

**PROVINCE OF MANITOBA  
NOTES TO THE QUARTERLY FINANCIAL REPORT  
FOR THE THREE MONTHS - APRIL TO JUNE 2000**

This report presents the unaudited financial results of the Province of Manitoba for the first quarter of the 2000/2001 fiscal year. The comparative data provided for the 1999/2000 fiscal year has been restated to reflect the organizational structure of departments established in the 2000/2001 Estimates.

This report incorporates the reporting changes announced in the 2000 Budget. As noted in the Budget, withdrawals from the Fiscal Stabilization Fund are identified separately and no longer included as revenue to the Operating Fund. Financing for health capital and Manitoba Lotteries Corporation have been brought under the provincial umbrella to reduce costs and increase transparency. As well, debt retirement provisions have been broadened to include pension liabilities as well as general purpose debt, thereby beginning to address the Province's outstanding pension liabilities for our employees and teachers.

FIRST QUARTER - ACTUAL TO ESTIMATE

The first quarter result of a net expenditure of \$227.3 million was \$105.0 million less than the \$332.3 million projected net expenditure. The variance results from actual operating expenditures for the first quarter being \$92.8 million less than projected, and actual revenues for the first quarter being \$12.2 million greater than anticipated.

The decrease in actual expenditure is primarily due to the timing of expenditures. The increase in revenue is due primarily to a \$10.0 million increase in taxation revenue due to a combination of timing of remittances and the impact of better than anticipated performance.

FIRST QUARTER COMPARED TO PREVIOUS YEAR'S RESULTS

The first quarter result of a net expenditure of \$227.3 was \$85.8 million more than the same period last year. The increase results from a \$153.7 million increase in operating expenditure due mainly to a higher level of expenditure approved for the 2000/01 fiscal year, primarily in Health and Education and Training. The increase in operating expenditure is offset, in part, by a \$68.0 million increase in revenue. The revenue increases are consistent with projected revenue growth in the 2000 Budget.

With respect to interfund transfers, a \$75.0 million transfer for debt retirement occurred in the first quarter of the 1999/2000 fiscal year. While a debt/pension payment of \$96.0 million is budgeted for 2000/01, this payment will not occur until later in the fiscal year.

YEAR END PROJECTION

A \$10.0 million positive balance was projected in the 2000 Budget. At the end of the first quarter this projection remains unchanged. More complete information on revenues and expenditures available for the second quarter financial report will provide the basis for a revised year-end projection.

BORROWING ACTIVITY

The original estimate of borrowing requirements identified in the 2000 Budget was \$2,402.8 million, including all refinancing and funding for health capital. This requirement has increased to \$2,611.8 million primarily as a result of financing in support of the Manitoba Lotteries Corporation. The revised estimate includes \$1,836.5 million for refinancing maturing debt issues with the balance required for self-sustaining programs, including Manitoba Hydro, and to fund an allocation to the Provincial Sinking Fund for the repurchase of foreign debt.

For the period April 1, 2000 to June 30, 2000, \$1,100.6 million has been borrowed; \$432.6 million was raised through the issue of Builder Bonds Series 6 (the second highest amount ever raised through this financing method) with the remainder raised in the public market.

**PROVINCE OF MANITOBA  
OPERATING FUND  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE THREE MONTHS ENDED JUNE 30, 2000  
(with comparative figures for June 30, 1999)  
(UNAUDITED)**

1999/2000 <u>ACTUAL</u> (thousands of dollars)	2000/01 <u>ACTUAL</u> (thousands of dollars)	INCREASE (DECREASE)		<u>2000/01</u> (thousands of dollars)		
				<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
<b>Revenue</b>						
901,506	947,913	46,407	Own Source Revenue	947,913	935,270	12,643
492,010	513,581	21,571	Government of Canada	513,581	514,059	(478)
<u>1,393,516</u>	<u>1,461,494</u>	<u>67,978</u>	<b>Total Revenue</b>	<u>1,461,494</u>	<u>1,449,329</u>	<u>12,165</u>
<b>Expenditure</b>						
1,326,691	1,511,184	184,493	Program Expenditure	1,511,184	1,604,262	(93,078)
208,411	177,648	(30,763)	Debt Servicing	177,648	177,357	291
<u>1,535,102</u>	<u>1,688,832</u>	<u>153,730</u>	<b>Total Expenditure</b>	<u>1,688,832</u>	<u>1,781,619</u>	<u>(92,787)</u>
(141,586)	(227,338)	85,752	<b>Net Revenue/(Expenditure)</b>	(227,338)	(332,290)	(104,952)
<b>Interfund Transfers</b>						
(75,000)	-	75,000	Debt/Pension Repayment	-	-	-
-	-	-	Fiscal Stabilization Fund	-	-	-
<u>(216,586)</u>	<u>(227,338)</u>	<u>10,752</u>	<b>Balance Under Balanced Budget Legislation</b>	<u>(227,338)</u>	<u>(332,290)</u>	<u>(104,952)</u>

**PROVINCE OF MANITOBA  
OPERATING FUND  
STATEMENT OF REVENUE  
FOR THE THREE MONTHS ENDED JUNE 30, 2000  
(with comparative figures for June 30, 1999)  
(UNAUDITED)**

1999/2000 <u>ACTUAL</u>	2000/01 <u>ACTUAL</u>	INCREASE (DECREASE)	2000/01		
			<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
(thousands of dollars)			(thousands of dollars)		
<b>Taxation:</b>					
			Conservation		
453	943	490	- Oil and Natural Gas Tax	943	1,086 (143)
			Consumer and Corporate Affairs		
9,368	9,940	572	- Insurance Corporations Tax	9,940	9,400 540
3,098	3,318	220	- Land Transfer Tax	3,318	3,000 318
			Finance		
425,943	429,601	3,658	- Individual Income Tax	429,601	429,672 (71)
52,620	77,010	24,390	- Corporation Income Tax	77,010	77,010 -
31,557	35,935	4,378	- Corporation Capital Tax	35,935	31,700 4,235
24,455	25,285	830	- Gasoline Tax	25,285	23,500 1,785
35,316	37,437	2,121	- Levy for Health and Education	37,437	36,900 537
717	5,423	4,706	- Mining Tax	5,423	2,787 2,636
7,251	10,702	3,451	- Motive Fuel Tax	10,702	8,400 2,302
146,237	152,113	5,876	- Retail Sales Tax	152,113	154,400 (2,287)
7,988	9,121	1,133	- Revenue Act, 1964, Part I	9,121	8,400 721
18,359	19,454	1,095	- Tobacco Tax	19,454	20,200 (746)
724	618	(106)	- Environmental Protection Tax	618	375 243
<u>764,086</u>	<u>816,900</u>	<u>52,814</u>		<u>816,900</u>	<u>806,830</u> 10,070
			<b>Other Revenue:</b>		
14,671	15,773	1,102	Conservation	15,773	15,112 661
1,817	2,952	1,135	Family Services and Housing	2,952	2,505 447
870	1,390	520	Finance	1,390	274 1,116
1,829	753	(1,076)	Industry, Trade and Mines	753	1,684 (931)
57,000	55,000	(2,000)	Manitoba Lotteries Corporation	55,000	55,000 -
30,800	21,800	(9,000)	Liquor Control Commission	21,800	22,000 (200)
30,433	33,345	2,912	Other Departments	33,345	31,865 1,480
<u>137,420</u>	<u>131,013</u>	<u>(6,407)</u>		<u>131,013</u>	<u>128,440</u> 2,573
<u>901,506</u>	<u>947,913</u>	<u>46,407</u>	<b>Total Own Source Revenue</b>	<u>947,913</u>	<u>935,270</u> 12,643
			<b>Government of Canada:</b>		
232,248	268,572	36,324	Equalization	268,572	268,572 -
124,800	140,579	15,779	Canada Health and Social Transfer	140,579	140,579 -
130,595	92,207	(38,388)	Federal Health Supplement	92,207	92,207 -
			Other		
1,886	10,390	8,504	- Education and Training	10,390	10,555 (165)
2,481	1,833	(648)	- Other Departments	1,833	2,146 (313)
<u>492,010</u>	<u>513,581</u>	<u>21,571</u>		<u>513,581</u>	<u>514,059</u> (478)
<u>1,393,516</u>	<u>1,461,494</u>	<u>67,978</u>	<b>Total Revenue</b>	<u>1,461,494</u>	<u>1,449,329</u> 12,165

**PROVINCE OF MANITOBA  
OPERATING FUND  
STATEMENT OF PART A – OPERATING EXPENDITURE  
FOR THE THREE MONTHS ENDED JUNE 30, 2000  
(with comparative figures for June 30, 1999)  
(UNAUDITED)**

1999/2000 <u>ACTUAL</u> (thousands of dollars)	2000/01 <u>ACTUAL</u> (thousands of dollars)	INCREASE (DECREASE)		<u>2000/01</u> (thousands of dollars)		
				<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
5,472	5,649	177	Legislative Assembly	5,649	6,212	(563)
643	694	51	Executive Council	694	940	(246)
4,288	6,527	2,239	Aboriginal and Northern Affairs	6,527	6,490	37
12,402	11,343	(1,059)	Agriculture and Food	11,343	14,340	(2,997)
659	913	254	Civil Service Commission	913	996	(83)
2,381	2,209	(172)	Community Support Programs	2,209	2,420	(211)
28,125	31,500	3,375	Conservation	31,500	37,680	(6,180)
1,827	2,503	676	Consumer and Corporate Affairs	2,503	2,810	(307)
15,016	16,110	1,094	Culture, Heritage and Tourism	16,110	15,990	120
375,075	421,887	46,812	Education and Training	421,887	417,445	4,442
13,629	10,470	(3,159)	Employee Pensions and Other Costs	10,470	12,990	(2,520)
172,907	189,513	16,606	Family Services and Housing	189,513	207,162	(17,649)
244,079	214,327	(29,752)	Finance	214,327	217,536	(3,209)
511,446	625,533	114,087	Health	625,533	640,923	(15,390)
1,504	1,877	373	Healthy Child Initiative	1,877	2,565	(688)
61,943	57,271	(4,672)	Highways and Government Services	57,271	75,860	(18,589)
4,594	5,506	912	Industry, Trade and Mines	5,506	6,380	(874)
33,387	30,206	(3,181)	Intergovernmental Affairs	30,206	41,750	(11,544)
32,582	41,136	8,554	Justice	41,136	43,600	(2,464)
4,586	5,684	1,098	Labour	5,684	5,950	(266)
2,642	2,844	202	Sport	2,844	2,740	104
215	244	29	Status of Women	244	340	(96)
262	52	(210)	Enabling Appropriations	52	6,500	(6,448)
5,438	4,834	(604)	Other Appropriations	4,834	12,000	(7,166)
<u>1,535,102</u>	<u>1,688,832</u>	<u>153,730</u>	<b>Total Expenditure</b>	<u>1,688,832</u>	<u>1,781,619</u>	<u>(92,787)</u>

**PROVINCE OF MANITOBA  
OPERATING FUND  
STATEMENT OF PART B – CAPITAL INVESTMENT  
FOR THE THREE MONTHS ENDED JUNE 30, 2000  
(with comparative figures for June 30, 1999)  
(UNAUDITED)**

1999/2000 <u>ACTUAL</u>	2000/01 <u>ACTUAL</u>	INCREASE (DECREASE)		<u>2000/01</u>		
(thousands of dollars)				<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
(thousands of dollars)				(thousands of dollars)		
-	-	-	Conservation	-	60	(60)
8,700	-	(8,700)	Family Services and Housing	-	-	-
2,974	45	(2,929)	Finance	45	5,000	(4,955)
-	-	-	Health	-	-	-
8,475	1,895	(6,580)	Highways and Government Services	1,895	7,000	(5,105)
5,480	4,103	(1,377)	Enabling Appropriations	4,103	8,000	(3,897)
<u>25,629</u>	<u>6,043</u>	<u>(19,586)</u>	<b>Total Capital Investment</b>	<u>6,043</u>	<u>20,060</u>	<u>(14,017)</u>

**PROVINCE OF MANITOBA  
OPERATING FUND  
STATEMENT OF VALUATION AND PURPOSE OF  
DIRECT AND GUARANTEED DEBT OUTSTANDING  
JUNE 30, 2000  
(with comparative figures for March 31, 2000)  
(UNAUDITED)**

Canadian Dollar Equivalent at Date of Issue June 30/00	Canadian Dollar Equivalent at Date of Issue Mar 31/00	Increase (Decrease) June 30/00 over Mar 31/00		Canadian Dollar Valuation (Note 1) June 30/00	Canadian Dollar Valuation (Note 1) Mar 31/00	Increase (Decrease) June 30/00 over Mar 31/00
(thousands of dollars)				(thousands of dollars)		
<b>Direct Debt Payable in:</b>						
11,905,876	11,143,597	762,279	Canadian Dollars	11,878,076	11,115,797	762,279
2,695,495	2,695,495	-	Issues Swapped to Canadian Dollars	2,852,563	2,852,563	-
4,212,713	4,212,713	-	U.S. Dollars	5,177,550	5,087,250	90,300
510,273	510,273	-	Issues Swapped to U.S. Dollars	584,205	574,016	10,189
<u>19,324,357</u>	<u>18,562,078</u>	<u>762,279</u>	Total Direct Debt	<u>20,492,394</u>	<u>19,629,626</u>	<u>862,768</u>
<b>Guaranteed Debt Payable in:</b>						
260,435	421,219	(160,784)	Canadian Dollars	260,435	421,219	(160,784)
-	-	-	U.S. Dollars	-	-	-
<u>260,435</u>	<u>421,219</u>	<u>(160,784)</u>	Total Guaranteed Debt	<u>260,435</u>	<u>421,219</u>	<u>(160,784)</u>
19,584,792	18,983,297	601,495	<b>Total Direct and Guaranteed Debt</b> (Note 2)	20,752,829	20,050,845	701,984
7,218,524	6,591,620	626,904	Less: Sinking Fund Investments	7,218,524	6,591,620	626,904
-	-	-	Less: Debt Retirement Fund	-	-	-
<u>12,366,268</u>	<u>12,391,677</u>	<u>(25,409)</u>	<b>Net Direct and Guaranteed Debt</b> (Note 3)	<u>13,534,305</u>	<u>13,459,225</u>	<u>75,080</u>

- The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at June 30, 2000 and March 31, 2000 adjusted for any foreign currency contracts entered into for settlement after these dates.
- Direct and Guaranteed Debt are payable in Canadian and U.S. dollars. As at June 30, 2000, total gross debt was payable 72% in Canadian dollars and 28% in U.S. dollars. Of this total, General Purpose Debt and Other Debt was payable 86% in Canadian dollars (85% at March 31, 2000) and 14% in U.S. dollars (15% at March 31, 2000) while Manitoba Hydro was payable 46% in Canadian dollars (47% at March 31, 2000) and 54% in U.S. dollars (53% at March 31, 2000)
- The above debt was issued for the following purposes:

	June 30, 2000		March 31, 2000	
	(in thousands)	(per capita) (Note 4)	(in thousands)	(per capita) (Note 4)
General Government Programs	6,516,239	5,677	6,473,434	5,641
The Manitoba Hydro-Electric Board	5,805,141	5,057	5,798,038	5,052
Capital Investments	244,900	213	244,900	213
Manitoba Hospital Facilities	48,000	42	-	-
Other	920,024	801	942,853	822
	<u>13,534,304</u>	<u>11,790</u>	<u>13,459,225</u>	<u>11,728</u>

- Per capita data is based upon population figures at July 1, 2000 and April 1, 2000 as reported by Statistics Canada.

**PROVINCE OF MANITOBA**  
**FISCAL STABILIZATION FUND**  
**PROJECTION FOR THE YEAR ENDING MARCH 31, 2001**  
**(with comparative figures for March 31, 2000)**  
**(UNAUDITED)**

	<u>2000/01</u> <u>Projection</u> (thousands of dollars)	<u>1999/2000</u> <u>Actual</u>
<b>Fund Balance, Beginning of Year</b>	<u>264,790</u>	<u>427,311</u>
<b>Revenue:</b>		
Interest Earnings	<u>9,600</u>	<u>11,313</u>
<b>Interfund Transfers (See Note)</b>		
Transfer from the Operating Fund	10,000	10,868
Transfer to the Operating Fund	<u>(90,000)</u>	<u>(184,702)</u>
	<u>(80,000)</u>	<u>(173,834)</u>
<b>Fund Balance, End of Year</b>	<u><u>194,390</u></u>	<u><u>264,790</u></u>

**Note:** Transfers for 2000/01 reflect the 2000/01 Budget estimate and for 1999/2000 the actual transfer.

**PROVINCE OF MANITOBA  
DEBT RETIREMENT FUND  
PROJECTION FOR THE YEAR ENDING MARCH 31, 2001  
(with comparative figures for March 31, 2000)  
(UNAUDITED)**

	<u>2000/01 Projection (See Note 1)</u>	<u>1999/2000 Actual</u>
	(thousands of dollars)	
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>230,071</u>
<b>Revenue:</b>		
Interest Earnings	-	32
Transfer from Operating Fund	<u>96,357</u>	<u>75,000</u>
	<u>96,357</u>	<u>75,032</u>
<b>Expenditure:</b>		
Transfer to Operating Fund for:		
- Debt Retirement	-	(305,103)
- Pension Obligation	<u>(21,357)</u>	<u>-</u>
	<u>(21,357)</u>	<u>(305,103)</u>
<b>Fund Balance, End of Year</b>	<u>75,000 (2)</u>	<u>-</u>

**Notes:**

1. 2000/01 Projection reflects the 2000/01 Budget estimate.
2. The Debt Retirement Fund was fully depleted in 1999/2000 with retirement of \$305.1 million in debt. In accordance with the Province's balanced budget legislation, a \$75.0 million contribution is required in 2000/01 to the Debt Retirement Fund.