer spending advanced at its quickest pace in nine years. Retail sales rose by 7.8% in 2017, an improvement from the 3.7% increase recorded in 2016. Manitoba's retail sales growth was third best among provinces and better than the national increase of 7.1%. The annual value of retail sales surpassed \$20 billion for the first time to \$20.4 billion, a \$1.5 billion increase from \$18.9 billion in 2016.

The strength in retail sales was broad-based, with nine of the ten major industry groups posting gains. In 2017, retail sales rose on the strength of gasoline stations (15.1%), building material and garden supply stores (13.5%), motor vehicles and parts (11.1%), clothing and accessories (9.2%), electronics and appliance stores (9.2%), food and beverage stores (5.0%), general merchandise and department stores (4.3%), health and personal care stores (2.1%), and sporting goods and hobbies (0.4%). The only major industry group that posted a contraction in sales in 2017 was furniture and home furnishing stores with a 0.8% decline.

The three largest sectors (motor vehicle and parts dealers, food and beverage, and general and department stores) grew by a combined 7.4% in 2017, more than double the 2.9% growth in 2016. These three sectors together make up 63% of all retail sales provincially.

The number of new motor vehicles sold in 2017 increased by 10.0% to 63,197 units. The increase in new motor vehicle sales is in sharp contrast to

Commerce de détail

La forte croissance démographique a continué de stimuler l'activité du commerce de détail au Manitoba, les dépenses de consommation ayant progressé à leur rythme le plus rapide en neuf ans. Les ventes au détail ont augmenté de 7,8 % en 2017, une amélioration par rapport à la hausse de 3,7 % enregistrée en 2016. La croissance des ventes au détail au Manitoba a été la troisième meilleure parmi les provinces et meilleure que l'augmentation nationale de 7,1 %. La valeur annuelle des ventes au détail a dépassé 20 milliards de dollars pour la première fois pour atteindre 20,4 milliards de dollars, soit 1,5 milliard de plus que les 18,9 milliards de dollars enregistrés en 2016.

La vigueur des ventes au détail a été généralisée, neuf des dix principaux groupes industriels ayant affiché des gains. En 2017, les ventes au détail ont augmenté en raison de la vigueur des stations d'essence (15,1 %), des magasins de fourniture de matériaux de construction et de jardinage (13,5 %), des véhicules automobiles et pièces (11,1 %), des magasins de vêtements et d'accessoires (9,2 %), des magasins d'électronique et d'appareils électroménagers (9,2 %), des magasins d'alimentation et de boissons (5,0 %), des magasins généraux et des grands magasins (4,3 %), des magasins de soins de santé et de soins personnels (2,1 %), et des magasins de loisirs et d'articles de sport (0,4 %). Le seul grand groupe d'industries ayant affiché une baisse des ventes en 2017 était celui des magasins de meubles et d'ameublement, avec une baisse de 0,8 %.

Les trois secteurs les plus importants (concessionnaires automobiles et distributeurs de pièces, magasins d'alimentation et de boissons, magasins généraux et grands magasins) ont connu une croissance combinée de 7,4 % en 2017, soit plus du double de la croissance de 2,9 % enregistrée en 2016. Ensemble, ces trois secteurs représentent 63 % de toutes les ventes au détail à l'échelle provinciale.

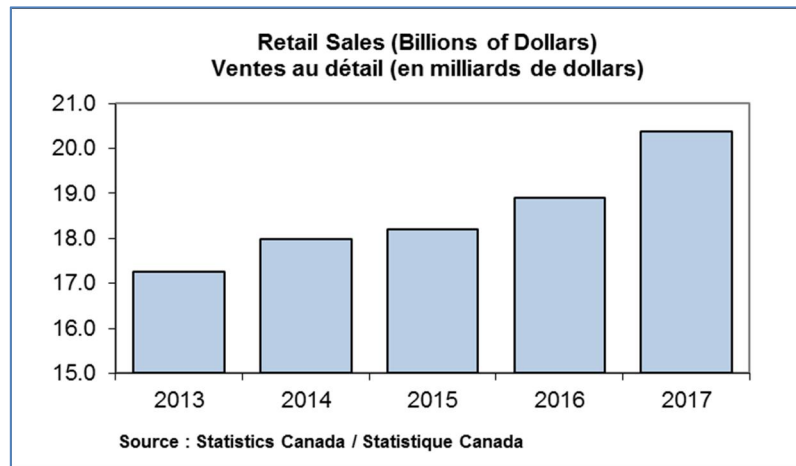
Le nombre de nouveaux véhicules automobiles vendus en 2017 a augmenté de 10,0 % pour atteindre 63 197 véhicules. La hausse des ventes de véhicules automobiles neufs

the 1.0% decline that occurred in 2016. Truck and sport utility vehicle sales now account for four out of five new vehicles sold in the province and in 2017 increased by 15.3%, while the number of passenger cars sold declined 5.6%.

contraste fortement avec la baisse de 1,0 % enregistrée en 2016. Les ventes de véhicules utilitaires sport et de camions représentent maintenant quatre nouveaux véhicules sur cinq vendus dans la province et en 2017, elles ont augmenté de 15,3 %, tandis que le nombre de voitures de tourisme vendues a diminué de 5,6 %.

Retail sales are off to a slow start in 2018. Although sales rose on the strength of electronics and appliance stores (17.6%), clothing stores (4.9%), gasoline station sales (4.5%), furniture (3.5%), food (1.3%) and building materials (1.0%). These gains were more than offset by declines in general merchandise stores (0.7%), health and personal care stores (2.5%), sporting goods (11.2%), but were primarily reduced by the (7.8%) decline in motor vehicle sales, that represent roughly 27% of all retail sales provincially.

Les ventes au détail redémarrent lentement en 2018. Bien que les ventes aient augmenté en raison de la vigueur des magasins d'électronique et d'appareils électroménagers (17,6 %), des magasins de vêtements (4,9 %), des ventes de stations-service (4,5 %), des meubles (3,5 %), de l'alimentation (1,3 %) et des matériaux de construction (1,0 %). Ces gains ont été plus que contrebalancés par la baisse du nombre de magasins généraux (0,7 %), de magasins de soins de santé et de soins personnels (2,5 %), d'articles de sport (11,2 %), mais ils ont été principalement réduits par la baisse des ventes de véhicules automobiles (7,8 %), qui représente environ 27 % de l'ensemble des ventes au détail à l'échelle provinciale.



Exports

Exports to international destinations are an important constituent of the provincial economy. In current dollars, international exports accounted for 23.9% of the provincial economic output of \$70.5 billion last year. Merchandise exports (on a customs basis) rose by 2.7% to \$13.8 billion in 2017. Merchandise exports to the U.S. declined by 2.1% to \$9 billion. Merchandise exports to non-U.S. destinations grew at a very strong pace of 13.0% to \$4.9 billion and more than offset the declines in exports to the U.S. Manitoba's three largest non-U.S. export destinations are the People's Republic of China, Japan, and Mexico. The aforementioned three countries accounted for 10.1%, 5.9%, and 2.9% of all exports, respectively, in 2017. Exports to Japan and Mexico grew by 9.6% and 11.4%, respectively, while exports to China grew at a blistering pace of 45.5% to \$1.4 billion last year.

Exportations

Les exportations vers des destinations internationales représentent un élément important de l'économie provinciale. En dollars courants, les exportations internationales représentaient 23,9 % de la production économique provinciale de 70,5 milliards de dollars l'an dernier. Les exportations de marchandises (sur la base des douanes) ont augmenté de 2,7 % pour atteindre 13,8 milliards de dollars en 2017. Les exportations de marchandises vers les États-Unis ont diminué de 2,1 % pour s'établir à 9 milliards de dollars. Les exportations de marchandises vers des destinations autres que les États-Unis ont augmenté au rythme très élevé de 13,0 % pour atteindre 4,9 milliards de dollars et ont plus que compensé la baisse des exportations vers États-Unis. Les trois plus importantes destinations d'exportation autres que les États-Unis du Manitoba sont la République populaire de Chine, le Japon et le Mexique. Les trois pays susmentionnés représentaient respectivement 10,1 %, 5,9 % et 2,9 % de toutes les exportations en 2017. Les exportations vers le Japon et le Mexique ont augmenté respectivement de 9,6 % et de 11,4 %, tandis que les exportations vers la Chine

ont augmenté à un rythme effréné de 45,5 % à 1,4 milliard de dollars l'an dernier.

In percentage terms, wholesale trade (+99.1%), agriculture (+9.2%), and the electric power industry (+8.5%) posted the largest increases among Manitoba's largest industries in 2017. Mining, quarrying, and oil and gas extraction (-5.6%) and special transactions (-11.4%) posted the biggest declines last year.

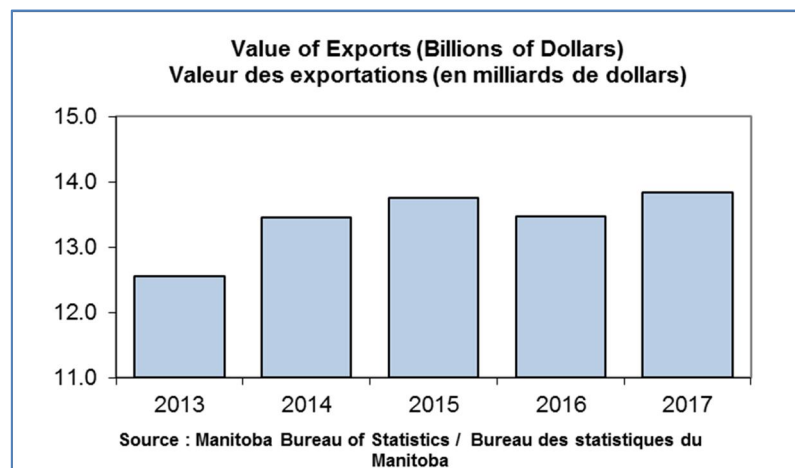
En pourcentage, le commerce de gros (+99,1 %), l'agriculture (+9,2 %) et l'industrie de l'électricité (+8,5 %) ont affiché les plus fortes hausses parmi les plus grandes industries du Manitoba en 2017. L'exploitation minière, l'exploitation de carrières, l'extraction de pétrole et de gaz (-5,6 %) et les opérations spéciales (-11,4 %) ont affiché les plus fortes baisses l'an dernier.

International exports, overall, have grown at a strong pace of 8.6% in the first quarter of 2018, with exports to the U.S. leading growth with a very robust increase of 17.7% compared to the same period last year. Exports to non-U.S. destinations are down 7.9% in the same period. Among major industries, mining, quarrying, and oil and gas extraction (+89.3%), and manufacturing (+14.0%) have posted notable gains. Export weakness in the first quarter of 2018 was concentrated in the agriculture sector (-5.0%), and the electric power industry (-50.4%).

Dans l'ensemble, les exportations internationales ont progressé à un rythme élevé de 8,6 % au premier trimestre de 2018, les exportations vers les États-Unis affichant une forte croissance, avec une hausse très vigoureuse de 17,7 % par rapport à la même période l'an dernier. Les exportations vers des destinations autres que les États-Unis ont diminué de 7,9 % au cours de la même période. Parmi les principales industries, l'extraction minière, l'exploitation de carrières et l'extraction de pétrole et de gaz (+89,3 %), l'industrie manufacturière (+14,0 %) ont affiché des gains notables. La faiblesse des exportations au premier trimestre de 2018 a été concentrée dans les secteurs agricole (-5,0 %) et de l'électricité (-50,4 %).

The Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union entered into force in September 2017. CETA has opened up the world's largest economic bloc to Canadian exporters. In March 2018, Canada, along with ten other nations, signed the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). NAFTA renegotiations remain gridlocked and significant differences remain between Canada and the U.S. over issues, such as supply management, the sunset clause, and auto content. CETA and CPTPP lessen the pall over exports engendered by NAFTA renegotiation uncertainties.

L'Accord économique et commercial global (AECG) entre le Canada et l'Union européenne est entré en vigueur en septembre 2017. L'AECG a ouvert le plus important bloc économique au monde aux exportateurs canadiens. En mars 2018, le Canada, de concert avec dix autres pays, a signé l'Accord de Partenariat transpacifique global et progressiste (PTPGP). Les renégociations de l'ALENA demeurent bloquées et d'importantes différences subsistent entre le Canada et les États-Unis sur des questions comme la gestion de l'offre, la clause de temporisation et l'industrie automobile. L'AECG et le PTPGP réduisent l'écart entre les exportations découlant des incertitudes liées à la renégociation de l'ALENA.



Mining

In the past few years, prices of many commodities declined significantly due to a variety of reasons, including weak global demand, excess supply, and high inventories. Economic activity strengthened worldwide as 2017 progressed. As a result, the global economy posted its best year for growth since the Great Recession last year, which, in turn, led to higher global demand and prices for commodities. Diminished supply and low inventories in many commodities also contributed to a rebound in commodity prices.

Reflecting the abovementioned factors, the total value of production in Manitoba's mining, oil, and gas extraction sectors increased by 17% in 2017 to \$2.5 billion. The gain registered last year was the first increase recorded since 2011. The value of production of metals mined in the province rose by 23% to \$1.37 billion. It was followed by petroleum, which saw the value of its production increase by 17% to \$877 million. Non-metals mining, the smallest subcomponent in the Manitoba mining sector, fell by 5% to \$289 million.

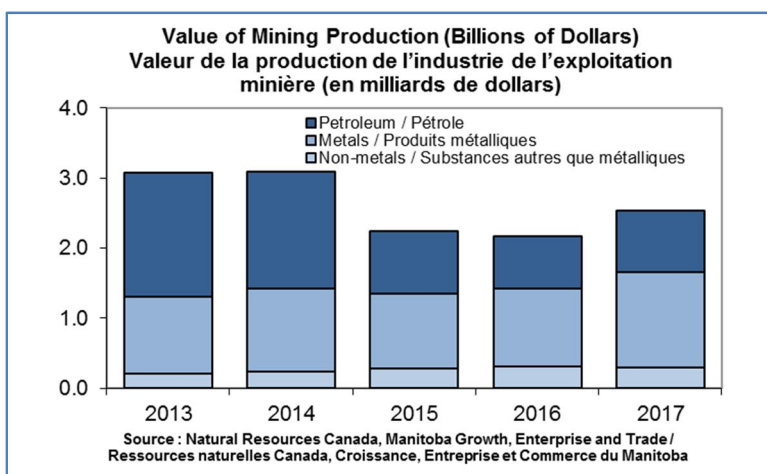
Mineral exploration expenditures declined by 4% to \$45.3 million. The decline is hardly surprising since mineral exploration expenditures grew by a very sharp 68% in 2015. Nonetheless, mining exploration expenditures remain severely depressed and are less than half of the \$105.6 million spent on exploration activities in 2012. Employment in the mining sector posted robust gains in 2017, with 1,000 jobs added last year. As a result, mining employment in Manitoba totalled 6,200 last year.

Exploitation minière

Au cours des dernières années, les prix de nombreux produits de base ont diminué considérablement pour diverses raisons, notamment la faiblesse de la demande mondiale, l'offre excédentaire et les stocks élevés. L'activité économique s'est renforcée à l'échelle mondiale à mesure que l'année 2017 progressait. En conséquence, l'économie mondiale a affiché sa meilleure année de croissance depuis la Grande Récession l'an dernier, ce qui a, à son tour, entraîné une hausse de la demande mondiale et des prix des produits de base. La diminution de l'offre et la faiblesse des stocks de nombreux produits de base ont également contribué à une reprise des prix des produits de base.

Compte tenu des facteurs susmentionnés, la valeur totale de la production dans les secteurs de l'extraction minière, pétrolière et gazière du Manitoba a augmenté de 17 % en 2017 pour atteindre 2,5 milliards de dollars. Le gain enregistré l'an dernier était la première augmentation enregistrée depuis 2011. La valeur de la production de métaux extraits dans la province a augmenté de 23 % pour atteindre 1,37 milliard de dollars. Ensuite, le pétrole a vu sa production augmenter de 17 % pour atteindre 877 millions de dollars. L'extraction de substances non métalliques, la plus petite sous-composante du secteur de l'exploitation minière du Manitoba, a chuté de 5 % pour s'établir à 289 millions de dollars.

Les dépenses d'exploration minière ont diminué de 4 % pour s'établir à 45,3 millions de dollars. Cette baisse n'a rien d'étonnant puisque les dépenses d'exploration minière ont augmenté de 68 % en 2015. Néanmoins, les dépenses d'exploration minière demeurent fortement déprimées et représentent moins de la moitié des 105,6 millions de dollars consacrés aux activités d'exploration en 2012. L'emploi dans le secteur de l'exploitation minière a affiché de solides gains en 2017, avec 1 000 emplois créés l'an dernier. Par conséquent, le nombre d'emplois dans le secteur de l'exploitation minière au Manitoba s'élevait à 6 200 l'an dernier.



Agriculture

Production and market conditions were favourable for Manitoba agriculture in 2017. The weather helped crop producers reach a new record harvest while cattle, hog, sheep, and dairy producers increased the size of their livestock herds.

Compared to the 2016 harvest, crop production increased for dry beans (63%), oats (44%), soybeans (27%), canola (21%), sunflower seeds (14%), corn (9%) and wheat (4%) while production declined for peas (51%), flaxseed (22%), barley (26%) and rye (18%).

In Manitoba, farmers reported record soybean production for the sixth consecutive year, up 26.9% from 2016 to 2.2 million tonnes in 2017. This was entirely the result of a 45.1% increase in harvested area to a record 2.3 million acres.

Crop prices have been relatively stable from 2016 for major crops, such as canola, wheat and soybeans, but prices for oats, barley, peas, and flax declined somewhat. For livestock, prices for hogs and cattle improved slightly from 2016 to 2017.

Both the cattle and hog sectors have faced significant trade and animal health challenges in the past decade. Producers in both sectors have rallied to regain and expand their livestock herds. After falling sharply in 2008 and 2009, hog production has continued to increase and reached over eight million pigs in 2017, a 2.0% increase from 2016. The number of cattle and calves fell from a record 1,735,000 head in July 2005 to 1,130,000 head in 2015, a one-third reduction in scale. In 2017, the number of cattle and calves on Manitoba farms stood at 1,060,000 head, a 1% increase from 2016. As of January 1, 2018, beef cow numbers were up 7% and dairy cow numbers were up 5.6%.

Gains in crop and livestock production led to a record value of farm cash receipts. Total farm cash receipts increased by 9.0% in 2017, the highest growth among provinces. In 2017, total farm cash receipts rose by \$500 million to a record \$6.5 billion, surpassing the previous record of \$6.0 billion in 2014. Cash receipts from wheat, canola, and hogs all exceeded \$1.0 billion in 2017.

In 2017, canola receipts were up 2.0% to \$1.4 billion, wheat receipts increased 21.6% to \$1.1

Agriculture

Les conditions de production et de marché ont été favorables à l'agriculture du Manitoba en 2017. Les conditions météorologiques ont permis aux producteurs de cultures d'obtenir de nouvelles récoltes record, tandis que les producteurs de bovins, de porcs, de moutons et de produits laitiers ont augmenté la taille de leurs troupeaux de bétail.

Comparativement à la récolte de 2016, la production végétale a augmenté pour les haricots secs (63 %), l'avoine (44 %), le soya (27 %), le canola (21 %), les graines de tournesol (14 %), le maïs (9 %) et le blé (4 %), tandis que la production a diminué pour les pois (51 %), les graines de lin (22 %), l'orge (26 %) et le seigle (18 %).

Au Manitoba, les agriculteurs ont déclaré une production record de soya pour la sixième année consécutive, une hausse de 26,9 % par rapport à 2016 pour s'établir à 2,2 millions de tonnes en 2017. Cette augmentation est entièrement attribuable à la hausse de 45,1 % de la superficie récoltée, qui est passée à un record de 2,3 millions d'acres.

Les prix des cultures ont été relativement stables par rapport à 2016 pour les grandes cultures, comme le canola, le blé et le soya, mais les prix de l'avoine, de l'orge, des pois et du lin ont quelque peu diminué. Pour le bétail, les prix du porc et des bovins ont légèrement augmenté entre 2016 et 2017.

Au cours de la dernière décennie, les secteurs des bovins et du porc ont fait face à d'importants défis en matière de commerce et de santé animale. Les producteurs des deux secteurs se sont ralliés pour regagner et agrandir leurs troupeaux de bétail. Après avoir nettement chuté en 2008 et 2009, la production porcine a continué d'augmenter et a atteint plus de huit millions de porcs en 2017, soit une augmentation de 2,0 % par rapport à 2016. Le nombre de bovins et de veaux est passé d'un record de 1 735 000 têtes en juillet 2005 à 1 130 000 têtes en 2015, soit une réduction d'un tiers de l'échelle. En 2017, le nombre de bovins et de veaux dans les fermes manitobaines s'élevait à 1 060 000 têtes, soit une augmentation de 1 % par rapport à 2016. Au 1^{er} janvier 2018, le nombre de vaches de boucherie était en hausse de 7 % et celui des vaches laitières, de 5,6 %.

Les gains dans la production de cultures et de bétail ont donné lieu à une valeur record des recettes monétaires agricoles. Le total des recettes monétaires agricoles a augmenté de 9,0 % en 2017, soit la plus forte croissance parmi les provinces. En 2017, les recettes monétaires agricoles ont augmenté de 500 millions de dollars pour atteindre un niveau record de 6,5 milliards de dollars, dépassant le record précédent de 6,0 milliards de dollars en 2014. Les recettes monétaires du blé, du canola et du porc ont toutes dépassé 1,0 milliard de dollars en 2017.

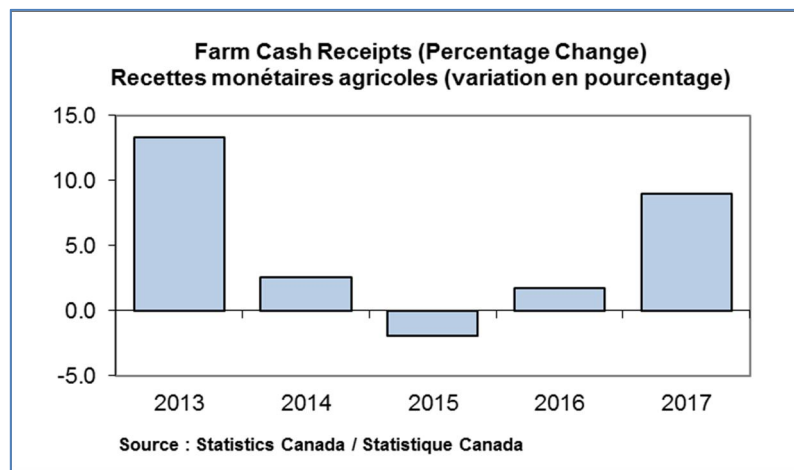
En 2017, les recettes du canola ont augmenté de 2,0 % pour atteindre 1,4 milliard de dollars, les recettes du blé ont

billion, and soybeans jumped 32.5% to almost \$750 million. Oats gained 18.6%, corn increased 17.3%, rye receipts were up 2.1%, and potato receipts increased 1.4%, while barley receipts declined 27.9%.

augmenté de 21,6 % pour atteindre 1,1 milliard de dollars et le soya a grimpé de 32,5 % pour atteindre près de 750 millions de dollars. L'avoine a gagné 18,6 %, le maïs a augmenté de 17,3 %, les recettes du seigle ont augmenté de 2,1 %, et les recettes de la pomme de terre ont augmenté de 1,4 %, tandis que les recettes de l'orge ont diminué de 27,9 %.

Total livestock farm cash receipts increased by 4.9% in 2017, to \$2.2 billion, up from \$2.1 billion in 2016, but below the record \$2.5 billion set in 2014. Cattle and calf receipts were down 1.8% to \$543 million, with cattle receipts down 4.8% and calves up 18.3%. Hog receipts increased 8% to \$1.1 billion and more than offset the declines in cattle and calves. Direct payments, which include crop insurance and other transfers to producers, declined by 19.7% to \$178 million.

Les recettes monétaires agricoles totales des exploitations d'élevage ont augmenté de 4,9 % en 2017, pour s'établir à 2,2 milliards de dollars, en hausse par rapport à 2,1 milliards de dollars en 2016, mais en deçà du niveau record de 2,5 milliards de dollars établi en 2014. Les recettes des bovins et des veaux ont diminué de 1,8 % pour atteindre 543 millions de dollars, les recettes des bovins ayant diminué de 4,8 % et celles des veaux ayant augmenté de 18,3 %. Les recettes du porc ont augmenté de 8 % pour s'établir à 1,1 milliard de dollars, et ont plus que compensé la baisse du nombre de bovins et de veaux. Les paiements directs, qui comprennent l'assurance récolte et d'autres transferts aux producteurs, ont diminué de 19,7 % pour s'établir à 178 millions de dollars.



**PUBLIC ACCOUNTS
VOLUME 1
FOR THE YEAR ENDED
MARCH 31, 2018**

**VOLUME 1
DES COMPTES PUBLICS
POUR L'EXERCICE TERMINÉ
LE 31 MARS 2018**

INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA/ INTRODUCTION AUX COMPTES PUBLICS DU MANITOBA

Nature of the Public Accounts

The Public Accounts of Manitoba are prepared annually by statutory requirement in accordance with section 65(1) of The Financial Administration Act, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts reflect the summary financial position of the Government and the operating results for the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources:

- the summarized financial information presented in the accounts of Manitoba, maintained by the Provincial Comptroller; and
- the detailed records, maintained by departments, government organizations, government business enterprises and government business partnerships.

Each department and public sector organization is responsible for reconciling its accounts to the control accounts of the Provincial Comptroller, and for maintaining detailed records of the transactions in their accounts.

Format of the Public Accounts of Manitoba

The Public Accounts of Manitoba consists of the following volumes:

Volume 1 presents the Economic Report, the Financial Statement Discussion and Analysis, the audited summary financial statements of the Government, and financial reports on the Rainy Day Fund;

Volume 2 presents the audited Schedule of Public Sector Compensation Payments of \$50,000 or more and the Government Departments' and Special Operating Agencies' payments in excess of \$50,000 that do not require an audit; and

Volume 3 presents Supplementary Schedules and other statutory reporting requirements.

Nature des comptes publics

Les comptes publics du Manitoba sont préparés tous les ans par obligation légale, conformément au paragraphe 65(1) de la Loi sur la gestion des finances publiques, chapitre F55 de la Codification permanente des lois du Manitoba. Les comptes publics présentent la situation financière sommaire du gouvernement et les résultats de ses activités pour l'exercice financier du gouvernement, qui se termine le 31 mars.

Les renseignements fournis dans le rapport proviennent de deux sources:

- le résumé de l'information financière présentée dans les comptes du Manitoba, qui sont tenus par le contrôleur de la province;
- les registres détaillés, qui sont tenus par les ministères, des organismes publics, des entreprises publiques et des partenariats commerciaux publics.

Chacun des ministères et des organismes du secteur public est responsable du rapprochement de ses comptes et des comptes collectifs tenus par le contrôleur de la province, et de la tenue de registres détaillés de leurs opérations comptables.

Composition des comptes publics du Manitoba

Les comptes publics du Manitoba comprennent trois volumes:

Le **volume 1** présente le rapport économique, le rapport d'analyse des états financiers, les états financiers sommaires vérifiés du gouvernement, ainsi que les rapports financiers portant sur le fond jour de pluie.

Le **volume 2** présente la liste vérifiée des paiements de rémunération du secteur public de 50 000 \$ ou plus, ainsi que les paiements de plus de 50 000 \$ qui n'exigent pas de vérification et qui sont versés par les ministères gouvernementaux et par les organismes de service spécial.

Le **volume 3** présente les annexes supplémentaires et les autres documents qui satisfont aux exigences législatives en matière de présentation de l'information.

Volume 4 contains a compendium of financial statements of special funds, government organizations, government business enterprises and government business partnerships comprising the Government Reporting Entity.

Le **volume 4** comprend un recueil des états financiers des fonds spéciaux, des organismes publics, des entreprises publiques et des partenariats commerciaux publics inclus dans le périmètre comptable du gouvernement.

Volume 1: Annual Report for the Year ended March 31, 2018 - This volume contains the following specific information:

Volume 1 : Rapport annuel pour l'exercice terminé le 31 mars 2018 – ce volume contient l'information financière suivante :

Financial Statement Discussion and Analysis - This section provides a written commentary on the summary financial statements plus additional information on the financial and economic performance of the Provincial Government. The information contained in the Financial Statement Discussion and Analysis section is taken from the March 31, 2018 summary financial statements.

États financiers – analyse et discussion – cette section fournit un exposé écrit des états financiers sommaires, ainsi que des renseignements additionnels sur la performance financière et économique du gouvernement provincial. Les renseignements contenus dans l'analyse des états financiers sont tirés des états financiers sommaires pour l'exercice terminé le 31 mars 2018.

Summary Financial Statements - These audited statements disclose the financial impact of the Government's activities. Only the Government's summary financial statements provide the key information on the financial activities of the entire Government. The summary financial statements include the financial results of the approximately 180 different agencies the Government uses to deliver its goods and services. The GRE includes the core Government, government business enterprises and government business partnerships, and government organizations such as regional health authorities, school divisions, universities and colleges. The departments and entities comprising the GRE are disclosed in Schedule 8 of the summary financial statements.

États financiers sommaires – ce sont des états vérifiés qui précisent l'incidence financière des activités du gouvernement. Seuls les états financiers sommaires du gouvernement fournissent des renseignements clés sur les activités financières de tout le gouvernement. Ces états comprennent les résultats financiers de quelque 180 organismes différents dont se sert le gouvernement pour fournir des biens et des services. Le périmètre comptable du gouvernement inclut les opérations fondamentales du gouvernement, des entreprises publiques, des partenariats commerciaux publics et des organismes publics tels que les offices régionaux de la santé, les divisions scolaires, les universités et les collèges. Les ministères et les organismes compris dans le périmètre comptable du gouvernement figurent à l'annexe 8 des états financiers sommaires.

The summary financial statements also provide the following key financial information:

Les états financiers sommaires contiennent aussi les renseignements financiers clés suivants:

- the Government's financial position at March 31 each year;
 - the results of its operations for the year;
 - what revenue it brought in and what it spent (i.e. annual surplus or deficit);
 - how much it borrowed, repaid or refinanced;
 - how it obtained and used its cash.
- la situation financière du gouvernement au 31 mars chaque année;
 - les résultats des activités de l'exercice;
 - le total des revenus et des charges (c'est-à-dire, l'excédent ou le déficit annuel);
 - les sommes empruntées, remboursées ou refinancées;
 - les sommes obtenues et la façon dont elles ont été utilisées.

Other Financial Reports – This section includes audited reports on information other than financial statements, including the Rainy Day Fund.

Autres rapports financiers – cette section comprend des rapports vérifiés portant sur l'information autre que les états financiers, notamment le compte de stabilisation des revenus.

Volume 2: Supplementary Information - This volume contains the following specific information:

Volume 2 : Supplément d'information — ce volume contient l'information suivante :

Schedule of Public Sector Compensation of \$50,000 or More - This audited schedule contains payments of \$50,000 or more as paid through Government Departments as well as those paid by Special Operating Agencies, as required by The Public Sector Compensation Disclosure Act.

Liste des paiements de rémunération du secteur public de 50 000 \$ ou plus – cette liste vérifiée présente les paiements de 50 000 \$ ou plus, qu'il s'agisse des paiements versés par les ministères gouvernementaux ou de ceux versés par les organismes de service spécial, conformément aux exigences de la Loi sur la divulgation de la rémunération dans le secteur public.

Statement of Payments in Excess of \$50,000 to Corporations, Firms, Individuals, Other Governments and Government Agencies - Included are details of Consolidated Fund and Special Operating Agencies' payments in excess of \$50,000 to corporations, firms, individuals, other governments and government agencies.

État des paiements de plus de 50 000 \$ versés à des sociétés, à des entreprises, à des particuliers, à d'autres gouvernements et à des organismes du gouvernement – cet état contient la liste des paiements de plus de 50 000 \$ versés par le Trésor ou par les organismes de service spécial à des sociétés, à des entreprises, à des particuliers, à d'autres gouvernements et à des organismes du gouvernement.

Volume 3: Supplementary Schedules and Other Statutory Reporting Requirements - This volume contains unaudited statements, schedules and other information, as well as the following audited statements:

Volume 3 : Annexes supplémentaires et autres rapports prévus par la loi – ce volume contient des états, des annexes et d'autres renseignements non vérifiés. Il comprend aussi les états vérifiés suivants :

- the Report of Amounts Paid or Payable to Members of the Assembly.

- le rapport des sommes versées ou à verser aux membres de l'Assemblée législative.

Volume 4: This volume contains a compendium of financial statements of special funds, government organizations, government business enterprises and government business partnerships comprising the Government Reporting Entity.

Volume 4 : ce volume comprend un recueil des états financiers des fonds spéciaux, des organismes publics, des entreprises publiques et des partenariats commerciaux publics inclus dans le périmètre comptable du gouvernement.

The Public Accounts of Manitoba are available on the Internet at:

Les comptes publics du Manitoba peuvent être consultés en ligne à l'adresse suivante:

www.gov.mb.ca/finance

www.gov.mb.ca/finance/index.fr.html

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS REPORT RAPPORT D'ANALYSE DES ÉTATS FINANCIERS

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2017/18 FINANCIAL HIGHLIGHTS

The highlights section provides a summary of the key events affecting the summary financial statements for the 2017/18 fiscal year with comparisons to results for the previous fiscal year, as applicable.

- Manitoba's economy remains stable and, bolstered by significant growth in private capital investment throughout our province, improved moderately from the previous fiscal year. Real GDP grew by a much stronger 2.5% in 2017 compared to average growth rate of 1.5% recorded in the previous three years. This resulted in strong own-source revenues that were able to offset an unexpected collapse of Provincial Income Taxes caused by federal changes to the highest marginal tax rates.
- Government succeeded in our efforts to control expenditures for the second consecutive year. The summary financial statements show a net loss of \$695 million for the fiscal year ended March 31, 2018. That is \$145 million below the \$840 million deficit that was estimated at the beginning of the fiscal year.
- Government surpassed its targets under Manitoba's balanced budget law, which required our government to reduce the summary deficit by \$100 million this year. Government also contributed an additional \$50 million into the Fiscal Stabilization Fund, which is five times the amount originally budgeted.
- Public debt charges reached \$952 million, and are expected to climb to over \$1 billion in the coming year.
- Public debt charges as a percentage of revenue for 2017/18 is consistent with 2016/17 at 5.9%, showing progress in our path to fiscal sustainability.

FAITS SAILLANTS 2017-2018

Les faits saillants résument les éléments clés des états financiers sommaires pour l'exercice financier 2017-2018 et les comparent aux résultats de l'exercice financier précédent, s'il y a lieu.

- L'économie du Manitoba reste stable. Soutenue par une croissance importante des investissements privés en immobilisations dans toute la province, elle s'est modérément améliorée par rapport à l'exercice précédent. La croissance du PIB réel a augmenté beaucoup plus fortement en 2017 (2,5 %) qu'au cours des trois exercices précédents (moyenne annuelle de 1,5 %). Cela s'est traduit par des recettes autonomes élevées, qui ont permis de contrebalancer la forte baisse inattendue des recettes de l'impôt provincial sur le revenu, causée par les changements fédéraux apportés aux taux d'imposition marginaux les plus élevés.
- Pour la deuxième année consécutive, les efforts que nous avons déployés ont permis au gouvernement de contrôler les dépenses. Les états financiers sommaires montrent une perte nette de 695 millions de dollars pour l'exercice qui s'est terminé le 31 mars 2018. Cette somme est inférieure de 145 millions de dollars au déficit qui était estimé au début de l'exercice (840 millions de dollars).
- Le gouvernement a dépassé ses objectifs définis dans le cadre des mesures législatives sur l'équilibre budgétaire, qui exigeaient de notre gouvernement qu'il réduise son déficit sommaire de 100 millions de dollars cette année. Le gouvernement a également alloué une somme additionnelle de 50 millions de dollars au compte de stabilisation des revenus, soit cinq fois le montant initialement prévu.
- Les frais de la dette publique s'élevaient à 952 millions de dollars et on s'attend à ce qu'ils atteignent plus d'un milliard de dollars dans l'année à venir.
- Les frais de la dette publique pour 2017-2018 représentaient 5,9 % des recettes, soit la même proportion qu'en 2016-2017, ce qui illustre les progrès accomplis vers notre objectif de viabilité financière.

- Net debt is \$24,365 million at March 31, 2018, up \$1,071 million from March 31, 2017. Net debt to GDP increased by 0.1% to 34.6%, as at March 31, 2018. The ratio of net debt to total revenues has increased to 150.4% from 148.7% at March 31, 2017.
- Government is moving forward with measures to reduce externally-driven volatility in the summary statements by properly valuing assets that were previously overvalued and by recording assets and liabilities in a more responsible, accurate manner. This review resulted in a total adjustment of \$170 million, including a \$130 million decrease in assets that should not have been on Government books and a \$40 million increase in liabilities. It also resulted in the removal of Workers Compensation Board from summary financials and the creation of a trust for our AgriInsurance and Hail Insurance funds. These changes will result in a more transparent and stable financial reporting of outcomes.
- La dette nette s'élevait à 24 365 millions de dollars au 31 mars 2018, soit une hausse de 1 071 millions de dollars par rapport au 31 mars 2017. Le ratio de la dette nette au PIB a augmenté de 0,1 % et atteignait 34,6 % au 31 mars 2018. Le ratio de la dette nette aux recettes totales a augmenté, passant de 148,7 % au 31 mars 2017 à 150,4 %.
- Le gouvernement va de l'avant avec des mesures visant à réduire la volatilité d'origine externe des états sommaires en évaluant correctement les éléments d'actif qui avaient été surévalués et en enregistrant l'actif et le passif de manière plus responsable et exacte. Cet examen a donné lieu à un rajustement total de 170 millions de dollars, y compris une réduction de 130 millions de dollars d'actifs qui n'auraient pas dû se trouver dans les comptes du gouvernement et une augmentation de 40 millions de dollars de passifs. De plus, la Commission des accidents du travail a été supprimée des états financiers sommaires et un fonds en fiducie a été créé pour l'Agri-protection et l'assurance contre la grêle. Grâce à ces changements, les rapports concernant les résultats financiers seront plus transparents et équilibrés.

FINANCIAL CONDITION OF THE GOVERNMENT

The Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPAC), through a statement of recommended practices, suggests a number of financial indicators to assist in the assessment of a government's financial condition. There are no established public sector benchmarks for these indicators. The indicators, expressed as ratios or trends, provide a picture of what has occurred over a period of years to facilitate comparisons and assist in the assessment of the Government's financial health in the context of the current economic and financial environment. The recommended indicators are grouped into three categories:

- (1) **Sustainability** - measures a government's ability to maintain its programs without the need to increase its borrowings.
- (2) **Flexibility** - how well a government can respond to rising financial commitments by either expanding its revenue or increasing its borrowings.
- (3) **Vulnerability** - how much a government relies on revenue sources beyond its direct control or influence, both domestic and internationally.

Source of data and its limitations

The financial indicators in this report use key financial information from the audited summary financial statements. Economic information is obtained from Statistics Canada and the Manitoba Bureau of Statistics. Comparative data presented is not adjusted for inflation. Comparative results are restated to conform to any changes in accounting policy or presentation adopted in the current fiscal year. The financial indicators in this section present the results in the same format as presented in the Public Accounts of Manitoba.

LA SITUATION FINANCIÈRE DU GOUVERNEMENT

Le Conseil sur la comptabilité dans le secteur public de Comptables professionnels agréés du Canada (CPA Canada) publie un énoncé de pratiques recommandées dans lequel il suggère divers indicateurs financiers utiles à l'évaluation de la situation financière des gouvernements. Les indicateurs proposés ne sont pas associés à des valeurs de référence pour le secteur public. Ils correspondent plutôt à des ratios ou à des indicateurs de tendance qui dressent le portrait de la situation pendant un nombre donné d'exercices, pour faciliter les comparaisons et aider à l'évaluation de la santé financière du gouvernement dans la conjoncture économique et financière courante. Les indicateurs recommandés sont regroupés dans trois catégories :

- (1) **La durabilité** – mesure la capacité d'un gouvernement de maintenir ses programmes sans avoir à accroître ses emprunts.
- (2) **La flexibilité** – mesure la capacité d'un gouvernement de faire face à des engagements financiers grandissants en accroissant ses recettes ou en s'endettant davantage.
- (3) **La vulnérabilité** – mesure le degré de dépendance d'un gouvernement à l'égard de sources de recettes qui échappent à son pouvoir direct ou à son influence, sur le plan tant national qu'international.

Les sources de données et leurs limites

Les indicateurs financiers exposés dans le présent rapport se fondent sur des données financières clés contenues dans les états financiers sommaires vérifiés. Les données économiques proviennent de Statistique Canada et du Bureau des statistiques du Manitoba. Les données comparatives présentées ne sont pas ajustées en fonction de l'inflation. Par contre, les résultats comparatifs sont retraités pour tenir compte de la méthode comptable ou de la présentation adoptée au cours de l'exercice financier considéré. Les indicateurs financiers de la présente section exposent les résultats dans le même format que celui des Comptes publics du Manitoba.

The Government's 2017/18 Financial Condition

This section describes the Government's financial health using CPAC's three indicator categories of sustainability, flexibility, and vulnerability. The section also describes each category and the related indicators. For each indicator, it provides trend data for Manitoba and highlights key trends.

Sustainability

As noted above, sustainability measures the ability of a government to meet its existing program commitments and creditor requirements without increasing its borrowings or tax burden.

Looking at trends for the following five indicators provides useful insight into the sustainability of a government's revenue-raising and spending practices:

- *Net Debt as a Percentage of Provincial GDP:* the relationship between a government's net debt and the income in the economy.
- *Net Debt-to-Total Annual Revenue:* the extent to which future revenues are required to pay for past transactions or events.
- *Accumulated Deficit-to-Provincial GDP:* the extent to which past and current deficits and surpluses influenced a government's ability to manage its indebtedness and operational challenges.
- *Annual Net Income (Loss):* the extent to which a government is living within its means.
- *Annual Net Income (Loss)-to-Provincial GDP:* the extent to which current period results influenced net debt.

La situation financière du gouvernement en 2017-2018

La présente section décrit la santé financière du gouvernement à l'aide des trois catégories d'indicateurs de CPA Canada, soit la durabilité, la flexibilité et la vulnérabilité. Elle décrit également chacune des catégories et les indicateurs qui y sont associés. Pour chacun des indicateurs, elle fournit des données sur les tendances dans la province et souligne les principales tendances.

Durabilité

Comme nous l'avons indiqué plus tôt, la durabilité mesure la capacité d'un gouvernement d'assumer les engagements pris dans le cadre de ses programmes et de répondre aux exigences de ses créanciers sans avoir à accroître ses emprunts ou le fardeau fiscal.

L'observation des tendances qui se dégagent des cinq indicateurs suivants permet de se faire une idée concrète de la viabilité des pratiques du gouvernement en matière de dépenses et de production de recettes :

- *la dette nette en pourcentage du PIB provincial :* la relation entre la dette nette d'un gouvernement et les résultats de l'économie;
- *la dette nette en pourcentage des recettes annuelles totales :* dans quelle mesure les recettes à venir serviront à payer des opérations ou des événements passés;
- *le déficit accumulé en pourcentage du PIB provincial :* dans quelle mesure les déficits et les excédents passés et actuels influent sur la capacité d'un gouvernement de gérer son endettement et les difficultés dans ses activités;
- *les recettes nettes (pertes nettes) annuelles :* dans quelle mesure le gouvernement vit selon ses moyens;
- *les recettes nettes (pertes nettes) annuelles en pourcentage du PIB provincial :* dans quelle mesure les résultats de la période courante influent sur la dette nette.

Net Debt as a Percentage of Provincial GDP

The Government manages its revenue-raising and spending practices with due regard to the provincial economy. Looking at net debt and provincial GDP provides insights into these practices.

Net debt - the difference between a government's total liabilities and total financial assets - provides a measure of the future revenue required to pay for past transactions and events. Net debt as a percentage of provincial GDP measures the level of future financial obligations placed on the economy by a government's cumulative spending and revenue-raising practices. It provides a measure of how much debt a government is carrying relative to the Province's annual economic output.

In addition to the annual deficit, investment in capital improvements and replacement of deteriorating tangible capital assets, such as transportation infrastructure, result in increased net debt. As the tangible capital investments are acquired, debt is incurred and the costs are amortized over their future useful life, essentially allocating costs to the period over which the assets will be used and over a period in which revenue will be generated.

Growth in GDP must be taken into account to determine capacity to support debt. The GDP is a measure of the value of the goods and services produced in the Province during a given year. The GDP indicates the size of the provincial economy. The provincial economy grew steadily from \$59,776 million in 2012/13 to \$70,464 million in 2017/18 or by 17.9% during the five-year period. During this period, the annual consumer price index fluctuated between 1.2% and 2.2%.

Graph 1 shows that the net debt to GDP ratio at March 31, 2018 was 34.6%, compared to 34.5% in the previous year. The slight increase in net debt in 2017/18 is primarily related to investment in capital assets, including infrastructure spending, as well as operating loss.

Net debt for 2017/18 included a loss in other comprehensive income (OCI) of \$14 million, recorded by government business enterprises (GBEs). OCI represents unrealized gains or losses calculated at a point in time and can have a significant impact on the measurement of net debt. OCI is measured as the change in "mark-to-market" valuations, interest rates,

La dette nette en pourcentage du PIB provincial

Le gouvernement adapte ses pratiques en matière de dépenses et de production de recettes en fonction de l'économie de la province. Le ratio de la dette nette au PIB provincial donne un aperçu des résultats de ces pratiques.

La dette nette, à savoir, le total des passifs du gouvernement moins le total de ses actifs financiers, indique les recettes qui devront être utilisées pour assumer financièrement des opérations ou des événements antérieurs. La dette nette en pourcentage du PIB provincial exprime le niveau d'obligations financières que devra assumer l'économie en raison des pratiques cumulatives en matière de dépenses et de production de recettes du gouvernement. Le pourcentage représente l'ampleur de la dette du gouvernement par rapport aux résultats économiques annuels de la province.

En plus du déficit annuel, des investissements dans l'amélioration des immobilisations et dans le remplacement des immobilisations corporelles sujettes à la détérioration, comme les infrastructures de transport, accroissent également la dette nette. Au fur et à mesure que la province acquiert des immobilisations corporelles, elle contracte une dette, et le coût des nouvelles immobilisations est amorti sur leur vie utile, essentiellement en le passant en charges sur la période pendant laquelle les immobilisations seront utilisées et sur la période pendant laquelle elles produiront des recettes.

La croissance du PIB doit être prise en compte pour déterminer la capacité d'endettement. Le PIB est une mesure de la valeur des biens et des services produits dans la province au cours d'une année donnée. Il indique la taille de l'économie provinciale. L'économie provinciale a progressé de façon constante, passant de 59 776 millions de dollars en 2012-2013 à 70 464 millions de dollars en 2017-2018, ce qui représente une croissance de 17,9 % sur la période de cinq ans. Pendant cette période, l'indice annuel des prix à la consommation a oscillé entre 1,2 % et 2,2 %.

Le diagramme 1 montre que le ratio entre la dette nette et le PIB était de 34,6 % au 31 mars 2018, contre 34,5 % lors de l'exercice précédent. La légère augmentation de la dette nette en 2017-2018 est principalement liée à l'investissement dans les immobilisations, notamment les dépenses en matière d'infrastructure, ainsi qu'à la perte d'exploitation.

La dette nette pour 2017-2018 comprenait au niveau des autres éléments du résultat étendu une perte de 14 millions de dollars enregistrée par les entreprises publiques. Les autres éléments du résultat étendu représentent les profits ou pertes non réalisés calculés à un moment donné, et peuvent avoir des effets importants sur la mesure de la dette nette. Les autres éléments du résultat étendu sont

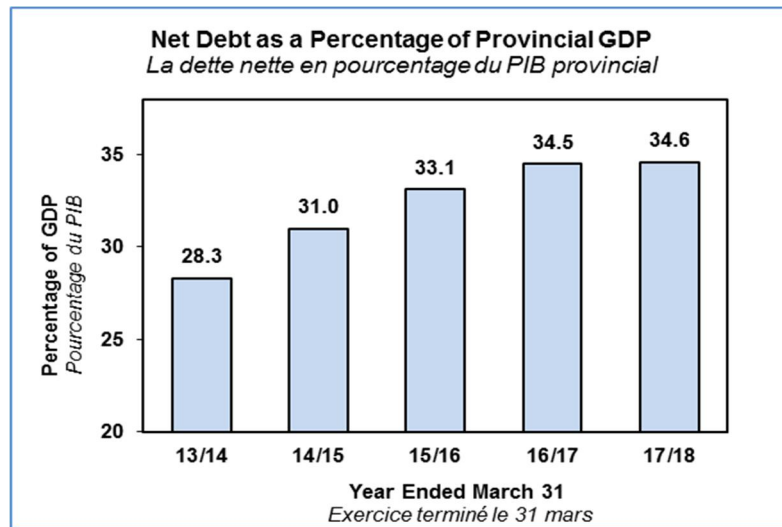
and foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

mesurés d'après la variation des évaluations à la valeur du marché, des taux d'intérêt et des taux de change en fin d'exercice et constituent, par conséquent, un aperçu ponctuel de la variation d'une valeur donnée par comparaison avec la valeur à la même date l'année antérieure.

Managing net debt while maintaining or increasing necessary investment in capital, including infrastructure, is a challenge faced by all provinces in Canada today. Global economic and financial market volatility has had an impact on growth in all jurisdictions including Manitoba.

Gérer la dette nette tout en maintenant ou en augmentant les investissements nécessaires en immobilisations, y compris l'infrastructure, est un défi auquel toutes les provinces canadiennes sont aujourd'hui confrontées. L'instabilité économique mondiale et la volatilité des marchés financiers ont eu des effets sur la croissance partout au Canada, y compris au Manitoba.

Graph 1/Diagramme 1



Net Debt-to-Total Annual Revenue

La dette nette en pourcentage des recettes annuelles totales

Net debt is the amount that current and past generations have accumulated through annual losses and tangible capital investment. These amounts remain an obligation for future generations to fund through annual net income or to continue to carry as debt. It results when a government's total liabilities exceed total financial assets. A trend of increasing net debt-to-total annual revenue would indicate that an increasing amount of time will be needed to eliminate net debt.

La dette nette correspond à la somme des pertes et des investissements en immobilisations corporelles accumulées d'exercice en exercice par les générations actuelles et passées. Cette somme est une dette que les générations futures doivent continuer à reporter ou financer à même les recettes nettes annuelles. On obtient une dette nette lorsque le total des passifs d'un gouvernement excède le total de ses actifs financiers. Une tendance à l'augmentation de la dette nette par rapport aux recettes annuelles totales signifierait que plus de temps serait nécessaire à l'élimination de la dette nette.

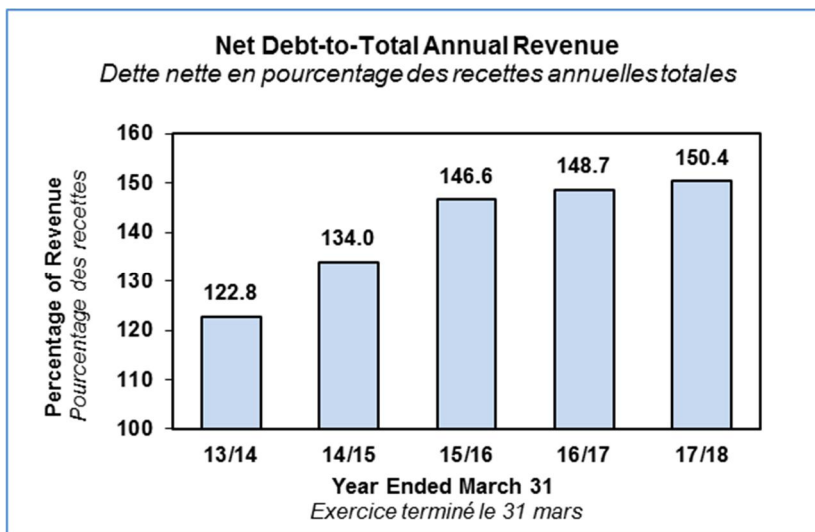
Since 2013/14, net debt-to-total annual revenue has increased from 122.8% to 150.4%, reflecting a past behaviour of unsustainable spending, unsustainable deficits and capital spending at unsustainable levels. Graph 2 shows the historical trend of net debt to

Depuis 2013-2014, le ratio entre la dette nette et les recettes annuelles totales est passé de 122,8 % à 150,4 %, une conséquence des comportements passés favorisant les dépenses insoutenables, les déficits non viables et des niveaux intenable de dépenses en immobilisations. Le diagramme 2 illustre l'évolution historique de la dette nette

annual revenues. In recent years, through strong financial stewardship, this measure has stabilized.

par rapport aux recettes annuelles. Ces dernières années, cette mesure s'est stabilisée grâce à une bonne gestion financière.

Graph 2/Diagramme 2



Accumulated Deficit-to-Provincial GDP

Le déficit accumulé en pourcentage du PIB provincial

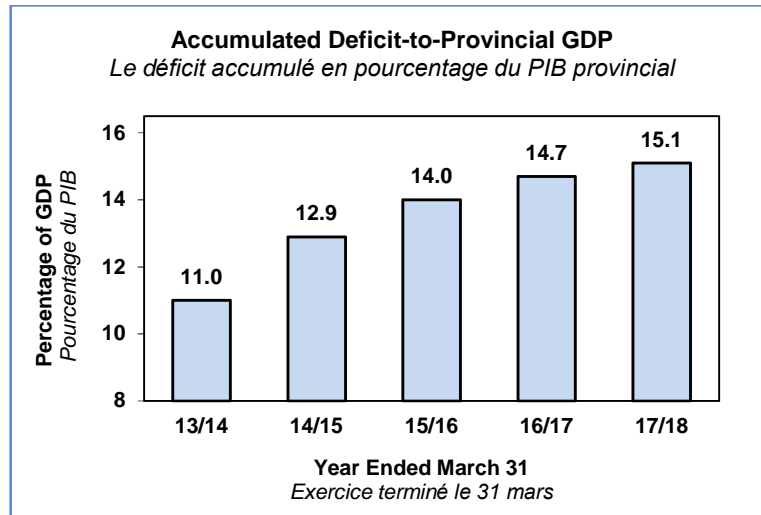
The accumulated deficit is the sum of all annual surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficit includes OCI, which is excluded from the calculation of the annual net income or loss. In accordance with recommendations of PSAB, OCI is not included in the Government's annual net operating results, but is instead recorded directly to the Province's statement of accumulated deficit. An OCI loss of \$14 million was recognized for 2017/18 (2016/17 - \$120 million gain).

Le déficit accumulé est la somme de tous les excédents et déficits accumulés d'exercice en exercice jusqu'à ce jour, obtenue d'après des calculs conformes aux méthodes comptables en vigueur. Il comprend les autres éléments du résultat étendu, qui sont exclus du calcul des recettes nettes ou des pertes nettes de l'exercice. Conformément aux recommandations du Conseil sur la comptabilité dans le secteur public, les autres éléments du résultat étendu ne sont pas compris dans les résultats nets des activités de l'exercice du gouvernement, mais sont plutôt inscrits directement dans l'état du déficit accumulé de la Province. En 2017-2018, des pertes de 14 millions de dollars ont été inscrites au titre des autres éléments du résultat étendu (contre 120 millions de dollars de bénéfices en 2016-2017).

The accumulated deficit as at March 31, 2018 increased \$3,810 million from 2013/14. Increases are primarily due to the operating losses incurred, and partially due to Manitoba Hydro's adoption of IFRS on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's accumulated deficit and net debt of \$610 million. Graph 3 shows the trend in accumulated deficit to provincial GDP since 2013/14.

Au 31 mars 2018, le déficit accumulé avait augmenté de 3 810 millions de dollars par rapport à 2013-2014. Cette augmentation est attribuable principalement aux pertes d'exploitation subies et en partie à l'adoption des Normes internationales d'information financière par Manitoba Hydro le 1^{er} avril 2015 avec une date de transition au 1^{er} avril 2014. Cette transition vers ces normes a entraîné une augmentation du déficit accumulé du gouvernement et une dette nette de 610 millions de dollars. Le diagramme 3 montre l'évolution du déficit accumulé en pourcentage du PIB provincial depuis 2013-2014.

Graph 3/Diagramme 3



Annual Net Income (Loss)

Manitoba incurred a net loss for the year ended March 31, 2018 of \$695 million.

The annual net income (loss) shows the extent to which a government generates revenues more or less than its operating expenses in one fiscal year.

Annual net income helps the Government maintain its services and provides an opportunity to lessen its borrowing needs. Annual net losses can impact a government's ability to deliver services and increase borrowing requirements.

Annual Net Income (Loss)-to-Provincial GDP

The ratio of net income (loss)-to-provincial GDP measures the difference between revenues and expenses expressed as a percentage of GDP.

Table 1 shows the five year trend in annual income.

Les recettes nettes (pertes nettes) annuelles

Le Manitoba a enregistré pour l'exercice qui s'est terminé le 31 mars 2018 une perte nette de 695 millions de dollars.

Les recettes (pertes) nettes montrent dans quelle mesure le gouvernement génère plus ou moins de recettes que ses dépenses de fonctionnement pendant un exercice financier.

Les recettes nettes annuelles aident le gouvernement à maintenir ses services et à réduire ses besoins en matière d'emprunts. Les pertes nettes annuelles peuvent avoir des incidences sur la capacité d'un gouvernement à fournir des services et accentuer les besoins d'emprunts.

Les recettes nettes (pertes nettes) en pourcentage du PIB provincial

Le ratio entre les recettes nettes (pertes nettes) et le PIB provincial indique la différence entre les recettes et les dépenses en pourcentage du PIB.

Le tableau 1 montre l'évolution des recettes annuelles sur cinq ans.

Table 1/Tableau 1

Annual Net Income (Loss)					
<i>Recettes nettes (Perstes nettes) annuelles</i>					
	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
Revenue and Expense Items	Actual	Actual	Actual	Actual	Actual
<i>Éléments des recettes et des dépenses</i>	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>
	<i>2017-2018</i>	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>
	<i>(\$ millions)/(en millions de dollars)</i>				
Revenue					
<i>Recettes</i>	16,195	15,667	14,959	14,853	14,336
Total Expenses					
<i>Dépenses totales</i>	16,890	16,456	15,891	15,392	14,936
Summary Net Income (Loss)					
<i>Recettes (perstes) nettes sommaires</i>	(695)	(789)	(932)	(539)	(600)
Annual Net Income (Loss) to Provincial GDP					
<i>Recettes (perstes) nettes en pourcentage du PIB provincial</i>	(1.0%)	(1.2%)	(1.4%)	(0.8%)	(1.0%)

Flexibility

Flexibility is the degree to which a government can increase financial resources to respond to rising commitments either by expanding its revenue or by increasing its net debt.

PSAB has recommended a number of financial indicators that assess a government's flexibility. The following indicators are considered applicable to provide insight into the Manitoba Government's flexibility:

- *Public Debt Charges to Total Revenue*: the extent to which borrowing decisions constrain a government's ability to meet financial and service commitments.
- *Own-source Revenue to Provincial GDP*: the extent to which a government is taking income out of the economy through taxation and user fees.
- *Annual Change to Net Book Value of Tangible Capital Assets*: the extent to which net changes in tangible capital assets affect future service potential.
- *Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets*: the extent to which the estimated useful lives of the Government's tangible capital assets are available to provide its products and services.

Flexibilité

La flexibilité mesure la capacité d'un gouvernement d'augmenter ses ressources financières en augmentant ses recettes ou sa dette nette pour faire face à des engagements croissants.

Le Conseil sur la comptabilité dans le secteur public recommande l'usage de divers indicateurs financiers pour juger de la flexibilité du gouvernement. Les indicateurs suivants aident à apprécier la flexibilité du gouvernement du Manitoba :

- *les frais de la dette publique en pourcentage des recettes totales* : dans quelle mesure les décisions en matière d'emprunts restreignent la capacité d'un gouvernement de faire face à ses engagements financiers et d'assurer la prestation des services prévus;
- *les recettes autonomes en pourcentage du PIB provincial* : dans quelle mesure le gouvernement retire des recettes de l'économie sous forme d'impôts et de droits d'utilisation;
- *la variation annuelle de la valeur comptable nette des immobilisations corporelles* : dans quelle mesure la variation nette des immobilisations corporelles influence la viabilité de services dans l'avenir;
- *la valeur comptable nette des immobilisations corporelles en pourcentage de leur coût* : dans quelle mesure la vie utile estimative des immobilisations corporelles d'un gouvernement lui permet de fournir des produits et des services.

Public Debt Charges to Total Revenue

The amount of public debt charges as a percentage of total revenue shows the extent to which a government must use revenue to pay for interest costs rather than to pay for services. The ratio shows how much of every dollar of a government's revenue is needed to pay interest. A lower ratio of interest costs as a percentage of revenue means a government uses a smaller proportion of its revenue to pay for interest costs.

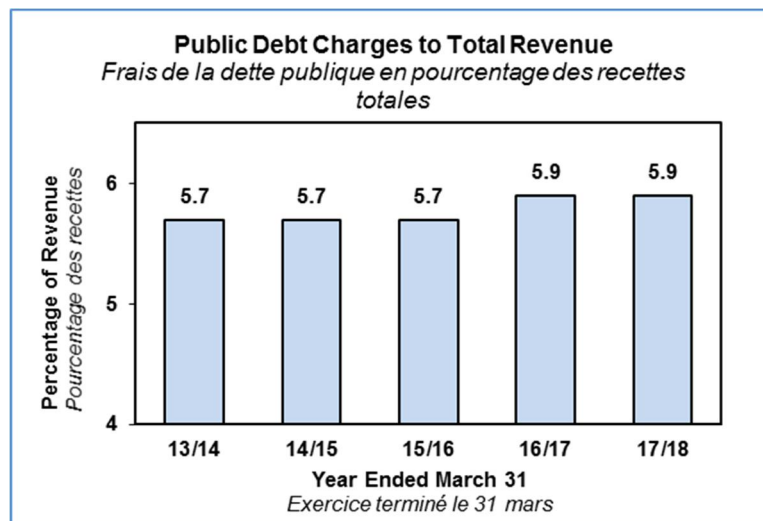
Graph 4 shows that in 2013/14, the Government used 5.7 cents of every dollar of revenue to pay interest. In the past two years 2016/17 and 2017/18, 5.9 cents of every dollar of revenue was used.

Les frais de la dette publique en pourcentage des recettes totales

La somme des frais de la dette publique en pourcentage des recettes totales montre dans quelle la mesure un gouvernement doit utiliser des recettes pour payer des frais d'intérêt plutôt que des services. Le ratio montre la proportion par dollar de recettes du gouvernement qui sert à payer les intérêts. Un faible ratio entre les frais d'intérêt et les recettes indique que le gouvernement consacre une faible part de ses recettes aux frais d'intérêt.

Dans le diagramme 4, on observe qu'en 2013-2014, le gouvernement utilisait 5,7 cents par dollar de recettes pour assumer les frais d'intérêt. Au cours des deux derniers exercices (2016-2017 et 2017-2018), 5,9 cents par dollar de recettes étaient utilisés à cette fin.

Graph 4/Diagramme 4



Own-Source Revenue to Provincial GDP

A government's own-source revenue as a percentage of provincial GDP shows how much revenue a government raises through its provincial economy via taxation and user fees. High ratios or increases in ratios mean a government is placing higher demands on its provincial economy indicating that its demands are outpacing growth in the economy.

In this report, own-source revenue does not include the net income from GBEs, as these entities operate outside of the core government operations, given the semi-autonomous nature of their operations. Their revenues are not derived from taxation or user fees, but from the supply of products or services.

Les recettes autonomes en pourcentage du PIB provincial

Les recettes autonomes en pourcentage du PIB provincial montrent la part de recettes qu'un gouvernement tire de l'économie provinciale sous forme d'impôts et de droits d'utilisation. Des ratios élevés ou à la hausse signifient que le gouvernement augmente les pressions qui s'exercent sur l'économie provinciale, indiquant que ses besoins dépassent la croissance de l'économie.

Dans ce rapport, les recettes autonomes ne comprennent pas les bénéfices nets des entreprises publiques étant donné que les opérations de ces entités sont exclues des opérations fondamentales du gouvernement en raison de leur nature semi-autonome. Leurs recettes ne proviennent pas d'impôts ou de droits d'utilisation, mais de l'offre de produits ou de services.

Since 2013/14, Government's own-source revenue has been steadily increasing, but as a percentage of the provincial GDP, it has remained relatively stable. This indicates that Government has not significantly changed its normal demands on the provincial economy over this time period. For 2017/18, the main contributors to the increase in own-source revenue from prior year are:

- Income taxes, which increased \$27 million, or 0.7%.
- Fees and other revenue increased by \$38 million, or 1.6%.
- Retail sales tax, which increased \$143 million, or 6.2%.
- Education property tax increased by \$34 million, or 4.3%.

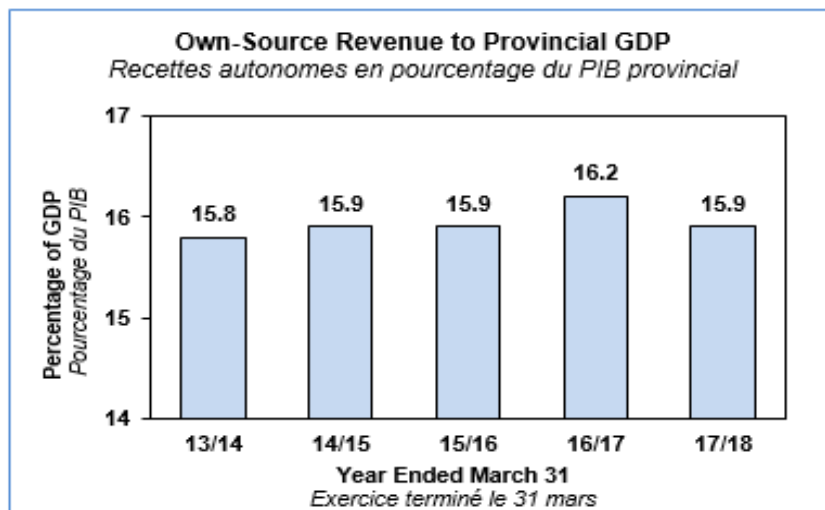
Graph 5 shows the relationship between own-source revenue and provincial GDP. GDP increased from \$62,296 million in 2013/14 to \$70,464 million in 2017/18 or 13.1%. The rate of own-source revenues increased steadily in relation to the economy representing 15.8% of GDP in 2013/14 versus 15.9% in 2017/18. Own-source revenues increased by \$287 million or 2.6% from \$10,950 million in 2016/17 to \$11,237 million in 2017/18. Despite these increases, revenue as a percentage of GDP has dropped from last year, reflecting less income being removed from the economy for taxes.

Depuis 2013-2014, les recettes autonomes du gouvernement sont en constante augmentation, mais en pourcentage du PIB provincial, il est resté relativement stable. Cela indique que le gouvernement n'a pas changé de manière significative ses exigences sur l'économie de la province au cours de cette période. Pour 2017/18, les principaux contributeurs à la hausse des revenus autonomes par rapport à l'année précédente sont les suivants:

- les impôts sur le revenu, qui se sont accrus de 27 millions de dollars, soit de 0,7 %;
- les droits et autres recettes, qui ont augmenté de 38 millions de dollars, soit 1,6 %;
- la taxe sur les ventes au détail, dont les recettes se sont accrues de 143 millions de dollars, soit 6,2 %;
- l'impôt foncier pour l'éducation, dont les recettes se sont accrues de 34 millions de dollars, soit 4,3 %.

Le diagramme 5 montre la relation entre les recettes autonomes et le PIB provincial. Le PIB est passé de 62 296 millions de dollars en 2013-2014 à 70 464 millions de dollars en 2017-2018, ce qui représente une augmentation de 13,1 %. Le pourcentage des recettes autonomes par rapport à l'économie est en constante augmentation. Il est passé de 15,8 % du PIB en 2013-2014 à 15,9 % en 2017-2018. Les recettes autonomes ont augmenté de 287 millions de dollars (2,6 %) et sont passées de 10 950 millions de dollars en 2016-2017 à 11 237 millions de dollars en 2017-2018. Malgré ces augmentations, les recettes en pourcentage du PIB ont diminué l'année dernière, parce qu'une moindre part des revenus a été soustraite à l'économie au profit des taxes et des impôts.

Graph 5/Diagramme 5



Annual Change to Net Book Value of Tangible Capital Assets

Tangible capital assets (TCAs) such as buildings, equipment, roads and dams are essential for the economy and for delivering government services.

The annual change in the net book value of tangible capital assets measures the extent to which a government is maintaining, or failing to maintain, the assets it needs to deliver its services. An increase means a government has spent more on its assets than has been reduced because of age and use, commonly referred to as amortization or depreciation.

Continual increases in the net book value of tangible capital assets indicates that a government is maintaining or enhancing its tangible capital asset base, which may lead to lower future maintenance or replacement costs because of decreased deterioration. Investing in TCAs creates jobs, promotes economic growth and ensures the continued provision of future services.

The past legacy of unsustainable capital expenditures has created pressure on the ability to maintain these capital assets. In 2017/18, the Government invested \$1,123 million in new tangible capital assets. There were \$47 million in disposals or write downs and the net book value of all tangible capital assets was reduced by \$713 million in annual amortization. The Government's tangible capital assets had a net book value of \$13,598 million at March 31, 2018 (\$13,235 million at March 31, 2017).

Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets

The ratio of the net book value of tangible capital assets to the cost of tangible capital assets illustrates the relationship between the estimated useful life of government assets and their availability to provide future service.

The ratio in Graph 6 below demonstrates that the Government has been reducing its investment in tangible capital assets relative to the rate of amortization for the last two years, reflecting the need to deliver fiscally sustainable outcomes for Manitobans and to reverse the past trend of unsustainable capital spending. Total tangible capital cost increased \$1,013 million from \$22,349 million in 2016/17 to \$23,362 million in 2017/18. Total additions to capital assets in 2017/18 were \$1,123 million (2016/17 - \$1,417 million). The total cost of assets under construction, including infrastructure, as at March 31, 2018 was \$1,759 million

La variation annuelle de la valeur comptable nette des immobilisations corporelles

Les immobilisations corporelles, comme les immeubles, l'équipement, les routes et les barrages, sont essentielles à l'économie et à la prestation des services publics.

La variation annuelle de la valeur comptable nette des immobilisations corporelles indique dans quelle mesure un gouvernement entretient ou omet d'entretenir les actifs dont il a besoin pour fournir ses services. Une hausse signifie que le gouvernement a investi plus dans ses actifs que la valeur perdue par ceux-ci en raison de l'âge et de l'usure (appelée communément amortissement ou dépréciation).

La hausse continue de la valeur comptable nette des immobilisations corporelles indique qu'un gouvernement entretient ou améliore ses immobilisations corporelles dans leur ensemble, ce qui peut entraîner une réduction des coûts futurs d'entretien et de remplacement en raison d'une détérioration moindre. Investir dans les immobilisations corporelles crée des emplois, favorise la croissance économique et assure la prestation de services dans l'avenir.

Les dépenses insoutenables en immobilisations héritées du passé pèsent sur la capacité à entretenir ces immobilisations. En 2017-2018, le gouvernement a investi 1 123 millions de dollars dans de nouvelles immobilisations corporelles. Les immobilisations cédées ou dévaluées ont atteint 47 millions de dollars, et la valeur nette comptable de l'ensemble des immobilisations corporelles a été réduite de 713 millions de dollars en amortissement annuel. La valeur comptable nette des immobilisations corporelles du gouvernement s'élevait à 13 598 millions de dollars le 31 mars 2018 (contre 13 235 millions de dollars au 31 mars 2017).

La valeur comptable nette des immobilisations corporelles en pourcentage de leur coût

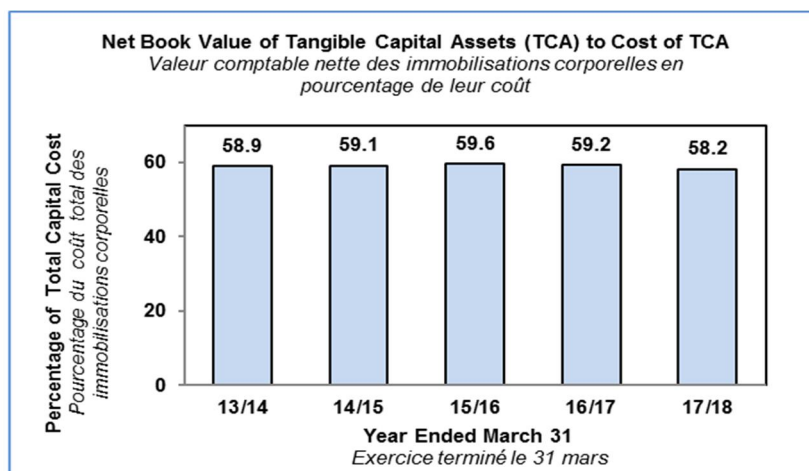
Le ratio de la valeur comptable nette des immobilisations corporelles à leur coût illustre la relation entre la vie utile estimative des actifs du gouvernement et leur disponibilité pour fournir des services dans l'avenir.

Le ratio figurant au diagramme 6 ci-après montre que le gouvernement a réduit ses investissements dans les immobilisations corporelles en proportion du taux d'amortissement au cours des deux années précédentes, illustrant la nécessité d'obtenir des résultats financiers viables pour les Manitobains et de renverser la tendance passée aux dépenses insoutenables en immobilisations. Le coût global des immobilisations corporelles a augmenté de 1 013 millions de dollars, passant de 22 349 millions de dollars en 2016-2017 à 23 362 millions de dollars en 2017-2018. Le total des acquisitions d'immobilisations était de 1 123 millions de dollars en 2017-2018 (contre 1 417 millions

(2016/17 - \$1,613 million). Assets under construction are not amortized until they are put into service. The \$1,123 million in additions includes \$219 million for buildings and leasehold improvements, \$484 million for other infrastructure, such as road grading and surfacing and a number of bridge and structure projects, \$165 million on vehicles and equipment, and \$255 million on other general assets.

de dollars en 2016-2017). Pour l'exercice terminé le 31 mars 2018, le coût global des immobilisations en construction, y compris l'infrastructure, était de 1 759 millions de dollars (contre 1 613 millions de dollars en 2016-2017). L'amortissement des immobilisations en construction ne débute qu'à partir de leur mise en service. Les 1 123 millions de dollars d'acquisitions comprennent 219 millions pour la construction de bâtiments et des améliorations locatives; 484 millions pour d'autres projets d'infrastructure, comme le nivellement et le surfacage des routes et plusieurs projets de ponts et autres ouvrages; 165 millions pour les véhicules et l'équipement; et 255 millions pour d'autres éléments de l'actif général.

Graph 6/Diagramme 6



Vulnerability

Vulnerability is the degree to which a government is dependent upon, and therefore, vulnerable to fluctuations in sources of revenue outside of its direct control or influence. A high degree of dependency may indicate a government is reliant on outside sources to deliver programs and services at the current level and quality. Changes in outside sources of revenue due to capital projects and other one-time or non-operational programs do not indicate a material increase in a government's revenue vulnerability.

Vulnérabilité

La vulnérabilité correspond au degré de dépendance du gouvernement, et donc de vulnérabilité aux fluctuations, par rapport aux sources de recettes qui ne dépendent pas directement de lui ni de son influence. Un degré de dépendance élevé peut indiquer qu'un gouvernement compte sur des sources externes pour offrir ses programmes et services au niveau et au degré de qualité actuels. Des fluctuations des sources extérieures de recettes liées aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'indiquent pas une augmentation sensible de la vulnérabilité d'un gouvernement du point de vue des sources de recettes.

Recommended indicators for providing insight into the Government's vulnerability include:

Les indicateurs recommandés pour apprécier la vulnérabilité du gouvernement comprennent :

- *Federal Transfers to Own-Source Revenue;*
- *Federal Transfers to Total Revenue; and*
- *Foreign Currency Debt to Net Debt.*
- *les transferts fédéraux en pourcentage des recettes autonomes;*
- *les transferts fédéraux en pourcentage des recettes totales;*
- *la dette en devises en pourcentage de la dette nette.*

Revenue from Federal Government Transfers

Transfers from the Government of Canada are a significant source of revenue for Manitoba, accounting for 25.9% of total revenues in 2017/18, down slightly from 26.3% in 2016/17. This indicates the Province's fiscal position is somewhat vulnerable, at least in the short term, to material reductions in federal transfers.

Major federal transfers include the Equalization Program, the Canada Health Transfer and the Canada Social Transfer.

The Equalization Program is the Government of Canada's transfer program for addressing revenue generating disparities among provinces. It was entrenched in Canada's Constitution in 1982. Equalization payments are intended to make it possible for receiving provinces to provide their residents with public services that are reasonably comparable to those in other provinces, at reasonably comparable levels of taxation.

Manitoba received \$1,821 million in Equalization payments in 2017/18. Equalization accounted for about 11.2% of total 2017/18 summary provincial revenues.

Manitoba received \$1,866 million in combined CHT and CST revenues in 2017/18, or about 11.5% of total provincial summary revenues.

Federal support through these programs enhances the provincial funds available to provide essential services in areas such as health care, post-secondary education, child programming and social services.

Historically, these transfers, with their annual automatic escalators, have helped ensure stable and predictable federal support over the medium-term. However, recent changes implemented by the Federal Government will have some impact on future entitlements. In 2017/18, the annual CHT escalator fell from 6.0% to the rate of growth of a three year moving average of nominal GDP, with a guaranteed minimum growth rate of three per cent per year.

Les recettes provenant des transferts du gouvernement fédéral

Les transferts du gouvernement du Canada constituent une source de revenus importante pour le Manitoba, représentant 25,9 % du total des recettes en 2017-2018 (une légère baisse par rapport aux 26,3 % de 2016-2017). Cela révèle que la situation financière de la Province est relativement vulnérable, au moins à court terme, à des réductions importantes des transferts fédéraux.

Les principaux transferts fédéraux comprennent le Programme de péréquation, le Transfert canadien en matière de santé et le Transfert canadien en matière de programmes sociaux.

Le Programme de péréquation est le programme de transfert du gouvernement du Canada conçu pour aplanir les disparités en matière de génération de recettes entre les provinces. Il a été inscrit dans la Constitution du Canada en 1982. L'objectif des paiements de péréquation est de permettre aux gouvernements provinciaux bénéficiaires de fournir à leurs résidents des services publics sensiblement comparables à ceux offerts dans d'autres provinces à des taux d'imposition sensiblement comparables.

En 2017-2018, le Manitoba a reçu 1 821 millions de dollars en paiements de péréquation. Les paiements de péréquation représentaient environ 11,2 % du total des recettes sommaires provinciales en 2017-2018.

En 2017-2018, le Manitoba a reçu 1 866 millions de dollars en paiements combinés du TCS et du TCPS, soit environ 11,5 % du total des recettes sommaires provinciales.

Le soutien du gouvernement fédéral dans le cadre de ces programmes accroît les fonds provinciaux disponibles pour assurer des services essentiels dans des domaines tels que les soins de santé, l'enseignement postsecondaire, les programmes destinés aux enfants et les services sociaux.

Historiquement, ces transferts, assortis de leurs facteurs de progression annuelle, ont contribué à garantir un appui fédéral stable et prévisible à moyen terme. Toutefois, les changements récemment mis en œuvre par le gouvernement fédéral auront des répercussions sur les droits futurs. En 2017-2018, le facteur de progression annuelle du TCS a baissé, passant de 6 % à la moyenne mobile sur trois ans du taux de croissance du PIB nominal, avec un taux de croissance minimal garanti de 3 % par année.

The CST is legislated to grow by 3% per cent per year and accounts for only a minor portion of Manitoba's total spending on social programs while the CHT covers less than a quarter of the Province's healthcare costs. As of 2015/16, both the CST and CHT are allocated on an equal per capita basis, leaving Equalization as the only major federal transfer program that takes into account differences in provincial revenue-raising capacity.

The current outlook for transfers from the Government of Canada is based on existing federal-provincial-territorial funding arrangements. While the Province has no direct control over the amount it receives each year, it does have some opportunity to influence the framework and direction of fiscal transfers through consultations with the Government of Canada.

Federal Transfers to Own-Source Revenue

Federal transfers as a percentage of own-source revenue measures the extent to which a province raises its own revenue compared to the amount it receives from the Government of Canada. A high percentage may indicate a provincial government relies too heavily on federal transfers to operate. Where federal funds are applied to capital projects, one-time programs or used for other non-operational purposes, reliance may not be substantially increased.

An increase in a province's own-source revenue typically makes it less vulnerable to unanticipated changes in levels of federal transfers. It also enhances its ability to fund provincial programs, invest in infrastructure, and to continue to fully fund programs initiated with federal one-time transfers once federal funding has ceased. The ratio of federal transfers to own-source revenue may vary from year-to-year as a result of increases or decreases in a government's own-source revenue.

Overall federal transfers increased by \$72 million in 2017/18 due to an \$85 million increase in funding from Equalization and a \$68 million increase in Canada Health and Social transfers, offset by an \$81 million decline in shared cost agreements. Shared-cost agreements include programs such as infrastructure renewal funding, disaster financial assistance (DFA) and shared agricultural programs.

Conformément à la loi, le TCPS augmentera de 3 % par année et ne compte que pour une faible part des dépenses totales du Manitoba en matière de programmes sociaux, tandis que le TCS couvre moins du quart des coûts de soins de santé de la Province. Depuis 2015-2016, le TCPS et le TCS sont calculés selon un montant égal par habitant. Par conséquent, la péréquation reste le seul grand programme de transfert fédéral qui tient compte des différences au niveau de la capacité provinciale de générer des recettes.

Les perspectives actuelles d'évolution des transferts du gouvernement du Canada sont fondées sur les modalités existantes du financement fédéral-provincial-territorial. Bien que la Province n'exerce pas de contrôle direct sur le montant qu'elle reçoit chaque année, elle a tout de même une certaine influence sur les grandes lignes et l'orientation des transferts fiscaux dans le cadre de ses consultations avec le gouvernement du Canada.

Les transferts fédéraux en pourcentage des recettes autonomes

Le ratio des transferts fédéraux aux recettes autonomes établit le rapport entre les fonds versés par le gouvernement du Canada et les recettes perçues directement par une province. Un pourcentage élevé peut indiquer que le gouvernement provincial dépend trop fortement des transferts fédéraux pour mener ses activités. Les fonds fédéraux affectés aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'augmentent pas nécessairement cette dépendance de façon significative.

Une augmentation des recettes autonomes d'une province la rend habituellement moins vulnérable aux changements imprévus touchant les niveaux de transferts fédéraux. Elle augmente aussi sa capacité de financer les programmes provinciaux, d'investir dans l'infrastructure et de continuer à financer pleinement les programmes lancés grâce à des transferts fédéraux non récurrents lorsque le financement fédéral prend fin. Le ratio des transferts fédéraux aux recettes autonomes peut varier d'un exercice à l'autre à la suite de l'augmentation ou de la diminution des recettes autonomes du gouvernement.

En 2017-2018, le total des transferts du gouvernement fédéral a augmenté de 72 millions de dollars en raison d'une augmentation de 85 millions de dollars des paiements de péréquation et d'une augmentation de 68 millions de dollars des transferts en matière de santé et de programmes sociaux, compensées par une baisse de 81 millions de dollars du financement versés dans le cadre des ententes relatives aux frais partagés. Les ententes relatives aux frais partagés incluent notamment des programmes de financement de renouvellement de l'infrastructure, des programmes d'aide financière aux sinistrés et des programmes agricoles partagés.

Federal Transfers to Total Revenue

The ratio of federal transfers to total revenue indicates the vulnerability of provinces to changes in transfer support from the Government of Canada.

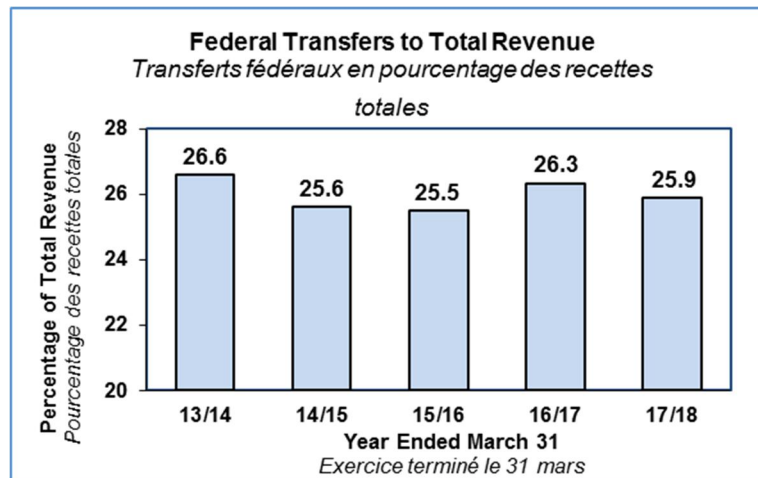
Graph 7 shows the ratio of federal transfers to total provincial revenue has decreased from 2013/14 to 2017/18. This decrease indicates the Province is relying less on federal transfers for revenue to fund programs and services demonstrating Manitoba's gradually decreasing vulnerability to changes in federal transfer support. The decrease from 26.3 in 2016/17 to 25.9 in 2017/18 is mainly attributed to overall increase in own-source revenue.

Les transferts fédéraux en pourcentage des recettes totales

The ratio des transferts fédéraux aux recettes totales indique la vulnérabilité des provinces aux variations dans les transferts en provenance du gouvernement du Canada.

Le diagramme 7 montre que le ratio des transferts fédéraux au total des recettes provinciales a diminué entre 2013-2014 et 2017-2018. Cette baisse révèle que la Province dépend moins des transferts fédéraux pour financer ses programmes et services : le Manitoba est donc de moins en moins vulnérable aux modifications relatives aux transferts fédéraux. La baisse du ratio, qui est passé de 26,3 % en 2016-2017 à 25,9 % en 2017-2018, est principalement attribuable à l'augmentation générale des recettes autonomes.

Graph 7/Diagramme 7



Foreign Currency Debt Risk

The Province's foreign currency debt risk for 2017/18 is zero because foreign exchange risk is considered to be fully hedged through the use of derivative instruments such as swaps and forward foreign exchange contracts. Fully hedging the amount of foreign currency debt included in total government debt mitigates the risk of debt servicing costs rising due to changes in foreign currency rates and improves the Province's financial position. The amount of foreign currency debt outstanding at March 31, 2018 is \$13,213 million (2016/17 - \$11,884 million). The portion held by the Province is fully hedged. The portion held by Manitoba Hydro is managed through a long-term natural hedge between U.S. dollar cash flows.

La dette en devises

Le risque lié à la dette en devises de la Province pour 2017-2018 est nul, car le risque de change est considéré comme entièrement couvert par l'usage d'instruments dérivés, comme les swaps et les contrats de change à terme. Le fait de couvrir complètement le montant de la dette en devises incluse dans la dette totale de la Province atténue le risque d'une hausse des frais de service de la dette en raison des variations du cours des devises et améliore la situation financière de la province. Le montant de la dette en devises au 31 mars 2018 était de 13 213 millions de dollars, contre 11 884 millions de dollars en 2016-2017. La portion détenue par la Province était complètement couverte. La portion détenue par Manitoba Hydro est gérée par une couverture naturelle à long terme entre les flux de trésorerie en dollars américains.

RISKS AND UNCERTAINTIES

The Government's main exposure to risks and uncertainties arises from variables which it does not directly control. These include:

- Economic factors such as commodity prices, personal income, retail sales, and population growth.
- Favourable changes to tax rates in the United States or other Canadian jurisdictions that can make other jurisdictions more competitive for business. Similarly, adverse federal taxation decisions can have an adverse impact on our economic growth and tax receipts.
- The introduction of trade barriers or disruption of natural trade patterns both within Canada and into the United States and globally.
- The inability to proceed with planned capital investment decisions due to environmental or other obligations.
- Adverse economic or financial events or unusual weather patterns that can influence overall annual results.
- The performance of our Crown corporations, and in particular Manitoba Hydro, which has recently incurred significant debt on its balance sheet to develop large capital projects.
- Outcomes from litigation, arbitration and negotiations with third parties.
- Changes in federal transfers.
- Utilization rates for Government services such as health care, children and family services, or employment assistance.
- Exposure to interest rate fluctuations, foreign exchange rates and adverse changes to our credit rating.
- Changes in Canadian accounting standards.
- Identification and quantification of the liabilities related to contaminated sites.
- Volatility of results, including amounts consolidated from other reporting entities.

LES RISQUES ET LES INCERTITUDES

La principale exposition du gouvernement aux risques et aux incertitudes résulte de variables qui ne dépendent pas directement de lui. Ces variables sont notamment :

- des facteurs économiques, comme le prix des marchandises, le revenu des particuliers, les ventes au détail et l'accroissement de la population;
- des changements favorables aux taux d'imposition des États-Unis ou d'autres provinces ou territoires canadiens, qui peuvent rendre d'autres administrations plus concurrentielles pour les entreprises. De la même manière, des décisions fiscales défavorables à l'échelle fédérale peuvent avoir un effet néfaste sur notre croissance économique et nos recettes fiscales;
- la mise en place de barrières commerciales ou l'interruption de structures naturelles d'échanges à la fois à l'intérieur du Canada et avec les États-Unis et le reste du monde;
- l'impossibilité de mener à bien les décisions concernant les investissements prévus en immobilisations en raison d'obligations, notamment environnementales;
- des événements néfastes, économiques ou financiers, ou des conditions climatiques inhabituelles qui peuvent influencer sur les résultats annuels d'ensemble;
- la performance des sociétés d'État, en particulier Manitoba Hydro qui a récemment enregistré une dette importante sur son bilan comptable pour des projets d'immobilisations de grande envergure;
- les résultats de procès, d'arbitrages ou de négociations avec des tiers;
- les modifications des transferts fédéraux;
- les taux d'utilisation des services du gouvernement, comme les soins de santé, les services à l'enfant et à la famille et l'aide à l'emploi;
- l'exposition aux fluctuations des taux d'intérêt, aux taux de change et aux modifications défavorables à notre cote de crédit;
- les modifications des normes comptables canadiennes;
- l'identification et la quantification du passif lié aux lieux contaminés;
- la volatilité des résultats, y compris les résultats consolidés d'autres entités comptables.

VARIANCE ANALYSIS AND ASSESSMENT OF SIGNIFICANT TRENDS
ANALYSE DES ÉCARTS ET DES PRINCIPALES ÉVOLUTIONS

Summary Net Income (Loss)/Recettes (pertes) nettes sommaires

Revenue and Expense Items <i>Éléments des recettes et des dépenses</i>	2017/2018	2017/2018	2016/2017	Variance/Écart	
	Budget <i>Budget de</i> 2017-2018	Actual <i>Chiffres</i> <i>réels de</i> 2017-2018	Actual <i>Chiffres</i> <i>réels de</i> 2016-2017	2017/2018 vs 2016/2017 <i>Actual</i> <i>Chiffres réels</i> <i>de 2017-</i> <i>2018 et de</i> <i>2016-2017</i>	2017/2018 <i>Actual to</i> <i>Budget</i> <i>Chiffres réels</i> <i>et budget de</i> <i>2017-2018</i>
	(\$ millions)/(en millions de dollars)				
REVENUE/RECETTES					
Income Taxes					
<i>Impôts</i>	4,194	3,985	3,958	27	(209)
Other Taxes					
<i>Autres taxes</i>	4,497	4,588	4,396	192	91
Fees and Other Revenue					
<i>Droits et autres recettes</i>	2,307	2,407	2,369	38	100
Sinking Funds and Other Earnings					
<i>Fonds d'amortissement et autres revenus</i>	235	257	227	30	22
Total Own-Source Revenue					
<i>Total des recettes autonomes</i>	11,233	11,237	10,950	287	4
Government Business Enterprises					
<i>Entreprises publiques</i>	705	758	589	169	53
Federal Government Transfers					
<i>Transferts fédéraux</i>	4,163	4,200	4,128	72	37
Total Revenue					
<i>Recettes totales</i>	16,101	16,195	15,667	528	94
EXPENSES/DEPENSES					
Health					
<i>Santé</i>	6,681	6,483	6,525	(42)	(198)
Education					
<i>Éducation</i>	4,400	4,384	4,237	147	(16)
Families					
<i>Des familles</i>	2,159	2,183	2,028	155	24
Community, Economic and Resource Development					
<i>Développement des communautés, de l'économie et des ressources</i>	1,535	1,594	1,419	175	59
Justice and Other Expenditures					
<i>Justice et autres dépenses</i>	1,290	1,294	1,317	(23)	4
Debt Servicing					
<i>Service de la dette</i>	991	952	930	22	(39)
Total Expenses					
<i>Dépenses totales</i>	17,056	16,890	16,456	434	(166)
In-Year Adjustment/Lapse*					
<i>Ressources non utilisées/rajustements en cours d'exercice*</i>	(115)	-	-	-	115
Summary Net Income (Loss)					
<i>Recettes (pertes) nettes sommaires</i>	(840)	(695)	(789)	94	145

*Note: Adjustments/Lapse was budgeted as an increase in revenue and/or a decrease in expenditures. Actual results are represented within the Revenue and Expenditure items in the revenue categories and expenditure sectors listed above.

*Remarque : les ressources non utilisées et les rajustements étaient inscrits au budget en tant qu'augmentation des recettes ou que réduction des dépenses. Les résultats réels sont indiqués dans les éléments des revenus et des dépenses dans les catégories de recettes et les secteurs de dépenses énumérés ci-dessus.

The Government ended the year with a net loss of \$695 million, which is \$145 million lower than the budgeted net loss of \$840 million. In 2017/18, total revenues were \$16,195 million and total expenses were \$16,890 million.

À la fin de l'exercice, la Province affichait une perte nette de 695 millions de dollars, soit 145 millions de dollars de moins que les pertes nettes de 840 millions de dollars prévues dans le budget. En 2017-2018, les recettes totales ont atteint 16 195 millions de dollars, et les dépenses totales se sont élevées à 16 890 millions de dollars.

The most significant factors causing the variances from budget are:

Les principaux facteurs expliquant les écarts par rapport aux prévisions budgétaires sont les suivants :

- A decrease of \$209 million in income taxes mainly due to a lower base revenue as a result of tax planning in anticipation of the changes to the federal top marginal tax rate.
- An increase of \$91 million in other taxes primarily due to an increase in retail sales tax due to Canada Summer Games activity and growth in the construction industry.
- An increase of \$100 million in fees and other revenue primarily due to increases in revenue from government reporting entities, increased tuition fees as a result of increased enrolment and tuition rates, and higher than anticipated recovery of prior years' expenditures.
- \$22 million higher than estimated investment returns in money market and sinking funds.
- An increase of \$53 million in net income from GBEs primarily due to higher than budgeted results for Manitoba Public Insurance Corporation (MPIC). In 2017/18, MPIC incurred lower than expected claims costs, including lower hail claims.
- A \$37 million increase in federal transfers due to higher than anticipated Canada Health Transfers related to new funding for home care and mental health services, increased federal funding for the recently signed bilateral Canada-Manitoba Early Learning and Child Care Agreement and increased other shared cost recoveries of government reporting entities.
- une diminution de 209 millions de dollars des recettes de l'impôt sur le revenu, attribuable principalement au fait que l'assiette s'est réduite en raison de la planification fiscale motivée par le changement prévu du taux d'imposition marginal fédéral le plus élevé;
- une augmentation de 91 millions de dollars des autres taxes, principalement attribuable à l'accroissement des recettes de la taxe sur les ventes au détail, grâce aux activités liées aux Jeux d'été du Canada et à la croissance dans le secteur de la construction;
- une augmentation de 100 millions de dollars des droits et autres recettes attribuable principalement à l'accroissement des recettes des entités du périmètre comptable du gouvernement, à l'augmentation des recettes provenant des droits de scolarité consécutive à la hausse des inscriptions et des droits, et à un recouvrement de dépenses antérieures plus important que prévu;
- des rendements des investissements sur les marchés monétaires et dans les fonds d'amortissement supérieurs de 22 millions de dollars à ce qui avait été estimé;
- une augmentation de 53 millions de dollars des bénéfices nets des entreprises publiques, principalement en raison de résultats plus élevés que prévu au budget pour la Société d'assurance publique du Manitoba. En 2017-2018, la Société a fait face à des coûts d'indemnisation plus faibles, y compris pour désastre de grêle;
- une augmentation de 37 millions de dollars des transferts fédéraux causée par : des transferts canadiens en matière de santé plus élevés que prévu grâce à l'injection de nouveaux fonds pour les soins à domicile et les soins de santé mentale; un accroissement du financement fédéral dans le cadre des Accord Canada–Manitoba sur l'apprentissage et la garde des jeunes enfants récemment signés; et une augmentation d'autres recouvrements de coûts partagés d'entités du périmètre comptable du gouvernement;

- A decrease of \$198 million in Health expenses due to lower volumes of physician services delivered, fewer capital projects completed and efficiencies derived in the health system.
- A decrease of \$16 million in Education expenses reflects under expenditures in departmental programming and reduced personnel and operating expenditures in public schools and post-secondary institutions, improved returns on pension assets, partially offset by an additional provision on the loan to finance Investors Group Field.
- An increase of \$24 million in Families expenses related to a one-time increase to existing provisions for costs associated with grant funding to family services agencies.
- An increase in Community, Economic and Resource Development (CERD) expenses of \$59 million mainly due to the Manitoba Agricultural Services Corporation's transfer of surplus insurance assets to the "Production Insurance Trust" and the "Hail Insurance Trust".
- \$39 million lower than estimated debt servicing costs primarily due to lower interest rates than anticipated.
- une diminution de 198 millions de dollars des dépenses de santé en raison de la réduction du volume des services médicaux offerts, de la diminution des projets d'immobilisations réalisés, ainsi que des gains d'efficacité obtenus dans le système de santé;
- une diminution de 16 millions de dollars des dépenses d'éducation attribuable à une réduction des dépenses liées aux programmes ministériels, des dépenses de fonctionnement et du nombre d'employés dans les écoles et les établissements d'enseignement postsecondaire publics, ainsi qu'à l'amélioration des rendements des régimes de retraite, partiellement compensée par une provision supplémentaire pour le prêt destiné au financement du stade Investors Group;
- une hausse de 24 millions de dollars des dépenses pour les familles liées à une augmentation ponctuelle des provisions existantes pour les coûts relatifs au financement par subventions des organismes de services à la famille;
- une augmentation de 59 millions de dollars des dépenses consacrées au développement des communautés, de l'économie et des ressources, principalement attribuable au fait que la Société des services agricoles du Manitoba a transféré des actifs d'assurance excédentaires dans le « fonds de fiducie de l'assurance-production » et le « fonds de fiducie de l'assurance contre la grêle ».
- une diminution de 39 millions de dollars des frais de service de la dette par rapport aux estimations, attribuable principalement à des taux d'intérêt inférieurs aux prévisions.

Revenue

Revenue trend analysis provides users with information about significant changes in revenue over time and between sources, enabling users to evaluate past performance and assess potential implications for the future.

Recettes

L'analyse de l'évolution des recettes renseigne les lecteurs sur les principales variations des recettes selon les exercices et les sources, et leur permet d'évaluer la performance passée et les possibles implications pour l'avenir.

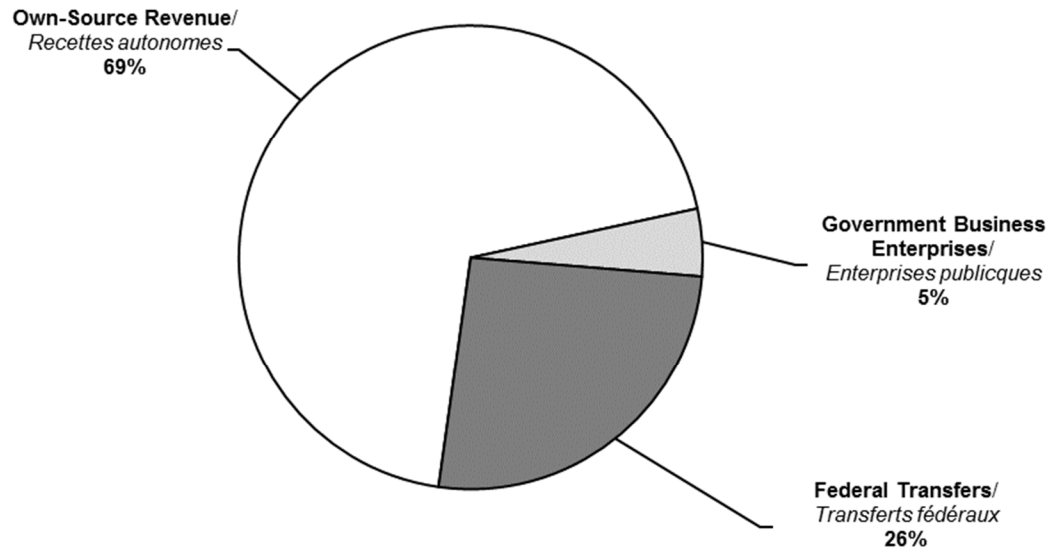
Revenue Trend Analysis by Source
Analyse de l'évolution des recettes par source

Revenue Source <i>Source de recettes</i>	2017/2018 Actual <i>Chiffres réels de</i> <i>2017-2018</i>	2016/2017 Actual <i>Chiffres réels de</i> <i>2016-2017</i>	2015/2016 Actual <i>Chiffres réels de</i> <i>2015-2016</i>	2014/2015 Actual <i>Chiffres réels de</i> <i>2014-2015</i>	2013/2014 Actual <i>Chiffres réels de</i> <i>2013-2014</i>
	(\$ millions)/(en millions de dollars)				
Income Taxes <i>Impôts</i>	3,985	3,958	3,777	3,679	3,446
Retail Sales Tax <i>Taxe sur les ventes au détail</i>	2,444	2,301	2,269	2,205	2,028
Fuel Taxes <i>Taxes sur les carburants</i>	344	336	332	334	329
Levy for Health and Education <i>Impôt destiné à l'enseignement et aux services de santé</i>	356	343	333	321	315
Education Property Tax <i>Impôts fonciers en matière d'éducation</i>	827	793	711	663	634
Other Taxes <i>Autres taxes</i>	617	623	605	579	617
Fees and Other Revenue <i>Droits et autres recettes</i>	2,407	2,369	2,269	2,215	2,233
Federal Transfers <i>Transferts fédéraux</i>	4,200	4,128	3,820	3,809	3,818
Net Income from Government Business Enterprises <i>Bénéfice nets des entreprises publiques</i>	758	589	618	811	705
Sinking Fund and Other Investment Earnings <i>Fonds d'amortissement et autres revenus de placement</i>	257	227	225	237	211
Total Revenue <i>Recettes totales</i>	16,195	15,667	14,959	14,853	14,336

The following chart illustrates the Government's main revenue sources for 2017/18.

Le tableau suivant illustre les principales sources de recettes du gouvernement pour 2017-2018.

Sources of Revenue for the Year Ended March 31, 2018
Sources de recettes pour l'exercice terminé le 31 mars 2018



Total revenue in 2017/18 was \$16,195 million, an increase of 3.4% from 2016/17.

Les recettes totales en 2017-2018 ont atteint 16 195 millions de dollars, ce qui représente une hausse de 3,4 % par rapport à 2016-2017.

- An increase of 4.4% in Other Taxes primarily due to an increase in retail sales tax due to Canada Summer Games activity and growth in the construction industry as well as higher property taxes due to increased rates and assessed property values.
- An increase of 28.7% in net income from GBEs is largely due to Manitoba Public Insurance Corporation's (MPIC) favourable claims experience and higher earned revenues.
- An increase of 1.7% in federal transfers reflects increased Canada Health and Social Transfers resulting from an increase in the Province's per capita share of the three-year moving average of the national GDP growth or 3%.

- Une augmentation de 4,4 % des autres taxes est essentiellement attribuable à une hausse des recettes de la taxe sur les ventes au détail consécutive aux activités liées aux Jeux d'été du Canada et à la croissance dans le secteur de la construction ainsi qu'à l'augmentation des taxes foncières et de la valeur évaluée des biens.
- Une augmentation de 28,7 % des bénéfices nets des entreprises publiques est en grande partie la conséquence d'un bilan de sinistres favorable de la Société d'assurance publique du Manitoba et de la hausse de ses recettes réalisées.
- Une augmentation de 1,7 % des transferts fédéraux est liée à l'accroissement des transferts canadiens en matière de santé et de programmes sociaux consécutive à la hausse de la part manitobaine (calculée selon le nombre d'habitants) de la moyenne mobile sur trois ans de la croissance nationale du PIB ou à une augmentation de 3 %.

Expenses

Analysis of expenses helps users understand the impact of the Government's spending on the economy, the Government's overall allocation and use of resources, and the cost of Government programs.

Expense by Function

Expense by function provides a summary of the major areas of Government spending, and changes in spending over time.

Dépenses

L'analyse des dépenses aide les lecteurs à comprendre l'incidence des dépenses du gouvernement sur l'économie, la répartition de l'ensemble de ses recettes et l'usage des ressources, ainsi que le coût des programmes du gouvernement.

Dépenses par fonction

Les dépenses par fonction présentent le sommaire des principaux secteurs de dépenses du gouvernement et l'évolution des dépenses au fil des ans.

Expense Trend Analysis by Function Analyse de l'évolution des dépenses par fonction

Expense by Function Dépenses par fonction	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Actual Chiffres réels de 2017-2018	Actual Chiffres réels de 2016-2017	Actual Chiffres réels de 2015-2016	Actual Chiffres réels de 2014-2015	Actual Chiffres réels de 2013-2014
	(\$ millions)/(en millions de dollars)				
Health Santé	6,483	6,525	6,237	5,976	5,703
Education Éducation	4,384	4,237	4,136	3,993	3,930
Families Des familles	2,183	2,028	1,938	1,809	1,723
Community, Economic and Resource Development Développement des communautés, de l'économie et des ressources	1,594	1,419	1,423	1,452	1,371
Justice and Other Expenditures Justice et autres dépenses	1,294	1,317	1,302	1,321	1,388
Debt Servicing Service de la dette	952	930	855	841	821
Total Expenses by Function Dépenses totales par fonction	16,890	16,456	15,891	15,392	14,936

Total expenses were \$16,890 million in 2017/18, an increase of 2.6% from 2016/17. The major changes are due to the following:

- 0.6% decrease in Health expenses primarily due to one-time savings from deferrals and efficiencies derived in the health system aimed at bending the cost curve.
- 3.5% increase in Education expenses reflects moderately increased costs in youth (K-12) education but primarily due to increased expenses related to an additional provision on the loan to finance Investors Group Field.

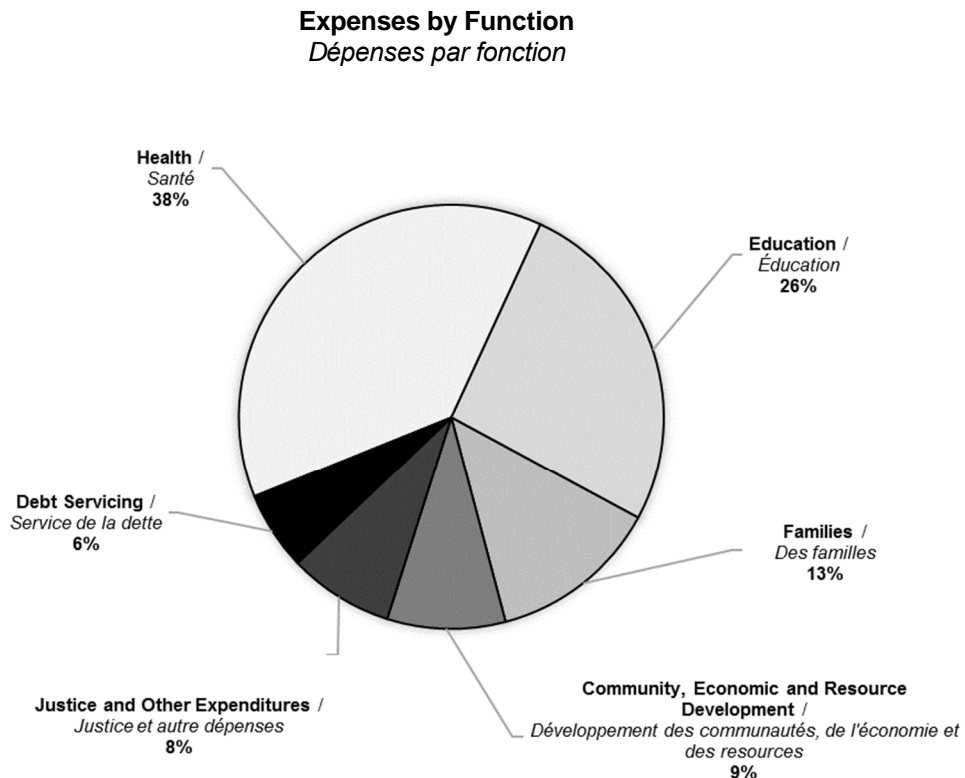
Les dépenses totales en 2017-2018 s'élevaient à 16 890 millions de dollars, soit une augmentation de 2,6 % par rapport à 2016-2017. Les principales évolutions sont attribuables aux éléments suivants :

- Une diminution de 0,6 % des dépenses de santé, principalement attribuable à des économies ponctuelles résultant de reports et à des gains d'efficacité dans le système de santé visant à infléchir la courbe de coût;
- une augmentation de 3,5 % des dépenses d'éducation résultant de la hausse modérée des coûts pour l'éducation de la maternelle à la 12^e année, mais principalement due à un accroissement des dépenses découlant d'une provision supplémentaire pour le prêt destiné au financement du stade Investors Group;

- 7.6% increase in Families expenses primarily due to increased supports to adult disability services, housing, early learning and child care expansion, child and family services and employment, income and rental assistance recipients, as well as the need to record a one-time increase to existing provisions for costs associated with grant funding to family services agencies.
- 12.3% increase in CERD expenses mainly due to the Manitoba Agricultural Services Corporation's transfer of surplus insurance assets to the "Production Insurance Trust" and the "Hail Insurance Trust".
- une augmentation de 7,6 % des dépenses pour les familles principalement attribuable à une hausse du soutien accordé aux services aux adultes handicapés, au développement des centres d'apprentissage et de garde des jeunes enfants, aux services à l'enfant et à la famille ainsi qu'aux bénéficiaires de l'aide à l'emploi, au revenu et au loyer, ainsi que la nécessité d'enregistrer une augmentation ponctuelle des provisions existantes pour les coûts associés aux subventions accordées aux agences de services à la famille.
- une augmentation de 12,3 % des dépenses consacrées au développement des communautés, de l'économie et des ressources, principalement attribuable au fait que la Société des services agricoles du Manitoba a transféré des actifs d'assurance excédentaires dans le « fonds de fiducie de l'assurance-production » et le « fonds de fiducie de l'assurance contre la grêle ».

The following chart illustrates the Government's spending by function:

Le diagramme suivant illustre les dépenses du gouvernement par fonction.



The health, education, and families components comprise 77.3% of the total operating expenses.

Les secteurs de la santé, de l'éducation et des familles représentent 77,3 % des dépenses totales de fonctionnement.

Program expenses, which represent total expenses less the cost of servicing debt, increased 2.7% from 2016/17, primarily as a result of increases in the Education, Families, and Community, Economic and Resource Development sectors. In 2017/18, total expenses to GDP amounted to 24.0% (2016/17 - 24.4%) while program expenses to GDP amounted to 22.6% (2016/17 - 23.0%) of GDP.

Les dépenses de programmes, soit les dépenses totales moins les frais de service de la dette, ont augmenté de 2,7 % par rapport à 2016-2017, principalement dans les secteurs de la santé, de l'éducation, des familles et du développement des communautés, de l'économie et des ressources. En 2017-2018, les dépenses totales représentaient 24,0 % du PIB (contre 24,4 % en 2016-2017), alors que les dépenses de programmes représentaient 22,6 % du PIB (contre 23,0 % en 2016-2017).

Total expenses as a percentage of total revenues was 104.3% in 2017/18. An expense ratio of more than 100.0% means that expenses have exceeded revenues, resulting in a deficit.

Les dépenses totales en pourcentage des recettes totales étaient de 104,3 % en 2017-2018. Un ratio supérieur à 100,0 % signifie que les dépenses sont supérieures aux recettes, et qu'on obtient de ce fait un déficit.

Expense by Type

Dépenses par catégorie

Expense trend analysis by type provides a summary of Government spending by type and highlights changes in spending over time.

L'analyse de l'évolution des dépenses par catégorie présente un sommaire des dépenses du gouvernement par catégorie et expose les variations des dépenses au fil des ans.

Expense Trend Analysis by Type Analyse de l'évolution des dépenses par catégorie

Expense by Type <i>Dépenses par catégorie</i>	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Actual <i>Chiffres réels de</i> 2017-2018	Actual <i>Chiffres réels de</i> 2016-2017	Actual <i>Chiffres réels de</i> 2015-2016	Actual <i>Chiffres réels de</i> 2014-2015	Actual <i>Chiffres réels de</i> 2013-2014
	(\$ millions)/(en millions de dollars)				
Personnel Services <i>Services de personnel</i>	8,057	8,040	7,816	7,512	7,275
Grants/Transfer Payments <i>Subventions et paiements de transfert</i>	2,461	2,340	2,209	2,235	2,039
Transportation <i>Transport</i>	155	150	153	138	169
Communications <i>Communications</i>	79	81	74	74	73
Supplies and Services <i>Fournitures et services</i>	1,867	1,943	1,826	1,792	1,687
Social Assistance Related <i>Aide sociale</i>	1,785	1,490	1,433	1,368	1,250
Other Operating <i>Autres dépenses de fonctionnement</i>	705	708	775	737	970
Debt Servicing <i>Service de la dette</i>	952	930	855	841	821
Minor Capital <i>Dépenses en capital secondaires</i>	116	94	115	89	88
Amortization <i>Amortissement des immobilisations</i>	713	680	635	606	564
Total Expenses by Type <i>Dépenses totales par catégorie</i>	16,890	16,456	15,891	15,392	14,936

Overall spending by type remained consistent from 2016/17. Personnel services, the Province's largest expense, as a percentage of total expenses decreased slightly to 47.7% (2016/17 - 48.9%), supplies and services decreased to 11.1% (2016/17 - 11.8%) and grants/transfer payments increased to 14.6% (2016/17 - 14.2%).

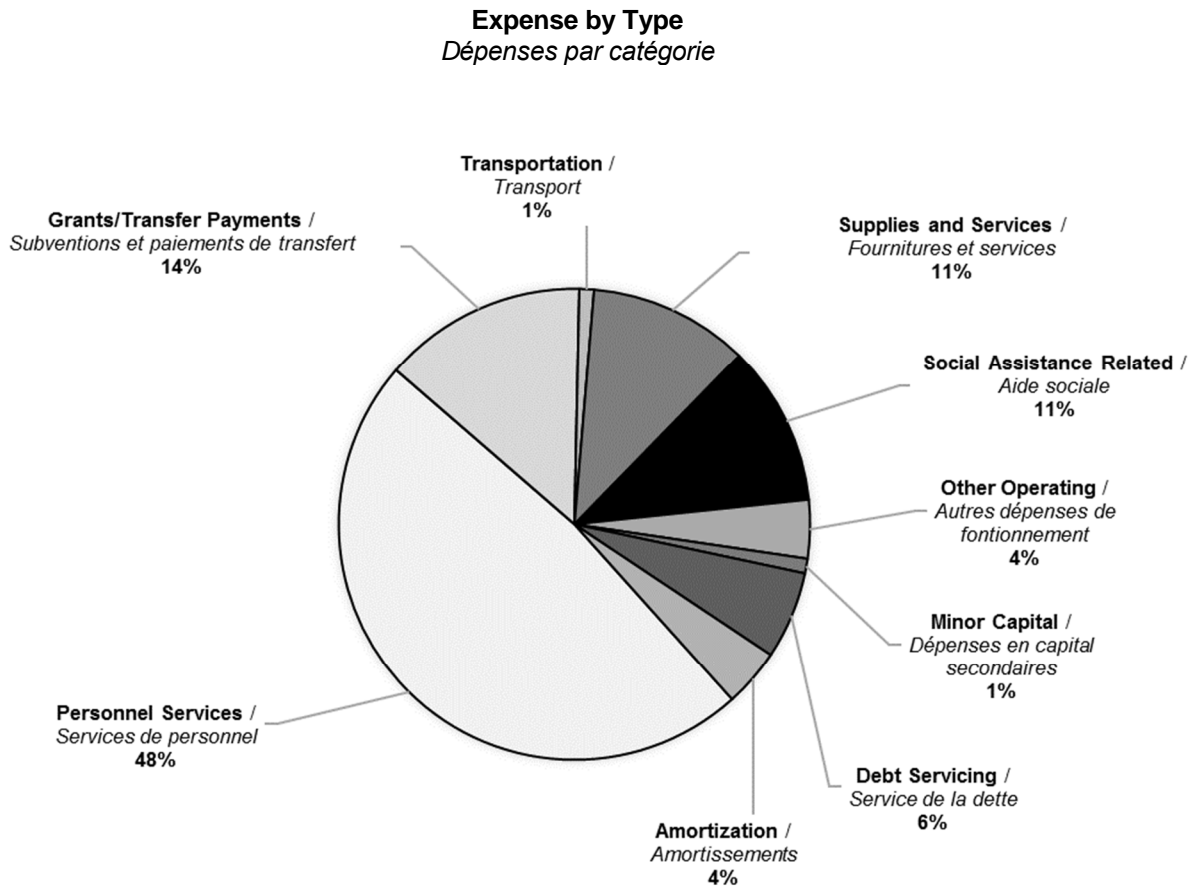
Le total des dépenses par catégorie est demeuré stable par rapport à 2016-2017. En pourcentage des recettes totales, les services de personnel, qui constituent le principal poste de dépenses du gouvernement, ont diminué à 47,7 % (contre 48,9 % en 2016-2017), les fournitures et services ont augmenté à 11,1 % (contre 11,8 % en 2016-2017) et les subventions et paiements de transfert ont augmenté à 14,6 % (contre 14,2 % en 2016-2017).

Debt servicing costs were \$952 million (2016/17 - \$930 million) as at March 31, 2018, an increase of 2.4%.

Les frais de service de la dette ont atteint 952 millions de dollars au 31 mars 2018, contre 930 millions de dollars en 2016-2017, ce qui représente une hausse de 2,4 %.

The following chart illustrates the Government's operating expenses by type:

Le diagramme suivant illustre les dépenses de fonctionnement du gouvernement par catégorie :



Financial Assets

An analysis of financial assets provides users with information regarding the amount of resources government can convert to cash, if required, to discharge existing liabilities or to finance future operations.

Actifs financiers

L'analyse des actifs financiers renseigne les lecteurs sur le montant de ressources que le gouvernement peut convertir en liquidités au besoin pour s'acquitter de ses obligations en cours ou financer des activités futures.

Financial Assets Trend Analysis Analyse de l'évolution des actifs financiers

	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Actual	Actual	Actual	Actual	Actual
	Chiffres	Chiffres	Chiffres	Chiffres	Chiffres
	réels de	réels de	réels de	réels de	réels de
	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
	(\$ millions)/(en millions de dollars)				
Financial Assets					
<i>Actifs financiers</i>					
Cash and Cash Equivalents					
<i>Trésorerie et équivalents de trésorerie</i>	1,700	2,783	2,415	1,983	1,600
Temporary Investments					
<i>Placements temporaires</i>	594	376	194	215	202
Accounts Receivable and Advances					
<i>Créances et avances</i>	1,819	1,734	1,576	1,642	1,548
Inventories					
<i>Stocks</i>	50	67	83	79	75
Portfolio Investments					
<i>Placements de portefeuille</i>	1,484	1,461	1,567	1,841	2,293
Loan and Advances					
<i>Prêts et avances</i>	1,411	1,458	1,447	1,251	1,145
Equity in Government Business Enterprises					
<i>Valeur des entreprises publiques</i>	2,972	2,839	2,716	2,737	3,438
Equity in Government Business Partnerships					
<i>Valuer des partenariats commerciaux publics</i>	19	19	19	19	19
Total Financial Assets					
<i>Total des actifs financiers</i>	10,049	10,737	10,017	9,767	10,320

Financial assets decreased by \$688 million, or 6.4%, from 2016/17, overall. This is primarily due to a decrease in cash and cash equivalents of \$1,083 million. This was partially offset by an increase in temporary investments of \$218 million, increase in accounts receivable and advances of \$85 million, and increased equity in GBE of \$133 million. Equity in GBE represents 29.6% of the 2017/18 financial assets, an increase of 3.2% from 26.4% in 2016/17.

Les actifs financiers ont diminué de 688 millions de dollars (6,4 %) depuis 2016-2017, globalement. La cause principale est une diminution de 1 083 millions de dollars de la trésorerie et des équivalents de trésorerie, compensée en partie par une hausse de 218 millions de dollars des placements temporaires, une augmentation de 85 millions de dollars des comptes débiteurs et des avances, ainsi qu'une augmentation de 133 millions de dollars de l'actif net des entreprises publiques. L'actif net des entreprises publiques représentait 29,6 % des actifs financiers en 2017-2018, soit une augmentation de 3,2 % par rapport à 2016-2017 (26,4 %).

Liabilities

An analysis of liabilities provides users with information to understand and assess the demands on financial assets. Liabilities consist of debt or obligations owing, to be repaid with cash or other assets.

Passifs

Une analyse des passifs permet aux lecteurs de comprendre et d'évaluer les pressions qui s'exercent sur les actifs financiers. Les passifs sont les dettes et les obligations à assumer au moyen de la trésorerie ou d'autres actifs.

Liabilities Trend Analysis

Analyse de l'évolution des passifs

	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Actual	Actual	Actual	Actual	Actual
	Chiffres	Chiffres	Chiffres	Chiffres	Chiffres
	réels de	réels de	réels de	réels de	réels de
	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
	(\$ millions)/(en millions de dollars)				
Liabilities					
<i>Passifs</i>					
Borrowings					
<i>Emprunts</i>	27,350	27,397	25,415	23,241	21,930
Accounts Payable and Accrued Liabilities					
<i>Créditeurs et charges à payer</i>	3,859	3,661	3,780	3,766	3,540
Deferred Revenues					
<i>Recettes différées</i>	462	396	385	399	393
Pension Liability					
<i>Obligation découlant des régimes de retraite</i>	2,726	2,557	2,354	2,245	2,038
Other Liabilities					
<i>Autres obligations</i>	17	20	19	19	18
Total Liabilities					
<i>Total des passifs</i>	34,414	34,031	31,953	29,670	27,919

The 2017/18 total liabilities increased \$383 million or 1.1% from 2016/17. Borrowings have decreased by \$47 million or 0.2% from 2016/17. The pension liability increased by \$169 million or 6.6% from 2016/17. Accounts payable and accrued liabilities increased by \$198 million or 5.4% and restricted inflows, referred to as deferred revenue, experienced an increase of \$66 million or 16.7%.

Le total des passifs de 2017-2018 s'est accru de 383 millions de dollars (1,1 %) par rapport à 2016-2017. Les emprunts ont baissé (de 47 millions de dollars, soit 0,2 %) depuis 2016-2017. L'obligation découlant des régimes de retraite a augmenté de 169 millions de dollars (6,6 %) par rapport à 2016-2017. Les comptes créditeurs et les charges à payer ont augmenté de 198 millions de dollars (5,4 %) tandis que les rentrées soumises à restrictions, inscrites comme des recettes différées, ont augmenté de 66 millions de dollars (16,7 %).

Pension Liability

The Government uses a diversified, conservative investment approach to mitigate the risks in the market volatility on pension assets. The value of plan assets is determined using a moving average fair value method. Under this method, fair value is the underlying basis, with any excess (or shortfall) of investment returns over (or below) the expected long-term rate being amortized over a five year period. When actual experience varies from actuarial estimates, for both the accrued benefit obligation and plan assets, the difference is amortized over the expected average remaining service life of the related employee group. This method of accounting for the accrued benefit obligation and pension assets is consistent with Canadian public sector accounting standards and allows the Government to smooth gains and losses over several years.

Net Debt and Accumulated Deficit

Net debt is the difference between the Province's liabilities and financial assets. It represents the amount of liabilities to be funded from future revenues and taxation. Operating losses, investments in tangible capital assets or other non-financial assets all increase net debt. Net debt is decreased by operating net income or decreases in the value of net tangible capital assets and other non-financial assets.

Net debt for 2016/17, is restated as \$23,294 and increased to \$24,365 as at March 31, 2018.

The main reasons for the 2017/18 increase in net debt were:

- The 2017/18 operating loss of \$695 million.
- Net TCA acquisitions of \$363 million.

Obligation découlant des régimes de retraite

Le gouvernement a adopté une approche axée sur la prudence et la diversification dans le choix de ses placements, afin de limiter les risques liés à la volatilité des marchés et ainsi protéger l'actif des régimes de retraite. La valeur de l'actif des régimes est déterminée à l'aide d'une méthode de moyenne mobile de la juste valeur. Selon cette méthode, la juste valeur est le fondement, et tout surplus (ou manque à gagner) relatif au rendement du capital investi supérieur (ou inférieur) au taux attendu à long terme est amorti sur une période de cinq ans. Lorsque l'expérience réelle diffère des estimations actuarielles, tant en ce qui concerne les obligations au titre des prestations constituées que les actifs des régimes, la différence est amortie sur la durée résiduelle moyenne d'activité du groupe de salariés liés. Cette méthode de comptabilité pour l'obligation au titre des prestations constituées ainsi que pour les actifs des régimes est conforme aux normes comptables canadiennes pour le secteur public et permet au gouvernement de lisser les gains et les pertes sur plusieurs années.

Dettes nette et déficit accumulé

La dette nette est la différence entre les passifs de la Province et ses actifs financiers. Elle représente la somme des passifs à financer à même les recettes et les impôts à venir. Les pertes d'exploitation ainsi que les investissements dans les immobilisations corporelles et les autres actifs non financiers augmentent la dette nette. La dette nette diminue en fonction des recettes nettes provenant des activités ou des baisses de la valeur des immobilisations corporelles nettes et d'autres actifs non financiers.

La dette nette de 2016-2017, après redressement, se chiffrait à 23 294 millions de dollars et a augmenté à 24 365 millions de dollars en date du 31 mars 2018.

Les principales raisons de l'augmentation de la dette nette pour 2017-2018 étaient les suivantes :

- la perte d'exploitation de 695 millions de dollars en 2017-2018;
- les acquisitions nettes d'immobilisations corporelles de 363 millions de dollars.

Net debt as at March 31, 2018 is lower than the budget by \$407 million. The removal of the Workers Compensation Board from the Government Reporting Entity and the Manitoba Agricultural Services Corporation's contributions to the trust funds have negatively impacted the net debt by \$658 million and \$265 million, respectively. This is more than offset by better operating results, lower spending on tangible capital assets, and lower opening balance as compared to the budget.

La dette nette au 31 mars 2018 est inférieure de 407 millions de dollars au montant prévu au budget. Le retrait de la Commission des accidents du travail du périmètre comptable du gouvernement et les contributions de la Société des services agricoles du Manitoba aux fonds de fiducie ont eu des répercussions négatives sur la dette nette de l'ordre, respectivement, de 658 millions de dollars et de 265 millions de dollars. Ces répercussions sont plus que compensées par de meilleurs résultats des activités de fonctionnement, par une diminution des dépenses consacrées aux immobilisations corporelles, et par un solde d'ouverture inférieur par rapport à ce qui était inscrit au budget.

The accumulated deficit has increased by \$3,810 million, or 55.8%, from four years ago, mainly as a result of operating losses incurred and Manitoba Hydro's adoption of IFRS on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's accumulated deficit and net debt of \$610 million. In 2017/18, the accumulated deficit increased by \$709 million, or 7.1%, from 2016/17.

Le déficit accumulé a augmenté de 3 810 millions de dollars, soit de 55,8 %, par rapport à il y a quatre ans, principalement en raison des pertes d'exploitation subies et de l'adoption des Normes internationales d'information financière par Manitoba Hydro le 1^{er} avril 2015 avec une date de transition au 1^{er} avril 2014. Cette transition vers ces normes a entraîné une augmentation du déficit accumulé du gouvernement et une dette nette de 610 millions de dollars. En 2017-2018, le déficit accumulé a augmenté de 709 millions de dollars (7,1 %) par rapport à l'exercice précédent.

Net Debt and Accumulated Deficit Trend Analysis

Analyses de l'évolution de la dette nette et du déficit accumulé

	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Actual	Actual	Actual	Actual	Actual
	Chiffres	Chiffres	Chiffres	Chiffres	Chiffres
	réels de	réels de	réels de	réels de	réels de
	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
	(\$ millions)/(en millions de dollars)				
Net Debt and Accumulated Deficit					
<i>Dette nette et déficit accumulé</i>					
Financial Assets					
<i>Actifs financiers</i>	10,049	10,737	10,017	9,767	10,320
Less: Liabilities					
<i>Moins : les passifs</i>	(34,414)	(34,031)	(31,953)	(29,670)	(27,919)
Total Net Debt					
<i>Total de la dette nette</i>	(24,365)	(23,294)	(21,936)	(19,903)	(17,599)
Non-Financial Assets					
<i>Actifs non financiers</i>	13,732	13,370	12,681	11,636	10,776
Total Accumulated Deficit					
<i>Total du déficit accumulé</i>	(10,633)	(9,924)	(9,255)	(8,267)	(6,823)

Non-financial Assets

An analysis of non-financial assets provides users with information to assess changes in the Government's infrastructure and long-term non-financial assets.

Actifs non financiers

Une analyse des actifs non financiers permet aux lecteurs d'apprécier l'évolution des infrastructures et des actifs non financiers à long terme du gouvernement.

Non-Financial Assets Trend Analysis Analyse de l'évolution des actifs non financiers

	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Actual	Actual	Actual	Actual	Actual
	Chiffres	Chiffres	Chiffres	Chiffres	Chiffres
	réels de	réels de	réels de	réels de	réels de
	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
	(\$ millions)/(en millions de dollars)				
Non-financial Assets					
<i>Actifs non financiers</i>					
Tangible capital assets					
<i>Immobilisations corporelles</i>	13,598	13,235	12,546	11,519	10,656
Prepaid expenses					
<i>Charges payées d'avance</i>	60	58	59	58	58
Inventories					
<i>Stocks</i>	74	77	76	59	62
Total non-financial Assets					
<i>Total des actifs non financiers</i>	13,732	13,370	12,681	11,636	10,776

Non-financial assets typically represent resources a government can use in the future to provide services, such as tangible capital assets. The management of non-financial assets has a direct impact on the level and quality of services a government is able to provide to its citizens.

At March 31, 2018, non-financial assets were \$362 million higher, or 2.7%, than 2016/17. The majority of Government's non-financial assets are tangible capital assets. Tangible capital asset additions were \$1,123 million for 2017/18 (2016/17 - \$1,417 million). Additions include investments in health and education facilities and other infrastructure.

Les actifs non financiers, p. ex. les immobilisations corporelles, sont généralement des ressources que le gouvernement peut utiliser à l'avenir pour fournir des services. La gestion des actifs non financiers a des répercussions directes sur le niveau et la qualité des services qu'un gouvernement est en mesure de fournir à sa population.

En date du 31 mars 2018, les actifs non financiers présentaient une hausse de 362 millions de dollars, soit de 2,7 %, par rapport à 2016-2017. La plus grande partie des actifs non financiers du gouvernement sont des immobilisations corporelles. Les acquisitions d'immobilisations corporelles totalisaient 1 123 millions de dollars en 2017-2018 (contre 1 417 millions de dollars en 2016-2017). Ces acquisitions comprennent des investissements dans les établissements de santé et d'éducation ainsi que dans d'autres infrastructures.

Tangible Capital Assets

An analysis of tangible capital assets helps users understand whether the Government has the ability to provide services in future periods.

Immobilisations corporelles

Une analyse des immobilisations corporelles aide les lecteurs à connaître la capacité du gouvernement de fournir des services au cours de périodes à venir.

Tangible Capital Assets Trend Analysis

Analyse de l'évolution des immobilisations corporelles

	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	Actual	Actual	Actual	Actual	Actual
	Chiffres	Chiffres	Chiffres	Chiffres	Chiffres
	réels de	réels de	réels de	réels de	réels de
	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
	(\$ millions)/(en millions de dollars)				
Tangible Capital Assets					
<i>Immobilisations corporelles</i>					
Land					
<i>Terrains</i>	297	304	289	264	251
Building and Leasehold Improvements					
<i>Immeubles et améliorations locatives</i>	5,480	5,456	5,155	4,855	4,488
Vehicles and Equipment					
<i>Véhicules et équipement</i>	830	829	864	855	864
Computer Hardware and Software					
<i>Matériel informatique et logiciels</i>	279	333	330	267	308
Assets Under Construction					
<i>Actifs en construction</i>	1,426	1,290	1,229	1,105	994
Infrastructure					
<i>Infrastructure</i>	5,286	5,023	4,679	4,173	3,751
Total Tangible Capital Assets					
<i>Total des immobilisations corporelles</i>	13,598	13,235	12,546	11,519	10,656

Government capitalizes the gross cost of its tangible capital assets. Recoveries from other governments related to capital projects are recognized as revenue in the year the capital asset is purchased or constructed. Crown land transferred to the Province is not reported in the financial statements as tangible capital assets.

The net book value of tangible capital assets totalled \$13,598 million at the end of 2017/18 (2016/17 - \$13,235 million). Buildings and leasehold improvements include provincially-owned schools, health facilities, and public service buildings. Infrastructure assets include roads, water control structures and parks.

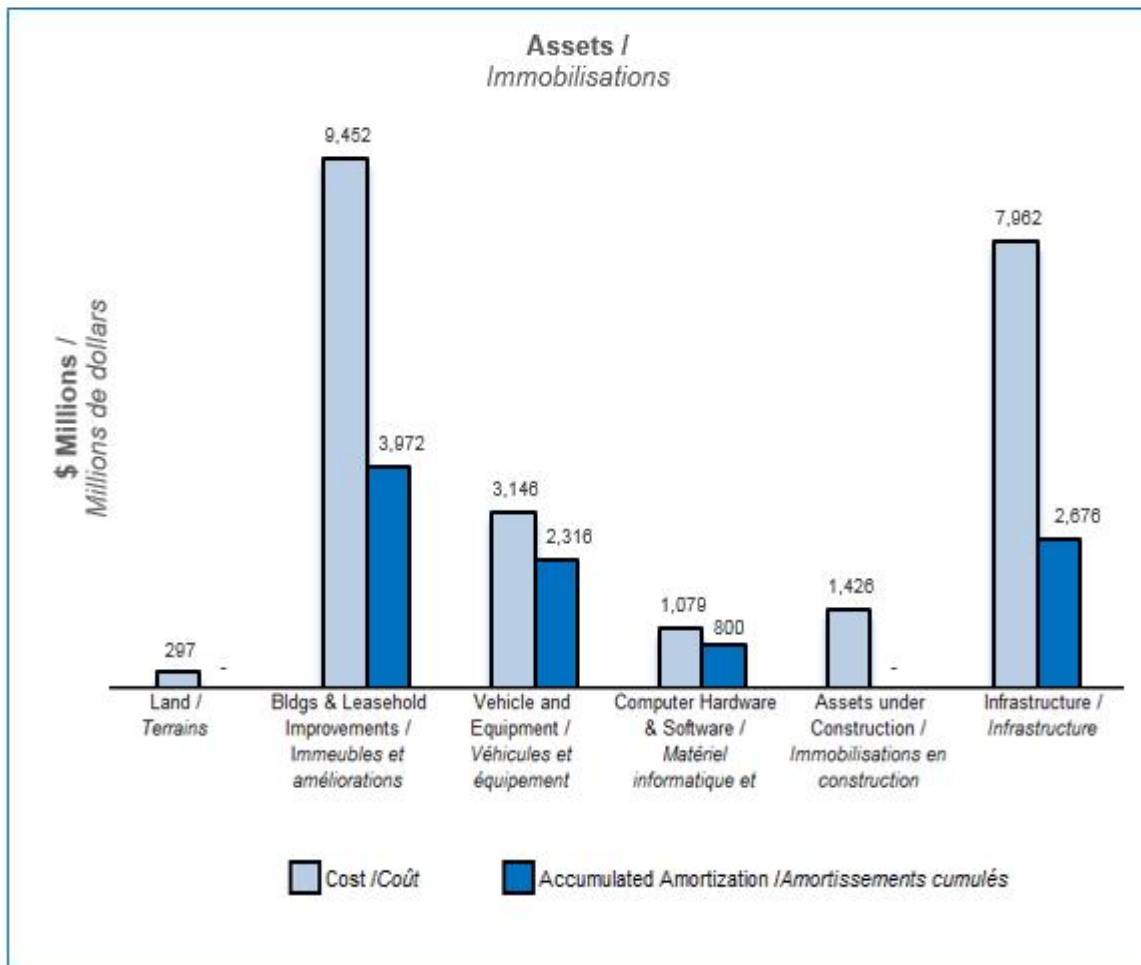
Le gouvernement comptabilise à l'actif le coût brut de ses immobilisations corporelles. Les sommes liées aux projets d'immobilisation et récupérées d'autres administrations sont inscrites comme des recettes au cours de l'exercice où les immobilisations sont achetées ou construites. Les terres de la Couronne transférées à la Province ne sont pas comptabilisées dans les états financiers comme des immobilisations corporelles.

La valeur comptable nette des immobilisations corporelles était de 13 598 millions de dollars à la fin de 2017-2018 (13 235 millions de dollars en 2016-2017). Les immeubles et améliorations locatives comprennent les écoles, les établissements de santé et les immeubles de services publics qui appartiennent à la province. La catégorie Infrastructure comprend les routes, les ouvrages de régularisation des eaux et les parcs.

The total cost of tangible capital assets has increased steadily, from \$18,083 million in 2013/14 to \$23,362 million in 2017/18, demonstrating that the Province has more assets available to provide services in future periods. The following chart illustrates tangible capital assets by class and includes the related accumulated amortization as of March 31, 2018.

Le coût total des immobilisations corporelles s'accroît également de façon constante. Il est passé de 18 083 millions en 2013-2014 à 23 362 millions en 2017-2018, ce qui montre que la Province a davantage d'actifs disponibles pour la prestation de services au cours des périodes à venir. Le diagramme suivant illustre les immobilisations corporelles par catégorie et les amortissements cumulés connexes au 31 mars 2018.

Tangible Capital Assets as at March 31, 2018
Immobilisations corporelles au 31 mars 2018



GLOSSARY OF KEY TERMS/GLOSSAIRE DE TERMES-CLÉS

Borrowings: Borrowings are securities issued in the name of the Province to capital markets investors. Securities include debentures, treasury bills, promissory notes, medium-term notes and Manitoba Savings Bonds.

Emprunts : valeurs ou titres émis au nom de la Province et vendus aux investisseurs des marchés financiers. On compte parmi ces valeurs ou titres des débentures, des bons du Trésor, des billets à ordre, des billets à moyen terme et des obligations d'épargne du Manitoba.

Core Government: A component of the GRE. Represents the operations of government, including the revenues directly under government's control, and the programs and services delivered by government departments.

Opérations fondamentales du gouvernement : composante du périmètre comptable du gouvernement. Il s'agit des activités du gouvernement, y compris les recettes qui sont directement sous le contrôle du gouvernement, ainsi que les programmes et les services fournis par ses ministères.

Debt Servicing Cost: Interest and other expenses associated with provincial borrowings.

Frais de service de la dette : intérêts et autres dépenses liés aux emprunts provinciaux.

Financial Assets: Assets of the Province such as cash, investments, loans and accounts receivable that could be readily converted to cash in order to pay the Province's liabilities or finance its future operations.

Actifs financiers : actifs de la Province (exemples : encaisse, investissements, prêts et débiteurs) qui pourraient facilement être convertis en liquidités afin de faire face aux obligations de la Province ou pour financer ses activités futures.

Generally Accepted Accounting Principles (GAAP): Standard accounting practices and reporting guidelines as prescribed by the Chartered Professional Accountants of Canada.

Principes comptables généralement reconnus (PCGR) : pratiques comptables normalisées et lignes directrices pour la présentation de l'information financière, prescrites par Comptables professionnels agréés du Canada.

Government Business Enterprises (GBEs): A government organization delegated with the financial and operating authority to carry on a business. It sells goods or services to individuals and organizations outside the GRE and can maintain its business on those revenues.

Entreprise publique : organisme public qui est investi des pouvoirs financiers et administratifs nécessaires pour mener des activités commerciales. Elle vend des biens ou offre des services à des particuliers ou à des organismes non compris dans le périmètre comptable du gouvernement, et elle peut poursuivre ses activités au moyen de ses recettes.

Government Business Partnership (GBP): A government partnership delegated with the financial and operating authority to carry on a business. It sells goods or services to individuals and organizations outside the GRE and can maintain its business on those revenues.

Partenariat commercial public : partenariat gouvernemental qui est investi des pouvoirs financiers et administratifs nécessaires pour mener des activités commerciales. Il vend des biens ou offre des services à des particuliers ou à des organismes non compris dans le périmètre comptable du gouvernement, et il peut poursuivre ses activités au moyen de ses recettes.

Government Component: An integral part of government such as a department or fund. It is not a separate entity with the power to contract in its own name and that can sue and be sued.

Composante d'un gouvernement : partie intégrante d'un gouvernement, telle qu'un ministère ou un fonds, qui ne constitue pas une entité distincte ayant le pouvoir de passer des contrats en son propre nom et d'ester en justice.

Government Organization: Any organization controlled by a government that is a separate entity with the power to contract in its own name and that can sue and be sued. Government organizations include public sector organizations such as regional health authorities, school divisions, universities and colleges.

Government Partnership: A contractual arrangement between the government and other partners cooperate toward clearly defined common goals, make a financial investment in the partnership, have shared control of the decision on an ongoing basis, and share on an equitable basis the risks and benefits of the partnership.

Government Reporting Entity (GRE): Includes Core Government, government organizations, government business entities and government partnerships.

Gross Domestic Product (GDP): Represents the total market value of all final goods and services produced in the Manitoba economy.

Guarantees: The Province, in the normal course of business, may provide a guarantee to honour the repayment of debt or loans of an organization, primarily GBEs. Such a guarantee is provided on the Manitoba Hydro Savings Bonds.

Net Debt to GDP Ratio: The ratio of government net debt relative to the total market value of all final goods and services produced in the Manitoba economy. Net debt represents the total liabilities of the government less its financial assets. It is widely used by credit rating agencies and other analysts to evaluate the financial situation and trends of jurisdictions in regards to their relative creditworthiness.

Non-Financial Assets: Includes physical items such as tangible capital assets (e.g. buildings and roads) and consumable goods such as inventories that are not normally converted to cash.

Other Comprehensive Income (OCI): Other comprehensive income is an accounting recognition of unrealized gains and losses in fair market value of financial instruments, such as investments held as available for sale or trading or debt held in a foreign currency. Currently, OCI accounting standards apply only

Organisme public : organisme contrôlé par un gouvernement, qui constitue une entité distincte ayant le pouvoir de passer des contrats en son propre nom et d'ester en justice. Les organismes publics incluent les offices régionaux de la santé, les divisions scolaires, les universités et les collèges.

Partenariat gouvernemental : accord contractuel en vertu duquel le gouvernement et des partenaires coopèrent vers des buts communs clairement définis, font un investissement financier dans le partenariat, ont le contrôle partagé des décisions de façon continue, et partagent équitablement les risques et les avantages du partenariat.

Périmètre comptable du gouvernement : inclut les opérations fondamentales du gouvernement, les organismes publics, les entreprises publiques et les entités commerciales publiques et les partenariats gouvernementaux.

Produit intérieur brut (PIB) : valeur marchande totale de tous les biens et services finals produits par l'économie manitobaine.

Garanties : la Province, dans le cours normal de ses activités, peut garantir le remboursement des dettes ou des emprunts engagés par des organismes, principalement des entreprises publiques. De telles garanties sont fournies pour les obligations d'épargne Hydro Bonds du Manitoba.

Rapport dette nette-produit intérieur brut : dette nette de la Province par rapport à la valeur marchande totale de tous les biens et services finals produits par l'économie manitobaine. La dette nette est le total du passif du gouvernement moins ses actifs financiers. Les agences de notation et autres analystes s'en servent couramment pour évaluer la situation et la conjoncture financières d'un gouvernement et l'évolution de sa solvabilité.

Actifs non financiers : actifs ayant une existence matérielle, notamment les immobilisations corporelles (par exemple les immeubles et les routes) et les biens consommables tels que les inventaires qui ne sont pas normalement convertis en liquidités.

Autres éléments du résultat étendu : prise en compte des gains ou des pertes non réalisés calculés selon la juste valeur marchande de l'instrument financier, par exemple, un investissement susceptible de vente ou d'échange ou une dette en devise étrangère. À l'heure actuelle, les normes comptables concernant les autres

to other reporting entities, except not-for-profit organizations. It is measured as the change in "mark-to-market" valuations, interest rates, or foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

Other Reporting Entities (OREs): Entities in the GRE such as government organizations, government business entities, and government partnerships. OREs include public sector organizations such as regional health authorities, school divisions, universities and colleges that are directly or indirectly controlled by the Government, as prescribed by Public Sector Accounting Board – excludes Core Government.

Pension Liability: Outstanding actuarial-calculated pension liability of the government and participating government organizations. The expense includes amounts funded through the appropriations of Core Government as well as for the actuarially determined increases in the pension liability.

Summary Net Debt: Represents the total liabilities of the GRE less its financial assets. This is the residual amount that will have to be paid or financed by future revenue.

Tangible Capital Assets: Assets with a useful life extending beyond one year which are acquired, constructed or developed and held for use, not for resale.

éléments du résultat étendu s'appliquent uniquement aux autres entités comptables, à l'exception des organismes sans but lucratif. Les autres éléments du résultat étendu sont mesurés d'après la variation des évaluations à la valeur du marché, des taux d'intérêt et des taux de change en fin d'exercice et constituent, par conséquent, un aperçu ponctuel de la variation d'une valeur donnée par comparaison avec la valeur à la même date l'année antérieure.

Autres entités comptables : entités du périmètre comptable du gouvernement, comme les organismes publics, les entreprises publiques et les partenariats gouvernementaux. Les autres entités comptables incluent les offices régionaux de la santé, les divisions scolaires, les universités et les collèges qui sont directement ou indirectement sous le contrôle du gouvernement, comme le prescrit le Conseil sur la comptabilité dans le secteur public. Les opérations fondamentales du gouvernement en sont exclues.

Obligation découlant des régimes de retraite : valeur actuarielle de l'obligation non réglée découlant des régimes de retraite du gouvernement et des organismes publics. La dépense comprend les fonds provenant des crédits relatifs aux opérations fondamentales du gouvernement et l'augmentation, déterminée à l'aide de calculs actuariels, de l'obligation découlant des régimes de retraite.

Dette nette sommaire : total des passifs du périmètre comptable du gouvernement moins ses actifs financiers. Il s'agit du solde des passifs qu'il faudra payer ou financer à l'aide de recettes futures.

Immobilisations corporelles : immobilisations dont la durée de vie utile s'étend au-delà de l'exercice et qui sont acquises, construites ou développées, et qui sont destinées à être utilisées plutôt que vendues.

**SUMMARY FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

March 31, 2018

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Finance

Office of the Provincial Comptroller

STATEMENT OF RESPONSIBILITY

The summary financial statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the Government reporting entity and include summary statements of financial position, revenue and expense, accumulated deficit, change in net debt, cash flow, notes and schedules integral to the statements. Together, they present fairly, in all material respects, the financial position of the Government as at March 31, 2018, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The Government is responsible for the integrity and objectivity of the summary financial statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets, liabilities, revenues and expenses is dependent on future events. The Government believes such estimates have been based on careful judgements and have been properly reflected in the summary financial statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Provincial Comptroller, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with The Financial Administration Act.

The Auditor General expresses an independent opinion on these financial statements. His report, stating the scope of his audit and opinion, appears on the following page.

These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of the Province of Manitoba.

Original signed by

Aurel Tess, CPA, CGA
Provincial Comptroller

September 21, 2018



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying consolidated financial statements of the Province of Manitoba, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of revenue and expense, accumulated deficit, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Removal of Workers Compensation Board from the government reporting entity

As described in Note 18, the Workers Compensation Board (WCB) was removed from the summary financial statements for the year ended March 31, 2018. The WCB has been included in the government reporting entity as a government business enterprise since 1989. The Government is now of the view that the WCB is not a controlled entity, and therefore not part of the government reporting entity (GRE).

The current standards for determining control under Canadian Public Sector Accounting Standards (PSAS) have been in place since 2005, and at that time, the relationship between the government and the WCB was determined to be one of control.

Control is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. A government may choose not to exercise its power; nevertheless, control exists by virtue of the government's ability to do so.

Whether a government controls an organization is a question of fact that requires the application of professional judgment based on the definition of control in PSAS, the related indicators of control, and the particular circumstances of each case. Based on the conditions that existed at March 31, 2018 which are unchanged from previous years, in our opinion, the WCB is controlled by the Government based on the definition of control in PSAS. In this respect, the summary financial statements are not in accordance with Canadian public sector accounting standards which require government business enterprises controlled by the government to be accounted for in the summary financial statements on a modified equity basis.

Had the WCB been properly accounted for on a modified equity basis, as is required for Government Business Enterprises, the following financial statement line items would have changed.

- An increase of \$82 million to net Income from government business enterprises,
- A decrease of \$25 million to other comprehensive income,
- An increase of \$658 million to equity in government business enterprises, and
- A decrease of \$601 million to the Opening balance of Accumulated Deficit.

Unauthorized government transfer recorded

The Government recognized an expense as at March 31, 2018 for a \$265 million transfer from Manitoba Agricultural Services Corporation's (MASC) insurance reserve funds to trust accounts they had not yet created. In this respect, the summary financial statements are not in accordance with Canadian public sector accounting standards. Canadian public sector accounting standards require that a government transfer be authorized at or before the financial statement date in order

for it to be recognized by the transferring government. In our opinion, the exercise of authority relevant to this transfer is the signing of the trust and contribution agreements by MASC and the Province, which did not take place until September 21, 2018.

Had the transfer not been recorded as at March 31, 2018, the following financial statement line items would have changed:

- A decrease of \$265 million to Community, Economic and Resource Development expense
- A decrease of \$265 million to Accounts payable, accrued charges, provisions and unearned revenue

Amounts held in trust, as disclosed in Note 10 of the summary financial statements would be decreased by \$265 million.

Impact on the annual deficit		
	2018 (\$ million)	2017 (\$ million)
Annual deficit as presented	(695)	(789)
Net income from consolidation of Workers Compensation Board	82	42
Unauthorized transfer from MASC to trusts	265	
Annual deficit in accordance with Canadian public sector accounting standards	(348)	(747)

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Manitoba as at March 31, 2018, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*"Original document
signed by"*

September 21, 2018
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at March 31, 2018

SCHEDULE	(\$ millions)	
	2018	2017 Restated
FINANCIAL ASSETS		
	Cash and cash equivalents.....	1,700 2,783
	Temporary investments (Note 2).....	594 376
1	Amounts receivable.....	1,819 1,734
	Inventories for resale.....	50 67
	Portfolio investments (Note 3).....	1,484 1,461
2	Loans and advances.....	1,411 1,458
3	Equity in government business enterprises (Note 4).....	2,972 2,839
	Equity in government business partnerships (Note 5).....	19 19
	Total Financial Assets	<u>10,049</u> <u>10,737</u>
LIABILITIES		
4	Borrowings.....	27,350 27,397
5	Accounts payable, accrued charges, provisions and unearned revenue.....	4,338 4,077
6	Pension liability (Note 6).....	2,726 2,557
	Total Liabilities	<u>34,414</u> <u>34,031</u>
	NET DEBT	<u>(24,365)</u> <u>(23,294)</u>
NON-FINANCIAL ASSETS		
	Inventories held for use.....	74 77
	Prepaid expenses.....	60 58
7	Tangible capital assets.....	13,598 13,235
	Total Non-Financial Assets	<u>13,732</u> <u>13,370</u>
	ACCUMULATED DEFICIT	<u>(10,633)</u> <u>(9,924)</u>
	Contingencies (Note 7)	
	Contractual Obligations (Note 8)	
	Contractual Rights (Note 17)	

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE
 For the Year Ended March 31, 2018

	2018 Budget	(\$ millions) 2018	2017 Restated
REVENUE			
Income taxes:			
Corporation income tax.....	543	561	459
Individual income tax.....	3,651	3,424	3,499
Other taxes:			
Retail sales tax.....	2,360	2,444	2,301
Fuel taxes.....	335	344	336
Levy for health and education.....	342	356	343
Education property tax.....	835	827	793
Other taxes.....	625	617	623
Fees and other revenue.....	2,307	2,407	2,369
Federal transfers:			
Equalization.....	1,820	1,821	1,736
Canada Health and Canada Social Transfers.....	1,857	1,866	1,798
Shared cost and other.....	486	513	594
Net income from government business enterprises (Schedule 3).....	705	758	589
Sinking funds and other investment earnings.....	235	257	227
Total Revenue (Schedule 9).....	16,101	16,195	15,667
EXPENSES			
Health.....	6,681	6,483	6,525
Education	4,400	4,384	4,237
Families.....	2,159	2,183	2,028
Community, Economic and Resource Development.....	1,535	1,594	1,419
Justice and Other Expenditures.....	1,290	1,294	1,317
Debt Servicing.....	991	952	930
Total Expenses (Schedule 9).....	17,056	16,890	16,456
In - Year Adjustment/Lapse*.....	(115)	-	-
NET LOSS FOR THE YEAR	(840)	(695)	(789)

* Note: Adjustments/Lapse was budgeted as an unallocated increase in revenue and/or a decrease in expense sectors listed. Actual results are reflected within the revenue and expense items above.

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT
 For the Year Ended March 31, 2018

	(\$ millions)	
	2018	2017 Restated
Opening accumulated deficit, as previously reported.....	(9,400)	(8,750)
Change in accounting policy (Note 1D(vii)).....	62	60
Change in government reporting entity (Note 18 A).....	(601)	(565)
Correction of error (Note 18 B).....	<u>15</u>	<u>-</u>
Opening accumulated deficit, as restated.....	(9,924)	(9,255)
Other comprehensive income (loss) (Schedule 3).....	(14)	120
Net loss for the year.....	<u>(695)</u>	<u>(789)</u>
Closing accumulated deficit.....	<u><u>(10,633)</u></u>	<u><u>(9,924)</u></u>

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31, 2018

	(\$ millions)		
	2018 Budget	2018	2017 Restated
Net loss for the year.....	(840)	(695)	(789)
Tangible capital assets (Schedule 7)			
Acquisition of tangible capital assets.....	(1,567)	(1,123)	(1,417)
Amortization of tangible capital assets.....	746	713	680
Disposal of tangible capital assets.....	-	47	48
Net acquisition of tangible capital assets.....	(821)	(363)	(689)
Other Non-Financial Assets			
Decrease (Increase) in inventories.....	-	3	(1)
Decrease (Increase) in prepaid expenses.....	-	(2)	1
Net acquisition of other non-financial assets	-	1	-
Other comprehensive income (loss) (Schedule 3).....	-	(14)	120
(Increase) in Net Debt.....	(1,661)	(1,071)	(1,358)
Net Debt, beginning of year, as previously reported.....	(23,111)	(22,693)	(21,371)
Change in government reporting entity (Note 18 A).....	-	(601)	(565)
Net Debt, beginning of year, as restated.....	(23,111)	(23,294)	(21,936)
Net Debt, end of year.....	<u>(24,772)</u>	<u>(24,365)</u>	<u>(23,294)</u>

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOW
 For the Year Ended March 31, 2018

	(\$ millions)	
	2018	2017 Restated
Cash and cash equivalents provided by (used in)		
Operating Activities		
Net loss for the year.....	(695)	(789)
Changes in non-cash items:		
Temporary investments.....	(218)	(182)
Amounts receivable.....	(103)	(198)
Valuation allowance.....	132	97
Inventories.....	20	15
Prepays.....	(2)	1
Accounts payable, accrued charges, provisions and deferrals.....	262	(107)
Pension liability.....	169	203
Amortization of foreign currency fluctuation.....	6	5
Amortization of debt discount.....	11	(21)
Unamortized losses on derivative contracts.....	(8)	5
Loss on disposal of tangible capital assets.....	47	48
Amortization of tangible capital assets.....	713	680
	<u>334</u>	<u>(243)</u>
Other comprehensive income (loss) (Schedule 3).....	(14)	120
Changes in equity in government business enterprises (Schedule 3).....	<u>(134)</u>	<u>(123)</u>
Cash provided by operating activities	<u>186</u>	<u>(246)</u>
Capital Activities		
Acquisition of tangible capital assets.....	<u>(1,123)</u>	<u>(1,417)</u>
Cash used in capital activities	<u>(1,123)</u>	<u>(1,417)</u>
Investing Activities		
Investments purchased.....	(3,972)	(3,304)
Investments sold or matured.....	<u>1,067</u>	<u>1,386</u>
Cash used in investing activities	<u>(2,905)</u>	<u>(1,918)</u>
Financing Activities		
Debt issued.....	5,310	6,681
Debt redeemed.....	<u>(2,551)</u>	<u>(2,732)</u>
Cash provided by financing activities	<u>2,759</u>	<u>3,949</u>
Increase in cash and cash equivalents	(1,083)	368
Cash and cash equivalents, beginning of year.....	<u>2,783</u>	<u>2,415</u>
Cash and cash equivalents, end of year.....	<u><u>1,700</u></u>	<u><u>2,783</u></u>
Supplementary information:		
Interest received.....	<u>251</u>	<u>225</u>
Interest paid.....	<u><u>943</u></u>	<u><u>949</u></u>

The accompanying notes and schedules are an integral part of these financial statements.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

For the Year Ended March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

A. General Basis of Accounting

The summary financial statements have been prepared in accordance with Canadian public sector accounting standards.

B. The Government Reporting Entity

Various government components, government organizations (GOs), government business enterprises (GBEs) and government business partnerships (GBPs) comprising the Government Reporting Entity (GRE) are listed in Schedule 8 to the summary financial statements.

To be considered a part of the GRE, an organization must be controlled by the Government or under the shared control of the Government. Control, as defined by the Public Sector Accounting Board (PSAB), is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the Government from the other organization's activities.

C. Basis of Consolidation

GOs, with the exception of GBEs and GBPs, are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the GRE as outlined in note 1D of the significant accounting policies. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax. Where the fiscal year-end dates of the GOs are not the same as that of the GRE, and their transactions significantly affect the financial statements, their financial results are updated to March 31.

GBEs, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They derive the majority of their revenue from sources outside the GRE. They are reported in these summary financial statements using the modified equity method of accounting. Under the modified equity method, the original investment of the Government, in GBEs, is initially recorded at cost and adjusted annually to include the net income or losses and other net equity changes of these enterprises, without adjusting their accounting policies to a basis consistent with that of the GRE.

The financial results of GBEs are not updated to March 31, where their fiscal year end is not the same as that of the GRE, except when transactions, which would significantly affect the summary financial statements, occur during the intervening period. Inter-entity accounts and transactions with GBEs are not eliminated. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule 3 to the summary financial statements.

The characteristics of a GBP are similar to a GBE except the organization is a partnership under shared control, rather than a government organization under the control of the Province. GBPs are accounted for in the summary financial statements using the modified equity method. The Province accrues its share of the GBP's net income or losses, and other net equity changes, without adjusting the GBP's accounting policies to a basis consistent with that of the GRE. The Province's share of the assets, liabilities and results of operations for its GBPs are presented in Note 5 to the summary financial statements.

D. Basis of Specific Accounting Policies

(i) Gross Accounting Concept

Revenues and expenses are recorded as gross amounts with the following exceptions:

- (1) Refunds of revenue are treated as reductions of current year revenue.
- (2) Decreases in valuation allowances are treated as reductions to expense.
- (3) Where there is sufficient evidence that the borrowings undertaken by the Government are specifically on behalf of a GBE, the recoveries of the debt servicing costs on self-sustaining debt of GBEs are recorded as a reduction of debt servicing expense.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Revenue

(1) Government transfers

Transfer payments from the Government of Canada include all accruals determined for current year entitlements that have been authorized by March 31, for which any eligibility criteria have been met and that can be reasonably estimated.

(2) Taxes

Revenues from individual and corporation income tax are accrued in the year earned based upon estimates made by the Government of Canada using statistical models. These revenues are recorded at estimated amounts after considering adjustments for tax concessions and other adjustments from the Government of Canada. Transfers made through the tax system are recognized as an expense.

Revenues from other taxes are accrued in the year earned and are recorded net of tax concessions and other adjustments. Transfers made through the tax system are recognized as an expense.

(3) Other revenue

All other revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

(iii) Expenses

(1) Accrual accounting

All expenses incurred for goods or services received are recorded on an accrual basis.

Expenses include provisional amounts recorded in anticipation of costs, which are quantifiable and have been identified as obligations.

(2) Government transfers

Government transfers are recognized as expenses in the period in which the transfer is authorized, any eligibility criteria are met, and the amounts can be reasonably estimated.

(iv) Financial Assets

(1) Accounts receivable

Accounts receivables are recorded at their full expected amount. A valuation allowance is recorded when collection of the receivable is considered doubtful.

(2) Loans and advances

Loans and advances are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans. Valuation allowances are made when collection is considered doubtful. Premiums that may arise from the early repayment of loans or advances are reflected as deferred revenue and are amortized monthly to debt servicing expense over the term of the loan or advance.

(3) Investments

Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward foreign exchange contract

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign currency fluctuation between year ends are amortized monthly over the remaining life of the investment and are included with debt servicing expense. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in a foreign currency are translated at the exchange rate in effect on the transaction date. Gains and losses on terminated derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract.

(4) Inventories for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

(v) Liabilities

Liabilities are present obligations to outside parties and GBEs as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

(1) Borrowings

All borrowings are expressed in Canadian dollars and are shown net of unamortized debt issue costs and debt of the Government held as provincial investments. Foreign borrowings are translated at the exchange rate in effect at March 31, adjusted for any forward foreign exchange contract entered into for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized monthly to debt servicing expense over the term of the debt.

The year end translation adjustments, reflecting the foreign currency fluctuation from the value at the issue date, are recorded through the unamortized foreign currency fluctuation account and amortized monthly to debt servicing expense over the remaining term of the debt. The unamortized portion of foreign currency fluctuation also reflects the gains or losses on the translation of foreign currency debt called prior to maturity using the rates in effect at the time of the call. These gains or losses are amortized over the original remaining term of the debt or over the term of the replacement issue, whichever is shorter.

Premiums on interest rate options are amortized monthly over the period of the applicable agreement. If the option is exercised, the premium will continue to be amortized to the maturity date of the agreement. If the option is not exercised, any unamortized premium will be immediately taken into revenue or expense. Gains and losses on terminated derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract.

(2) Pension liability

The Government accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service using the accrued benefit actuarial cost method, except as disclosed in Note 6. The value of plan assets is determined using a moving average fair value method. Under this method, fair value is the underlying basis, with any excess (or shortfall) of investment returns over (or below) the expected long-term rate being amortized over a five year period. When actual experience varies from actuarial estimates, for both the accrued benefit obligation and plan assets, the difference is amortized over the expected average remaining service life of the related employee group. Past service costs from plan amendments are recognized in full as expenses in the year of the amendment.

(3) Employee future benefits

The Government recognizes the cost of accumulating benefits in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when the event that obligates the Government to pay benefits occurs. The amount of the liabilities for severance, the long term disability income plan and workers compensation claims are based upon actuarial calculations.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations because actual experience is different from that expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses for the severance liability are amortized over the expected average remaining service life of the related employee group. Actuarial gains and losses for the Long Term Disability Income Plan and the workers compensation claims are recognized as they arise. The liability is included under employee future benefits.

The Government accrues a liability for vacation pay and accumulating, non-vesting sick pay benefits. The liability for accumulating, non-vesting sick pay benefits is based upon a review of past experience to extrapolate a liability based upon expected future utilization of currently accumulated benefits. The liability is recognized under salaries and benefits.

(4) Guarantees

Guarantees by the Government are made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. The provisions for losses on guaranteed loans are determined by a review of individual guarantees. A provision for losses on these guarantees is recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of probable claims against the guarantees. Where circumstances indicate the likelihood of claims arising, provisions are established for those loan guarantees.

(5) Liability for contaminated sites

The Government recognizes a liability for remediation of contaminated sites when the following criteria have been met: there is evidence that contamination exceeds an environmental standard, the Government is directly responsible or accepts responsibility for the contamination, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. In cases where the Government's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Government's best estimate of the amount required to remediate the site to the current minimum standard of use prior to contamination, as of the financial statement date. The liability is determined on a site-by-site basis and is reduced by estimated recoveries from third-parties. Recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual remediation costs incurred. The Government will measure the liability using present value techniques when cash flows are expected to occur over extended future periods.

(vi) Non-Financial Assets

(1) Recognition and measurement

In the public sector, recognition and measurement of tangible capital and other non-financial assets are based on their future service potential. Generally, such assets do not generate future net cash inflows. Therefore, these assets will not provide resources to discharge the liabilities of the Government. For non-financial assets, the future economic benefit consists of their capacity to render service to fulfill the Government's objectives.

(2) Inventories

Inventories held for resale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date. Inventories held for use are classified as non-financial assets.

(3) Prepaid expenses

Prepaid expenses are payments for goods or services which will provide economic benefits in future periods. The prepaid amount is recognized as an expense in the year the goods or services are used or consumed.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(4) Tangible capital assets

The cost of tangible capital assets purchased includes the purchase price as well as costs such as installation costs, design and engineering fees, survey and site preparation costs and other costs incurred to put the asset into service. The cost of tangible capital assets constructed by the Government includes all direct construction costs such as materials, labour, design, installation, engineering, architectural fees, and survey and site preparation costs, as well as overhead costs directly attributable to the construction activity such as licenses, inspection fees, indirect labour costs, and amortization expense of any equipment which was used in the construction project. Any carrying costs associated with the development and construction of tangible capital assets is included for projects whose cost exceeds \$20 million and development time exceeds one year.

Certain assets, which have historical or cultural value, including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Assets:

Land	Indefinite
Buildings and leasehold improvements	
Buildings	10 to 60 years
Leasehold improvements	Life of lease
Vehicles and equipment	
Vehicles	3 to 10 years
Aircraft and vessels	5 to 24 years
Machinery, equipment and furniture	3 to 20 years
Maintenance and road construction equipment	15 years
Computer hardware, software licences	3 to 15 years

Infrastructure Assets:

Land	Indefinite
Land improvements	10 to 30 years
Transportation	
Bridges and structures	40 to 75 years
Provincial highways, roads and airstrips	10 to 40 years
Dams and water management structures	40 to 100 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is put into service.

(vii) Changes in Accounting Policy

Effective April 1, 2017 the Government adopted the new PSAB accounting standards: Related Party Disclosures (PS 2200), Assets, (PS 3210), Contingent Assets (PS 3320) and Contractual Rights (PS 3380). The adoption of these standards has resulted in additional note disclosures where necessary.

Assets (PS 3210) provides guidance for applying the definition of assets set out in Financial Statement Concepts, (PS 1000), and establishes general disclosure standards for assets. As a result of following the guidance in (PS 3210), the Government has changed its accounting policy to record library books as tangible capital assets. Previously, they were recorded as expenses. This change in accounting policy was applied retroactively, resulting in a \$62 million decrease in the opening accumulated deficit (2017 - \$60 million) and a \$2 million decrease in the 2017 net loss.

Economic resources such as Crown land, mineral rights, timber rights, fish and wildlife meet the definition of an asset, however they are not recognized in the summary financial statements because an appropriate basis of measurement and a reasonable estimate of the amount involved cannot be made; or Canadian public sector accounting standards prohibit its recognition.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(viii) Classification by Sector

The Province reports operational results under the following sectors; health, education, families, community economic and resource development, justice and other expenditures, and general government. The entities and departments included in each sector are identified in Schedule 8 to the summary financial statements.

The health sector includes provincial health care programs and includes all health related entities and services.

The education sector includes all education services including elementary, secondary and post-secondary services, including the pension related expenses associated with this sector.

The families sector includes all social services related to employment and income support for individuals in need as well as a comprehensive range of social services and financial assistance programs provided to Manitobans throughout the Province. The sector also contains the management and administration of housing policies and benefits for low to moderate income renters and homeowners.

The community, economic and resource development sector includes the promotion and development of the Province's natural resources including the support of industries within this sector. It also includes the operation and maintenance of transportation systems including highway infrastructure and other Government infrastructure.

The justice and other expenditures sector include general administration, finance, executive and legislature, cultural and sport related activities. The sector contains criminal and civil legal services and programs that protect the rights of Manitobans. Also included in the sector are all general government pension related expenses.

The general government sector is comprised of those activities that cannot to be allocated to the specific sectors noted above.

Inter-segment transfers between sectors are measured at the exchange amount.

E. Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of individual and corporate income taxes, Canada Health Transfer and Canada Social Transfer entitlements, accrual for federal shared cost programs, accruals for pension obligations, accruals for the remediation of contaminated sites, allowances for doubtful loans, accruals for liabilities valued through actuarial valuations, such as long term disability, severance, sick pay obligations and workers compensation claims and advances and provision for losses on guarantees.

The nature of the uncertainty related to the accrual of health and social transfer payments from the Government of Canada and individual and corporate income taxes arises because of the possible differences between the estimates for the economic factors used in calculating the accruals and actual economic results. Uncertainty related to accruals for pension obligations arises because actual results may differ significantly from the Government's best estimates of expected results based on variables such as earnings on the pension investments, salary increases and the life expectancy of claimants. Uncertainty related to the accrual for the remediation of contaminated sites exists because the remediation activities, methods, and the extent of contamination may differ significantly from the Government's original assessment of the site and proposed remediation plans. Uncertainty concerning the allowance for doubtful loans and advances is based upon actual collectability and changes in economic conditions.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

While management's best estimates have been used for reporting items subject to measurement uncertainty, it is possible that changes in future conditions in the near term could require a material change in the valuation of the reported amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

2. TEMPORARY INVESTMENTS

	(\$ millions)	
	2018	2017
Temporary investments	594	376

Temporary investments are recorded at cost, which approximates market value. Temporary investments consist of investments with financial institutions, government bonds and other short term investment vehicles. All of the securities have terms to maturity of less than one year.

3. PORTFOLIO INVESTMENTS

	(\$ millions)	
	2018	2017
Sinking funds	871	1,104
Other investments	610	348
Unamortized termination losses on derivative contracts	3	9
	1,484	1,461

Portfolio investments are recorded using the cost method. Under this method, any discount or premium arising on the purchase of a fixed term security is amortized over the period to maturity. Portfolio investments are written down to market value only in those circumstances where the loss in value is other than temporary in nature. As at March 31, 2018, the market value of portfolio investments was \$1,582 million (2017 - \$1,507 million).

Sinking Funds

Section 60 of The Financial Administration Act authorizes the Minister of Finance to provide for the creation and management of sinking funds for the orderly retirement of debt. The Government's sinking fund currently provides for the repurchase of foreign debt and the pre-funding of maturing debt issues. The sinking fund is invested principally in securities issued or guaranteed by federal and provincial governments. Sinking funds are invested in fixed income securities as follows:

	(\$ millions)			
	2018		2017	
	Book Value	Fair Value	Book Value	Fair Value
Government of Canada, direct and guaranteed	37	36	58	59
Provincial, direct and guaranteed	746	718	949	925
Municipal	84	84	93	93
Corporate	4	4	4	4
	871	842	1,104	1,081

Investment revenue earned on sinking funds during the year was \$28 million (2017 - \$32 million).

3. PORTFOLIO INVESTMENTS (Continued)

The sinking funds are allocated as follows:

	(\$ millions)	
	2018	2017
Sinking funds	880	1,107
Less: Uninvested portion of sinking funds held in cash and cash equivalents	(9)	(3)
Total sinking funds held in portfolio investments	<u>871</u>	<u>1,104</u>

Other Investments

	(\$ millions)	
	2018	2017
Guaranteed investment certificates	32	28
Bonds – Government of Canada, provincial and municipal	231	64
Bonds – Corporate	113	71
Equity investments	195	154
Investments in real estate	39	31
	<u>610</u>	<u>348</u>

As at March 31, 2018 the market value of other investments was \$740 million (2017 - \$426 million). Other investments earned \$23 million during the year (2017 - \$14 million).

4. EQUITY IN GOVERNMENT BUSINESS ENTERPRISES

The GBEs that are included in the summary financial statements are listed in Schedule 8 and are classified as follows:

Category	Definition
Utility	An enterprise which provides public utility services for a fee. This category includes Manitoba Hydro-Electric Board.
Insurance	An enterprise which provides insurance coverage services to the public for a fee. This category includes Manitoba Public Insurance, and Deposit Guarantee Corporation of Manitoba.
Finance	Enterprises which provide regulatory control, and are revenue generating or enterprises which use economy of scale to deliver goods and services to the public. This category includes Manitoba Liquor and Lotteries Corporation.

The operating results and financial position of each GBE category are reported in Schedule 3 to the summary financial statements. The year end of each GBE is as follows:

Manitoba Hydro-Electric Board	- March 31, 2018
Manitoba Liquor and Lotteries Corporation	- March 31, 2018
Manitoba Public Insurance Corporation	- February 28, 2018
Deposit Guarantee Corporation of Manitoba	- December 31, 2017

4. EQUITY IN GOVERNMENT BUSINESS ENTERPRISES (Continued)

Included in the equity in GBEs are equities, which are restricted for use by provincial legislation and thereby not available to discharge Government liabilities or to finance other Government programs. The equity in GBEs is comprised of:

	(\$ millions)	
	2018	2017
Restricted Equity in Government Business Enterprises:		
Deposit Guarantee Corporation of Manitoba	306	287
Manitoba Hydro-Electric Board	2,248	2,190
Manitoba Public Insurance Corporation	401	345
	2,955	2,822
Unrestricted Equity in Government Business Enterprises:		
Manitoba Liquor and Lotteries Corporation	5	5
Manitoba Public Insurance Corporation	12	12
	17	17
Equity in Government Business Enterprises	2,972	2,839

5. EQUITY IN GOVERNMENT BUSINESS PARTNERSHIPS

North Portage Development Corporation (NPDC) is a government partnership that is owned equally by the Government of Canada, the Province of Manitoba and The City of Winnipeg. The mission of NPDC is to act as a catalyst, encouraging activities for people in the downtown through public and private partnerships and to work to ensure financial self-sufficiency. NPDC is responsible for the continuing renewal and stewardship of two sites in Winnipeg's downtown: the North Portage area and The Forks. NPDC is involved in certain business and core activities regarding the ownership, development and management of its two sites that include land investment properties and public amenities.

The Province's share of the equity at March 31, 2018 is \$19 million (2017 - \$19 million). The Province's share of the operating results for the year ended March 31, 2018 was \$ nil (2017 - \$ nil) and is included in fees and other revenues.

The condensed supplementary financial information of NPDC is as follows:

	(\$millions)	
	2018	2017
Property, plant and equipment and investment in properties and infrastructure enhancements	75	73
Short-term investments and other assets	7	9
	82	82
Deferred contributions from shareholders	10	11
Long-term mortgage	9	10
Current and other liabilities	5	4
	24	25
Net equity	58	57
	82	82
Comprehensive income		
Revenues	16	13
Expenses	12	11
Operating income before amortization	4	2
Amortization	(3)	(2)
Net income for the year	1	-

6. PENSION PLANS

The Government participates in various pension plans. The two primary plans, in which the Government directly participates, are the Civil Service Superannuation Plan and the Teachers' Pension Plan. As per the Acts that administer these plans, the Government is responsible for 50% of pension benefits earned by employees. These Plans are joint trustee plans. The Government's pension liability reflects its share of the actuarial present values of pension benefits attributed to services rendered by employees and former employees, net of any plan assets which are set aside by the Government in an irrevocable trust. As of March 31, 2018, the pension liability for the Civil Service Superannuation Plan was \$913 million (2017 - \$871 million) and the pension liability for the Teachers' Pension Plan was \$1,664 million (2017 - \$1,551 million).

Other pension plans in which the Government participates include the Members of the Legislative Assembly Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan and the Winnipeg Child and Family Services Employee Benefits Retirement Plan. The Government is responsible for any excess of accrued pension benefits over pension fund assets for these plans.

The Government also includes several other pension plans in its pension liability. These other plans include post-secondary education pension plans and public school divisions' pension plans. Post-secondary education pension plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan. Public school divisions' pension plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division, Retirement Plan for Employees of Frontier School Division and School District of Mystery Lake Pension Plan. The Government is responsible for any excess of accrued pension benefits over pension fund assets for these plans.

Employees in the health sector are members of the Healthcare Employees Pension Plan, a multi-employer defined benefit pension plan established between employees and participating boards. Because the Government does not sponsor this plan, the accrued benefit liability of this plan is not recognized in these financial statements. The annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. During the year, the Government expensed contributions to this plan of \$184 million (2017 - \$166 million). At December 31, 2017 the Plan had an excess of net assets available for benefits over pension obligations of \$654 million (December 31, 2016 - \$255 million).

As at March 31, 2018, the total pension liability being reflected in the summary financial statements was \$2,726 million (2017 - \$2,557 million). Details related to the pension liability are provided in Schedule 6 to the summary financial statements. The following provides general information on the contributions and benefit formula of the various pension plans, which are included in this schedule.

A. Civil Service Superannuation Plan

The Civil Service Superannuation Act (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government through the Civil Service Superannuation Fund (CSSF).

The lifetime pension calculation equals 2% of a member's best five-year average yearly pensionable earnings multiplied by pensionable service, minus 0.4% of the average Canada Pension Plan (CPP) earnings multiplied by pensionable service since January 1, 1966.

The CSSA requires employees to contribute 8.0% of pensionable earnings up to the CPP maximum pensionable earnings, and 9.0% on pensionable earnings above the maximum.

89.8% of employee contributions are used to fund basic benefits and 10.2% of employee contributions are allocated to funding indexing benefits. The Government funds 50% of the monthly pension retirement benefits paid to retirees.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada.

6. PENSION PLANS (Continued)

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Civil Service Superannuation Plan are reported in the December 31, 2017 audited financial statements of CSSF. At December 31, 2017, after accounting for provincial pension assets held in trust and trust assets held in trust for GBEs, CSSF had an estimated accrued net obligation of \$860 million (2016 - \$986 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value. This valuation also includes estimated net obligations related to GBEs, which are included in the summary financial statements on a modified equity basis, and other entities that are not part of the GRE.

B. Teachers' Pension Plan

The Teachers' Pensions Act (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

The lifetime pension calculation is generally based upon 2% of a member's average salary of the best five of the final 12 years of service (best seven prior to July 1, 1980) multiplied by pensionable service, minus the years of service multiplied by 0.6% of the annual salary up to the yearly maximum pensionable earnings. The pension amount is subject to a maximum of 70% of the average annual salary used above.

The TPA requires that teachers contribute 7.3% of pensionable earnings up to the CPP maximum earnings, and 8.9% of pensionable earnings above the maximum. Commencing September 1, 2012 teacher contributions increased .5% per year and continued increasing until September 1, 2015. As of September 1, 2015 the TPA requires teachers to contribute 8.8% of pensionable earnings up to the CPP maximum pensionable earnings and 10.4% of pensionable earnings above the maximum. 83.2% of teacher's contributions are used to fund basic benefits and 16.8% of teachers contributions are allocated for funding indexing benefits. The Province funds 50% of the monthly pension retirement benefits paid to retirees.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in the Teachers' Retirement Allowances Fund can finance one half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada to a maximum of 5.33%.

On May 16, 2018, the Lieutenant Governor in Council approved a regulation to disburse the restricted surplus held in the Pension Adjustment Account over a five-year period commencing with the Cost of Living Adjustment (COLA) granted effective July 1, 2018. The restricted surplus disbursement will increase the 2018 COLA by 0.20%, resulting in a total COLA of 1.35% effective July 1, 2018. The balance of the restricted surplus will be disbursed in equal amounts over the following four years, ending with the COLA effective July 1, 2022. It is estimated that COLA would increase by a further 0.17% on average from 2019 to 2022, for a cumulative increase of between 0.8% and 0.9% by the end of the five-year disbursement period. Actual increases will, however, depend on the economic and demographic conditions that occur during the disbursement period.

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Teachers' Pension Plan are reported in the December 31, 2017 audited financial statements of Teachers' Retirement Allowances Fund (Fund). At December 31, 2017, after accounting for provincial pension assets held in trust, the Fund had an estimated accrued net obligation of \$1,227 million (2016 - \$1,307 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value.

C. Other Government Plans

(i) Members of the Legislative Assembly Plan

The pension plan for Members of the Legislative Assembly (MLAs) is established and governed by The Legislative Assembly Act (LAA).

6. PENSION PLANS (Continued)

For MLAs elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service to April 1995. The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served; if less than five, multiplied by the number of years of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases.

For those MLA's elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. Under the matching contributions provisions, MLAs may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The Government matches the member's contributions on a current basis; consequently, there is no liability for past service benefits under this component of the plan. In the event that a member withdraws money from the RRSP, while an active member of the Legislative Assembly, the Government's contribution would be refundable back to the Government.

(ii) Legislative Assembly Pension Plan

The Members' Retirement Benefits Regulation of The Legislative Assembly Act established a defined benefit plan, effective December 7, 2005 that provides pension benefits to eligible MLAs who elect to participate in the plan.

The pension benefits accumulate up to a maximum period of 35 years at 2% per year of pensionable service based upon the average of the best five-year annual salaries, reduced by an amount equal to 0.25% times the number of months before the member's 60th birthday that the first pension payment is made. These entitlements are indexed to 2/3 of cost of living increases.

Active members must contribute 7% of their earned salary to the plan. The Government makes contributions as necessary to ensure the pension fund has sufficient assets to cover the monthly pension payments to retirees as well as ensuring there are sufficient funds to cover any of the plans liabilities. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

(iii) Judges' Supplemental Pension Plan

Manitoba Provincial Court Judges and Masters are members of the Civil Service Superannuation Plan; however, they also receive enhanced pension benefits under the Manitoba Provincial Court Judges and Masters' Supplemental Pension Plan. These supplemental pension benefits for judges are the difference between the total pension benefits for judges, including the amendments introduced by Judicial Compensation Committees, and the formula pension available under The Civil Service Superannuation Act (CSSA) as described above in Note 6A.

The supplemental pension is generally based upon an accrual rate of 3% for each year of service, as a judge, up to a maximum of 23.5 years, reduced by the pension provided under the CSSA. The combined total of the Judges' Supplemental Pension and Civil Service Superannuation Pension is subject to a maximum of 70% of earnings. These enhanced benefits are entirely funded by the Government.

(iv) Winnipeg Child and Family Services Employee Benefits Retirement Plan

Established effective December 29, 2003, the Winnipeg Child and Family Services Employee Benefits Retirement Plan applies to employees of the former Winnipeg Child and Family Services Agency, who transferred to the Department of Families.

The lifetime pension calculation equals 1.4% of the member's highest average pensionable earnings up to the CPP maximum and 2.0% of any excess earnings multiplied by pensionable service. The lifetime pension is subject to an overall maximum of the member's number of years of contributory service, multiplied by the lesser of \$1,722 or such greater amount permitted under the Income Tax Act; and 2% of the member's highest average indexed compensation in any 3 overlapping periods of 12 consecutive months. Indexing payments are subject to approval by the Trustees and increases in the Consumer Price Index.

Members are required to contribute 4.5% of pensionable earnings up to the CPP maximum and 6% on pensionable earnings over the maximum. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

6. PENSION PLANS (Continued)

D. Other Pension Plans

(a) Post-Secondary

(i) University of Manitoba Pension Plan

The University of Manitoba administers The University of Manitoba Pension Plan (1970), The University of Manitoba Pension Plan (1993) and The University of Manitoba GFT Pension Plan (1986). These are trustee pension plans. The Trustees are responsible for the custody of the plans' assets and issuance of annual financial statements. The December 2013 funding valuation indicated that the University of Manitoba Pension Plan (1993) was in a funding deficiency position. The University is funding over fifteen years until the going concern deficit is eliminated. An annual additional payment for fiscal 2018 of \$5 million was made (2017 - \$5 million).

University of Manitoba Pension Plan (1993) is a money purchase plan with a defined benefit minimum. The funding for the plan requires a matching contribution from the University and the employees. The plan is not indexed. Plan members contribute at a rate of 9.0% of salary less an adjustment for the Canada Pension Plan during the year.

Retirement benefits are calculated by using the greater of the two methods: Formula and Plan Annuity. For each year of pensionable service, Formula benefit equals 2.0% of the average best five year salary, less 0.7% of the average best five year salary under the yearly maximum pensionable earnings in the year of retirement, to a maximum of 1/9 of the Pension Plans money purchase limit. The benefit is reduced by 1/4% for each month between the actual pension commencement date and the age of 65. Plan Annuity benefit is based on contribution account balance, age at retirement, and the annuity factor determined by the plan actuary.

In 2009, the Manitoba Pension Commission advised the University of Manitoba it was required to begin to make additional payments with respect to current service costs in excess of matching contributions of active members and the University. The additional current service cost payments required are based on a percentage of employee contributions. The total payment for fiscal 2018 was \$4 million (2017 - \$4 million).

The University of Manitoba Pension Plan (1970) operates as a defined contribution or money purchase arrangement for service since 2003. Certain members retain an entitlement to a hybrid formula for the service prior to 2003, similar to the 1993 Plan.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan; therefore there is no requirement for an actuarial valuation of this plan.

(ii) University of Winnipeg Pension Plan

The University of Winnipeg administers the University of Winnipeg Pension Plan (UWPP), which is comprised of a defined benefit segment and a defined contribution segment. The assets of the Plan are held in trust by independent custodians. The defined benefit segment of the UWPP was closed to new members effective January 1, 2001. Members who join after this date join the defined contribution plan.

The UWPP was established as a contributory defined benefit pension plan on September 1, 1972 and covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan. The funding for the plan requires a matching contribution from the University and the employees. Annual pension benefits equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of \$1,722.22 per year of pensionable service. At December 2015 the Plan had a going-concern deficiency of \$23 million, which the University is addressing by making annual deficiency payments of \$3 million until the deficiency is eliminated.

Since December 31, 2000, when the defined contribution segment of the Plan was introduced, approximately one-quarter of the eligible members converted to that plan. The obligation for pension benefits under the defined contribution segment of the Plan will always be equal to net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

6. PENSION PLANS (Continued)

(iii) Brandon University Retirement Plan

Brandon University administers the Brandon University Retirement Plan, which is a trustee pension plan. The Trustees are responsible for the custody of the Plan's assets and issuance of annual financial statements.

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established on April 1, 1974 for the benefit of the employees of Brandon University. The funding for the plan requires a matching contribution from the University and the employees.

Employees are required to contribute 8.0% of pensionable earnings less 1.8% of pensionable earnings for which Canada Pension Plan contributions are required. Pensionable earnings are subject to an annual limit related to the maximum benefit accrual in a year.

Annual pension equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of \$1,722.22 per year of pensionable service for members retired on or before April 1, 2009, and \$1,975.00 for those retiring after that date.

The plan will continue to be subject to the going concern funding provisions of the Manitoba Pension Benefits Act and Regulations. The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. The funding deficit of \$5 million will be funded over a maximum of 15 years. The existing funding deficit will be funded over 10 years.

(b) Public School Divisions

(i) The Winnipeg School Division Pension Fund for Employees Other Than Teachers

The Winnipeg School Division Pension Fund for Employees Other Than Teachers is a defined benefit pension plan for employees that meet specified employment conditions. The fund was created by By-law 196 of the Winnipeg School Division (replaced by By-law 1017 on January 1, 1992) and is subject to the applicable regulations.

The pension benefits calculation is based on an amount equal to 1.6% of a member's average pensionable salary and 2.0% of a member's average salary over the pensionable salary, multiplied by a member's years of pensionable service. The average salary is determined by averaging the best five years of employment salary in the last twelve years of service.

Employee contributions equal 8.1% of pensionable salary and 9.5% of the earnings in excess of pensionable salary up to the yearly maximum pensionable earnings, effective January 1, 2014. The Winnipeg School Division matches employee contributions and pays an additional 12.4% of employee contributions. As a result, employer contributions equal approximately 112.4% of employee contributions.

(ii) Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division

The St. James-Assiniboia School Division Retirement Plan for Non-teaching Employees is a defined benefit pension plan that was established on January 1, 1978 and is subject to the applicable regulations.

The pension benefits calculation is based on an amount equal to 1.4% of a member's average employment earnings below CPP earnings and 2.0% of a member's employment earnings in excess of the CPP earnings, multiplied by a member's years of contributory service. The average employment earnings are determined by averaging the best six years of employment earnings in the last 12 years of service. Effective July 1, 2014, employee contributions were equal to 8.2% of CPP earnings and 9.8% of the employment earnings in excess of CPP earnings. The St. James-Assiniboia School Division matches employee contributions.

6. PENSION PLANS (Continued)

(iii) Retirement Plan for Employees of Frontier School Division

The Frontier School Division Retirement Plan is a defined benefit pension plan for non-teaching employees.

The pension benefit is based on an amount equal to 2.0% of a member's best average earnings, multiplied by a member's years of credited service. The average employment earnings are determined by averaging the best five years of employment earnings.

Employee contributions equal 9.0% of CPP earnings, with the Frontier School Division matching employee contributions. The Frontier School Division is responsible for the balance of the pension cost, of which a portion can be financed by an allocation from pension surplus.

(iv) School District of Mystery Lake Pension Plan

School District of Mystery Lake Pension Plan is a defined benefit plan.

The School District shall contribute in accordance with the terms of the collective agreement such amounts as necessary to provide the future service pension for all members and to amortize any unfunded liability or a solvency deficiency in the Plan. In the event the School District's contributions are not sufficient, the legislation permits the Board of Trustees to amend the plan to reduce future accrued pension benefits in order to meet the required legislated funding requirements.

Effective July 1, 2013 employees contribute 5.0% of gross earnings. Prior to July 1, 2013 employees did not make contributions to the plan. The plan provides that if the defined benefit pension exceeds the plan annuity, the difference is paid from the plan.

The pension benefits are calculated based on a rate per month per year of service. The current rate for maintenance workers is \$42 per month per year of service. For clerical workers, the pension benefit is \$37 per month per year of service.

E. Government Business Enterprises

Manitoba Hydro, Manitoba Liquor and Lotteries Corporation and Manitoba Public Insurance Corporation (MPIC) are members of the CSSF. Effective April 1, 2014 Manitoba Liquor and Lotteries Corporation became a matching employer. As a result, they no longer recognize a pension liability in their statements. The net pension liabilities for the other GBEs are disclosed in Schedule 3.

7. CONTINGENCIES

A. Contingent Liabilities

i) Legal Actions

The Government has been named in various legal actions. No provision has been made at March 31, 2018 in the accounts where the final results are uncertain, or where the results are likely but the amount of the liability cannot be reasonably estimated.

ii) Canadian Blood Services

All provincial and territorial governments of Canada, except Quebec, are members of, and provide funding to, Canadian Blood Services (CBS), which operates the Canadian blood system. The March 31, 2017 audited consolidated financial statements indicate that CBS has established two wholly-owned captive insurance companies to provide for the contingent liabilities for risks related to operations of the blood system: CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited (CBSE).

CBSI provides insurance coverage up to \$250 million with respect to risks associated with the operation of the blood system. The related assets of CBSI as at March 31, 2017 total \$441 million (2016 - \$414 million). Based upon the above, the Government's share of the provision for future claims as at March 31, 2017 is

7. CONTINGENCIES (Continued)

offset with designated assets, which at that date exceed the provision.

CBS and CBSE have entered into an agreement whereby the members have agreed to provide insurance coverage for all amounts payable by CBSE under the terms of the excess policy up to \$750 million in excess of the \$250 million provided by CBSI. No payment shall be made under CBSE until the limit of the liability under the primary policy in CBSI has been exhausted. The members have agreed to contribute their pro rata share of the required capital of \$750 million. The members have each issued an indemnity to CBSE on their pro rata share of the \$750 million, calculated on the basis of their respective populations. Given current populations, Manitoba's maximum potential liability under its indemnity to CBSE is approximately \$34 million. The Government is not aware of any proceedings which could lead to a claim against it under the indemnity given to CBSE.

iii) Treaty Land Entitlement Obligations

The Government's obligations under the treaty land entitlement agreements require the setting aside of 1,426,454 acres of Crown lands and Other Lands (Acquisition) for reserve creation. As of March 31, 2018, the Entitlement First Nations have collectively selected and acquired approximately 1,056,815 acres of Crown lands and other lands. The Crown lands will be transferred according to the Natural Resources Transfer Agreement, and the transfer will include mines and minerals and other interests normally reserved for the Government, under The Crown Land Act or any other statute. To meet this obligation, the government of Manitoba has made available or transferred to the Government approximately 711,720 acres of provincial Crown lands for the purposes of reserve creation for Entitlement First Nations.

iv) Government Business Enterprise Contingencies

Significant contingencies for Government Business Enterprises include:

Manitoba Hydro has a mitigation program in place to address past, present, and ongoing adverse impacts arising from all past hydro-electric developments (prior to the Wuskwatim generating station), particularly for Indigenous people residing or engaged in resource harvesting in the project areas. In recognition of future mitigation payments, Manitoba Hydro has recorded a liability of \$204 million (2017 - \$209 million). In addition, Manitoba Hydro has recognized a provision of \$45 million (2017 - \$56 million) for certain mitigation related obligations arising from ongoing adverse effects of past hydro-electric development. There are other mitigation issues, the outcomes of which are not determinable at this time.

During the year, Manitoba Hydro entered into an agreement with an independent third party pipeline company to increase pipeline capacity. As part of the agreement, Manitoba Hydro has committed to pay its share of the pre-license development costs associated with the contract, limited to \$19 million, in the event that the federal license is not granted for the project. While the potential costs are quantified, no obligating event has occurred and so a provision has not been booked.

B. Loan Guarantees

The Government has guaranteed the repayment of debt, promissory notes, bank loans, lines of credit, mortgages and securities held by others. Debt guaranteed by the Government is guaranteed, as to principal and interest, until the debt is matured or redeemed. The authorized limits and the outstanding guarantees are summarized as follows:

	Authorized	(\$ millions)	
	Limit	2018	2017
Canadian Museum for Human Rights	25	7	10
Manitoba Agricultural Services Corporation (Note 7B.i)	-	72	78
Manitoba Grow Bonds	-	-	3
Manitoba Housing and Renewal Corporation (Note 7B.ii)	20	11	9
Manitoba Student Aid Program	20	-	-
Triple B Stadium Inc. (Note 7B.iii)	35	23	17
Other	16	7	6
Total guarantees outstanding		<u>120</u>	<u>123</u>

7. CONTINGENCIES (Continued)

A provision for future losses on guarantees in the amount of \$17 million (2017 - \$20 million) has been recorded in the accounts.

Note 7B.i) Manitoba Agricultural Services Corporation

The Manitoba Agricultural Services Corporation has guaranteed loans under the following programs:

<u>Program</u>	<u>General Terms and Conditions</u>
Operating Credit Guarantees for Agriculture	Each participating lending institution is guaranteed 25% of the maximum amount advanced under this program.
Operating Credit Guarantees for Rural Small Business	Each participating lending institution is guaranteed the lesser of 25% of the maximum amount advanced or 75% of the lender's actual eligible loss.
Manitoba Livestock Associations Loan Guarantees	Each association's lending institution is guaranteed 25% of their loaned amount, up to a maximum loan of \$8 million per association.
Enhanced Diversification Loan Guarantees	Guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.
Rural Entrepreneur Assistance Program	Each participating lender is guaranteed up to 80% of the loan made to small rural non-agricultural business to a maximum guarantee of \$0.2 million.

Note 7B.ii) Manitoba Housing and Renewal Corporation

Manitoba Housing and Renewal Corporation has authority to guarantee the repayment of various mortgages and issue various letters of credit, which guarantee the terms and conditions of land development agreements and construction contracts, up to \$20 million. At March 31, 2018 outstanding guarantees under this authority totalled \$11 million (2017 - \$9 million).

Note 7B.iii) Triple B Stadium Inc.

Triple B Stadium Inc. (Triple B) is a for-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The members of Triple B are the City of Winnipeg, the University of Manitoba and the Winnipeg Football Club.

The Government has guaranteed up to \$35 million of the indebtedness of Triple B to a third party lender. At March 31, 2018 the outstanding guarantee under this authority was \$23 million (2017 - \$17 million).

C. Government Business Enterprise Guarantees

As at March 31, 2018, Manitoba Hydro has outstanding Manitoba HydroBonds and Manitoba Hydro-Electric Board Bonds amounting to \$130 million (2017 - \$152 million). These bonds carry fixed and variable coupon rates that range from 0.75% to 10.00%. Manitoba HydroBonds are redeemable at the option of the holder. The Government guarantees \$65 million (2017 - \$87 million) of these outstanding bonds. In addition, the Government guarantees \$50 million of Manitoba Hydro's promissory notes carrying interest at variable rates.

Manitoba Hydro provides guarantees to counterparties for natural gas purchases. At March 31, 2018, there is an outstanding guarantee totalling \$30 million (2017 - \$40 million) which matures October 31, 2018. Letters of credit in the amount of \$75 million (2017 - \$74 million) have been issued for construction and energy related transactions with maturities until 2049.

The Deposit Guarantee Corporation of Manitoba has guaranteed \$27 billion in credit union deposits at the end of December 31, 2017 (December 31, 2016 - \$26 billion). Based upon its ongoing monitoring procedures, the Corporation has concluded that a provision for such contingencies does not need to be established at this time.

8. CONTRACTUAL OBLIGATIONS

The Government has entered into a number of multi-year contracts and agreements for the delivery of services and the acquisition or construction of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. The following represents the amounts required to satisfy the contractual obligations, by the year that it is anticipated that the terms of the contract will be met, as at March 31:

(\$ millions)	2019	2020	2021	2022	2023	2024 and beyond	Total
Government organizations and components	624	346	282	263	264	1,728	3,507
Government Business Enterprises	10	8	8	7	7	38	78
Total	<u>634</u>	<u>354</u>	<u>290</u>	<u>270</u>	<u>271</u>	<u>1,766</u>	<u>3,585</u>

Other significant obligations not included in the table are:

Government Organizations

Government organizations have entered into contractual arrangements related to construction projects totalling \$411 million (2017 - \$411 million).

Government Business Enterprise Contractual Obligations

Manitoba Hydro has energy purchase commitments of \$1,591 million (2017 - \$1,419 million) that relate to future purchases of wind, natural gas (including transportation and storage contracts), coal and electricity. Commitments are primarily for wind, which expire in 2038, and natural gas purchases, which expire in 2037. In addition, other outstanding commitments, principally for construction, are approximately \$2,132 million (2017 - \$3,334 million).

Manitoba Liquor and Lotteries Corporation has purchase commitments of \$18 million (2017 - \$36 million) related to the casino and retail liquor store construction projects.

9. DEBT SERVICING

Debt servicing costs of \$952 million (2017 - \$930 million) are net of interest recoveries from GBEs of \$764 million (2017 - \$702 million), interest on provincial debt held as investments of \$17 million (2017 - \$14 million) and includes \$33 million (2017 - \$47 million) representing interest expense of government organizations. GBEs debt servicing costs of \$653 million (2017 - \$656 million) are reported in Schedule 3.

10. AMOUNTS HELD IN TRUST

Amounts held in trust are assets over which the Manitoba Legislature has no power of appropriation. These amounts are not included in the summary financial statements because the Government has no equity in the amounts and administers them according to trust or other agreed-upon arrangements. As at March 31, 2018 amounts held in trust were as follows:

	Valuation Method	(\$ millions)	
		2018	2017
Various Universities and Colleges	cost	574	530
Public Guardian and Trustee of MB	various	260	263
Production Insurance Trust	cost	204	-
Public Service Group Insurance Fund	cost	138	124
Manitoba Development Corporation	cost	72	64
Hail Insurance Trust	cost	61	-
Other Fiduciary Trust	various	56	61
Custodial trusts held by Departments	various	-	20
Suitor's Money Act	cost	14	14
		1,379	1,076

Universities and Colleges hold endowment and trust funds in the form of cash, cash equivalents, bonds, equities, real estate and other securities.

The Public Guardian and Trustee of Manitoba administers the estates and trusts of mentally disabled persons, deceased persons, and infants. The estates and trusts under administration are in the form of bonds, equities, real estate, mortgages and other securities.

Manitoba Agricultural Services Corporation (MASC) is the trustee for the Production Insurance Trust and the Hail Insurance Trust. These trusts were created for the benefit of program participants. The trusts will be used to pay program indemnities to participating producers. Funding for the Trusts will be provided based on insurance premiums collected by MASC.

The Public Service Group Insurance Fund is administered by the Civil Service Superannuation Board. It includes three plans to provide life insurance, accidental death and disablement insurance, and dependents insurance for eligible employees and retired employees (and their eligible dependents) of the Government of Manitoba and most of its Agencies and Boards. These funds are in the form of cash, cash equivalents and equities.

Manitoba Development Corporation administers funds from the Business Investor Stream of the Provincial Nominee Program. These funds are invested in the form of cash, cash equivalents, bonds and investments.

Other Fiduciary trust funds are interest bearing deposit which are pooled with the Government's investments in order to earn a market rate of interest. Government departments also hold custodial trust funds in the form of bonds and other securities.

11. RISK MANAGEMENT AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

Borrowings in both Canadian and foreign financial markets result in exposure to risks, which include foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner. A variety of strategies are used, including the use of derivative financial instruments (derivatives).

Derivatives are financial contracts, the value of which is derived from underlying instruments. The Government uses derivatives to hedge and to mitigate foreign exchange risk and interest rate risk. The Government does not use derivatives for speculative purposes.

11. RISK MANAGEMENT AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Foreign exchange risk

Foreign exchange risk is the risk that the cash flows needed to repay the interest and principal on loans in foreign currencies will vary due to fluctuations in foreign exchange rates.

To manage this risk, the Government uses derivative contracts, including foreign exchange forward contracts as well as swaps, to convert foreign currency principal and interest cash flows into Canadian dollar denominated cash flows. The current portfolio of foreign debt is fully hedged through the use of derivatives and U.S. dollar sinking funds, except for the impact of the unamortized foreign exchange fluctuation account of \$10 million (2017 - \$16 million). This account is fixed with no sensitivity to future foreign exchange rates.

Derivative contracts hedge the underlying debt by matching the critical terms to achieve effectiveness. The current policy has hedged the foreign currency debt principal and interest payments through the use of derivatives in relation to general purpose debt.

Manitoba Hydro has exposure to U.S. dollar foreign exchange fluctuations primarily through the sale and purchase of electricity and fuel in the U.S. This exposure is managed through a long-term natural hedge between U.S. dollar cash inflows from export revenues and U.S. dollar cash outflows for long-term debt coupon and principal payments. As a means to bridge temporary timing differences between inflows and outflows to future years' U.S. dollar requirements, Manitoba Hydro also utilizes derivative foreign exchange forward contracts as required.

Interest rate risk

Interest rate risk is the risk that debt servicing costs will vary unfavourably according to interest rate fluctuations.

To reduce its exposure to interest rate risk, the Government uses derivatives to manage the fixed and floating interest rate mix of its debt portfolio.

After taking into account derivatives used to manage interest rate risk, investments held as sinking funds and eliminating debt incurred on behalf of Manitoba Hydro, the structure of the debt as at March 31, 2018 was 90% at fixed rates and 10% at floating rates (2017 – 90% at fixed rates and 10% at floating rates). A one percent (100 basis points) movement in interest rates on the 10% floating rate debt for an entire year would increase/decrease debt servicing costs, net of recoveries, by \$27 million (2017 - \$26 million).

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations.

The Government manages its credit risk exposure from derivatives by, among other activities, dealing only with high credit quality counterparties and regularly monitoring compliance to credit limits. In addition, the Government enters into contractual agreements ("master agreements") with all of its counterparties. As at March 31, 2018 the Government has a gross credit risk exposure related to derivatives of \$174 million (2017- \$310 million).

Liquidity risk

Liquidity risk is the risk that the Government will not be able to meet its financial commitments over the short term.

To reduce liquidity risk, the Government maintains liquid reserves (i.e. cash and cash equivalents) at levels that will meet future cash requirements and will give the Government flexibility in the timing of issuing debt. In addition, the Government has short-term note programs, bank lines and sinking funds as alternative sources of liquidity. This risk is also managed by distributing debt maturities over many years.

11. RISK MANAGEMENT AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative portfolio

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

	(\$ millions)			
	2018		2017	
	Notional Value	Fair Value	Notional Value	Fair Value
Interest rate and cross currency swaps	<u>48,154</u>	<u>(523)</u>	<u>46,180</u>	<u>(671)</u>

Notional amounts of derivatives contracts represent the contractual amounts to which a rate or price applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts and is generally a measure of the exposure to the asset class to which the contract relates. They are not recorded as assets or liabilities on the statement of financial position. Notional amounts do not represent the potential gain or loss associated with the market risk or credit risk associated with the derivative contract.

Fair values of the swap agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap agreements using year-end market interest and exchange rates. A positive (negative) fair value indicates that the government would receive (make) a payment if the agreements were terminated.

12. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES

Transactions with GBEs are not eliminated for purposes of summary reporting because they are reported in these summary financial statements using the modified equity method of accounting. These financial statements include the following transactions between the Government and GBEs, which have not been eliminated:

A. Accounts Receivable and Loans and Advances

Amounts receivable includes receivables from GBEs as reported in Schedule 1 to the summary financial statements. Loans and advances to GBEs are reflected in Schedule 2 to the summary financial statements.

B. Investments

MPIC holds \$708 million (2017 - \$757 million) of Provincial bonds and debentures with maturities ranging from 2018 to 2052 and interest rates ranging from 3.00% to 7.13%.

C. Water Power Rentals

Water power rental fees charged to Manitoba Hydro, in the amount of \$116 million (2017 - \$122 million), are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category. Water power rental rates are authorized by Regulation 25/88 and 197/2001 under The Water Power Act. Rentals are paid to the Government for the use of water resources in the operation of Manitoba Hydro's hydroelectric generating stations.

D. Fees on Government Guarantees

Manitoba Hydro remitted \$158 million (2017 - \$136 million) to the Government based on the amount of their debt that is guaranteed by the Government. The fees are included in the Consolidated Statement of Revenue and Expense under the sinking funds and other investment earnings category.

E. Driver Licensing Operations

The Government, by agreement, paid \$30 million (2017 - \$29 million) to MPIC for the management and administration of driver licensing. MPIC, on behalf of the Government, collected driver licensing fees totalling

12. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES (Continued)

12. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES (Continued)

\$25 million (2017 - \$24 million) and motor vehicle registration fees totalling \$189 million (2017 - \$186 million).

The fees received by the Government are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category.

F. Other Revenue

Manitoba Liquor and Lotteries Corporation provided \$8 million in funding to the Addictions Foundation of Manitoba for the year ended March 31, 2018 (2017 - \$8 million) for addictions and problem gambling services programs. In addition, the Corporation provided \$5 million (2017 - \$5 million) in funding to the Liquor and Gaming Authority of Manitoba and the Crown Corporations Council through the payment of annual license fees and levies.

Manitoba Hydro paid the Government \$95 million (2017 - \$84 million) for corporation capital tax. MPIC paid the Government \$36 million (2017 - \$34 million) for insurance premium tax. GBEs paid the Government a combined total of \$19 million (2017 - \$19 million) for Health and Post-Secondary Education Tax Levy.

These amounts received by the Government are included in the Statement of Revenue and Expense under the fees and other revenue and other taxes categories.

13. EMPLOYEE FUTURE BENEFITS

	(\$ millions)	
	2018	2017
Severance	463	458
Long term disability income plan	44	39
Workers compensation claims	41	41
	548	538

The severance liability is valued using discount rates that range from 3.1% to 6.0% and salary increase rates that range from 2.75% to 3.96%. Unamortized actuarial gains and losses are amortized over EARSL. Periods range from 4 to 15 years. As of March 31, 2018, net unamortized losses were \$4 million.

The long term disability income plan is valued using a discount rate of 3.8%. Actuarial gains and losses are recognized as income as they occur. Workers compensation claims are recognized based on an actuarial valuation prepared for the Workers Compensation Board. The December 31, 2017 valuation was prepared using a discount rate of 5.75% and a salary increase rate of 3.25%. Actuarial gains and losses are recognized as income as they occur.

14. EXPENSES IN EXCESS OF LEGISLATIVE AUTHORITY

The budget estimates presented on the Consolidated Statement of Revenue and Expense, excludes \$82 million in special warrants related to the Core Government. The original budget estimate amounts plus the \$82 million in special warrants become the revised estimates, against which expenses in excess of legislative authority are determined. Based upon the revised estimates, the following departments were over-expended as a result of adjustments made after March 31, 2018:

Part A – Operating Expense:

	(\$ millions)
Other Appropriations	24

15. LIABILITY FOR CONTAMINATED SITES

	(\$ millions)	
	2018	2017
Liability for contaminated sites	281	275

As of March 31, 2018 the Province has identified 401 sites which require or likely require remediation from contamination. The liability includes sites associated with mining activities, mineral exploration, highway maintenance, airports, marines, landfills, sewage treatment facilities, commercial and industrial operations, parks and other protected areas.

The nature of contamination includes petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX (benzene, toluene, ethylbenzene and xylenes), toxic heavy metals, polychlorinated biphenyl (PCBs) and other organic contaminants. The sources of contamination include above ground and underground fuel storage tanks, fuel handling, pipelines, chemical storage, by-product waste, metal based paint, and the leaching of materials deposited in landfills. Sites often have multiple sources of contamination.

Remediation at 2 sites requires the operation of water treatment plants for the next 25 years. Expenditures of \$60 million for the future operation of the water treatment plants have been discounted at 3.8% over the next 25 years. The assumed rate of inflation is 1.6%.

Manitoba Hydro will incur future costs associated with the assessment and remediation of contaminated lands and facilities for the phase-out and destruction of polychlorinated biphenyl contaminated mineral oil from electrical equipment. A reasonable estimate of the associated costs, not already recognized as asset retirement obligations, cannot be made at this time. No provision has been included for these items as of March 31, 2018.

16. RELATED PARTY DISCLOSURES

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control. For the summary financial statements related party transactions do not include transactions and balances eliminated on consolidation and those with entities accounted for under the modified equity method. Related parties do not include restructuring transactions, disclosure of key management personnel compensation arrangements, expense allowances, and other similar payments routinely paid in exchange for services rendered.

Related party transactions are disclosed if they occurred at a value different from that which would have been arrived if the parties were unrelated and the transaction has a material effect on the summary financial statements.

For the year ended March 31, 2018, there were no material related party transactions to disclose.

17. CONTRACTUAL RIGHTS

The Government is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future. The total amounts outstanding from these agreements at March 31, 2018 are as follows:

(\$ millions)	2019	2020	2021	2022	2023	2024 and beyond	Total
Government organizations and components	208	160	138	135	133	370	1,144

These contractual rights include \$666 million from Manitoba Hydro for water power rentals, \$286 million for royalty payments from Teranet, \$75 million from the Federal Government for various cost sharing agreements,

17. CONTRACTUAL RIGHTS (Continued)

\$47 million for cottager lease payments for land in provincial parks, and \$42 million in other lease payments.

Under section 22(4) of The Manitoba Liquor and Lotteries Corporation Act, the Province is entitled to receive the net revenue from the Manitoba Liquor And Lotteries Corporation. The future amounts to be received are unknown; therefore, they have not been included in the table above. These contractual rights could be significant.

18. ADJUSTMENTS TO ACCUMULATED DEFICIT

A. Change in Government Reporting Entity

A correction was made to the opening accumulated deficit for the year ended March 31, 2017 to account for the removal of the Workers Compensation Board from the Government Reporting Entity. The error was identified through a review of other jurisdictions' accounting policies and legislation on their workers compensation boards.

The correction has resulted in an increase in the opening accumulated deficit and net debt of \$601 million (2016 - \$565 million) and a reduction of \$601 million in equity in government business enterprises. Net income from government business enterprises for 2017 decreased \$42 million and the net loss increased \$42 million. Other comprehensive income from government business enterprises for 2017 increased by \$6 million (Schedule 3).

B. Consolidation Adjustments Due to Errors in Deferred Capital Contributions

In 2018, it came to the Government's attention that certain government organizations using Canadian public sector accounting standards with the 4200 series had incorrectly calculated their deferred capital contribution balances in their 2017 audited financial statements. The Government was required to make correcting adjustments in 2018.

The corrections resulted in a decrease of \$15 million in the opening accumulated deficit for 2018. The correction also decreased the 2017 revenue by \$14 million, health expenditures by \$29 million and net loss by \$15 million. The 2017 tangible capital assets increased by \$15 million.

19. COMPARATIVE FIGURES

On August 17, 2017, the Government announced organizational changes that resulted in responsibility for certain functions being transferred between departments. As a result, certain 2017 financial statement figures have been reclassified to be presented on the same basis as the 2018 results.

SCHEDULE 1

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF AMOUNTS RECEIVABLE
 As at March 31, 2018

	(\$ millions)	
	2018	2017
TAXATION:		
Income taxes.....	224	228
Retail sales tax.....	255	246
Other taxes.....	123	132
	<u>602</u>	<u>606</u>
GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Government of Canada shared cost programs/agreements.....	656	627
Other.....	401	397
	<u>1,057</u>	<u>1,024</u>
OTHER:		
Health and social services.....	150	130
Government business enterprises.....	20	25
Sundry departmental revenue.....	101	93
Other.....	210	159
	<u>481</u>	<u>407</u>
	2,140	2,037
Less: Allowances.....	<u>321</u>	<u>303</u>
Total Amounts Receivable.....	<u><u>1,819</u></u>	<u><u>1,734</u></u>

SCHEDULE 2

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF LOANS AND ADVANCES
 As at March 31, 2018

	(\$ millions)	
	2018	2017
GOVERNMENT BUSINESS ENTERPRISES:		
Manitoba Hydro-Electric Board.....	19,109	16,341
Manitoba Liquor and Lotteries Corporation.....	396	421
	19,505	16,762
Less: Debt incurred for and repayable by the Manitoba Hydro-Electric Board.....	19,109	16,341
	396	421
OTHER:		
Loans and mortgages - Note a.....	951	872
Stadium loan - Note b.....	139	138
Manitoba student loans - Note c.....	124	113
Family services agencies - Note d.....	32	31
Other.....	2	1
	1,248	1,155
TOTAL LOANS AND ADVANCES	1,644	1,576
Less: Valuation allowance.....	233	118
NET LOANS AND ADVANCES	1,411	1,458

The government business enterprises loans and advances portfolio is due in varying annual amounts to the year 2063, bearing interest at either:

- i) fixed with rates ranging from 0% to 10.50%; or
- ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 1.86% and the highest set at 2.23% as at March 31, 2018.

Note a

i) Agricultural direct lending and special assistance program mortgages, due in varying annual amounts to the year 2043, bearing interest at rates ranging from 2.75% to 9.00%.	759	661
ii) Housing direct lending and special assistance program mortgages, due in varying annual amounts to the year 2053, bearing interest at rates ranging from 0% to 13.50%.	96	106
iii) Business development assistance loans, due in varying annual amounts to the year 2040, bearing interest at rates ranging from 0% to 7.38%.	66	73
iv) Northern business development and fishing industry assistance loans, due in varying annual amounts to the year 2031, bearing interest at rates ranging from 4.16% to 8.77%.	30	32
	951	872

Note b Stadium loan to Triple B Stadium Inc., bearing interest at 4.65%; and issued in two phases, with Phase 1 due in varying annual amounts to 2038 and Phase 2 due in annual payments of principal and interest to 2058.

Note c Student loans, interest-free and not repayable until 6 months past the completion of studies, due 114 to 174 months after that time.

Note d Advances to provide family services agencies with prepayment of fee for service charges, to be repaid when no longer required, bearing no interest.

SUMMARY FINANCIAL STATEMENTS
GOVERNMENT BUSINESS ENTERPRISES
SCHEDULE OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION

SCHEDULE 3

For the Year Ended March 31, 2018

	(\$ millions)			TOTAL	TOTAL
	UTILITY	INSURANCE	FINANCE	2018	2017
CHANGES IN EQUITY					Restated
Results from Operations:					
Revenues from operations.....	2,353	1,416	1,481	5,250	5,078
Expenses: From operations.....	1,675	1,305	859	3,839	3,833
Debt servicing.....	641	-	12	653	656
Total expenses.....	2,316	1,305	871	4,492	4,489
Net income (loss).....	37	111	610	758	589
Other comprehensive income (loss).....	21	(35)	-	(14)	120
Total comprehensive income.....	58	76	610	744	709
Transfers to the Government.....	-	-	(610)	(610)	(586)
Net increase in equity in government business enterprises.....	58	76	-	134	123
FINANCIAL POSITION					
Assets:					
Cash and temporary investments.....	642	90	42	774	753
Amounts receivable.....	428	484	51	963	895
Portfolio investments: Due from Government and government organizations....	-	719	-	719	789
Due from others.....	-	2,282	-	2,282	2,078
Capital assets.....	21,979	117	384	22,480	20,277
Other assets.....	2,120	98	64	2,282	1,737
Total assets.....	25,169	3,790	541	29,500	26,529
Liabilities:					
Accounts payable, accrued liabilities and deferred revenue.....	2,882	775	140	3,797	3,864
Long-term debt: Owing to Government.....	19,109	-	396	19,505	16,761
Other borrowings, discounts and deferred transaction costs....	91	4	-	95	101
Net pension obligations (assets).....	634	379	-	1,013	894
Future cost of existing claims.....	-	1,913	-	1,913	1,900
Total liabilities.....	22,716	3,071	536	26,323	23,520
Equity:					
Non-controlling interests.....	205	-	-	205	170
Equity in government business enterprises.....	2,248	719	5	2,972	2,839
Total equity.....	2,453	719	5	3,177	3,009
Total liabilities and equity.....	25,169	3,790	541	29,500	26,529
EQUITY COMPRISED OF:					
Retained earnings.....	2,936	659	5	3,600	3,452
Accumulated other comprehensive income (loss).....	(688)	60	-	(628)	(613)
Equity in government business enterprises.....	2,248	719	5	2,972	2,839

Note: For government business enterprises whose fiscal year end is prior to March 31, the amounts reflected are as at their fiscal year end.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF BORROWINGS

SCHEDULE 4

As at March 31, 2018

(\$ millions)

Fiscal Year of Maturity	Bonds and Debentures		Canada Pension Plan	Loans and Mortgages	Promissory Notes and Treasury Bills	Totals	
	Cdn	US	Cdn	Cdn	Cdn	2018	2017
2018.....	-	-	-	-	-	-	4,099
2019.....	2,268	393	-	65	1,625	4,351	2,737
2020.....	2,362	645	15	20	-	3,042	3,065
2021.....	3,519	-	-	2	-	3,521	3,523
2022.....	2,480	387	-	-	-	2,867	1,962
2023.....	2,169	-	-	-	-	2,169	802
2018-2023.....	<u>12,798</u>	<u>1,425</u>	<u>15</u>	<u>87</u>	<u>1,625</u>	<u>15,950</u>	<u>16,188</u>
2024-2028.....	10,301	-	-	14	-	10,315	8,820
2029-2038.....	4,622	-	-	-	-	4,622	3,979
2039-2068.....	14,338	-	477	-	-	14,815	14,000
2024-2068.....	<u>29,261</u>	<u>-</u>	<u>477</u>	<u>14</u>	<u>-</u>	<u>29,752</u>	<u>26,799</u>
2019-2053 Government Organizations.....	589	-	-	284	-	873	920
Lines of Credit.....	-	-	-	397	-	397	377
Total borrowings.....	<u>42,648</u>	<u>1,425</u>	<u>492</u>	<u>782</u>	<u>1,625</u>	<u>46,972</u>	<u>44,284</u>
Reduced by:							
Debt incurred for and repayable by the Manitoba							
Hydro-Electric Board.....						(19,109)	(16,341)
Unamortized debt issue costs.....						(274)	(285)
Unamortized foreign currency fluctuation.....						(10)	(16)
Unamortized gains and losses on derivative contracts.....						266	274
Province of Manitoba debt issues held as investments						-	-
in sinking funds and cash and cash equivalents.....						(495)	(519)
						<u>27,350</u>	<u>27,397</u>

	March 31/18 Cdn \$ Valuation (See Notes)	March 31/17 Cdn \$ Valuation (See Notes)
Borrowings payable in:		
Canadian dollars	33,759	32,400
Foreign issues hedged to Canadian dollars	11,788	10,285
U.S. dollars	780	933
Issues hedged to U.S. dollars	645	666
Total borrowings	<u>46,972</u>	<u>44,284</u>

Note a: The hedges are derivative contracts which include swaps and forward foreign exchange contracts.

Note b: The Canadian dollar valuation is calculated using the foreign currency exchange rates in effect at each March 31 adjusted for any forward foreign exchange contracts entered into for settlement after year-end.

Note c: Interest rates on these borrowings fall into one of three categories:

- i) Fixed with rates ranging from 0.785% to 10.68%.
- ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 1.48% and the highest set at 3.38% as at March 31, 2018.
- iii) Floating U.S. - U.S. Dollar London Interbank Offering Rate (LIBOR) setting - USD floating exposure is NIL at March 31, 2018.

SCHEDULE 5

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCOUNTS PAYABLE,
ACCRUED CHARGES, PROVISIONS AND UNEARNED REVENUE
 As at March 31, 2018

	(\$ millions)	
	2018	2017
ACCOUNTS PAYABLE	<u>1,658</u>	<u>1,388</u>
ACCRUED CHARGES:		
Interest.....	199	199
Disaster financial assistance.....	145	237
Liability for contaminated sites (Note 15).....	281	275
Salaries and benefits.....	877	874
Employee future benefits (Note 13).....	547	538
Other.....	<u>152</u>	<u>150</u>
	<u>2,201</u>	<u>2,273</u>
PROVISION FOR FUTURE LOSSES (Note 7)	<u>17</u>	<u>20</u>
UNEARNED REVENUE	<u>462</u>	<u>396</u>
Total Accounts Payable, Accrued Charges, Provisions and Unearned Revenue	<u><u>4,338</u></u>	<u><u>4,077</u></u>

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY
As at March 31, 2018

SCHEDULE 6

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans (Note A)	Public School Division Plans (Note A)	Other Plans (Note A)	(\$ millions)	
						Total 2018	Total 2017
ACCRUED BENEFIT OBLIGATION							
Obligation at beginning of year.....	2,961	3,933	1,513	518	139	9,064	8,760
Current service costs.....	85	101	65	21	5	277	274
Interest cost on benefit obligation.....	175	243	83	30	5	536	518
Change in actuarial (gains) losses and reserves.....	54	-	18	3	-	75	26
Plan amendment.....	-	-	-	-	1	1	-
Benefits paid.....	(180)	(204)	(118)	(27)	(5)	(534)	(514)
Obligation at end of year.....	<u>3,095</u>	<u>4,073</u>	<u>1,561</u>	<u>545</u>	<u>145</u>	<u>9,419</u>	<u>9,064</u>
PLAN ASSETS							
Plan assets at beginning of year.....	2,183	2,365	1,459	524	55	6,586	6,238
Employer contributions.....	97	116	42	14	4	273	283
Employee contributions.....	-	-	29	12	-	41	41
Transfer of plan assets.....	-	-	3	-	-	3	-
Plan asset contributions.....	-	-	-	-	-	-	-
Benefits paid.....	(180)	(204)	(118)	(27)	(5)	(534)	(513)
Expected return on plan assets.....	124	139	75	30	3	371	350
Experience gains (losses).....	86	31	65	(4)	-	178	187
Market value of plan assets.....	2,310	2,447	1,555	549	57	6,918	6,586
Deferred investment losses (gains).....	(98)	(67)	(103)	(3)	(1)	(272)	(264)
Market related value of plan assets.....	<u>2,212</u>	<u>2,380</u>	<u>1,452</u>	<u>546</u>	<u>56</u>	<u>6,646</u>	<u>6,322</u>
PENSION LIABILITY							
Plan deficit (surplus).....	883	1,693	109	(1)	89	2,773	2,742
Unamortized actuarial gains (losses).....	30	(29)	(33)	(24)	(10)	(66)	(202)
Surplus adjustments (Note B).....	-	-	-	13	6	19	17
Pension liability.....	<u>913</u>	<u>1,664</u>	<u>76</u>	<u>(12)</u>	<u>85</u>	<u>2,726</u>	<u>2,557</u>
PENSION EXPENSE							
Defined benefit pension plan expense:							
Current service cost.....	85	101	65	21	5	277	274
Interest cost on benefit obligation.....	175	243	83	30	5	536	518
Return on plan assets.....	(124)	(139)	(75)	(30)	(3)	(371)	(350)
Employee contributions.....	-	-	(32)	(12)	-	(44)	(41)
Amortization of actuarial (gains) losses.....	3	24	8	4	1	40	80
Plan amendment.....	-	-	-	-	1	1	-
Change in surplus adjustments.....	-	-	-	4	(1)	3	4
Defined benefit pension plan expense.....	<u>139</u>	<u>229</u>	<u>49</u>	<u>17</u>	<u>8</u>	<u>442</u>	<u>485</u>
Defined contribution pension plan expense.....	<u>-</u>	<u>-</u>	<u>5</u>	<u>22</u>	<u>184</u>	<u>211</u>	<u>189</u>

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY
As at March 31, 2018

SCHEDULE 6
(cont'd)

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans	Public School Division Plans	Other Plans	Total 2018	Total 2017
MEMBER DATA							
Defined benefit pension plan							
Number of active and deferred members.....	22,100	23,300	5,900	4,900	200	56,400	56,700
Number of pensioners.....	15,800	14,900	1,900	2,000	300	34,900	34,100
Total number of plan members.....	<u>37,900</u>	<u>38,200</u>	<u>7,800</u>	<u>6,900</u>	<u>500</u>	<u>91,300</u>	<u>90,800</u>

ACTUARIAL ASSUMPTIONS

Discount rate on accrued benefits.....	6.00%	6.25%	5.50% - 5.80%	5.00% - 5.75%	3.80% - 5.50%
Expected long-term rate of return.....	6.00%	6.25%	5.50% - 5.95%	5.00% - 5.75%	3.80% - 5.50%
Inflation.....	2.00%	2.00%	2.00% - 2.50%	2.00% - 2.00%	2.00% - 2.00%
Real rate of return.....	4.00%	4.25%	3.00% - 3.80%	3.00% - 3.75%	1.80% - 3.50%
Rate of salary increase.....	3.75%	2.75%	0.00% - 3.00%	3.00% - 4.00%	3.50% - 3.75%
Latest valuation.....	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)

Note A: Post-Secondary Education plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan.

Public School Division plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division, Retirement Plan for Employees of Frontier School Division. and The School District of Mystery Lake No. 2355 Pension Plan.

Other plans include the Members of Legislative Assembly Pension Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan, and the Winnipeg Child and Family Services Employee Benefits Retirement Plan.

Note B: For those plans that the Government is unable to access surplus funds within the plan, adjustments are made to record an allowance against these surplus amounts. These pension surplus allowances represent the excess of the adjusted benefit asset over the employers' share of the expected future benefit.

Note C: The latest actuarial valuation report dates and the estimated average remaining service life (EARSL), in years, are as follows:

	<u>Valuation Date</u>	<u>EARSL</u>
- Civil Service Superannuation Plan.....	Dec-16	13.9
- Teachers' Retirement Allowance Plan.....	Jan-15	11.9
- University of Manitoba Pension Plans.....	Dec-15	9.0
- University of Winnipeg Pension Plan.....	Dec-16	6.6
- Brandon University Retirement Plan.....	Dec-16	8.6
- Winnipeg School Division Pension Fund for Employees Other than Teachers.....	Dec-17	11.3
- Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division.....	Dec-16	14.0
- Retirement Plan for Employees of Frontier School Division.....	Dec-16	15.0
- School District of Mystery Lake.....	Jun-17	16.7
- Members of Legislative Assembly Pension Plan.....	Mar-17	0.6
- Legislative Assembly Pension Plan.....	Dec-16	8.0
- Judges' Supplemental Pension Plan.....	Mar-15	10.0
- Winnipeg Child and Family Services Employee Benefits Retirement Plan.....	Dec-16	n/a

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

SCHEDULE 7

For the Year Ended March 31, 2018
(\$ millions)

	General Capital Assets					Infrastructure				Totals	
	Land	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Land and Improvements	Transportation	Dams and Water Management Structures	Assets Under Construction	2018	Restated 2017
Cost											
Opening cost.....	304	9,183	2,786	1,057	1,275	503	5,900	737	338	22,083	20,821
Restatements			251		15					266	241
Adjusted Opening Balance	304	9,183	3,037	1,057	1,290	503	5,900	737	338	22,349	21,062
Add:											
Additions during the year.....	6	219	165	21	228	32	325	7	120	1,123	1,417
Less:											
Disposals and write downs.....	(13)	(22)	(58)	(4)	(13)	-	-	-	-	(110)	(130)
Settlements and reclassifications...	-	72	2	5	(79)	2	119	4	(125)	-	-
Closing cost.....	297	9,452	3,146	1,079	1,426	537	6,344	748	333	23,362	22,349
Accumulated amortization											
Opening accumulated amortization...	-	3,727	2,019	724	-	84	2,254	117	-	8,925	8,335
Restatements			189							189	181
Adjusted Opening Balance	-	3,727	2,208	724	-	84	2,254	117	-	9,114	8,516
Add:											
Amortization.....	-	253	160	79	-	6	203	12	-	713	680
Less:											
Accumulated amortization on disposals and write downs.....	-	(8)	(52)	(3)	-	-	-	-	-	(63)	(82)
Closing accumulated amortization.....	-	3,972	2,316	800	-	90	2,457	129	-	9,764	9,114
Net Book Value of Tangible Capital Assets.....	297	5,480	830	279	1,426	447	3,887	619	333	13,598	13,235

During the year, the Province capitalized \$13 million of interest relating to assets under construction (2017 - \$7 million).

SCHEDULE 8

**GOVERNMENT ORGANIZATIONS, COMPONENTS AND BUSINESS ENTERPRISES
COMPRISING THE GOVERNMENT REPORTING ENTITY**

HEALTH

Manitoba Health, Seniors and Active Living
 Addictions Foundation of Manitoba
 CancerCare Manitoba
 Diagnostic Services of Manitoba Inc.
 Manitoba Health Services Insurance Plan
 Manitoba Hospital Capital Financing Authority
 Not-for-Profit Personal Care Homes
 Regional Health Authorities of Manitoba Inc.
 Regional Health Authorities (including controlled organizations)
 Interlake-Eastern Regional Health Authority
 Northern Regional Health Authority Inc.
 Prairie Mountain Health
 Southern Health-Santé Sud
 Winnipeg Regional Health Authority
 Rehabilitation Centre for Children, Inc.
 St.Amant Inc.

EDUCATION

Manitoba Education and Training
 Assiniboine Community College
 Brandon University
 Manitoba Learning Resource Centre
 Public School Divisions
 Public Schools Finance Board
 Red River College
 Université de Saint-Boniface
 University College of The North
 University of Manitoba
 University of Winnipeg
 Helen Betty Osborne Memorial Foundation

FAMILIES

Manitoba Families
 First Nations of Northern Manitoba Child and Family Services Authority
 Southern First Nations Network of Care
 General Child and Family Services Authority
 Manitoba Housing and Renewal Corporation
 Métis Child and Family Services Authority

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT

Manitoba Agriculture
 Manitoba Growth, Enterprise and Trade
 Indigenous and Northern Relations
 Manitoba Infrastructure
 Manitoba Sustainable Development
 Municipal Relations
 Abandonment Reserve Fund

**SCHEDULE 8
(cont'd)**

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT, cont'd

Communities Economic Development Fund
 Community Revitalization Fund
 Co-operative Loans and Loans Guarantee Board
 Cooperative Promotion Board
 Crown Lands and Property Agency
 Economic Development Winnipeg Inc.*
 Entrepreneurship Manitoba
 Farm Machinery and Equipment Act Fund
 Fish and Wildlife Enhancement Fund
 Food Development Centre
 Green Manitoba Eco Solutions
 Industrial Technology Centre
 Manitoba Agricultural Services Corporation
 Manitoba Community Services Council Inc.
 Manitoba Development Corporation
 Manitoba Habitat Heritage Corporation
 Manitoba Hazardous Waste Management Corporation
 Manitoba Horse Racing Commission
 Manitoba Opportunities Fund Ltd.
 Manitoba Potash Corporation
 Manitoba Trucking Productivity Improvement Fund
 Manitoba Water Services Board
 Mining Community Reserve
 Mining Rehabilitation Reserve Fund
 North Portage Development Corporation**
 Office of the Fire Commissioner
 Pineland Forest Nursery
 Quarry Rehabilitation Reserve Fund
 Research Manitoba
 Travel Manitoba
 Venture Manitoba Tours Ltd.
 Veterinary Science Scholarship Fund
 Waste Reduction and Recycling Support Fund
 Workplace and Safety and Health Public Education Fund

JUSTICE AND OTHER EXPENDITURES

Legislative Assembly
 Executive Council
 Civil Service Commission
 Manitoba Finance
 Manitoba Justice
 Manitoba Sport, Culture and Heritage

**SCHEDULE 8
(cont'd)**

JUSTICE AND OTHER EXPENDITURES, cont'd

Crown Corporations Council
 Efficiency Manitoba
 Financial Literacy Fund
 Funeral Board of Manitoba
 Insurance Council of Manitoba
 Land Titles Assurance Fund
 Le Centre culturel franco-manitobain
 Leaf Rapids Town Properties Ltd.
 Legal Aid Manitoba
 Liquor and Gaming Authority of Manitoba
 Manitoba Arts Council
 Manitoba Centennial Centre Corporation
 Manitoba Combative Sports Commission
 Manitoba Education, Research and Learning Information Networks (MERLIN)
 Manitoba Film & Sound Recording Development Corporation
 Manitoba Financial Services Agency
 Manitoba Law Reform Commission
 Materials Distribution Agency
 Pension Assets Fund
 Special Operating Agencies Financing Authority
 Sport Manitoba Inc.
 The Public Guardian and Trustee of Manitoba
 Vehicle and Equipment Management Agency
 Victims Assistance Fund
 Vital Statistics Agency

GOVERNMENT BUSINESS ENTERPRISES: (Schedule 3) (Note 4)

Utility:

Manitoba Hydro-Electric Board

Insurance:

Deposit Guarantee Corporation of Manitoba
 Manitoba Public Insurance Corporation

Finance:

Manitoba Liquor and Lotteries Corporation

SPECIAL ACCOUNTS, not attached to a Sector or Department

Rainy Day Fund***

Note:

*Economic Development Winnipeg Inc. is a government partnership.

**North Portage Development Corporation is a government business partnership.

***Fiscal Stabilization Account

**SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR**

SCHEDULE 9

For the Year Ended March 31, 2018

(\$ millions)

	Health		Education		Families		Community, Economic and Resource Development	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	-	-	-	-	-	-
Other taxes.....	-	-	868	833	-	-	-	-
Fees and other revenue.....	572	575	746	710	219	213	658	656
Federal transfers.....	1,382	1,329	249	203	82	67	125	121
Contributions from entities within the Government Reporting Entity.....	76	70	72	66	-	-	-	-
Sinking funds and other investment earnings.....	2	1	31	31	1	-	15	6
TOTAL REVENUE	<u>2,032</u>	<u>1,975</u>	<u>1,966</u>	<u>1,843</u>	<u>302</u>	<u>280</u>	<u>798</u>	<u>783</u>
EXPENSE								
Personnel services.....	3,666	3,696	3,114	3,068	231	231	341	342
Grants/Transfer payments.....	1,569	1,447	184	135	374	336	532	578
Transportation.....	67	70	35	33	4	5	22	23
Communication.....	16	16	25	25	5	5	19	20
Supplies and services.....	830	947	447	440	187	162	154	157
Social assistance related.....	-	-	82	79	1,369	1,279	334	132
Other operating.....	201	210	274	240	30	31	95	93
Debt servicing.....	52	49	164	174	46	45	235	215
Minor capital.....	14	12	76	72	1	1	17	3
Amortization.....	192	188	172	165	49	43	231	214
TOTAL EXPENSE	<u>6,607</u>	<u>6,635</u>	<u>4,573</u>	<u>4,431</u>	<u>2,296</u>	<u>2,138</u>	<u>1,980</u>	<u>1,777</u>
NET INCOME (LOSS) FOR THE YEAR	<u>(4,575)</u>	<u>(4,660)</u>	<u>(2,607)</u>	<u>(2,588)</u>	<u>(1,994)</u>	<u>(1,858)</u>	<u>(1,182)</u>	<u>(994)</u>

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR
For the Year Ended March 31, 2018
(\$ millions)

SCHEDULE 9
(cont'd)

	Justice and Other Expenditures		General Government (Note a)		Adjustments (Note b)		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	3,985	3,958	-	-	3,985	3,958
Other taxes.....	-	-	3,761	3,603	(41)	(40)	4,588	4,396
Fees and other revenue.....	328	321	4	4	(120)	(110)	2,407	2,369
Federal transfers.....	19	19	2,342	2,390	1	(1)	4,200	4,128
Contributions from entities within the Government Reporting Entity.....	-	-	791	612	(181)	(159)	758	589
Sinking funds and other investment earnings.....	208	189	-	-	-	-	257	227
TOTAL REVENUE	555	529	10,883	10,567	(341)	(310)	16,195	15,667
EXPENSE								
Personnel services.....	630	633	10	5	65	65	8,057	8,040
Grants/Transfer payments.....	65	86	31	26	(294)	(268)	2,461	2,340
Transportation.....	14	13	13	6	-	-	155	150
Communication.....	13	15	1	1	-	(1)	79	81
Supplies and services.....	304	308	22	6	(77)	(77)	1,867	1,943
Social assistance related.....	-	-	-	-	-	-	1,785	1,490
Other operating.....	109	83	28	80	(32)	(29)	705	708
Debt servicing.....	456	447	-	-	(1)	-	952	930
Minor capital.....	7	5	1	1	-	-	116	94
Amortization.....	67	65	4	5	(2)	-	713	680
TOTAL EXPENSE	1,665	1,655	110	130	(341)	(310)	16,890	16,456
NET INCOME (LOSS) FOR THE YEAR	(1,110)	(1,126)	10,773	10,437	-	-	(695)	(789)

Note a: The general government category includes revenue from sources that cannot be attributed to a particular sector. It also includes federal revenues and expenses related to emergency services and disaster assistance.

Note b: Consolidation adjustments are necessary to conform sectors to Government accounting policies and to eliminate transactions between sectors.

OTHER FINANCIAL REPORTS

FOR THE YEAR ENDED

March 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Fiscal Stabilization Account "Rainy Day Fund" Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2018 ("the statement"). The statement has been prepared by management based on section 65(1)(b) of *The Financial Administration Act*.

Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with Note 2 to the statement and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information in the Fiscal Stabilization Account "Rainy Day Fund" Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2018 is prepared, in all material respects, in accordance with Note 2 to the statement.

Restriction of Use

The statement is prepared to assist the Province to meet the requirements of Section 65(1)(b) of *The Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

Unaudited Information

The Schedule of Supplementary Information has been presented as unaudited information. The financial information in this schedule is not covered by our report and accordingly, we do not express an opinion on the information.

***"Original document
signed by"***

September 21, 2018
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

RAINY DAY FUND*
STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2018

	(\$ thousands)	
	2018	2017
Transfer from Core Government operations	50,000	-
Account Balance, beginning of year	<u>114,523</u>	<u>114,523</u>
Account Balance, end of year	<u><u>164,523</u></u>	<u><u>114,523</u></u>

* Refers to the Fiscal Stabilization Account established under The Fiscal Stabilization Fund Act

RAINY DAY FUND*
NOTES TO STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2018

1. The Fiscal Stabilization Account is also known and commonly referred to as the Rainy Day Fund. The Fiscal Stabilization Account was established under the authority of subsection 26.1(1) of The Financial Administration Act. The Fiscal Stabilization Fund established under The Fiscal Stabilization Fund Act is continued as the Fiscal Stabilization Account. The legislated purpose of the Account is to assist in stabilizing the fiscal position by supporting core government operations in a fiscal year or to repay debt. Under subsection 26.1(3) the Minister of Finance, with the approval of the Lieutenant Governor in Council, may deposit in the Account any part of the revenue or other financial assets received in the core government in any fiscal year. Under subsection 26.1(4), the Minister of Finance may, with the approval of the Lieutenant Governor in Council, transfer all or part of the Account balance to the core government.

2. Transactions in the Fiscal Stabilization Account are accounted for on an accrual basis and reflect the transfers made under Section 26.1(3) and 26.1(4) of The Financial Administration Act. Transfers are determined by the Minister of Finance and are authorized with an Order in Council. The report on these transactions is made in accordance with Section 65(1)(b) of The Financial Administration Act.

3. Subsection 26.1(2) of The Financial Administration Act stipulates that the Minister of Finance shall make every effort to ensure that the balance of the Account at the end of each fiscal year is at least 5% of the core government expenditures for that year.

* Refers to the Fiscal Stabilization Account established under The Fiscal Stabilization Fund Act

RAINY DAY FUND*
SCHEDULE OF SUPPLEMENTARY INFORMATION
(Unaudited)
For the Year Ended March 31, 2018

	(\$ thousands)	
	2018	2017
Account Balance, beginning of year	114,523	114,523
- Transfer for general purpose debt reduction	-	-
- Transfer from Core Government - allocated to general purposes	50,000	-
Account Balance, end of year	164,523	114,523

* Refers to the Fiscal Stabilization Account established under The Fiscal Stabilization Fund Act