



Budget Paper B

**FINANCIAL REVIEW
AND STATISTICS**

FINANCIAL REVIEW AND STATISTICS

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■ Introduction

The 2000 Manitoba Budget is designed to be responsive to the needs of Manitobans, while providing responsible management of the Province's finances.

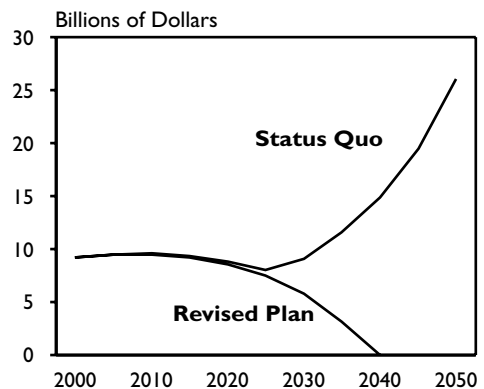
The Budget is balanced. Furthermore, the draw on the Fiscal Stabilization Fund will be halved. This Budget provides the first long-term plan to pay down both Manitoba's general purpose debt and the unfunded pension liability with respect to provincial employees and teachers.

The Government of Manitoba is committed to a course that will provide Manitobans with quality public services in an efficient manner. Sustainability, transparency and accountability are important in keeping us on this course. The financial statements have been restructured to provide greater transparency, as recommended by the Provincial Auditor.

This Budget:

- invests in priority programs such as health and education, and does not depend on transfers from the Fiscal Stabilization Fund;
- provides significant and responsible property tax and income tax relief; and
- makes substantial progress toward putting Provincial finances on a sustainable footing through a long-term debt and pension liability reduction plan. Under the revised plan, all general purpose debt will be repaid and all pension obligations will be honoured by 2040. This is a significant improvement over the status quo.

Projected General Purpose Debt and Pension Obligations



This Budget provides the balanced approach that protects the programs we value, while building our communities and our economy.

Comparative Statement of Budgetary Revenue, Expenditure, Transfers and Balance

1999/2000

	1999/2000	1999/2000	Increase/(Decrease)	
	3Q-Forecast	Budget	From Budget to 3Q-Forecast	
	(Millions of Dollars)		(Millions of Dollars)	%
Revenue				
Own-Source	4,251	4,174	77	1.8
Federal Transfers	<u>2,082</u>	<u>1,723</u>	<u>359¹</u>	20.8
Total Revenue	<u>6,333</u>	<u>5,897</u>	<u>436</u>	7.4
Expenditure				
Program				
Base	5,739	5,505	234	4.3
Extraordinary	<u>219</u>	<u>0</u>	<u>219</u>	N.A.
Total	<u>5,958</u>	<u>5,505</u>	<u>453</u>	8.2
Debt Servicing	<u>480</u>	<u>481</u>	<u>(1)</u>	(0.2)
Total Expenditure	<u>6,438</u>	<u>5,986</u>	<u>452</u>	7.6
Net Revenue/(Expenditure)	<u>(105)</u>	<u>(89)</u>	<u>(16)</u>	(18.0)
Interfund Transfers				
Debt Repayment	(75)	(75)	0	0.0
Fiscal Stabilization Fund	<u>185</u>	<u>185</u>	<u>0</u>	0.0
Balance Under Balanced Budget Legislation	<u>5</u>	<u>21</u>	<u>(16)</u>	(76.2)

Note 1: Federal transfer revenue is \$359 million over the 1999/2000 Budget estimate. This total is comprised of:

Equalization Adjustments	\$296 million
Other Transfers	63 million
Total	<u><u>\$359 million</u></u>

■ 1999/2000 Results

1999/2000 fiscal results depart substantially from the amounts in the 1999 Budget. Third Quarter projections of both revenue and expenditure are much higher than budgeted. Year-end accounts have not been finalized, but are expected to be close to the Third Quarter Report figures.

Revenue

Own-source revenue exceeded estimates, providing an additional \$77 million in taxes and other collections. Transfer revenue received from the federal government, including positive prior years adjustments, exceeded Budget by \$359 million. Other transfer revenue above Budget included those for emergency expenditures for agriculture and flood relief.

Expenditure

Total expenditure exceeded the budgeted amounts by \$452 million, a significant portion of which is attributable to health. Over half of this expenditure, \$234 million, pertains to base expenditure. Another \$219 million pertains to extraordinary expenditures related to agriculture disaster assistance and provisions for losses, as recommended by Deloitte and Touche in their independent review of the Province's finances.

Net Revenue/(Expenditure)

The 1999 Budget yielded a net expenditure, before debt repayment and transfers from the Fiscal Stabilization Fund, of \$89 million. The large variances in revenue and expenditure noted above are almost offsetting, but leave a net expenditure of \$105 million.

Balance Under Balanced Budget Legislation

Under balanced budget legislation, \$75 million was required to be transferred to the Debt Retirement Fund. The 1999 Budget covered both the budgeted net expenditure and the transfer to the Debt Retirement Fund through a draw on the Fiscal Stabilization Fund of \$185 million. The entire budgeted draw of \$185 million is anticipated to be required to achieve a positive \$5 million balance as calculated under the legislation.

Comparative Statement of Budgetary Revenue, Expenditure, Transfers and Balance

2000/01 and 1999/2000

	2000/01	1999/2000	Increase/(Decrease)	
	Budget	3Q-Forecast	From 1999/2000	3Q-Forecast
	(Millions of Dollars)		(Millions of Dollars)	%
Revenue				
Own-Source	4,487	4,251	236	5.6
Federal Transfers	1,927	2,082	(155)	(7.4)
Total Revenue	6,414	6,333	81	1.3
Expenditure				
Program				
Base	5,924	5,739	185	3.2
Extraordinary	0	219	(219)	N.A.
Total	5,924	5,958	(34)	(0.6)
Debt Servicing	474	480	(6)	(1.3)
Total Expenditure	6,398	6,438	(40)	(0.6)
Net Revenue/(Expenditure)	16	(105)	121	115.2
Interfund Transfers				
Debt/Pension Repayment	(96) ¹	(75)	(21)	(28.0)
Fiscal Stabilization Fund	90	185	(95)	(51.4)
Balance Under Balanced				
Budget Legislation	10	5	5	100.0

Note 1: Commencing in 2000/01, \$21 million from the debt repayment allocation is applied to start funding pension obligations incurred under the Civil Service Superannuation Fund and the Teachers Retirement Allowances Fund. This amount is sufficient to match the current service contributions for new employees (\$4 million) and apply \$17 million against the unfunded pension liability.

■ 2000/01 Budget

Revenue

Own-source revenue is budgeted to be \$236 million higher than forecast for 1999/2000. This growth is led by increases in Individual Income Tax, up \$75 million after tax relief; Mining Tax, up \$58 million; Retail Sales Tax, up \$41 million; and Corporation Income Tax, up \$29 million.

Revenue from federal transfers is down by \$155 million. A major factor is the reduction in federal supplements to the Canada Health and Social Transfer (CHST). The 1999 federal Budget provided \$131 million, while the 2000 federal Budget provided only \$92 million in supplemental revenue for social programs. Another factor in this decline is the prior years adjustments, which boosted revenue in 1999/2000.

Expenditure

The 2000 Budget provides for an increase in program expenditure of \$185 million, or 3.2%, excluding extraordinary expenditure from the 1999/2000 forecast. The largest increases are for the priority areas of health, education, family services and justice.

Net Revenue/(Expenditure)

This Budget provides for net revenue of \$16 million. This is a significant improvement from the net expenditure of \$105 million forecast for 1999/2000.

Balance Under Balanced Budget Legislation

There will be a transfer of \$96 million for debt repayment. Of this amount, \$21 million will be allocated to funding pension obligations incurred under the Civil Service Superannuation Plan and the Teachers Retirement Allowances Fund. There will be a draw of \$90 million from the Fiscal Stabilization Fund, down from \$185 million last year. The planned draw will be used for debt retirement. The Balance Under Balanced Budget Legislation will be a positive \$10 million.

■ The Medium-Term Fiscal Framework

Over the medium term, total revenue is projected to increase at an average annual rate of about 3.0%, a rate that reflects the Government's announced tax relief, and is consistent with overall growth in the economy as forecast by the Conference Board of Canada. According to the February 2000 Conference Board forecast, Manitoba's nominal Gross Domestic Product is expected to grow at an average annual rate of about 4.0% over the next three years. Real Gross Domestic Product growth, meanwhile, is expected to average about 2.3% over this period. Federal transfer payments provide 30% of budgeted revenue in 2000/01. The Medium-Term Fiscal Framework assumes moderate growth in transfers. Such additional amounts could be received through a combination of increased Equalization, CHST restoration and/or other transfers.

Program expenditure is targeted to increase at an average annual rate of 2.8% after 2000/01 – a rate that provides for maintenance of key public services and modest improvements in areas of greatest priority.

Public debt costs are projected to continue at their present level of \$475 million over the medium term.

Reducing the Provincial debt is an important aspect of putting Provincial finances on a more sustainable footing. In line with the requirements of our Province's balanced budget legislation, \$96 million per year will be set aside for debt retirement and used for debt and pension liabilities retirement.

Medium-Term Fiscal Framework

	1999/2000 ¹	2000/01	2001/02	2002/03	2003/04
	(Millions of Dollars)				
Revenue	6,333	6,414	6,565	6,781	7,013
Expenditure					
Program Expenditure	5,958	5,924	6,044	6,215	6,437
Public Debt Costs	480	474	475	475	475
Total	6,438	6,398	6,519	6,690	6,912
Net Revenue/(Expenditure)	(105)	16	46	91	101
Interfund Transfers					
Debt/Pension Repayment	(75)	(96)	(96)	(96)	(96)
Fiscal Stabilization Fund	185	90	60	15	5
Balance Under Balanced Budget Legislation	5	10	10	10	10

Note 1: 3Q Forecast

The Medium-Term Fiscal Framework reflects current forecasts and assumptions. Should future circumstances depart from these, budget decisions will reflect these changes.

■ Pension Liabilities and Debt Repayment

Since 1961, the Manitoba Government has not funded its obligations to pension plans for provincial civil servants and teachers. While the annual employee contributions by each of these groups are deposited to their respective pension plans, the employer has not matched these contributions. Instead, the Province funds 50% of retiree benefits as they are paid.

Employee pension plans for civil servants and teachers are defined benefit plans. Employees are guaranteed a formula-driven benefit based on service and salary. Every year an employee works, he or she earns a benefit to be paid in the future. This creates a liability for the employer related to service already provided but tied to future salary levels. With no funding to create an offsetting income-generating asset, this liability grows over time.

Since 1988, accounting standards require that governments record their pension liability. In 1990, the Provincial Auditor began to qualify his opinion on the Public Accounts. The Manitoba Government has never complied with this requirement in its Operating Fund.

In 1996, the Government passed legislation requiring that an annual budgetary provision be made for the repayment of its general purpose debt. While the legislation contemplated that general purpose debt would be repaid by the year 2028, it ignored the Government's pension liability, which stood at \$2.8 billion at March 31, 2000. By the year 2028, the actuaries project this liability for pensions, if left unattended, will grow to \$8.4 billion. This amount is greater than the general purpose debt the previous government set out to retire in 1996.

This Budget introduces a comprehensive approach to address both debt and pension obligations in an orderly manner. In the 2000/01 fiscal year, the Government will:

- continue to pay its annual retiree pension obligations;
- continue to make provision for debt repayment. For the year 2000/01, this amounts to \$96 million, in accordance with the debt repayment legislation. \$75 million will be targeted for general purpose debt repayment and the remaining \$21 million to address pension obligations; and
- match the current pension contributions for all civil servants and teachers hired on or after April 1, 2000.

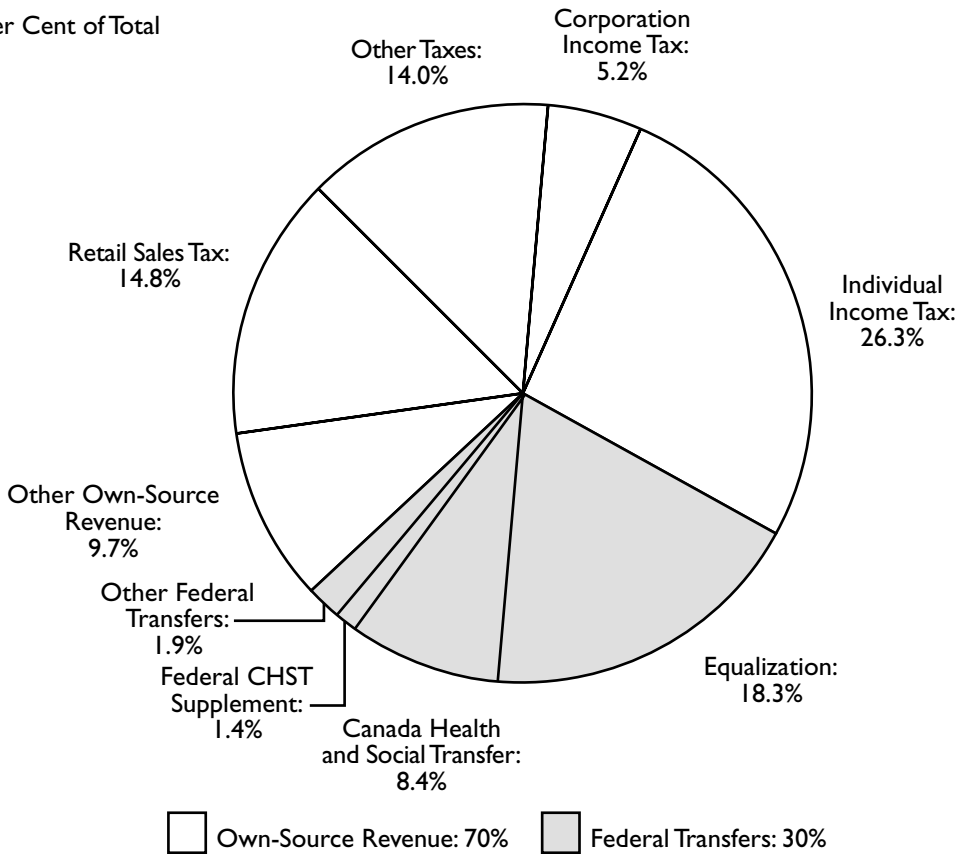
In years where the general purpose debt repayments and matching the current contributions of new employees is less than the total debt repayment funding mandated by the legislation, the difference will be contributed to the pension plans as special payments to begin to retire past pension liabilities. In 2000/01, this will result in a special payment of some \$17 million toward the pension liability.

Based on current actuarial projections, it is expected that the pension liability will be fully recorded and funded by 2034/35, and the general purpose debt will be repaid by 2039/40.

Provincial Revenue, 2000/01

Major Sources

Per Cent of Total



Revenue by Source

2000/01 and 1999/2000

	2000/01 Budget	1999/2000 3Q-Forecast	Change, 2000/01 from 1999/2000 Forecast	
			(Millions of Dollars)	(%)
Own-Source Revenue	4,487	4,251	236	5.6
Government of Canada	1,927	2,082	(155)	(7.4)
Total Revenue	6,414	6,333	81	1.3

Note: As a result of a change in presentation, transfers from the Fiscal Stabilization Fund have not been included as revenue.

Revenue Estimates

(Thousands of Dollars)

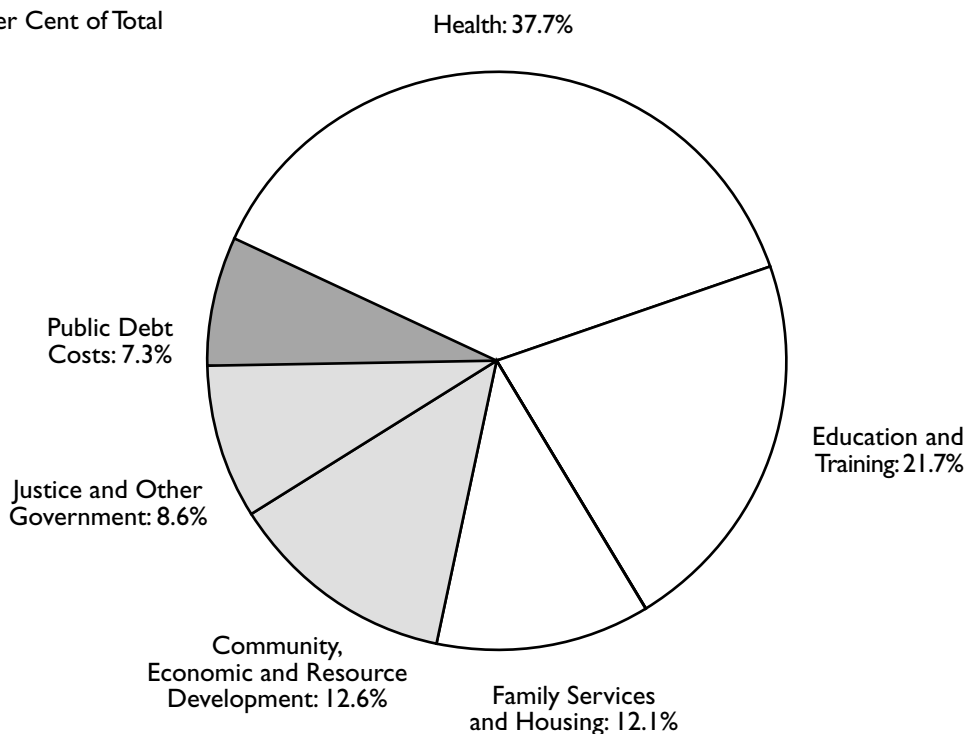
	2000/01 Estimate	1999/2000 3Q-Forecast	1999/2000 Budget Adjusted	Per Cent Change 2000/01 from 1999/2000 Forecast
■ Own-Source Revenue				
Income Taxes				
• Individual Income Tax	1,685,800.0	1,610,800.0	1,646,300.0	
• Corporation Income Tax	333,000.0	303,600.0	205,000.0	
Subtotal	2,018,800.0	1,914,400.0	1,851,300.0	5.5
Taxes, Levies and Collections				
• Land Transfer Tax	12,000.0	11,662.0	12,000.0	
• Corporation Capital Tax	140,000.0	135,000.0	126,000.0	
• Gasoline Tax	157,000.0	155,000.0	157,000.0	
• Insurance Corporations Tax	40,640.0	38,700.0	38,700.0	
• Levy for Health and Education	228,000.0	222,000.0	230,000.0	
• Mining Tax	68,000.0	10,000.0	3,200.0	
• Motive Fuel Tax	67,000.0	66,700.0	66,700.0	
• Oil and Natural Gas Tax	3,569.9	3,051.0	2,952.2	
• Retail Sales Tax	950,700.0	909,900.0	909,900.0	
• Revenue Act, 1964, Part I	56,300.0	56,000.0	55,000.0	
• Tobacco Tax	124,500.0	112,000.0	113,000.0	
• Environmental Protection Tax	3,000.0	3,000.0	3,000.0	
• Other Taxes	112.0	111.0	112.0	
Subtotal	1,850,821.9	1,723,124.0	1,717,564.2	7.4
Fees and Other Revenue				
• Fines and Costs; and Other Legal	20,860.2	17,864.0	17,241.9	
• Minerals and Petroleum	5,810.8	5,627.0	5,323.4	
• Automobile and Motor Carrier Licences and Fees	56,500.0	56,000.0	53,587.8	
• Drivers' Licences	13,365.8	12,316.0	12,315.8	
• Water Power Rentals	46,500.0	47,537.0	50,000.0	
• Parks; Forestry; Fisheries; and Other Conservation	28,274.3	27,855.0	25,527.8	
• All Other Manitoba Collections	54,204.6	57,992.0	62,400.5	
Subtotal	225,515.7	225,191.0	226,397.2	0.1
Crown Corporations / Entities				
• Manitoba Lotteries Corporation	220,000.0	225,000.0	219,000.0	
• Liquor Control Commission	159,000.0	155,000.0	152,000.0	
• Other	13,125.0	8,140.0	8,140.0	
Subtotal	392,125.0	388,140.0	379,140.0	1.0
Total Own-Source Revenue	4,487,262.6	4,250,855.0	4,174,401.4	5.6
■ Federal Transfers				
• Equalization	1,171,100.0	1,266,600.0	970,000.0	
• Canada Health and Social Transfer	539,900.0	512,200.0	499,200.0	
• Federal CHST Supplement	92,200.0	130,595.0	131,000.0	
• Other Transfers	123,840.8	173,124.0	122,859.5	
Total Federal Transfers	1,927,040.8	2,082,519.0	1,723,059.5	(7.4)
Total Budgetary Revenue	6,414,303.4	6,333,374.0	5,897,460.9	1.3

Note: As a result of a change in presentation, transfers from the Fiscal Stabilization Fund have not been included as revenue.

Provincial Operating Expenditure, 2000/01

Major Categories

Per Cent of Total



Program Expenditure Estimates

2000/01 and 1999/2000

	2000/01	1999/2000	Change, 2000/01	
	Budget	3Q-Forecast ¹	from 1999/2000 Forecast	
	(Millions of Dollars)		(Millions of Dollars)	(%)
Health	2,435	2,300	135	5.9
Education and Training	1,403	1,322	81	6.1 ²
Family Services and Housing	780	748	32	4.3
Other Departments	1,366	1,613	(247)	(15.3)
Expenditure Estimates	5,984	5,983	1	0.0

Note 1: The 1999/2000 information has been adjusted to be consistent with the 2000/01 Estimates structure.
The 1999/2000 forecast is based on the Third Quarter Financial Report.

Note 2: The increase in Education and Training expenditure is 4.5% if the Property Tax Credit is not included.

Operating Expenditure Estimates

(Thousands of Dollars)

	2000/01 Estimate	1999/2000 3Q-Forecast ¹	1999/2000 Budget	Per Cent Change 2000/01 from 1999/2000 Forecast
■ Health	2,435,546.7	2,300,393.1	2,118,818.5	5.9
■ Education and Training.....	1,402,861.4	1,321,744.0	1,304,016.6	6.1 ²
■ Family Services and Housing.....	780,441.6	747,722.4	742,773.7	4.3
■ Community, Economic and Resource Development				
• Aboriginal and Northern Affairs.....	23,216.2	19,454.8	19,453.2	
• Agriculture and Food.....	114,083.2	206,534.4	113,872.9	
• Conservation.....	152,017.2	149,863.2	171,671.7	
• Highways and Government Services	297,620.6	293,881.0	291,791.3	
• Industry, Trade and Mines	40,059.3	58,619.0	44,188.8	
• Intergovernmental Affairs	139,089.6	134,425.4	130,750.1	
• Enabling Appropriations	24,332.6	2,846.8	18,730.8	
• Capital Initiatives	0.0	55,000.0	55,000.0	
• Other Appropriations.....	20,775.0	142,272.0	28,275.0	
Total Community, Economic and Resource Development.....	811,193.7	1,062,896.6	873,733.8	(23.7)
■ Justice and Other Government				
• Legislative Assembly	21,583.3	29,707.4	26,251.3	
• Executive Council	3,513.4	3,460.0	3,460.0	
• Civil Service Commission	2,955.4	2,946.1	2,893.1	
• Community Support Programs.....	6,296.2	6,318.0	6,317.6	
• Consumer and Corporate Affairs.....	9,426.4	9,332.0	9,328.9	
• Culture, Heritage and Tourism	58,791.4	59,807.6	59,718.4	
• Employee Pensions and Other Costs.....	53,859.1	50,754.0	50,753.9	
• Finance.....	102,916.5	102,719.8	95,909.5	
• Healthy Child Initiative	12,865.9	10,501.5	10,701.3	
• Justice.....	220,512.0	209,330.2	205,088.9	
• Labour.....	23,138.2	21,834.9	21,960.3	
• Sport	10,391.9	10,547.0	10,556.8	
• Status of Women.....	1,137.2	1,118.0	1,202.3	
• Enabling Appropriations	26,500.0	32,149.4	21,500.0	
Total Justice and Other Government....	553,886.9	550,525.9	525,642.3	0.6
■ Total Program Expenditure	5,983,930.3	5,983,282.0	5,564,984.9	0.0
■ Public Debt Costs	474,475.0	480,000.0	480,800.0	(1.2)
■ Total Expenditure Estimates.....	6,458,405.3	6,463,282.0	6,045,784.9	(0.1)
■ Less: Year-End Lapse	(60,000.0)	(25,000.0)	(60,000.0)	
■ Total Budgetary Expenditure.....	6,398,405.3	6,438,282.0	5,985,784.9	(0.6)

Note 1: The 1999/2000 information has been adjusted to be consistent with the 2000/01 Estimates structure.

The 1999/2000 forecast is based on the Third Quarter Financial Report.

Extraordinary expenditures of \$219 million have been included in the appropriate department estimates.

Note 2: The increase in Education and Training expenditure is 4.5% if the Property Tax Credit is not included.

■ Capital Investment

Part B Capital Investment is required for the annual purchase or acquisition of tangible capital assets which meet the established guidelines for amortization (see Appendix B of the 2000/01 Estimates of Expenditure). Tangible capital assets are those with a useful life extending beyond one year which are acquired, constructed or developed and held for use, not resale. Tangible capital assets whose acquisition value is less than established capitalization thresholds are recorded as operating expenditure in the year of acquisition.

Any Part B Capital Investment authority that is not used at year-end, lapses, similar to unused Part A Operating Expenditure authority.

The following table outlines the Part B Capital Investment authority requirements for 2000/01.

Capital Investment, 2000/01

(Thousands of Dollars)

Better Systems - Information Technology Initiatives.....	17,000
Government Services Capital Projects	12,600
Better Methods Initiative.....	8,000
Highways Equipment and Other Capital.....	6,122
Health Information Technology Initiatives	4,000
Desktop Management Initiative.....	3,000
Air Services Capital.....	1,936
Other Equipment and Buildings	1,342
	<u>54,000</u>

■ Capital Grants, Infrastructure and Capital Investment

Total spending for capital purposes is comprised of spending on capital grants and infrastructure from Part A of the Estimates of Expenditure and Capital Investment spending from Part B of the Estimates of Expenditure.

Total spending for capital purposes is outlined in the following chart.

Capital Grants, Infrastructure and Capital Investment, 2000/01

(Thousands of Dollars)

Capital Grants (Part A).....	202,585
Infrastructure (Part A)	134,737
Capital Investment (Part B).....	54,000
	<u>391,322</u>

■ Loan Act Requirements

The following table reflects expenditure authority to be included in *The Loan Act, 2000*. Effective for the 2000/01 fiscal year, financing for health capital projects will be brought into the Provincial borrowing program and be included in *The Loan Act*.

Incremental Capital Authority Requirements for Non-Budgetary Programs, 2000/01

(Thousands of Dollars)

The Loan Act, 2000

Health Capital Program	480,000*
The Manitoba Agricultural Credit Corporation	169,500
The Manitoba Hydro-Electric Board	133,500
Manitoba Industrial Opportunities Program.....	16,500
Communities Economic Development Fund.....	10,800
The Manitoba Water Services Board	7,400
Special Operating Agencies Financing Authority	
Fleet Vehicles Agency.....	6,300
Manitoba Housing and Renewal Corporation	5,000
Economic Development Initiatives.....	5,000
The Manitoba Film and Sound Recording Development Corporation.....	1,000
	<u>835,000</u>

* Authority to refinance existing debt

Non-Budgetary Capital Program, 2000/01

(Thousands of Dollars)

The Manitoba Hydro-Electric Board	372,726
The Manitoba Agricultural Credit Corporation	140,300
The Manitoba Water Services Board	27,714
Manitoba Industrial Opportunities Program.....	25,924
Communities Economic Development Fund.....	10,900
Special Operating Agencies Financing Authority	
Fleet Vehicles Agency.....	8,800
Manitoba Housing and Renewal Corporation.....	5,400
Miscellaneous Corporations, Agencies and Other Programs.....	23,512
	<u>615,276</u>

■ Borrowing Requirements

Manitoba's borrowing requirements for both general and self-sustaining purposes, including the guaranteed debt of Crown corporations, will total \$2.4 billion in 2000/01. A total of \$2.1 billion is required for the refunding of general purpose and self-sustaining debt. The remainder is required for capital investments and self-sustaining programs, including Manitoba Hydro. Incremental capital authority requirements totaling \$0.8 billion are provided by *The Loan Act, 2000*. The debt guarantee fee has been adjusted to 0.7% for Manitoba Hydro to more accurately reflect the value of Provincial borrowing on its behalf.

Borrowing Requirements

(Thousands of Dollars)

	Estimated Unfunded as at March 31, 2000	Refunding 2000/01	New Cash Requirements 2000/01	Estimated Repayments of Loans & Advances 2000/01	Borrowing Requirements 2000/01
General Government Program Debt	–	911,471	–	–	911,471
Capital Investments	–	–	23,820	–	23,820
Self-Sustaining Programs Debt	–	202,500	–	–	202,500
Manitoba Hydro	(40,000)	664,828	133,500	–	758,328
Manitoba Hospital Facilities	48,000	361,012	–	–	409,012
Manitoba Agricultural Credit Corporation	–	–	106,100	52,000	54,100
Business Support Programs	–	–	28,049	8,400	19,649
Manitoba Water Services Board	–	–	14,431	–	14,431
Communities Economic Development Fund	–	–	9,500	–	9,500
Miscellaneous	–	–	16,884	16,884	–
	<u>8,000</u>	<u>2,139,811</u>	<u>332,284</u>	<u>77,284</u>	<u>2,402,811</u>

Statement of Valuation and Purpose of Direct and Guaranteed Debt Outstanding

(Thousands of Dollars) *Unaudited*

As at March 31, 2000 (with comparative figures for March 31, 1999)

Canadian Dollar Equivalent at Date of Issue March 31/00	Canadian Dollar Equivalent at Date of Issue March 31/99	Increase (Decrease) March 31/00 over March 31/99		Canadian Dollar Valuation (Note 1) March 31/00	Canadian Dollar Valuation (Note 1) March 31/99	Increase (Decrease) March 31/00 over March 31/99
Direct Debt Payable in:						
11,158,247	10,202,979	955,268	Canadian Dollars	11,130,447	10,175,179	955,268
2,739,675	1,991,737	747,938	Issues Swapped to Canadian Dollars	2,837,913	2,045,427	792,486
4,153,883	4,311,071	(157,188)	U.S. Dollars	5,087,250	5,517,267	(430,017)
510,273	740,294	(230,021)	Issues Swapped to U.S. Dollars	574,016	880,384	(306,368)
<u>18,562,078</u>	<u>17,246,081</u>	<u>1,315,997</u>	Total Direct Debt	<u>19,629,626</u>	<u>18,618,257</u>	<u>1,011,369</u>
Guaranteed Debt Payable in:						
420,354	479,633	(59,279)	Canadian Dollars	420,354	479,632	(59,278)
0	296,709	(296,709)	U.S. Dollars	0	296,709	(296,709)
<u>420,354</u>	<u>776,342</u>	<u>(355,988)</u>	Total Guaranteed Debt	<u>420,354</u>	<u>776,341</u>	<u>(355,987)</u>
18,982,432	18,022,423	960,009	Total Direct and Guaranteed Debt (Note 2)	20,049,980	19,394,598	655,382
6,591,551	5,766,744	824,807	Less: Sinking Fund Investments	6,591,551	5,766,744	824,807
0	230,071	(230,071)	Less: Debt Retirement Fund	0	230,071	(230,071)
<u>12,390,881</u>	<u>12,025,608</u>	<u>365,273</u>	Net Direct and Guaranteed Debt (Note 3)	<u>13,458,429</u>	<u>13,397,783</u>	<u>60,646</u>

Note 1: The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at March 31, 2000 and March 31, 1999 adjusted for any foreign currency contracts entered into for settlement after these dates.

Note 2: Direct and Guaranteed Debt are payable in Canadian and U.S. dollars. As at March 31, 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 85% in Canadian dollars (78% at March 31, 1999) and 15% in U.S. dollars (22% at March 31, 1999) while Manitoba Hydro was payable 47% in Canadian dollars (43% at March 31, 1999) and 53% in U.S. dollars (57% at March 31, 1999).

Note 3: The above debt was issued for the following purposes:

	March 31, 2000		March 31, 1999	
	(\$ Thousands)	(\$ Per Capita)	(\$ Thousands)	(\$ Per Capita)
General Government Programs	6,464,584	5,653	6,632,000	5,828
The Manitoba Hydro-Electric Board	5,798,107	5,070	5,676,452	4,988
Other	950,838	832	947,531	833
Capital Investments	244,900	214	141,800	125
	<u>13,458,429</u>	<u>11,769</u>	<u>13,397,783</u>	<u>11,774</u>

Direct and Guaranteed Debt

Net Maturities to March 31, 2031

	Canadian Valuation Payable in		Net Maturities
	Canadian Dollars	U.S. Dollars	
	(Millions of Dollars)		
2000/01	1,270	509	1,779
2001/02	450	872	1,322
2002/03	1,100	790	1,890
2003/04	460	815	1,275
2004/05	904	70	974
2005/06	108	–	108
2006/07	578	–	578
2008-12	2,853	727	3,580
2013-17	537	–	537
2018-22	310	655	965
2023-31	–	–	–
Treasury Bills and Manitoba Hydro Promissory Notes	450	–	450
Total	9,020	4,438	13,458

The above table is based on foreign exchange rates in existence on March 31, 2000.

■ Fiscal Stabilization Fund

In 2000/01, \$90 million will be drawn from the Fiscal Stabilization Fund, less than half the amount drawn last year. All of this year's draw will be directed to debt repayment.

Statement of Revenue, Expenditure and Balance

Projection as at March 31, 2001 and March 31, 2000

	2000/01	1999/2000 3Q-Forecast
	(Millions of Dollars)	
Fund Balance, beginning of year	258.4	427.3
Revenue		
Balance Under Balanced Budget Legislation	10.0	4.8
Interest Earnings	5.5	11.0
	15.5	15.8
Expenditure		
Transfer to Operating Fund	90.0	184.7
Fund Balance, end of year	183.9	258.4

As shown in the table below, of the \$800 million deposited to the FSE, \$648 million consisted of:

- the initial \$200 million deposit which converted a \$58 million surplus to a \$142 million deficit;
- \$303 million of proceeds from the sale of Crown organizations; and
- \$145 million from a special lotteries transfer.

Two-thirds of the net draws from the Fiscal Stabilization Fund occurred in the last three years alone.

Fiscal Stabilization Fund Transactions Summary

	1988/89 to 1999/2000
	(Millions of Dollars)
Deposits	
1988/89 – \$58 million surplus turned to \$142 million deficit.....	200
Manitoba Data Services sale (1990/91).....	18
Repap share redemption (1995/96).....	20
Special Lotteries Transfer (1995/96).....	145
Manitoba Telephone System sale (1996/97)	265
Interest from Consolidated Fund.....	152
Total Deposits	800
Net Draws	
1989/90 to 1996/97	183
1997/98	24
1998/99	155
1999/2000 (forecast).....	180
Total Net Draws	542
Balance in Fund	258

Manitoba Financial Statistics, Ten-Year Summary

	2000/01 Budget	1999/2000 3Q-Forecast	1998/99 Actual	1997/98 Actual	1996/97 Actual
	(Millions of Dollars)				
FINANCIAL STATEMENTS¹					
Revenue					
Own-Source Revenue	4,487	4,251	4,323	3,858	4,047 ²
Federal Transfers	1,927	2,082	1,559	1,884	1,716
Total	6,414	6,333	5,882	5,742	5,763
Expenditure					
Program Expenditure	5,924	5,958	5,372	5,171	4,869
Public Debt Costs	474	480	515	520	539
Total	6,398	6,438	5,887	5,691	5,408
Net Revenue/(Expenditure)	16	(105)	(5)	51	355
Debt/Pension Repayment	(96)	(75)	(150)	(75)	0
Transfers from/(to) Fiscal Stabilization Fund	90	185	186	100	(264)
Balance Under Balanced Budget Legislation	10	5	31	76	91
Net Direct and Guaranteed Debt					
General Purpose	6,347	6,464	6,632	6,773	6,808
Hydro	5,874	5,798	5,677	5,569	4,893
Other	1,025	951	947	976	1,212
Health Facilities	409	0	0	0	0
Capital Investments	269	245	142	0	0
Total	13,924	13,458	13,398	13,318	12,913
Other Obligations					
Health Debt	218	503	450	461	438
Pension Liability	2,907	2,776	2,624	2,572	2,182
Total	3,125	3,279	3,074	3,033	2,620
Total Obligations	17,049	16,737	16,472	16,351	15,533
Fiscal Stabilization Fund					
End of Year Balance	184	258	427	565	578
Memorandum Items					
Population (000's)	1,150	1,144	1,138	1,137	1,134
GDP at Market Prices	32,675	31,212	30,061	29,323	28,270

Note 1: Refer to Public Accounts of Manitoba for applicable statements on accounting policies.

Note 2: Includes net gain of \$264.6 million from divestiture of Manitoba Telephone System.

1995/96 Actual	1994/95 Actual	1993/94 Actual	1992/93 Actual	1991/92 Actual
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(Millions of Dollars)

3,789	3,310	3,247	2,882	3,146
1,873	1,895	1,629	1,816	1,821
<u>5,662</u>	<u>5,205</u>	<u>4,876</u>	<u>4,698</u>	<u>4,967</u>
4,913	4,804	4,752	4,905	4,779
592	597	585	559	492
<u>5,505</u>	<u>5,401</u>	<u>5,337</u>	<u>5,464</u>	<u>5,271</u>
157 ³	(196)	(461)	(766)	(304)
0	0	0	0	0
0	0	30	200	(30)
<u>157³</u>	<u>(196)</u>	<u>(431)</u>	<u>(566)</u>	<u>(334)</u>
6,814	7,364	6,834	6,180	5,295
5,090	5,022	5,426	4,679	4,979
1,770	1,945	1,876	1,852	1,549
0	0	0	0	0
0	0	0	0	0
<u>13,674</u>	<u>14,331</u>	<u>14,136</u>	<u>12,711</u>	<u>11,823</u>
604	617	607	611	528
2,039	1,924	1,863	1,624	1,495
<u>2,643</u>	<u>2,541</u>	<u>2,470</u>	<u>2,235</u>	<u>2,023</u>
<u>16,317</u>	<u>16,872</u>	<u>16,606</u>	<u>14,946</u>	<u>13,846</u>
210	31	29	56	315
1,130	1,124	1,118	1,113	1,110
26,978	26,007	24,685	24,222	24,015

FINANCIAL STATEMENTS¹

Revenue

Own-Source Revenue

Federal Transfers

Total

Expenditure

Program Expenditure

Public Debt Costs

Total

Net Revenue/(Expenditure)

Debt/Pension Repayment

Transfers from/(to) Fiscal Stabilization Fund

Balance Under Balanced Budget Legislation

Net Direct and

Guaranteed Debt

General Purpose

Hydro

Other

Health Facilities

Capital Investments

Total

Other Obligations

Health Debt

Pension Liability

Total

Total Obligations

Fiscal Stabilization Fund End of Year Balance

Memorandum Items

Population (000's)

GDP at Market Prices

Note 3: Includes \$145 million Special Lotteries Transfer.

Manitoba Financial Statistics, Ten-Year Summary

	2000/01 Budget	1999/2000 3Q-Forecast	1998/99 Actual	1997/98 Actual	1996/97 Actual
Annual Change					
			(Per Cent Change)		
Own-Source Revenue	5.6	(1.7)	12.1	(4.7)	6.8
Federal Transfers	(7.4)	33.5	(17.3)	9.8	(8.4)
Total Revenue	1.3	7.7	2.5	(0.4)	1.8
Program Expenditure	(0.6)	10.9	3.9	6.2	(0.9)
Public Debt Costs	(1.2)	(6.8)	(1.0)	(3.6)	(9.0)
Total Expenditure	(0.6)	9.4	3.4	5.2	(1.8)
Balance Under Balanced					
Budget Legislation	100.0	(83.9)	(59.2)	(16.5)	(42.0)
Net General Purpose Debt	(1.8)	(2.5)	(2.1)	(0.5)	(0.1)
Total Net Debt	3.5	0.5	0.6	3.1	(5.6)
Per Cent of GDP					
			(Per Cent)		
Own-Source Revenue	13.7	13.6	14.4	13.2	14.3
Total Revenue	19.6	20.3	19.6	19.6	20.4
Program Expenditure	18.1	19.1	17.9	17.6	17.2
Public Debt Costs	1.5	1.5	1.7	1.8	1.9
Total Expenditure	19.6	20.6	19.6	19.4	19.1
Balance Under Balanced					
Budget Legislation	0.0	0.0	0.1	0.3	0.3
Net General Purpose Debt	19.4	20.7	22.1	23.1	24.1
Per Cent of Revenue					
Own-Source Revenue	70.0	67.1	73.5	67.2	70.2
Federal Transfers	30.0	32.9	26.5	32.8	29.8
Public Debt Costs	7.4	7.6	8.8	9.1	9.4
Net General Purpose Debt	99.0	102.1	112.7	118.0	118.1
Per Cent of Expenditure					
Program Expenditure	92.6	92.5	91.3	90.9	90.0
Public Debt Costs	7.4	7.5	8.7	9.1	10.0
Balance Under Balanced					
Budget Legislation	0.2	0.1	0.5	1.3	1.7
Dollars Per Capita					
			(Dollars)		
Total Expenditure	5,564	5,630	5,173	5,007	4,768
Public Debt Costs	413	420	452	457	475
Balance Under Balanced					
Budget Legislation	9	4	27	67	80
Net General Purpose Debt	5,519	5,653	5,828	5,959	6,002

Source: Manitoba Department of Finance

1995/96 Actual	1994/95 Actual	1993/94 Actual	1992/93 Actual	1991/92 Actual	
					Annual Change
		(Per Cent Change)			Own-Source Revenue
14.5	1.9	12.7	(8.4)	5.5	Federal Transfers
(1.2)	16.4	(10.3)	(0.3)	7.4	Total Revenue
8.8	6.8	3.8	(5.4)	6.2	Program Expenditure
2.3	1.1	(3.1)	2.6	5.4	Public Debt Costs
(0.8)	2.1	4.6	13.7	(1.8)	Total Expenditure
1.9	1.2	(2.3)	3.7	4.7	Balance Under Balanced
					Budget Legislation
(180.1)	(54.5)	(23.9)	69.3	14.6	Net General Purpose Debt
(7.5)	7.8	10.6	16.7	0.9	Total Net Debt
(4.6)	1.4	11.2	7.5	5.9	
		(Per Cent)			Per Cent of GDP
14.1	12.7	13.2	11.9	13.1	Own-Source Revenue
21.0	20.0	19.8	19.4	20.7	Total Revenue
18.2	18.5	19.3	20.3	19.9	Program Expenditure
2.2	2.3	2.4	2.3	2.1	Public Debt Costs
20.4	20.8	21.6	22.6	21.9	Total Expenditure
					Balance Under Balanced
0.6	(0.8)	(1.7)	(2.3)	(1.4)	Budget Legislation
25.3	28.3	27.7	25.5	22.0	Net General Purpose Debt
					Per Cent of Revenue
66.9	63.6	66.6	61.4	63.4	Own-Source Revenue
33.1	36.4	33.4	38.7	36.7	Federal Transfers
10.5	11.5	12.0	11.9	9.9	Public Debt Costs
120.3	141.5	140.2	131.5	106.6	Net General Purpose Debt
					Per Cent of Expenditure
89.2	89.0	89.0	89.8	90.7	Program Expenditure
10.8	11.1	11.0	10.2	9.3	Public Debt Costs
					Balance Under Balanced
2.9	(3.6)	(8.1)	(10.4)	(6.3)	Budget Legislation
		(Dollars)			Dollars Per Capita
4,873	4,806	4,771	4,909	4,750	Total Expenditure
524	531	523	502	443	Public Debt Costs
					Balance Under Balanced
139	(174)	(385)	(508)	(301)	Budget Legislation
6,031	6,552	6,111	5,552	4,772	Net General Purpose Debt