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# Province of Manitoba

**2013/14 Quarterly Financial Report  
April to September 2013**

**Honourable Jennifer Howard  
Minister of Finance**

**Manitoba** 

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# *Focused on what matters most to families*

**Province of Manitoba**

## **2013/14 Quarterly Financial Report April to September 2013**

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### **INTRODUCTION**

Budget 2013 provided the financial overview of the Government Reporting Entity (GRE), which includes core government and Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges. Manitoba's summary budget aligns with the accounting standards set by the Public Sector Accounting Board (PSAB) and fully reflects Generally Accepted Accounting Principles (GAAP).

The financial information in this quarterly financial report is presented in the same format as the budget. The second quarter financial report presents information on the GRE for the six months ending September 30, 2013, as well as an updated financial forecast for the current fiscal year. The report also contains an economic performance and outlook.

**GOVERNMENT REPORTING ENTITY (GRE)**

Manitoba continues to be committed to a balanced approach for delivering services while recognizing the continued uncertainty in global economies. This approach is demonstrated by the protection of the services Manitoba families need and by making strategic investments in infrastructure to support economic growth and provide for the services Manitobans require in the future.

The summary forecast for fiscal year 2013/14 is a net loss of \$485 million, an improvement of \$33 million from the budgeted net loss of \$518 million.

At the end of the second quarter, projections from other reporting entities indicate expenditures will be under budget by \$77 million while revenue is projected to be higher than budget by \$31 million.

Core government revenue is projected to surpass the budget by \$41 million. Higher projections for both corporate and individual income tax and the one-time revenue associated with the completion of the sale of the Property Registry were offset by lower lottery revenues and a decrease in federal health and social transfers as a result of Statistics Canada's downward revision to Manitoba's estimated population numbers.

Expenditures in core government are anticipated to be \$41 million higher than budget as a result of significant pressure in the areas of public safety services, supports for vulnerable persons and additional expenditures for forest fire suppression in Northern Manitoba this past summer. Expenditure management initiatives are underway to carefully review expenditures and reduce costs while not jeopardizing services to Manitobans.

**Budgeted Summary Net Income/(Loss)**

For the Fiscal Year Ending March 31, 2014  
UNAUDITED

| (Millions of Dollars)    | 2013/14 Projection |                                 |              | 2013/14 Budget  |                                 |              | Summary Variance |
|--------------------------|--------------------|---------------------------------|--------------|-----------------|---------------------------------|--------------|------------------|
|                          | Core Government    | Consolidation Impacts and Other | Summary      | Core Government | Consolidation Impacts and Other | Summary      |                  |
| Revenue                  | 11,565             | 2,716                           | 14,281       | 11,524          | 2,685                           | 14,209       | 72               |
| Expenditure              | 12,140             | 2,701                           | 14,841       | 12,099          | 2,778                           | 14,877       | (36)             |
| In-Year Adjustment/Lapse | (35)               | (40)                            | (75)         | (70)            | (80)                            | (150)        | 75               |
| <b>NET INCOME (LOSS)</b> | <b>(540)</b>       | <b>55</b>                       | <b>(485)</b> | <b>(505)</b>    | <b>(13)</b>                     | <b>(518)</b> | <b>33</b>        |

**QUARTERLY FINANCIAL RESULTS**

The unaudited net result of the Government Reporting Entity for the first six months of the fiscal year is a surplus of \$153 million.

The expenditure variance of \$(44) million is primarily the result of timing.

This is primarily the result of the six-month positive revenue variance of \$171 million due to higher than estimated Retail Sales Tax in the first six months and Government Business Enterprise net income.

**Government Reporting Entity Operating Statement**

UNAUDITED

| (\$000s)  | Year-to-Date to September 30 |                  |                 | 2012/13<br>Actual <sup>2</sup> |
|---|------------------------------|------------------|-----------------|--------------------------------|
|   | 2013/14                      |                  | Variance        |                                |
|   | Actual                       | Estimated        |                 |                                |
| <b>Revenue</b>                                  |                              |                  |                 |                                |
| Income Taxes                                    | 1,732,405                    | 1,726,549        | 5,856           | 1,627,270                      |
| Other Taxes                                     | 2,137,658                    | 2,090,826        | 46,832          | 1,920,371                      |
| Fees and Other Revenue                          | 1,103,580                    | 1,074,237        | 29,342          | 1,032,325                      |
| Federal Transfers                               | 1,941,578                    | 1,957,549        | (15,971)        | 2,058,861                      |
| Net Income of Government                        |                              |                  |                 |                                |
| Business Enterprises                            | 344,356                      | 242,895          | 101,461         | 276,075                        |
| Sinking Funds and Other Earnings                | 123,788                      | 120,373          | 3,415           | 137,297                        |
| <b>Total Revenue</b>                            | <b>7,383,364</b>             | <b>7,212,429</b> | <b>170,935</b>  | <b>7,052,199</b>               |
| <b>Expenditure</b>                              |                              |                  |                 |                                |
| Health  | 2,802,198                    | 2,807,609        | (5,411)         | 2,775,045                      |
| Education and Advanced Learning                 | 1,998,397                    | 2,017,689        | (19,292)        | 1,612,323                      |
| Family Services                                 | 517,987                      | 537,214          | (19,227)        | 506,125                        |
| Community, Economic and<br>Resource Development | 1,060,787                    | 1,076,925        | (16,138)        | 1,070,972                      |
| Justice and Other Expenditures                  | 469,248                      | 443,370          | 25,879          | 383,491                        |
| Debt Servicing Costs                            | 381,515                      | 391,777          | (10,262)        | 371,782                        |
| <b>Total Expenditure</b>                        | <b>7,230,132</b>             | <b>7,274,583</b> | <b>(44,452)</b> | <b>6,719,738</b>               |
| <b>NET INCOME (LOSS)</b>                        | <b>153,232</b>               | <b>(62,155)</b>  | <b>215,386</b>  | <b>332,461</b>                 |

Core government revenue and expenditure details are provided in Appendix I and II on pages 9 and 10.

**INFRASTRUCTURE AND CAPITAL ASSET RENEWAL**

Based on principles of sound financial management, the government has been able to increase the assets of the province while maintaining a manageable level of debt. Budget 2013 provides the resources to invest in much needed flood-related and other infrastructure to meet the needs of Manitoba into the future. This includes core infrastructure such as highways and bridges, municipal infrastructure, water and flood protection, as well as other capital investments for health facilities, housing, schools and post-secondary institutions.

Expenditures for all infrastructure and capital asset renewal in 2013/14 are forecast to be \$1.5 billion. While this projection is \$300 million lower than budget, it is \$250 million higher than the actual amount spent in 2012/13, demonstrating the government's continued support for infrastructure renewal. This commitment supports economic growth, reduces the maintenance burden and provides for the services Manitobans need in the future.

In the fall, the Manitoba government announced a new core infrastructure building plan that will see \$5.5 billion invested over five years starting in 2014 to continue building and renewing core infrastructure assets while creating good jobs and supporting a steady, growing economy.

As borrowings may be used to finance capital related projects, net debt may grow in absolute terms from time to time as needed investments in capital assets – like highway infrastructure, schools and hospitals – are made. It is therefore important to measure change in net debt against the growth of the economy. As a result of the decision to continue to invest in infrastructure projects, Budget 2013 projected the net debt to GDP ratio at 28.7%. Net debt to GDP is currently forecast to be 28.1%, a slight decrease from budget.

Further details related to capital investment in assets owned by core government (departments) are provided in Appendix III on page 11.

**SPECIAL ACCOUNTS****Fiscal Stabilization**

Manitoba's balanced financial strategy maintains the legislated requirement to dedicate at least \$600 million of the funds set aside in this Account to retire a portion of the debt and interest expense associated with the core government operating shortfalls incurred during the economic recovery period. In 2013/14, \$100 million will be withdrawn for debt repayment.

**Pension Assets**

The trust conditions of the funds held in the Pension Asset Fund are irrevocably restricted for pension purposes only. As a result of this restriction, these funds are classified as pension assets and will be accounted for and reported in keeping with GAAP for senior governments.

The fund balance is projected to increase in 2013/14 for net investment earnings.

Net investment earnings include the expected rate of return during the year and adjustments to market related value. Under GAAP, market fluctuations of pension assets are not recorded in the year in which they occur, but are recognized over the employee average remaining service life (EARSLS).

**PROVINCIAL BORROWINGS,  
GUARANTEES AND OBLIGATIONS**

Manitoba's borrowing requirement identified in Budget 2013 was \$4.8 billion including refinancing of \$2.2 billion and new cash requirements, net of estimated repayments, of \$2.6 billion.

New cash requirements are necessary for general government purposes, capital investments by departments, health facilities, post-secondary institutions and Manitoba Hydro. Estimated repayments are primarily for departmental capital investment and general purpose borrowings.

At the end of second quarter, Manitoba's borrowing requirement has been revised to \$4.7 billion. The revision is primarily due to reduced requirements for Manitoba Hydro.

The total of outstanding borrowings, guarantees and obligations reflect the province's gross borrowing obligations, but it does not take into consideration liquid assets available to pay down those obligations. While the total of outstanding provincial borrowings fluctuates during the fiscal year as a result of the timing of borrowing activities of the province, the year-end forecast remains unchanged from that stated in the budget, as shown in the table on the following page.

**Provincial Borrowings, Guarantees and Obligations**

**Provincial Borrowings, Guarantees and Obligations**

|  | 2013/14 Forecast |                | March 31, 2013 |                |
|--|------------------|----------------|----------------|----------------|
|  | \$ millions      | \$ Per Capita* | \$ millions    | \$ Per Capita* |
| <b>Provincial Borrowings, Guarantees and Obligations<sup>1</sup></b> |                  |                |                |                |
| General Government Programs  | 8,879            | 7,019          | 8,565          | 7,015          |
| General Government Programs - Pension Liability                      | 2,595            | 2,051          | 2,595          | 2,125          |
| The Manitoba Hydro-Electric Board                                    | 11,010           | 8,703          | 9,609          | 7,870          |
| Other Crown Organizations  | 2,397            | 1,895          | 2,246          | 1,840          |
| Health Facilities  | 1,314            | 1,039          | 1,149          | 941            |
| Other  | 17               | 13             | 23             | 19             |
| Capital Investments  | 3,959            | 3,130          | 3,668          | 3,004          |
| <b>Subtotal<sup>2</sup></b>  | <b>30,171</b>    | <b>23,850</b>  | <b>27,855</b>  | <b>22,814</b>  |
| <b>Other Obligations</b>   |                  |                |                |                |
| Pension Liability  | 7,264            |                | 6,943          |                |
| Pension Asset Fund   | (5,266)          |                | (5,115)        |                |
| Net Pension Liability  | 1,998            |                | 1,828          |                |
| Debt incurred for and repayable by The Manitoba Hydro-Electric Board | (10,659)         |                | (9,443)        |                |
| Education and Health Debt held by Government Enterprises             | 535              |                | 547            |                |
| Other Debt of Crown Organizations                                    | 266              |                | 264            |                |
| <b>Subtotal</b>  | <b>(7,860)</b>   |                | <b>(6,804)</b> |                |
| <b>Total Provincial Borrowings, Guarantees and Obligations</b>       | <b>22,311</b>    |                | <b>21,051</b>  |                |
| <b>Adjustments to arrive at Summary Net Debt</b>                     |                  |                |                |                |
| Guarantees   | (351)            |                | (166)          |                |
| Net Financial Assets   | (4,607)          |                | (4,992)        |                |
| <b>Summary Net Debt</b>  | <b>17,353</b>    | <b>13,718</b>  | <b>15,893</b>  | <b>13,017</b>  |
| <b>Summary Net Debt as a percentage of GDP</b>                       | <b>28.1%</b>     |                | <b>26.8%</b>   |                |

**Notes: Provincial Borrowings, Guarantees and Obligations**

1. Provincial borrowings, guarantees and obligations are net of sinking funds.
2. Provincial Borrowings and Guarantees are payable in Canadian and U.S. dollars. As at September 30, 2013, total provincial borrowings and guarantees were payable 94% in Canadian dollars and 6% in U.S. dollars. Of this total, General Government Program borrowing and Other Crown organizations borrowings was 100% payable in Canadian dollars. Manitoba Hydro borrowings were payable 82% in Canadian dollars (79% at March 31, 2013) and 18% in U.S. dollars (21% at March 31, 2013).

\* The per capita data is based upon population figures at July 1, 2013 as reported by Statistics Canada.

**ECONOMIC PERFORMANCE AND OUTLOOK**

The Manitoba economy is resilient and is expected to expand modestly over the medium term as the global economic environment remains uncertain. The outlook for Manitoba's real GDP growth is virtually unchanged from the forecast in Budget 2013; however, the global forecast has marginally weakened.

The majority of uncertainty about the global economic situation centers around fiscal consolidation and monetary policy in the U.S., the outlook for the European economy amid tight credit conditions and restrained spending by businesses, households and governments, and the sustainability of growth in Asia given the reduced level of exports sales to advance economies.

Manitoba is not immune to these external developments. In 2012, international exports from Manitoba contracted, pushing real manufacturing output down by 1.0%.

However, reflecting Manitoba's industrial diversity, overall real GDP increased by 2.6% in 2012, on the strength of oil production, a rebound in crop production and increased residential and non-residential construction activity. Manitoba's economic growth in 2012 was the second highest among provinces and above the national average of 1.7%.

Looking ahead, the Manitoba Finance survey of economic forecasters indicates that Manitoba's real GDP will expand 2.0% this year, above the projected national increase of 1.7% and ranked fourth highest among provinces. In 2014, Manitoba's real GDP is expected to increase by 2.2%, below the projected national increase of 2.4%.

The outlook for commodity prices for some of Manitoba's export goods remains soft over the medium term. As a result, Manitoba's nominal GDP is expected to increase by 3.4% in 2013 and by 3.8% in 2014, down from 5.6% in 2012.

The provinces major economic indicators are showing steady progress through the first three quarters of 2013.

The labour market is balanced in Manitoba with new workers entering the labour force gaining employment. Accordingly, the unemployment rate has been steady for the last five years and ranked the second or third lowest among provinces. This year, the unemployment rate has averaged 5.3%, third-lowest among provinces and below the national rate of 7.1%.

Labour income (compensation of employees) growth is closely following the national pattern. Last year, labour income increased by 4.3% in Manitoba, below the national average of 4.5% and ranked fourth among provinces. In the first nine months of 2013, incomes expanded by 3.3%, fifth among provinces and below the national increase of 3.8%.

Retail activity has improved from last year with total sales increasing by 2.1% on a year-to-date basis, compared to 1.6% in 2012. Motor vehicle dealerships and home furnishing stores sales are up by 15% and 14.8%, respectively, in 2013. The number of motor vehicle unit sales in the province is up 8.9% in 2013, second highest among provinces and well above the 3.0% national gain. Department stores, electronics & appliances, health and personal services sales are dampening spending in 2013.

In 2012, foreign merchandise exports from Manitoba decreased by 2.7%. The decrease partly reflected the impact of moderating global economic growth. In addition, low inventory levels from poor yields and small harvests in 2010 and 2011 reduced export sales of Manitoba crops in 2012.

In 2013, the improvements in U.S. housing are partially boosting overall exports by 10.9%. Exports to the U.S have increased by



13.0% in 2013. Exports to non-U.S. markets have rebounded by 6.4%, in the first ten months of this year as compared to the same period in the previous year. While exports to China are flat this year, exports to other major markets, including Germany, Japan and the United Kingdom have increased.

The pace of manufacturing growth has slowed after rebounding from the Great Recession. Manufacturing sales in Manitoba have declined by 0.6% so far in 2013, compared to the 1.3% decline nationally. Despite a notable increase in wood products and agricultural machinery sales, durable manufactured product sales are down by 2.6% in 2013. With food and chemical product sales turning around in 2013, sales of non-durable manufactured products are up 2.4%.

In 2012, agricultural production rebounded to record 16.1% growth, after a poor performance in 2011 caused by the impacts of the Assiniboine River flood. In 2013, favorable growing conditions have further improved the prospects for another solid year in crop production. Wheat harvest in 2013 was the fifth highest and canola harvest was second highest on historical record.

Related to the rebound in crop production, Manitoba's farm cash receipts are up 14.7% in the first three quarters of 2013, the highest among provinces. Crop receipts increased by 28.7% with gains in wheat (58%), barley (75%) and Canola (9%). Livestock receipts were up 2.9% with both cattle and hogs increasing. Direct payments, which include insurance and other types of supports, decreased 15.3%.

The housing sector remains strong in Manitoba. Every year since 2004, Manitoba's housing starts have surpassed the national average annual growth. In the first eleven months of 2013, urban housing starts are up 16.2%, the strongest growth in Canada and bucking the national decline of 13.4%. With relatively low vacancy rates, new residential

construction is supported by a large number of multiple units (apartments and condominiums) being built throughout the province. Canada Mortgage and Housing Corporation (CMHC) projects that total housing starts in the province will reach 7,400 units this year, the highest since 1987. For 2014, CMHC forecasts housing starts will reach 7,100 units.

For the past twenty-one years, private sector capital spending in Manitoba has consistently increased in all but one year, the steadiest growth among provinces. According to the Statistics Canada survey, Manitoba's total capital investment is expected to increase 8.5% in 2013, well above the Canadian increase of 1.7%. Manitoba's private investment is projected to increase 6.3% and public investment to increase 12.9%.

The Consumer Price Index has increased by 2.3% on a year-to-date basis in 2013, in line with the Manitoba Finance's survey of economic forecasts, and above the national increase of 0.9%.

Manitoba's population has experienced healthy growth over the past 10 years. Immigration levels to the province have risen considerably, net interprovincial out-migration has decreased and the number of births has increased. As of July 1, 2013, Manitoba's population is estimated at 1,265,015 persons, Population increased by 1.2% from 2012, the third consecutive annual increase above the national average and third fastest among provinces over the last three years.

For monthly updates and more details please see the Manitoba Economic Highlights and Statistics at:

<http://www.gov.mb.ca/finance/pdf/highlights.pdf>

&

<http://www.gov.mb.ca/finance/pdf/statistics.pdf>

**2013/14 Core Government Revenue by Source**  
**UNAUDITED**

**Appendix I**

| (\$000s)                                       | Year-to-Date to September 30 |                  |                |                  | Full Year         |                   |                 |                   |
|--|------------------------------|------------------|----------------|------------------|-------------------|-------------------|-----------------|-------------------|
|  | 2013/14                      |                  |                | 2012/13          | 2013/14           |                   |                 | 2012/13           |
|  | Actual                       | Estimated        | Variance       | Actual           | Forecast          | Budget            | Variance        | Actual            |
| <b>Income taxes</b>                            |                              |                  |                |                  |                   |                   |                 |                   |
| Individual Income Tax                          | 1,450,439                    | 1,450,392        | 47             | 1,320,444        | 2,963,200         | 2,952,400         | 10,800          | 2,846,037         |
| Corporation Income Tax                         | 281,966                      | 276,157          | 5,809          | 306,826          | 481,200           | 413,200           | 68,000          | 456,447           |
| <b>Subtotal: Income Taxes</b>                  | <b>1,732,405</b>             | <b>1,726,549</b> | <b>5,856</b>   | <b>1,627,270</b> | <b>3,444,400</b>  | <b>3,365,600</b>  | <b>78,800</b>   | <b>3,302,484</b>  |
| <b>Other Taxes</b>                             |                              |                  |                |                  |                   |                   |                 |                   |
| Corporations Taxes                             | 112,265                      | 101,028          | 11,237         | 91,927           | 227,000           | 227,000           | -               | 212,586           |
| Fuel Taxes                                     | 164,494                      | 159,466          | 5,028          | 152,140          | 317,100           | 312,100           | 5,000           | 313,615           |
| Land Transfer Tax                              | 49,304                       | 46,549           | 2,755          | 43,958           | 79,000            | 74,000            | 5,000           | 74,936            |
| Levy for Health and Education                  | 213,034                      | 207,462          | 5,572          | 199,381          | 433,500           | 433,500           | -               | 410,284           |
| Mining Tax                                     | 9,045                        | 21,045           | (12,000)       | 24,963           | 15,000            | 40,000            | (25,000)        | 37,632            |
| Retail Sales Tax                               | 1,014,064                    | 974,532          | 39,532         | 867,640          | 2,047,200         | 2,047,200         | -               | 1,763,900         |
| Tobacco Tax                                    | 153,756                      | 153,823          | (67)           | 134,645          | 283,000           | 283,000           | -               | 252,058           |
| Other Taxes                                    | 4,384                        | 6,161            | (1,777)        | 5,240            | 13,812            | 16,173            | (2,361)         | 12,478            |
| <b>Subtotal: Other Taxes</b>                   | <b>1,720,346</b>             | <b>1,670,066</b> | <b>50,280</b>  | <b>1,519,894</b> | <b>3,415,612</b>  | <b>3,432,973</b>  | <b>(17,361)</b> | <b>3,077,489</b>  |
| <b>Fees and Other Revenue</b>                  |                              |                  |                |                  |                   |                   |                 |                   |
| Fines and Costs and Other Legal                | 27,071                       | 26,277           | 794            | 25,344           | 52,233            | 52,030            | 203             | 49,522            |
| Minerals and Petroleum                         | 10,307                       | 12,183           | (1,876)        | 11,662           | 19,217            | 29,074            | (9,857)         | 19,350            |
| Automobile and Motor Carrier Licences and Fees | 78,220                       | 69,769           | 8,451          | 67,952           | 140,530           | 140,530           | -               | 151,007           |
| Parks: Forestry and Other Conservation         | 17,300                       | 12,507           | 4,793          | 17,802           | 34,377            | 33,568            | 809             | 32,245            |
| Water Power Rentals                            | 60,478                       | 57,393           | 3,085          | 55,320           | 114,444           | 107,700           | 6,744           | 111,656           |
| Service Fees and Other Miscellaneous Charges   | 44,685                       | 45,775           | (1,090)        | 46,546           | 238,278           | 165,074           | 73,204          | 151,525           |
| Revenue Sharing from SOAs                      | 13,565                       | 13,464           | 101            | 13,465           | 22,380            | 16,880            | 5,500           | 26,930            |
| <b>Subtotal: Fees and Other Revenue</b>        | <b>251,626</b>               | <b>237,368</b>   | <b>14,258</b>  | <b>238,091</b>   | <b>621,459</b>    | <b>544,856</b>    | <b>76,603</b>   | <b>542,235</b>    |
| <b>Federal Transfers</b>                       |                              |                  |                |                  |                   |                   |                 |                   |
| Equalization                                   | 903,071                      | 903,071          | -              | 1,036,629        | 1,799,225         | 1,799,228         | (3)             | 1,871,962         |
| Canada Health Transfer (CHT)                   | 560,419                      | 560,419          | -              | 531,228          | 1,089,900         | 1,120,800         | (30,900)        | 1,056,305         |
| Canada Social Transfer (CST)                   | 221,377                      | 221,377          | -              | 214,597          | 436,500           | 442,753           | (6,253)         | 431,033           |
| Health Funds                                   | 4,531                        | 4,531            | -              | 4,523            | 9,062             | 9,062             | -               | 9,079             |
| Infrastructure Renewal                         | -                            | -                | -              | -                | 22,100            | 22,100            | -               | 35,271            |
| Shared Cost and Other Transfers                | 45,434                       | 52,621           | (7,187)        | 71,389           | 168,630           | 171,403           | (2,773)         | 276,600           |
| <b>Subtotal: Federal Transfers</b>             | <b>1,734,832</b>             | <b>1,742,019</b> | <b>(7,187)</b> | <b>1,858,366</b> | <b>3,525,417</b>  | <b>3,565,346</b>  | <b>(39,929)</b> | <b>3,680,250</b>  |
| <b>Net Income of Government</b>                |                              |                  |                |                  |                   |                   |                 |                   |
| <b>Business Enterprises (GBEs)</b>             |                              |                  |                |                  |                   |                   |                 |                   |
| Manitoba Liquor and Lotteries Corporation      | 241,000                      | 241,000          | -              | 262,000          | 558,444           | 615,055           | (56,611)        | 558,151           |
| <b>Sinking Funds and Other Earnings</b>        |                              |                  |                |                  |                   |                   |                 |                   |
|  | -                            | -                | -              | -                | -                 | -                 | -               | -                 |
| <b>Total Revenue</b>                           | <b>5,680,209</b>             | <b>5,617,002</b> | <b>63,207</b>  | <b>5,505,621</b> | <b>11,565,332</b> | <b>11,523,830</b> | <b>41,502</b>   | <b>11,160,609</b> |

**2013/14 Core Government Expenditure by Sector/Department  
UNAUDITED**

**Appendix II**

| (\$000s)  | Year-to-Date to September 30 |                  |                 |                     | Full Year         |                     |                 |                   |
|---|------------------------------|------------------|-----------------|---------------------|-------------------|---------------------|-----------------|-------------------|
|   | 2013/14                      |                  |                 | 2012/13             | 2013/14           |                     |                 | 2012/13           |
|   | Actual                       | Estimated        | Variance        | Actual <sup>1</sup> | Forecast          | Budget <sup>2</sup> | Variance        | Actual            |
| <b>Health</b>   |                              |                  |                 |                     |                   |                     |                 |                   |
| Health  | 2,627,567                    | 2,624,014        | 3,553           | 2,584,087           | 5,275,409         | 5,273,777           | 1,632           | 5,065,326         |
| <b>Education</b>  |                              |                  |                 |                     |                   |                     |                 |                   |
| Education and Advanced Learning                           | 1,196,973                    | 1,194,011        | 2,962           | 1,171,705           | 2,366,555         | 2,368,370           | (1,815)         | 2,303,648         |
| <b>Family Services</b>                                    |                              |                  |                 |                     |                   |                     |                 |                   |
| Children and Youth Opportunities                          | 26,111                       | 28,766           | (2,655)         | 27,259              | 48,875            | 48,875              | -               | 43,102            |
| Family Services   | 505,282                      | 521,917          | (16,635)        | 485,776             | 1,107,365         | 1,080,064           | 27,301          | 1,046,626         |
| <b>Total Family Services</b>                              | <b>531,393</b>               | <b>550,683</b>   | <b>(19,290)</b> | <b>513,035</b>      | <b>1,156,240</b>  | <b>1,128,939</b>    | <b>27,301</b>   | <b>1,089,728</b>  |
| <b>Community, Economic and Resource Development</b>       |                              |                  |                 |                     |                   |                     |                 |                   |
| Aboriginal and Northern Affairs                           | 18,880                       | 19,513           | (633)           | 18,771              | 33,602            | 34,249              | (647)           | 34,461            |
| Agriculture, Food and Rural Development                   | 41,710                       | 44,111           | (2,401)         | 38,915              | 214,578           | 214,765             | (187)           | 245,989           |
| Conservation and Water Stewardship                        | 77,417                       | 79,710           | (2,293)         | 83,545              | 150,408           | 147,929             | 2,479           | 159,306           |
| Housing and Community Development                         | 47,949                       | 48,335           | (386)           | 46,746              | 82,786            | 82,587              | 199             | 78,772            |
| Infrastructure and Transportation                         | 304,469                      | 307,942          | (3,473)         | 304,650             | 619,324           | 639,203             | (19,879)        | 630,743           |
| Jobs and the Economy                                      | 316,058                      | 326,623          | (10,565)        | 315,413             | 658,206           | 659,054             | (848)           | 651,387           |
| Mineral Resources   | 6,057                        | 5,858            | 199             | 5,703               | 11,417            | 11,289              | 128             | 12,241            |
| Municipal Government                                      | 133,311                      | 137,020          | (3,709)         | 176,451             | 400,390           | 400,557             | (167)           | 361,633           |
| <b>Total Community, Economic and Resource Development</b> | <b>945,851</b>               | <b>969,112</b>   | <b>(23,261)</b> | <b>990,194</b>      | <b>2,170,711</b>  | <b>2,189,633</b>    | <b>(18,922)</b> | <b>2,174,532</b>  |
| <b>Justice and Other Expenditures</b>                     |                              |                  |                 |                     |                   |                     |                 |                   |
| Legislative Assembly                                      | 19,553                       | 20,094           | (541)           | 17,283              | 43,204            | 42,560              | 644             | 37,682            |
| Executive Council   | 2,206                        | 2,297            | (91)            | 2,076               | 3,793             | 3,793               | -               | 3,755             |
| Civil Service Commission                                  | 9,828                        | 9,995            | (167)           | 9,680               | 20,400            | 20,400              | -               | 20,155            |
| Employee Pensions and Other Costs                         | (2,953)                      | (3,793)          | 840             | (2,259)             | 18,288            | 18,288              | -               | 11,442            |
| Finance   | 31,651                       | 32,409           | (758)           | 29,357              | 71,232            | 71,250              | (18)            | 72,321            |
| Justice   | 225,348                      | 196,902          | 28,446          | 179,053             | 536,748           | 508,801             | 27,947          | 497,018           |
| Labour and Immigration                                    | 17,146                       | 19,538           | (2,392)         | 24,264              | 35,473            | 39,037              | (3,564)         | 58,921            |
| Multiculturalism and Literacy                             | 13,396                       | 16,750           | (3,354)         | 16,252              | 21,491            | 21,500              | (9)             | 23,970            |
| Tourism, Culture, Heritage, Sport and Consumer Protection | 46,355                       | 46,931           | (576)           | 45,819              | 86,177            | 86,177              | -               | 84,252            |
| Enabling Appropriations                                   | 2,601                        | 3,042            | (441)           | 1,945               | 10,955            | 40,965              | (30,010)        | 3,058             |
| Other Appropriations                                      | 55,189                       | 49,583           | 5,606           | 23,068              | 92,910            | 55,393              | 37,517          | 170,487           |
| <b>Total Justice and Other Expenditures</b>               | <b>420,320</b>               | <b>393,748</b>   | <b>26,572</b>   | <b>346,538</b>      | <b>940,671</b>    | <b>908,164</b>      | <b>32,507</b>   | <b>983,061</b>    |
| Debt Servicing Costs                                      | 73,775                       | 87,436           | (13,661)        | 98,789              | 230,000           | 230,000             | -               | 233,511           |
| <b>Total Expenditure</b>                                  | <b>5,795,879</b>             | <b>5,819,004</b> | <b>(23,125)</b> | <b>5,704,348</b>    | <b>12,139,586</b> | <b>12,098,883</b>   | <b>40,703</b>   | <b>11,849,806</b> |
| <b>Subtract: Total Revenue Estimate (Appendix I)</b>      | <b>5,680,209</b>             | <b>5,617,002</b> | <b>63,207</b>   | <b>5,505,621</b>    | <b>11,565,332</b> | <b>11,523,830</b>   | <b>41,502</b>   | <b>11,160,609</b> |
| In-Year Adjustment/Lapse                                  | -                            | -                | -               | -                   | (35,000)          | (70,000)            | 35,000          | -                 |
| <b>NET INCOME (LOSS)</b>                                  | <b>(115,670)</b>             | <b>(202,002)</b> | <b>86,332</b>   | <b>(198,727)</b>    | <b>(539,254)</b>  | <b>(505,053)</b>    | <b>(34,201)</b> | <b>(677,152)</b>  |

1. For comparative purposes the 2012/13 Actual has been re-stated to reflect the 2013/14 appropriation structure.
2. Budget figures are adjusted to include Enabling Appropriations.

**2013/14 Capital Investment made by Core Government<sup>1</sup>**  
**UNAUDITED**

**Appendix III**

| (\$000s)  | Year-to-Date to September 30 |                |                 |                | Full Year      |                     |                  |                |
|---|------------------------------|----------------|-----------------|----------------|----------------|---------------------|------------------|----------------|
|   | 2013/14                      |                |                 | 2012/13        | 2013/14        |                     |                  | 2012/13        |
|   | Actual                       | Estimated      | Variance        | Actual         | Forecast       | Budget <sup>2</sup> | Variance         | Actual         |
| <b>General Assets</b>                                 |                              |                |                 |                |                |                     |                  |                |
| Government Services Capital Projects                  | 31,101                       | 36,470         | (5,369)         | 42,151         | 75,512         | 112,000             | (36,488)         | 87,699         |
| Transportation Equipment and Aircraft                 | 2,794                        | 3,578          | (784)           | 20,976         | 16,920         | 16,920              | -                | 34,176         |
| Information Technology Projects                       | 6,644                        | 4,805          | 1,839           | 815            | 24,210         | 23,744              | 466              | 13,064         |
| Other Equipment and Buildings                         | 6,778                        | 3,530          | 3,248           | 8,858          | 19,622         | 19,582              | 40               | 26,143         |
|   | <u>47,317</u>                | <u>48,383</u>  | <u>(1,066)</u>  | <u>72,800</u>  | <u>136,264</u> | <u>172,246</u>      | <u>(35,982)</u>  | <u>161,082</u> |
| <b>Infrastructure Assets</b>                          |                              |                |                 |                |                |                     |                  |                |
| Provincial Roads, Highways and Airport Infrastructure | 150,085                      | 165,270        | (15,185)        | 136,393        | 392,510        | 470,510             | (78,000)         | 285,822        |
| Water Related Infrastructure                          | 11,608                       | 17,247         | (5,639)         | 36,555         | 29,300         | 37,100              | (7,800)          | 102,432        |
| Parks, Cottage and Camping Projects                   | 2,278                        | 4,717          | (2,439)         | 5,632          | 14,656         | 15,839              | (1,183)          | 18,497         |
|   | <u>163,971</u>               | <u>187,234</u> | <u>(23,263)</u> | <u>178,580</u> | <u>436,466</u> | <u>523,449</u>      | <u>(86,983)</u>  | <u>406,751</u> |
| <b>Total Capital Investment</b>                       | <u>211,288</u>               | <u>235,617</u> | <u>(24,329)</u> | <u>251,380</u> | <u>572,730</u> | <u>695,695</u>      | <u>(122,965)</u> | <u>567,833</u> |

1. This chart includes only capital assets owned by core government such as highways, flood protection, government buildings, (e.g. UCN – Thompson and The Pas, highways maintenance shops/sheds, correctional facilities). It does not include other infrastructure investments in non-government –owned assets such as capital grants to municipalities and other third parties. All capital and infrastructure investments are forecast to total \$1.5 billion and are reflected on page 4.
2. Budget figures are adjusted to include Enabling Appropriations.

