

**PROVINCE OF MANITOBA
ANNUAL REPORT
FOR THE YEAR ENDED
MARCH 31, 2016**

**PROVINCE DU MANITOBA
RAPPORT ANNUEL
POUR L'EXERCICE TERMINÉ
LE 31 MARS 2016**

INCLUDES :

**The Year-End Review
Economic Report
Financial Statement
Discussion and Analysis Report
Public Accounts – Volume 1**

SOMMAIRE :

**Bilan de l'année
Rapport économique
Rapport d'analyse des
états financiers
Volume 1 des comptes publics**





**MINISTER OF
FINANCE**

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

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

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of the Province of Manitoba for the year ended March 31, 2016. This document completes the government's accountability reporting for the year. The Report includes a review of the year's results relative to the government's budget. It also contains economic statistics and indicators of the financial health of the Province.

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

Original signed by

Honourable Cameron Friesen
Minister of Finance

Office of the Minister of Finance
September 2016



**MINISTER OF
FINANCE**

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

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

Votre Honneur,

J'ai le privilège de vous présenter, à titre informatif, le rapport annuel de la province du Manitoba pour l'exercice qui s'est terminé le 31 mars 2016. Ce document complète le compte rendu des activités du gouvernement pour cet exercice. Le rapport comprend une récapitulation des résultats de l'exercice par rapport au budget du gouvernement. Il contient également des statistiques économiques et des indicateurs de la santé financière de la province.

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

Original signé par

Monsieur Cameron Friesen
Ministre des Finances

Cabinet du ministre des Finances
Septembre 2016

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YEAR-END REVIEW



I am pleased to present the Province's Annual Report for the fiscal year ended March 31, 2016, which contains the financial statements for the year and reports of fiscal and economic performance.

While Manitoba's economy has remained relatively stable throughout this fiscal year, reflecting its diversity and overall strength, Manitoba was impacted by the ongoing deceleration in economic growth worldwide. Economic growth projections printed in Budget 2015 were not achieved and the pace of economic growth, although comparatively stable, is slowing.

The summary financial statements show a net loss of \$846 million for the year ended March 31, 2016. The net loss for 2016 has exceeded the 2015 budgeted loss by \$424 million, mainly due to lower than expected taxation revenue; higher than expected health care costs, emergency expenditures, and the increased cost of services including supports for children and vulnerable persons. Income from the Province's government business enterprises was also lower than anticipated in Budget 2015.

The net loss for the year was less than the previous forecast. The challenges faced in 2015/16 including the revenue impacts of slower than anticipated economic growth and continued pressures for health care and other services to Manitoba families are ongoing.

This annual report provides accountability and transparency, by reporting on key long-term indicators in the Financial Statement Discussion and Analysis section, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Our New Government's Report on Outcomes will also convey this fiscal year's results in relation to the objectives outlined in the Budget 2015 Financial Management Strategy.

Respectfully submitted
Honourable Cameron Friesen
Minister of Finance

BILAN DE L'ANNÉE

J'ai le plaisir de vous présenter le rapport annuel de la Province pour l'exercice financier qui s'est terminé le 31 mars 2016 et qui contient les états financiers pour l'exercice ainsi que les rapports sur les résultats financiers et économiques de la Province.

Alors que l'économie du Manitoba est restée relativement stable tout au long de l'exercice, reflétant sa diversité et sa vigueur en général, le Manitoba a été touché par la poursuite du ralentissement de la croissance économique mondiale. Les prévisions de croissance économique présentées dans le Budget de 2015 n'ont pas été atteintes et le rythme de la croissance économique, bien que comparativement stable, s'est ralenti.

Les états financiers sommaires montrent pour l'exercice qui s'est terminé le 31 mars 2016 une perte nette de 846 millions de dollars, soit 424 millions de dollars de plus que les pertes dans le Budget de 2015. Cet écart est principalement dû à des recettes fiscales inférieures aux attentes, aux coûts des soins de santé et aux dépenses d'urgence supérieurs aux prévisions, et à l'augmentation des coûts des services, entre autres les services de soutien pour les enfants et les personnes vulnérables. Les recettes des entreprises publiques de la Province étaient aussi inférieures aux prévisions budgétaires de 2015.

La perte nette pour l'exercice était moins élevée que la prévision précédente. Les difficultés rencontrées en 2015-2016 persistent, notamment l'incidence de la croissance économique plus faible que prévu sur les recettes et les pressions continues sur les soins de santé et d'autres services pour les familles du Manitoba.

Ce rapport annuel assure la transparence et satisfait à l'obligation redditionnelle, en faisant état des indicateurs à long terme dans la section réservée à l'analyse des états financiers, comme le recommande le Conseil sur la comptabilité dans le secteur public des Comptables professionnels agréés du Canada.

Le rapport sur les résultats de notre nouveau gouvernement indiquera aussi les résultats de cet exercice par rapport aux objectifs présentés dans la Stratégie de gestion financière dans le cadre du Budget de 2015.

Le tout respectueusement soumis.
Le ministre des Finances,
Cameron Friesen

ECONOMIC REPORT / RAPPORT ÉCONOMIQUE

Overview

The sharp decline in oil prices in late 2014 significantly increased international financial market uncertainty and disrupted global economic activity, particularly for energy producing regions.

Given that commodity prices had fallen drastically and rapidly, economic forecasters, in early 2015, anticipated a quick rebound in prices, due to an expected improvement in global aggregate demand for goods and services in the second half of 2015 and through 2016. As a result of this positive outlook, real global GDP growth was forecast to increase by 3.5% in 2015 and by 3.8% in 2016 in Budget 2015. Canadian real GDP growth was expected to increase by 2.1% in 2015 and by 2.2% in 2016.

However, since oil prices failed to rebound and aggregate demand continued to grow at a slower than anticipated pace, the global growth estimate for 2015 was lowered to 3.1% and the forecast for 2016 was reduced to 3.1% with risks still tilted to the downside.

In Canada, the sharp decline in energy-related capital investment reduced real GDP growth to only 1.1% in 2015, well below the 2.5% forecast and the slowest pace since the 2009 recession. Expectation for 2016 is now lowered to 1.4% real GDP growth from 2.3% in the Budget 2015 forecast.

Manitoba, although somewhat insulated by a diversified industrial base, also generated slower than expected growth in 2015. According to the Manitoba Bureau of Statistics, Manitoba's real GDP slowed to 1.6% in 2015, which is the slowest pace since the Great Recession and below the 2.3% forecast in Budget 2015. Real GDP growth expectations for 2016 are also lowered 2.1% from 2.3% earlier.

In 2015, Manitoba's mining, quarrying, and oil and gas extraction output fell, as both conventional oil and gas extraction, and metal mining declined. Manufacturing output decreased, as gains in chemicals, aerospace

Aperçu

La forte baisse des prix du pétrole vers la fin de 2014 a fait augmenter de manière importante l'incertitude sur les marchés financiers internationaux et a perturbé l'activité économique mondiale, particulièrement pour les régions productrices d'énergie.

Puisque les prix des marchandises ont chuté de manière considérable et rapide, les prévisionnistes, au début de 2015, anticipaient un redressement rapide des prix, causé par une amélioration attendue de la demande agrégée mondiale de biens et services dans la seconde moitié de 2015 et en 2016. D'après cette perspective positive, on prévoyait une augmentation de la croissance du PIB réel mondial de 3,5 % en 2015 et de 3,8 % en 2016 dans le Budget de 2015. On prévoyait que la croissance du PIB réel du Canada augmenterait de 2,1 % en 2015 et de 2,2 % en 2016.

Toutefois, puisque les prix du pétrole ne se sont pas redressés et que la demande agrégée a continué de croître à un rythme plus lent que ce qui était prévu, l'estimation de la croissance mondiale pour 2015 a été révisée à la baisse à 3,1 % et la prévision pour 2016 a été réduite à 3,1 % avec des risques de détérioration des perspectives encore prépondérants.

Au Canada, la forte baisse des investissements en immobilisations dans le secteur de l'énergie a réduit la croissance du PIB réel à seulement 1,1 % en 2015, bien en deçà des 2,5 % prévus et le rythme le plus lent depuis la récession de 2009. Les attentes pour 2016 sont maintenant abaissées à une croissance du PIB réel de 1,4 % par rapport au 2,3 % des prévisions du Budget de 2015.

Le Manitoba, bien que protégé par une base industrielle diversifiée, a aussi généré une croissance plus faible que prévu en 2015. Selon le Bureau des statistiques du Manitoba, le PIB réel du Manitoba a ralenti à 1,6 % en 2015, ce qui représente le rythme le plus lent depuis la Grande Récession et sous le 2,3 % prévu dans le Budget de 2015. Les attentes en matière de croissance du PIB réel pour 2016 sont aussi abaissées à 2,1 % par rapport au 2,3 % établi plus tôt.

En 2015, les résultats d'exploitation minière, d'exploitation de carrières et d'extraction de pétrole et de gaz naturel ont chuté, car tant l'extraction de pétrole et de gaz naturel par des méthodes classiques que l'exploitation minière de

products and parts, and furniture and related sales were more than offset by declines in machinery and equipment, meat processing, fabricated metal and primary metal products.

Although still at high levels, construction of new residential properties slowed in 2015 after growing at a near record-setting pace in 2012 and 2013. Reflecting global economic conditions and sharp declines in commodity prices, total exports advanced moderately in 2015 with increased exports to the U.S. offset by reduced sales to non-U.S. markets.

Economic growth in Manitoba was supported by a sharp increase in construction output, led by engineering work on major power and transportation projects. Crop production accelerated with yields at near-record levels for most crops, while animal production declined. In addition, the employment growth rate in 2015 was the strongest in 13 years and Manitoba's provincial ranking for the lowest unemployment rate among provinces improved to the second lowest.

Manitoba's relative performance reflects diversity and balance in the economy. Manitoba has a broad industrial base, dominated by medium-sized industries all contributing relatively equally to the overall economy. The province has 11 industries, each accounting for over 5% of economic production, with manufacturing the largest at 10%. The range in sector size from the largest industry to the smallest industry is narrowest among provinces. Manitoba's exports are almost evenly distributed between international and interprovincial markets.

Gross Domestic Product

In May 2016, the Manitoba Bureau of Statistics estimated Manitoba's 2015 real GDP growth at 1.6%, down from 2.2% growth posted in 2014 and slower than the 2.6% growth recorded in 2013. This is the slowest growth since the 2009 Great Recession when real GDP contracted by 0.4%.

With the near completion of several major capital

métaux ont décliné. La production manufacturière a diminué, et les gains dans les secteurs des produits chimiques, des pièces et des produits aérospatiaux ainsi que des meubles et des ventes connexes ont été plus que compensés par le déclin dans les secteurs du matériel et de la machinerie, de la transformation de la viande, des produits métalliques de transformation et des produits de métal de première fusion.

Bien que toujours à des niveaux élevés, la construction de nouveaux biens résidentiels a ralenti en 2015 après avoir crû à un rythme pratiquement record en 2012 et en 2013. Représentant les conditions économiques mondiales et le net déclin du prix des marchandises, les exportations totales ont progressé modérément en 2015 : la hausse des exportations vers les États-Unis a été compensée par une réduction des ventes aux marchés autres que les États-Unis.

La croissance économique au Manitoba a été appuyée par une nette augmentation de la production du secteur de la construction, menée par des travaux d'ingénierie effectués sur des projets majeurs du secteur de l'énergie et des transports. La production de culture s'est accélérée avec des rendements à des niveaux pratiquement records pour la plupart des cultures tandis que la production animale a décliné. De plus, le taux de croissance de l'emploi en 2015 était le plus élevé en 13 ans et le Manitoba se situait au deuxième rang des provinces ayant le plus faible taux de chômage, ce qui représentait une amélioration.

La performance relative du Manitoba reflète la diversité et l'équilibre de son économie. La province a une base industrielle variée, dominée par les industries de taille moyenne qui contribuent toutes de façon relativement égale à l'économie. La province compte 11 principales industries, chacune représentant plus de 5% de la production économique, la plus grande étant l'industrie de la fabrication qui représente 10% du total. L'écart séparant la plus grande industrie du Manitoba de la plus petite est le moins important des provinces canadiennes. Les exportations manitobaines sont réparties de façon presque égale entre les marchés international et interprovincial.

Produit intérieur brut

En mai 2016, le Bureau des statistiques du Manitoba a estimé que la croissance du PIB réel était de 1,6% en 2015 au Manitoba, soit un taux inférieur à celui de 2,2% en 2014 et encore plus faible que celui de 2013 (2,6%). Il s'agit de la plus faible croissance depuis la Grande Récession de 2009 où le PIB réel a diminué de 0,4%.

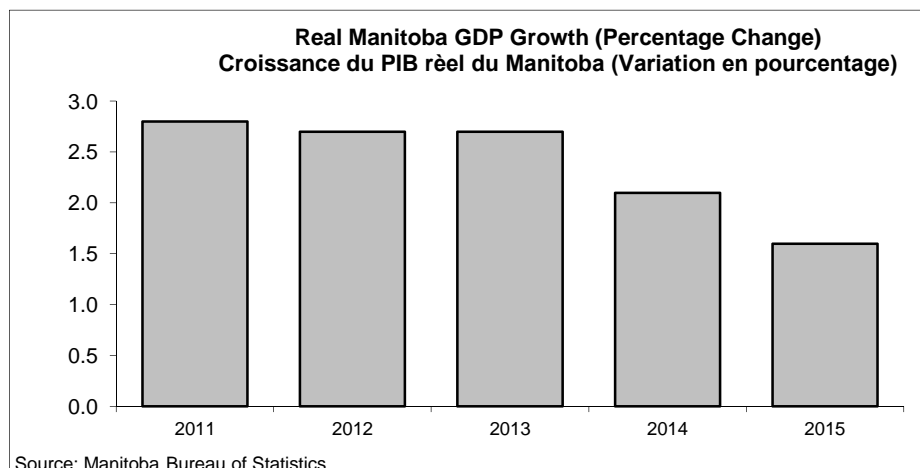
En raison du quasi-achèvement de plusieurs grands

projects in 2015, value added real GDP output in the construction industry increased by 9.6%, the highest among all industries in the province, but slower compared to the 20.1% growth in 2014. The agriculture industry, buoyed by an above average crop yield, increased its real output by 8.9% to a record \$3.2 billion in 2015. With the first full year of operation behind for the new Museum of Human Rights, real GDP in arts, entertainment and recreation rose by 7.4% last year.

projets d'immobilisations en 2015, la production en valeur ajoutée (PIB réel) dans l'industrie de la construction a augmenté de 9,6 %, soit le niveau le plus élevé parmi toutes les industries de la province, mais plus faible comparativement à la croissance de 20,1 % en 2014. L'industrie agricole, sauvée par des rendements des cultures supérieurs à la moyenne, a augmenté sa production réelle de 8,9 % à un niveau record de 3,2 milliards de dollars en 2015. La première année complète de fonctionnement étant terminée pour le nouveau Musée des droits de la personne, le PIB réel du secteur des arts, des spectacles et des loisirs a augmenté de 7,4 % l'an dernier.

The mining sector in Manitoba is not immune to the adverse global developments in the commodity market. Owing to weak demand and low prices for base metal and oil products, Manitoba's mining, quarrying, and oil and gas extraction output fell by 2.2% in 2015. Despite a weaker Canadian dollar, real manufacturing output declined by 1.9% in 2015, while information and culture industries reported a 0.7% decline in output.

Le secteur minier du Manitoba n'est pas à l'abri des aléas de la conjoncture mondiale du marché des marchandises. En raison de la faible demande et des bas prix des métaux de base et des produits pétroliers, la production d'exploitation minière, d'exploitation de carrières et d'extraction de pétrole et de gaz naturel a diminué de 2,2 % en 2015. Malgré un faible dollar canadien, la production manufacturière réelle a diminué de 1,9 % en 2015 tandis que les industries de l'information et de la culture ont fait état d'une baisse de 0,7 % de la production.



Population

According to Statistics Canada, Manitoba's population was estimated at 1,293,378 on July 1, 2015, the fifth largest among provinces. This is Manitoba's "official" population for the year. In 2015, Manitoba's population increased by 13,136 persons or 1.0%, the fifth consecutive year where Manitoba's population growth rate exceeded the national increase. Although slower than the recent record growth of 1.4% in 2012,

Population

Selon les estimations de Statistique Canada, le Manitoba comptait au 1^{er} juillet 2015 1 293 378 habitants, ce qui le plaçait au 5^e rang des provinces canadiennes. Il s'agit de la population « officielle » de la province pour cette année. En 2015, la population du Manitoba a augmenté de 13 136 personnes ou 1 %. Le taux de croissance de la population du Manitoba dépasse ainsi le niveau national pour la cinquième année consécutive. Bien que la

population growth remains high by historical standards.

The components of population growth show total net international immigration increasing by 13,643 persons in 2015, down from a record 14,643 persons in 2014. The loss from net interprovincial migration improved to 6,971 persons compared to 7,336 persons in 2014. The natural population increase (number of births less number of deaths) was estimated at 5,805 persons, up from 5,721 in 2014.

Unlike the Canadian trend, total population aging in Manitoba has stalled. Due to higher immigration levels and the fact that all of the echo boom generation (children of baby boomers) are now of working age (those aged 15 to 64), Manitoba's population median age has been stable for a number of years and declined marginally in 2014. From 2008, the provincial population median age was unchanged at 37.8 years and then dropped to 37.7 years in 2014, and has remained there since. Relative to other provinces, Manitoba currently has the third lowest median population age. In contrast, the Canadian population median age has consistently increased and is estimated at 40.5 years in 2015.

Labour Force and Incomes

Manitoba's labour market was very strong in 2015. On a year-over-year basis, total employment in Manitoba increased by 9,700 jobs, or 1.5%, the strongest among provinces and above Canada's (0.8%). Private sector employment increased by 2,300 jobs, or 0.6%, and was the fourth best among provinces. Both full-time and part-time employment increased 1.7% and 0.9%, adding 8,700 and 1,100 jobs, respectively.

The labour force expanded by 12,000 workers in 2015, following a 600 worker increase in 2014. The unemployment rate averaged 5.6% in 2015, second lowest nationally, but up from 5.4% in 2014. Over the same period, the labour force participation rate edged up from 67.8% to 68.3%.

In 2015, average weekly earnings in Manitoba slowed to 2.0% growth, down from 4.0% in 2014. Manitoba's

croissance de cette année soit moindre que la récente augmentation record de 2012 (1,4 %), elle demeure élevée d'un point de vue historique.

Les composantes de la croissance démographique montrent une hausse totale nette de l'immigration internationale de 13 643 personnes en 2015, ce qui est moins que le record de 14 643 personnes en 2014. La perte découlant du solde migratoire interprovincial est moindre, passant de 7 336 personnes en 2014 à 6 971 personnes. L'accroissement naturel de la population (différence entre le nombre de naissances et le nombre de décès) était estimé à 5 805 personnes, soit une hausse par rapport à 5 721 personnes en 2014.

Contrairement à la tendance canadienne, le vieillissement total de la population au Manitoba stagne. En raison des taux d'immigration plus élevés et du fait que toute la génération écho boom (c'est-à-dire les enfants des baby-boomers) sont maintenant en âge de travailler (personnes âgées de 15 à 64 ans), l'âge médian de la population du Manitoba est stable depuis un certain nombre d'années et a diminué légèrement en 2014. À partir de 2008, l'âge médian de la population de la province est demeuré stable à 37,8 ans, puis a baissé à 37,7 ans en 2014 et n'a pas changé depuis. Par rapport aux autres provinces, le Manitoba se classe actuellement au troisième rang pour l'âge médian le plus faible de la population. Par comparaison, l'âge médian de la population canadienne a constamment augmenté et est estimé à 40,5 ans en 2015.

Main-d'œuvre et revenus

Le marché du travail du Manitoba a été très vigoureux en 2015. Sur douze mois, l'emploi total au Manitoba a augmenté de 9 700 emplois, soit une hausse de 1,5 % qui le place au premier rang des provinces et est supérieure à celle du Canada (0,8 %). L'emploi dans le secteur privé a augmenté de 2 300, soit 0,6 %; cette performance se classe au quatrième rang des provinces. L'emploi à plein temps et l'emploi à temps partiel ont augmenté de 1,7 % et 0,9 % (soit 8 700 et 1 100 emplois en plus) respectivement.

La population active s'est accrue de 12 000 travailleurs en 2015, après une hausse de 600 travailleurs en 2014. Le taux de chômage moyen était de 5,6 % en 2015 – le Manitoba se classait au deuxième rang au pays – en hausse par rapport au niveau de 5,4 % en 2014. Au cours de la même période, le taux d'activité de la population active a légèrement augmenté en passant de 67,8 % à 68,3 %.

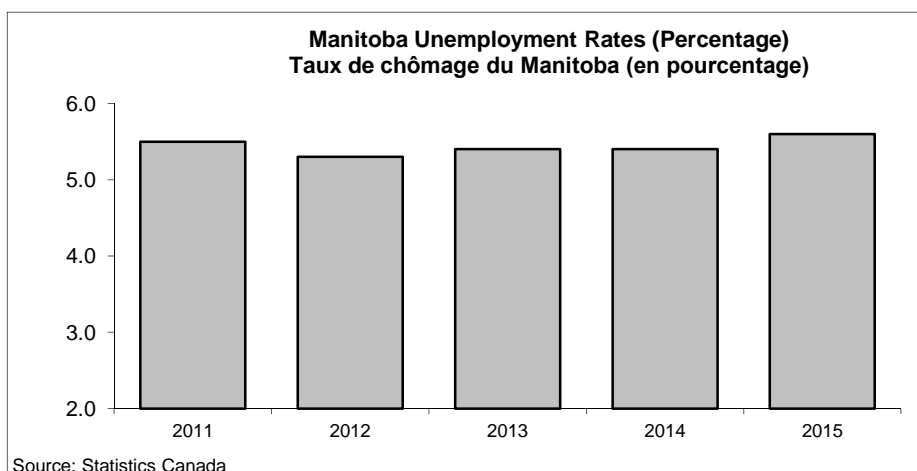
En 2015, les revenus hebdomadaires moyens ont ralenti à une croissance de 2 %, ce qui représente une baisse par

earnings growth was sixth among provinces and above the national increase of 1.8%. Average weekly earnings continue to grow at a modest pace in 2016, increasing by 1.8% in the first five months of 2016 compared to the same period in 2015.

rapport au 4 % de 2014. La croissance des revenus au Manitoba se classait au sixième rang parmi les provinces et était au-dessus de la hausse nationale de 1,8 %. Les revenus hebdomadaires moyens ont continué de croître à un rythme modeste en 2016, en augmentant de 1,8 % pendant les cinq premiers mois de 2016 comparativement à la même période en 2015.

Compensation of employees (labour income) increased by 3.3% in 2015, fourth best among provinces. Like weekly earnings, labour income growth has moderately slowed in 2016, growing by 2.7% in the first quarter of 2016.

La rémunération des employés (revenu du travail) a augmenté de 3,3 % en 2015; le Manitoba est donc au quatrième rang des provinces. Tout comme les revenus hebdomadaires, la croissance des revenus du travail a modérément ralenti en 2016, en se chiffrant à 2,7 % au premier trimestre de 2016



Investment

Stable economic and labour market performance has supported confidence in capital investment spending in Manitoba. Spending on non-residential capital projects increased rapidly over the last five years, growing by an average of 11.3% annually. Capital investments on industrial structures increased by an average 13.7% annually, while spending on commercial properties increased by an average 10.7% annually. Over the same period, non-residential capital spending on institutional and governmental structures increased by an average 11.6% annually.

Investissement

La stabilité de l'économie et du marché du travail a soutenu la confiance dans les investissements en immobilisations au Manitoba. Les dépenses dans des projets d'immobilisations non résidentielles ont augmenté rapidement au cours des cinq dernières années, affichant une croissance moyenne de 11,3 % par année. Les investissements en immobilisations visant les structures industrielles ont augmenté en moyenne de 13,7 % par année tandis que les dépenses visant les biens commerciaux ont augmenté en moyenne de 10,7 % par année. Au cours de la même période, les investissements en immobilisations non résidentielles visant des structures institutionnelles et gouvernementales ont augmenté en moyenne de 11,6 % par année.

With the completion of several major projects in 2015, nominal investment on non-residential construction projects slowed to 5.6% growth in 2015, following a 16.5% increase in 2014. Capital investment in

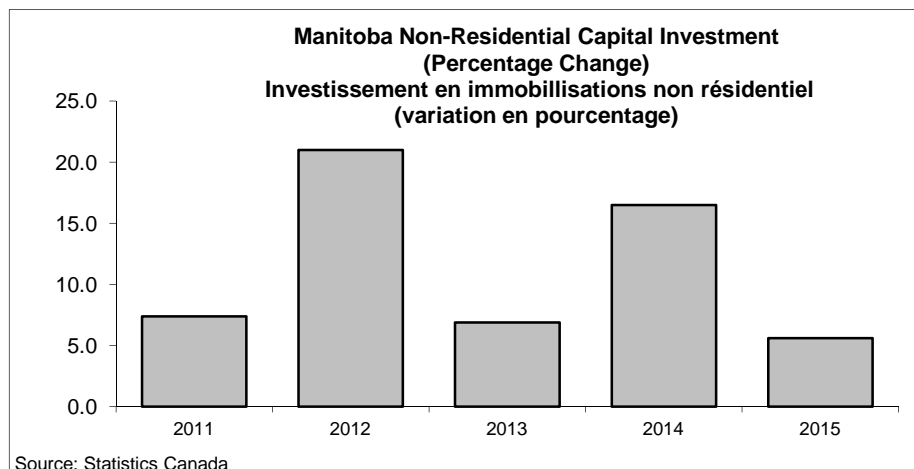
Avec l'achèvement de plusieurs projets majeurs en 2015, les investissements nominaux dans des projets de construction non résidentielle ont ralenti en atteignant une croissance de 5,6 % en 2015, à la suite d'une augmentation

commercial properties fell by 19.7% in 2015, following sharp increases in 2011, 2012 and 2013. Investment in commercial properties, which accounts for over 57% of total spending, increased by 4.6%, while capital investment in institutional and governmental properties increased by 19.3% in 2015.

de 16,5 % en 2014. Les investissements en immobilisations visant des biens commerciaux ont chuté de 19,7 % en 2015, après des hausses marquées en 2011, en 2012 et en 2013. Les investissements dans des biens commerciaux, qui représentaient plus de 57 % des dépenses totales, ont augmenté de 4,6 % tandis que les investissements en immobilisations dans les biens institutionnels et gouvernementaux ont augmenté de 19,3 % en 2015.

Investment in non-residential building construction continues to slow in 2016 with overall spending down 17.4% on a year-to-date basis in the second quarter of 2016. During this period, non-residential investment increased in industrial sectors by 5.4%, and declined in institutional and commercial sectors by 22.3% and 18.9%, respectively.

Les investissements dans la construction de bâtiments non résidentiels continuent à ralentir en 2016 : les dépenses globales ont baissé de 17,4 % depuis le début de l'année, au deuxième trimestre de 2016. Au cours de cette période, les investissements non résidentiels ont augmenté de 5,4 % dans les secteurs industriels et ont diminué dans les secteurs institutionnels et commerciaux de 22,3 % et de 18,9 % respectivement.



Sectoral Developments

Manufacturing is Manitoba's largest industrial sector, accounting for 10% of total real GDP output. Employing 64,400 workers, the sector represents 10.2% of total provincial employment, the third-largest share nationally. Employment in manufacturing industries grew by 1.3%, or 800 jobs, in 2015, fifth-best growth among provinces and the fifth consecutive year of growth.

Évolutions sectorielles

Le secteur manufacturier, qui représente 10 % de la production du PIB réel total, est le secteur industriel le plus important du Manitoba. Il emploie 64 400 travailleurs, soit 10,2 % du total de l'emploi dans la province, ce qui place cette dernière au troisième rang national pour ce secteur. L'emploi dans les industries manufacturières a augmenté de 1,3 % (800 emplois) en 2015, ce qui place le Manitoba au cinquième rang parmi les provinces et fait de 2015 la cinquième année consécutive de croissance.

Due to uneven global demand and the sharp reduction in energy-related investments in Manitoba and other provinces, Manitoba's manufacturers posted their first decline in sales receipts since the Great Recession. In 2015, nominal manufacturing sales decreased by 1.5% to just under \$17 billion. In 2015, a decline in total sales from manufacturers of machinery equipment,

En raison d'une demande mondiale fluctuante et d'une réduction marquée des investissements dans le secteur de l'énergie au Manitoba et dans les autres provinces, les manufacturiers du Manitoba ont enregistré leur première baisse de recettes depuis la Grande Récession. En 2015, les ventes nominales du secteur manufacturier ont diminué de 1,5 %, se chiffrant à un peu moins de 17 milliards de dollars.

fabricated metal products and processed meat products were only partially offset by increased sales from makers of aerospace products and parts, furniture and chemicals products.

En 2015, la baisse du chiffre d'affaires total des fabricants de matériel et de machinerie, de produits métalliques de transformation et de produits de viande transformée n'a été que partiellement compensée par la hausse des ventes des fabricants de pièces et produits aérospatiaux, de meubles et de produits chimiques.

With lower demand for manufactured machinery and equipment, Manitoba's machinery equipment sales fell by 13% in 2015, with agricultural implement sales declining by 17.5%. Machinery equipment sales remain soft in 2016, with sales decreasing by 2.2% on a year-to-date basis.

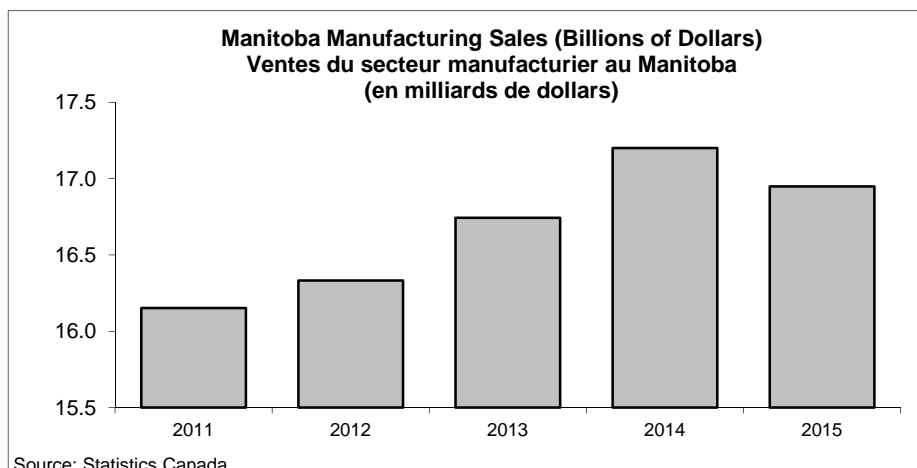
En raison de la plus faible demande de matériel et de machinerie manufacturés, les ventes de matériel et de machinerie au Manitoba ont reculé de 13 % en 2015, et les ventes de machines agricoles ont chuté de 17,5 %. Les ventes de matériel et de machinerie demeurent faibles en 2016, avec une baisse de 2,2 % des ventes depuis le début de l'année.

Food manufacturing, the largest sector, declined 11% in 2015 as sales were hampered by both trade-related and supply constraints in the meat processing sector. Sales have slowly improved in 2016 growing by 2.9% on a year-to-date basis.

La fabrication de produits alimentaires, le secteur le plus important, a chuté de 11 % en 2015 quand les ventes ont ralenti en raison de contraintes d'approvisionnement et de contraintes commerciales dans le secteur de la transformation de la viande. Les ventes se sont lentement améliorées en 2016, en augmentant de 2,9 % depuis le début de l'année.

The relatively strong growth in global airline travel is helping Manitoba's aerospace products and parts manufacturers. Over the past two years, sales have increased by an average of 17.8% annually. In 2016, sales remain strong, increasing by 8.7% on a year-to-date basis. The recovery in U.S. housing, together with a lower value of the Canadian dollar, has helped lift furniture and related product sales by 8.3% annually since 2012. Receipts from furniture and related products are up by 6.2% in 2016.

La croissance relativement forte dans les voyages mondiaux par transporteur aérien aide les fabricants de pièces et de produits aérospatiaux du Manitoba. Au cours des deux dernières années, les ventes ont augmenté en moyenne de 17,8 % par an. En 2016, les ventes demeurent fortes : en effet, on observe une hausse de 8,7 % des ventes depuis le début de l'année. La relance du logement aux États-Unis, combinée à une valeur plus faible du dollar canadien, a aidé à faire augmenter les ventes de meubles et de produits connexes de 8,3 % par année depuis 2012. Les recettes découlant des meubles et des produits connexes sont en hausse de 6,2 % depuis 2016.



Manitoba retailers increased their sales receipts to a record \$18 billion in 2015, advancing by a somewhat slower pace compared to prior years. In 2015, sales grew by 1.5% compared to an average of 3.4% between 2011 and 2014. Despite the moderate growth in 2015, Manitoba ranked fifth best among provinces.

Les détaillants du Manitoba ont vu leurs recettes de vente augmenter à un niveau record de 18 milliard en 2015, progressant à un rythme un peu plus lent par rapport aux années précédentes. En 2015, les ventes ont augmenté de 1,5 % comparativement à une moyenne de 3,4 % entre 2011 et 2014. Malgré la croissance modérée en 2015, le Manitoba se classe au cinquième rang parmi les provinces.

Last year, among major industry groups, gasoline stations registered the sharpest declines (-12.6%) due to lower fuel prices. The other two major industry groups that posted declines in 2015 were electronics and appliance stores (-2.0%), and food and beverage stores (-1.1%).

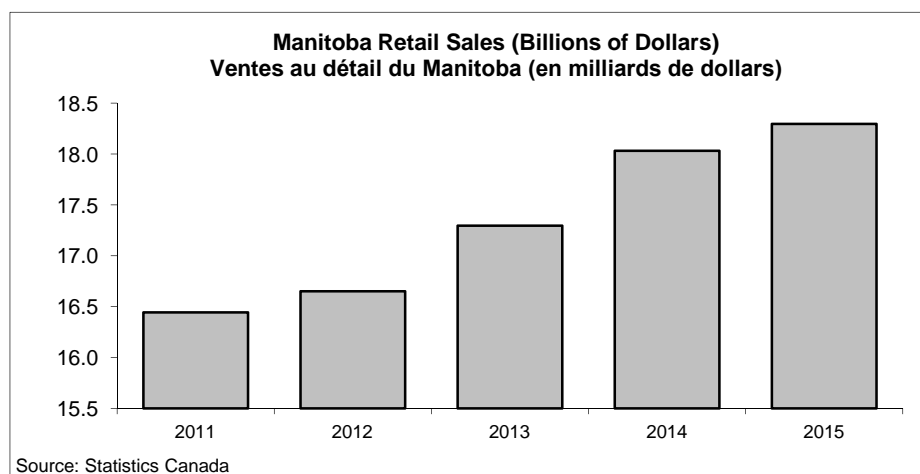
L'an dernier, parmi les principaux groupes industriels, les stations-service ont enregistré le déclin le plus prononcé (-12,6 %) en raison des prix plus faibles du carburant. Les magasins d'appareils électroniques et d'électroménagers (-2 %) et les magasins d'aliments et de boissons (-1,1 %) sont deux autres principaux groupes industriels ayant enregistré des baisses en 2015.

Gains were broad-based in 2015 on the strength of health and personal services (14.2%), motor vehicles (5.6%), clothing (5.6%), furniture store sales (5.3%), sporting goods (4.7%), department stores (4.1%), and hardware and building supplies sales (3.4%).

Les gains ont touché de nombreux secteurs en 2015 : la santé et les services personnels (14,2 %), les véhicules automobiles (5,6 %), les vêtements (5,6 %), les ventes de magasins de meubles (5,3 %), les articles de sport (4,7 %), les grands magasins (4,1 %) et les ventes de quincaillerie et de matériaux de construction (3,4 %).

The number of new motor vehicles sold in Manitoba increased by 0.3% to 57,971 units in 2015. The pace has slowed considerably compared to the 7.5% average annual growth over the 2011-2013 periods. With deep discounts available on trucks (includes SUVs and minivans) in the post Great Recession period, truck sales accelerated by 8.0% annually over the last six years. Truck sales now account for 72% of all new vehicles sold in Manitoba. This compared to 63% in Canada. New passenger car sales continued to decline by 8.8% in 2015 (15,988 units), following a 7.2% decline in 2014.

Le nombre de nouveaux véhicules vendus au Manitoba a augmenté de 0,3 % en 2015 pour atteindre 57 971 unités. Ce rythme a ralenti de façon importante par rapport à la croissance annuelle moyenne de 7,5 % pendant la période de 2011 à 2013. Vu les prix très réduits offerts sur les camions (y compris les véhicules utilitaires sport et les fourgonnettes) dans la période suivant la Grande Récession, les ventes de camion ont augmenté de 8 % par année au cours des six dernières années. Les ventes de camions comptent maintenant pour 72 % des ventes de nouveaux véhicules au Manitoba, comparativement à 63 % au Canada. Les ventes de nouvelles voitures de tourisme ont continué à reculer de 8,8 % en 2015 (15 988 unités) à la suite d'une baisse de 7,2 % en 2014.



Between 2010 and 2014, total foreign exports from the province grew at a compounded annual rate of 5.6%, primarily due to solid growth in exports to the U.S., which grew at a compounded rate of 6.7%. Exports to non-U.S. markets grew at a much slower pace of 3.3%.

Incorporating the slow global economic growth and the sharp decline in commodity prices, total exports advanced by a moderate 2.2% in 2015. Exports to U.S. markets grew by 5.2% in 2015. In contrast, exports to non-U.S. markets declined 3.8% that year.

Driven by increased global demand for transportation equipment, exports of manufactured goods increased by 10.9% in 2015, and were supported by a 25.4% increase in transportation equipment and a 25.4% increase in chemical manufacturing. Lower demand for agriculture equipment and overall weak global demand in the oil and gas sector, resulted in a 14.3% decline in machinery exports. Slower global economic growth and the sharp decline in commodity prices reduced global exports, but made the U.S. a key destination for Manitoba exports.

An earlier spring in 2015 allowed crop producers to increase seeded acreage, and good weather conditions resulted in an excellent quality and yield of grains and oilseeds. Manitoba crop farmers increased production of barley (36.8%), wheat (14.7%), soybeans (14.0%), oats (12.6%) and canola (1.2%).

Grain prices, however, remain under pressure as favourable growing conditions have increased the global supply. As a result, and despite the increase in production, Manitoba's farm cash receipts decreased 2.5% to \$5.8 billion just below the record \$6.0 billion in 2014. Crop receipts were down 2.0% to \$3.2 billion in 2015. Canola receipts were up 6.8% as Manitoba producers harvested the third-largest crop on record, 126.0 million bushels. Soybean receipts also increased, up 3.7%, as producers harvested the largest crop on record of 51.1 million bushels, up 25.6% from 2014. Wheat receipts increased 0.8% to \$919 million, but barley receipts declined 15.1%.

De 2010 à 2014, le total des exportations de la province vers l'étranger a augmenté à un taux annuel composé de 5,6 % principalement en raison de la croissance vigoureuse des exportations vers les États-Unis, qui ont crû à un taux composé de 6,7 %. Les exportations vers les marchés autres que les États-Unis ont augmenté à un rythme de 3,3 %, beaucoup plus lent.

En tenant compte de la croissance économique mondiale lente et du net déclin du prix des marchandises, les exportations totales ont progressé modérément, soit de 2,2 %, en 2015. Les exportations vers les marchés des États-Unis se sont accrues de 5,2 % en 2015. Par comparaison, les exportations vers les marchés autres que les États-Unis ont diminué de 3,8 % cette année-là.

Alimentées par une demande mondiale en hausse pour le matériel de transport, les exportations de biens manufacturés ont augmenté de 10,9 % en 2015 et étaient appuyées par une augmentation de 25,4 % du matériel de transport et une augmentation de 25,4 % de la fabrication de produits chimiques. Une plus faible demande de matériel agricole et une demande globale mondiale faible dans le secteur pétrolier et gazier ont mené à une baisse de 14,3 % des exportations de matériel. La croissance économique mondiale plus lente et le net déclin du prix des marchandises ont réduit les exportations mondiales, mais ont fait des États-Unis une destination essentielle pour les exportations du Manitoba.

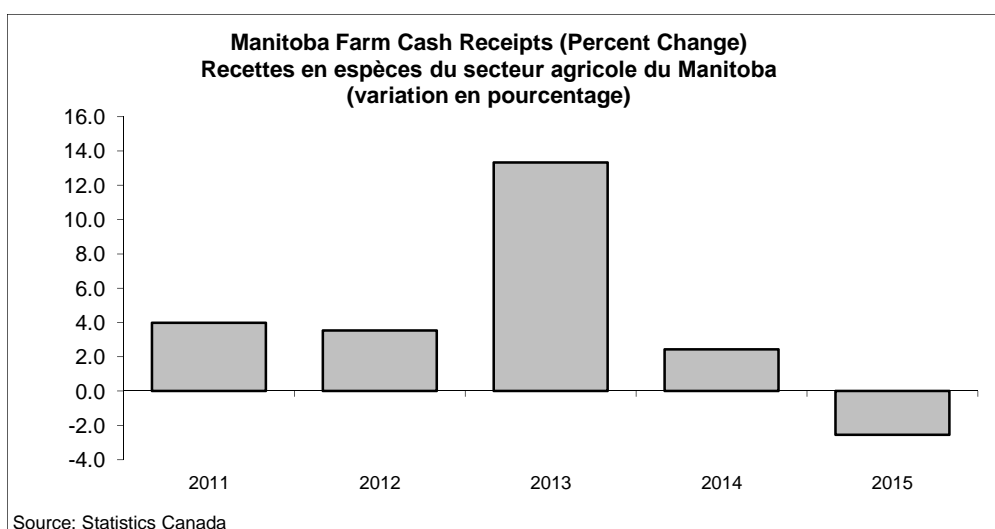
Un printemps hâtif en 2015 a permis aux producteurs agricoles d'augmenter la superficie ensemencée, et les bonnes conditions météorologiques ont entraîné un excellent rendement et une excellente qualité des céréales et des oléagineux. Les producteurs agricoles du Manitoba ont augmenté la production d'orge (36,8 %), de blé (14,7 %), de soja (14 %), d'avoine (12,6 %) et de canola (1,2 %).

Le prix des grains, toutefois, continue de subir des pressions puisque les conditions de croissance favorables ont fait augmenter l'offre mondiale. Par conséquent, et malgré l'augmentation de la production, les recettes en espèces des exploitations agricoles du Manitoba ont diminué de 2,5 % à 5,8 milliards de dollars, un montant légèrement sous le record de 6 milliards de 2014. Les recettes des productions végétales ont reculé de 2 % à 3,2 milliards de dollars en 2015. Les recettes de canola ont augmenté de 6,8 % alors que les producteurs manitobains ont obtenu la troisième récolte en importance, soit 126 millions de boisseaux. Les recettes de soja ont aussi augmenté de 3,7 %, les producteurs ayant obtenu la meilleure récolte documentée, soit de 51,1 millions de boisseaux, ce qui représente une hausse de 25,6 % par rapport à 2014. Les recettes de blé ont augmenté de 0,8 %

à 919 millions de dollars, mais les recettes d'orge ont reculé de 15,1 %.

Since 2014, livestock production rebounded in the U.S. and increased in Manitoba, thereby reducing overall prices in North America. Consequently, overall livestock cash receipts decreased 6.4% in 2015, to an estimated \$2.3 billion. Cattle and calve receipts increased 1.9% and hog receipts declined 15.5%. Direct payments, which include crop insurance and other transfers to producers, are estimated to have increased by 31.7%.

Depuis 2014, la production animale a rebondi aux États-Unis et a augmenté au Manitoba, ce qui a entraîné une réduction des prix globaux en Amérique du Nord. Par conséquent, les recettes globales en espèces provenant du bétail ont diminué de 6,4 % en 2015 pour atteindre le chiffre estimé de 2,3 milliards de dollars. Les recettes provenant des veaux et autres bovins ont augmenté de 1,9 % et les recettes provenant du porc ont diminué de 15,5 %. On estime que les paiements directs, qui comprennent les prestations d'assurance-récolte et d'autres transferts aux producteurs, ont augmenté de 31,7 %.



New home construction in Manitoba has been underpinned by employment and wage growth, low mortgage rates and strong demographic fundamentals. However, the increase in housing inventories has led to a pull back in new construction, with province-wide housing starts declining by 11.6% in 2015 and by 16.7% in 2014. In 2015, there were 5,501 new housing units started in Manitoba, with 2,325 single-detached units started and 3,176 multiple units started. The number of multiple unit starts (including rental apartments and condominiums) has remained above 3,000 units annually for the past four years and, in 2015, represented 58% of all housing starts in the province.

La construction de maisons au Manitoba a été soutenue par la croissance de l'emploi et la hausse des salaires, les faibles taux d'intérêt hypothécaires et les facteurs fondamentaux positifs de nature démographique. Par contre, l'accroissement du parc de logements a mené à un ralentissement de la construction, avec le début de la baisse dans le secteur du logement de 11,6 % en 2015 et de 16,7 % en 2014. En 2015, 5 501 nouveaux logements ont été mis en chantier au Manitoba (2 325 logements individuels et 3 176 logements multiples). Le nombre de logements multiples mis en chantier (y compris les appartements à louer et les condominiums) est demeuré supérieur à 3 000 logements chaque année depuis les quatre dernières années et, en 2015, représentait 58 % de toutes les mises en chantier de logements dans la province.

With inventories starting to decline, housing starts are down by 0.9% in the first half of 2016. Starts of single-detached units are up by 9.5%, while multiple units are down by 9.6%, with apartments units down by 11.4%.

Vu le début de la diminution du parc de logements, les mises en chantiers de logements ont diminué de 0,9 % durant la première moitié de 2016. Les mises en chantier de logements individuels sont en hausse de 9,5 % tandis que celles de logements multiples sont en baisse de 9,6 %, et les appartements sont en baisse de 11,4 %.

In 2015, the value of building permits in Manitoba decreased 17.9%, which was the second-lowest growth nationally. This follows three years of either first- or second-best growth nationally. Non-residential permits were down 25.3% while residential permits decreased 11.7% in 2015. Canadian permits increased 0.2% in 2015. In Manitoba, non-residential industrial permits increased 12.2%, while institutional permits and commercial permits decreased 32.6% and 28.2%, respectively, in 2015.

En 2015, la valeur des permis de construction au Manitoba a diminué de 17,9 % : il s'agit de la deuxième plus faible croissance à l'échelle nationale. Cela fait suite à trois ans pendant lesquelles le Manitoba se classait au premier ou au deuxième rang à l'échelle nationale pour sa meilleure croissance. La valeur des permis de construction non résidentielle a diminué de 25,3 % et celle des permis de construction résidentielle a diminué de 11,7 % en 2015. Les permis au Canada ont augmenté de 0,2 % en 2015. Au Manitoba, les permis industriels non résidentiels ont augmenté de 12,2 % tandis que les permis institutionnels et commerciaux ont diminué de 32,6 % et de 28,2 %, respectivement, en 2015.

**PUBLIC ACCOUNTS
VOLUME 1
FOR THE YEAR ENDED
MARCH 31, 2016**

**VOLUME 1
DES COMPTES PUBLICS
POUR L'EXERCICE TERMINÉ
LE 31 MARS 2016**

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

Nature of the Public Accounts

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

The information contained in the report originates from two sources:

- the summarized financial information presented in the accounts of Manitoba, maintained by the Provincial Comptroller; and
- the detailed records, maintained by departments, agencies, Crown organizations (Crowns) and Government Business Enterprises (GBEs).

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

Format of the Public Accounts of Manitoba

The Public Accounts of Manitoba consists of the following volumes:

Volume 1 presents the Economic Report, the Financial Statement Discussion and Analysis, the audited summary financial statements of the Government, and financial reports on the Fiscal Stabilization Account and the Debt Retirement Account;

Volume 2 presents the audited Schedule of Public Sector Compensation Payments of \$50,000 or more and the Government Departments' and Special Operating Agencies' payments in excess of \$5,000 that do not require an audit; and

Volume 3 presents Supplementary Schedules and other statutory reporting requirements.

Nature des comptes publics

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

Les renseignements fournis dans le rapport proviennent de deux sources :

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

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

Composition des Comptes publics du Manitoba

Les Comptes publics du Manitoba comprennent les volumes suivants :

Le **volume 1** présente le Rapport économique, le Rapport d'analyse des états financiers, les états financiers sommaires vérifiés du gouvernement, ainsi que les rapports financiers portant sur l'état annuel du solde à la fin de l'exercice en vertu de le compte de stabilisation des revenus et le compte de remboursement de la dette;

Le **volume 2** présente la liste vérifiée des paiements de rémunération du secteur public totalisant 50 000 \$ ou plus, ainsi que les paiements totalisant plus de 5 000 \$ qui n'exigent pas de vérification et qui sont versés par les ministères gouvernementaux et par les organismes de service spécial.

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

Volume 4 is provided as a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity (GRE), but is not considered to be part of the Public Accounts of Manitoba.

Le **volume 4** est un recueil des états financiers vérifiés des fonds, des organisations de la Couronne, des organismes publics et des entreprises publiques inclus dans le périmètre comptable du gouvernement, mais il n'est pas considéré comme faisant partie des comptes publics du Manitoba.

Volume 1: Annual Report for the Year ended March 31, 2016 - This volume contains the following specific information:

Financial Statement Discussion and Analysis - This section provides a written commentary on the summary financial statements plus additional information on the financial and economic performance of the Provincial Government. The information contained in the Financial Statement Discussion and Analysis section is taken from the March 31, 2016 summary financial statements.

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

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

- the Government's financial position at March 31 each year
- the results of its operations for the year
- what revenue it brought in and what it spent (i.e. annual surplus or deficit)
- how much it borrowed, repaid or refinanced
- how it obtained and used its cash

Volume 1 : Rapport annuel pour l'exercice terminé le 31 mars 2016 - ce volume contient l'information financière suivante :

Analyse des états financiers - cette section fournit un exposé écrit des états financiers sommaires, ainsi que des renseignements complémentaires sur la performance financière et économique du gouvernement du Manitoba. Les renseignements contenus dans l'analyse des états financiers sont tirés des états financiers sommaires pour l'exercice terminé le 31 mars 2016.

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

Les états financiers sommaires contiennent les renseignements financiers clés suivants :

- la situation financière du gouvernement au 31 mars chaque année;
- les résultats des activités de l'exercice;
- le total des recettes et des dépenses (c'est-à-dire, l'excédent ou le déficit annuel);
- les sommes empruntées, remboursées ou refinancées;
- les sommes obtenues et la façon dont elles ont été utilisées.

Other Financial Reports – This section includes audited reports on information other than financial statements, including:

- the Fiscal Stabilization Account, and
- the Debt Retirement Account.

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

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

Statement of Payments in Excess of \$5,000 to Corporations, Firms, Individuals, Other Governments and Government Agencies - Included are details of Consolidated Fund and Special Operating Agencies' payments in excess of \$5,000 to corporations, firms, individuals, other governments and government agencies.

Volume 3: Supplementary Schedules and Other Statutory Reporting Requirements - This volume contains unaudited statements, schedules and other information, as well as the following audited statement: the Report of Amounts Paid or Payable to Members of the Assembly

Volume 4: This volume includes a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity, but is not considered to be part of the Public Accounts of Manitoba.

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

www.gov.mb.ca/finance

Autres rapports financiers – cette section comprend des rapports vérifiés portant sur l'information financière autre que les états financiers, notamment :

- le compte de stabilisation des revenus;
- le compte de remboursement de la dette.

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

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

État des paiements de plus de 5 000 \$ versés à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics - cet état contient la liste des paiements de plus de 5 000 \$ versés à même le fonds de fonctionnement ou par les organismes de service spécial à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics.

Volume 3 : Annexes supplémentaires et autres rapports prévus par la loi - ce volume contient des états, des annexes et d'autres renseignements non vérifiés, à l'exception des deux états suivant :

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

Volume 4 : Ce volume comprend un recueil d'états financiers vérifiés de fonds, d'organisations, d'organismes et d'entreprises.

Les Comptes publics du Manitoba peuvent être consultés sur Internet à l'adresse suivante :

www.gov.mb.ca/finance

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

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2015/16 FINANCIAL HIGHLIGHTS

The highlights section provides a summary of the key events affecting the summary financial statements for the 2015/16 fiscal year with comparisons to results for the previous fiscal year, as applicable.

- The summary financial statements of the Province of Manitoba fully comply with Canadian generally accepted accounting principles for the public sector and received an unqualified audit opinion from the Auditor General of Manitoba. Certain figures have been restated to comply with current presentation and changes in accounting policy (see financial statement notes).
- At the time of publication, the most recent estimates of the March 31st nominal and real GDP are used. This includes all prior year revisions and the latest available forecast.
- Manitoba's economic performance reflects broad and balanced industrial diversity in the overall economy; however, global economic conditions continue to set the tone for Manitoba's overall economic growth. Manitoba Bureau of Statistics reports that Manitoba's real Gross Domestic Product (GDP) growth slowed to 1.6% in 2015 compared to 2.2% growth in 2014.
- The Government recorded a net loss of \$846 million, which is \$424 million worse than Budget 2015.
- The 2015/16 results included revenue of \$15,054 million that sustained program expenses of \$15,045 million and public debt charges of \$855 million.
- Public debt charges as a percentage of revenue for 2015/16 is 5.7%, a slight increase from 5.6% in 2014/15.
- Investment in new tangible capital assets totaled \$1,702 million during the year.
- Net debt is \$21,433 million at March 31, 2016, up \$1,932 million from March 31, 2015. Net

FAITS SAILLANTS 2015-2016

Les faits saillants résument les éléments clés des états financiers sommaires pour l'exercice financier 2015-2016 et les comparent aux résultats de l'exercice financier précédent, s'il y a lieu.

- Les états financiers sommaires de la Province du Manitoba sont entièrement conformes aux principes comptables généralement reconnus au Canada pour le secteur public, et le vérificateur général du Manitoba a émis à leur sujet une opinion de vérification sans réserve. Certains chiffres ont été retraités pour les rendre conformes à la présentation actuelle et aux modifications de la méthode comptable (voir les notes aux états financiers).
- Au moment de la publication, les estimations les plus récentes du PIB nominal et réel au 31 mars sont utilisées. Cela comprend toutes les révisions de l'exercice précédent et les dernières prévisions disponibles.
- La performance économique du Manitoba illustre la grande diversité et l'équilibre de ses industries dans l'économie d'ensemble; toutefois, les conditions économiques mondiales continuent de donner le ton de la croissance économique générale du Manitoba. Le Bureau des statistiques du Manitoba indique que la croissance du PIB réel du Manitoba a ralenti à 1,6 % en 2015, par rapport à une croissance de 2,2 % en 2014.
- Le gouvernement a enregistré une perte nette de 846 millions de dollars, soit 424 millions de plus que prévu dans le Budget de 2015.
- Les résultats de 2015-2016 comprenaient des recettes de 15 054 millions de dollars, qui ont servi à couvrir des dépenses de programmes de l'ordre de 15 045 millions de dollars et à assumer des frais de la dette publique établis à 855 millions de dollars.
- Les frais de la dette publique en pourcentage des recettes pour 2015-2016 sont de 5,7 %, ce qui représente une légère augmentation par rapport au taux de 5,6 % en 2014-2015.
- Les investissements en nouvelles immobilisations corporelles se sont chiffrés à 1 702 millions de dollars pendant l'exercice.
- La dette nette s'élevait à 21 433 millions de dollars au 31 mars 2016, soit une hausse

debt to GDP increased to 32.5% from 30.4% at March 31, 2015. The ratio of net debt to total revenues has increased to 142.4% from 130.3% at March 31, 2015.

- The accumulated deficit is \$8,812 million at March 31, 2016, an increase of \$889 million from March 31, 2015. The accumulated deficit to GDP ratio was 13.4%, up from 12.3% at March 31, 2015.
- Manitoba Hydro adopted International Financial Reporting Standards (IFRS) on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's opening accumulated deficit and net debt of \$610 million.

de 1 932 millions de dollars par rapport au 31 mars 2015. Le ratio de la dette nette au PIB a augmenté, passant de 30,4 % au 31 mars 2015 à 32,5 %. Le ratio de la dette nette aux recettes totales est passé de 130,3 % au 31 mars 2015 à 142,4 %.

- Le déficit accumulé s'établissait à 8 812 millions de dollars au 31 mars 2016, en augmentation de 889 millions de dollars par rapport au 31 mars 2015. Le ratio entre le déficit accumulé et le PIB a augmenté pour se situer à 13,4 %, contre 12,3 % au 31 mars 2015.
- Manitoba Hydro a adopté les Normes internationales d'information financière le 1^{er} avril 2015 et a fixé la date de transition au 1^{er} avril 2014. Cette transition vers ces normes a entraîné une augmentation du solde d'ouverture du déficit accumulé du gouvernement et une dette nette de 610 millions de dollars.

FINANCIAL CONDITION OF THE GOVERNMENT

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

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

Source of data and its limitations

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

LA SITUATION FINANCIÈRE DU GOUVERNEMENT

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

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

Les sources de données et leurs limites

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

The Government's 2015/16 Financial Condition

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

Sustainability

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

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

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

La situation financière du gouvernement en 2015-2016

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

Durabilité

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

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

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

Net Debt as a Percentage of Provincial GDP

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

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

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

Growth in GDP must be taken into account to determine capacity to support debt. The GDP is a measure of the value of the goods and services produced in the Province during a given year. The GDP indicates the size of the provincial economy. The provincial economy grew steadily from \$53,259 million in 2010/11 to \$65,889 million in 2015/16 or by 23.7% during the five-year period. During this period, the annual consumer price index fluctuated between 1.2% and 3.0%.

Graph 1 shows the net debt to GDP ratio at March 31, 2016 was 32.5%, compared to 30.4% in the previous year. The increase in net debt in 2015/16 is primarily related to investments in tangible capital assets, including infrastructure spending, operating loss and Manitoba Hydro's adoption of IFRS on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's opening accumulated deficit and net debt of \$610 million. Continued investment in transportation infrastructure, health facilities, post secondary education

La dette nette en pourcentage du PIB provincial

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

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

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

La croissance du PIB doit être prise en compte pour déterminer la capacité d'endettement. Le PIB est une mesure de la valeur des biens et des services produits dans la province au cours d'une année donnée. Il indique la taille de l'économie provinciale. L'économie provinciale a progressé de façon constante, passant de 53 259 millions de dollars en 2010-2011 à 65 889 millions de dollars en 2015-2016, ce qui représente une croissance de 23,7 % sur la période de cinq ans. Pendant cette période, l'indice annuel des prix à la consommation a oscillé entre 1,2 % et 3 %.

Le diagramme 1 montre que le ratio entre la dette nette et le PIB était de 32,5 % au 31 mars 2016, contre 30,4 % à la fin de l'exercice précédent. L'augmentation de la dette nette en 2015-2016 est principalement liée aux investissements en immobilisations corporelles, y compris les dépenses en infrastructure, les pertes d'exploitation et l'adoption par Manitoba Hydro des Normes internationales d'information financière le 1^{er} avril 2015 avec comme date de transition le 1^{er} avril 2014. Cette transition vers ces normes a entraîné une augmentation du solde d'ouverture du

facilities, and public housing has resulted in costs similar to those seen in 2014/15.

déficit accumulé du gouvernement et une dette nette de 610 millions de dollars. La poursuite des investissements dans l'infrastructure de transport, les établissements de santé, les établissements d'enseignement postsecondaire et les logements sociaux a engendré des dépenses similaires à celles enregistrées en 2014-2015.

Net debt for 2015/16 included a loss in other comprehensive income (OCI) of \$43 million, recorded by government business enterprises (GBEs). OCI represents unrealized gains or losses calculated at a point in time and can have significant impact on the measurement of net debt. OCI is measured as the change in "mark-to-market" valuations, interest rates, and foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year. With Hydro's transition to IFRS, this resulted in an increase to the Government's opening accumulated deficit and net debt by \$127 million due to the restatement of the 2015 other comprehensive loss from \$319 million to \$446 million.

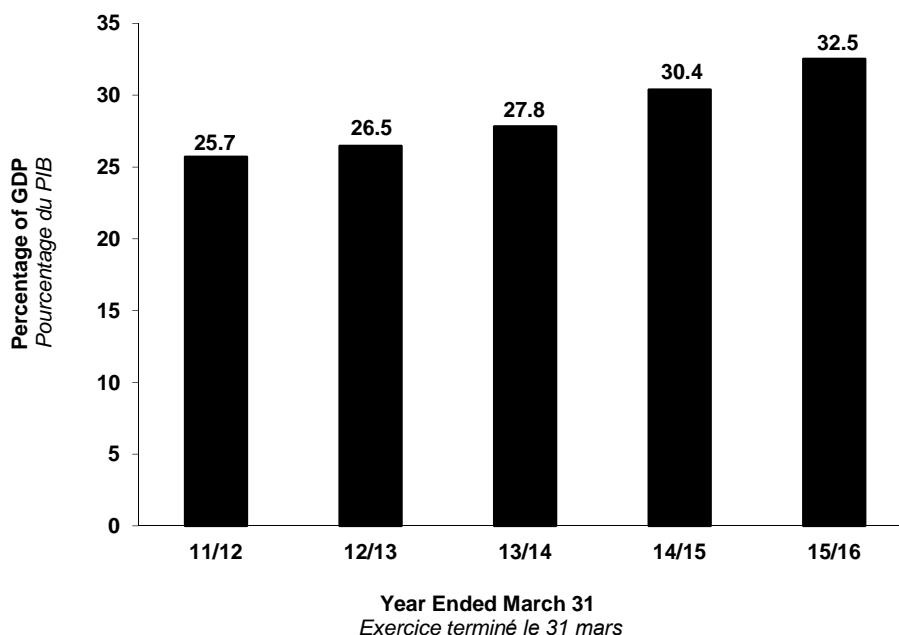
La dette nette pour 2015-2016 comprenait au niveau des autres éléments du résultat étendu une perte de 43 millions de dollars enregistrée par les entreprises publiques. Les autres éléments du résultat étendu représentent les profits ou pertes non réalisés calculés à un moment donné, et peuvent avoir des effets importants sur la mesure de la dette nette. Les autres éléments du résultat étendu sont mesurés d'après la variation des évaluations à la valeur du marché, des taux d'intérêt et des taux de change en fin d'exercice et constituent, par conséquent, un aperçu ponctuel de la variation d'une valeur donnée par comparaison avec la valeur à la même date l'année antérieure. La transition de Manitoba Hydro vers les normes internationales d'information financière a entraîné une augmentation de 127 millions de dollars du solde d'ouverture du déficit accumulé du gouvernement et de la dette nette, en raison du retraitement de la perte de 319 à 446 millions de dollars au titre des autres éléments du résultat étendu en 2015.

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

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

Graph 1/Diagramme 1

Net Debt as a Percentage of Provincial GDP
La dette nette en pourcentage du PIB provincial



Net Debt-to-Total Annual Revenue

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

Since 2011/12, net debt-to-total annual revenue has increased from 105.8% to 142.4%, reflecting the impact of the economic downturn and increased investments in tangible capital assets. Graph 2 shows the historical trend of net debt to annual revenues.

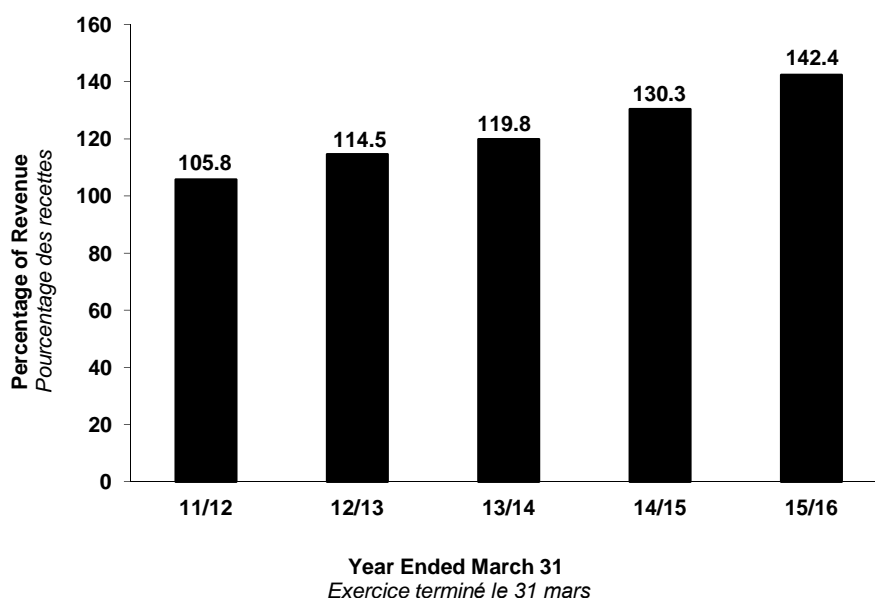
La dette nette en pourcentage des recettes annuelles totales

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

Depuis 2011-2012, le ratio entre la dette nette et les recettes annuelles totales est passé de 105,8 % à 142,4 %, une conséquence du ralentissement économique et de la croissance des investissements en immobilisations corporelles. Le diagramme 2 illustre l'évolution historique de la dette nette par rapport aux recettes annuelles.

Graph 2/Diagramme 2

Net Debt-to-Total Annual Revenue
Dette nette en pourcentage des recettes annuelles totales



Accumulated Deficit-to-Provincial GDP

The accumulated deficit is the sum of all annual surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficit includes OCI, which is excluded from the calculation of the annual net income or loss. In accordance with recommendations of PSAB, OCI is not included in the Government's annual net operating results, but is instead recorded directly to the Province's statement of accumulated deficit. An OCI loss of \$43 million was recognized for 2015/16 (2014/15 - \$446 million loss).

The accumulated deficit as at March 31, 2016 increased \$3,540 million from 2011/12. Increases are primarily due to the operating losses incurred in the economic recovery period, as a result of the global economic downturn and costs attributable to the unprecedented flood of 2011 and Manitoba Hydro's adoption of IFRS on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's opening accumulated deficit and net debt of \$610 million. Graph 3 shows the trend in accumulated deficit to provincial GDP since 2011/12.

Le déficit accumulé en pourcentage du PIB provincial

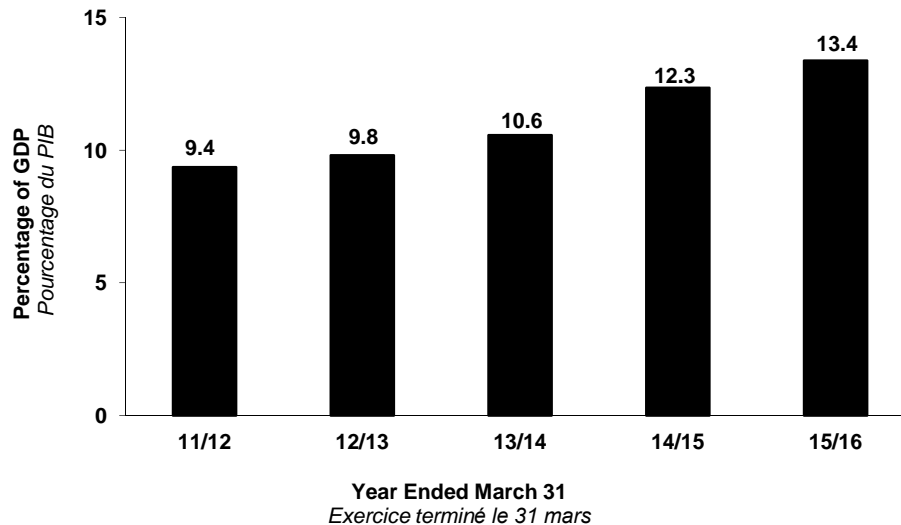
Le déficit accumulé est la somme de tous les excédents et déficits accumulés d'exercice en exercice jusqu'à ce jour, obtenue d'après des calculs conformes aux méthodes comptables en vigueur. Il comprend les autres éléments du résultat étendu, qui sont exclus du calcul des recettes nettes ou des pertes nettes de l'exercice. Conformément aux recommandations du Conseil sur la comptabilité dans le secteur public, les autres éléments du résultat étendu ne sont pas compris dans les résultats nets des activités de l'exercice du gouvernement, mais sont plutôt inscrits directement dans l'état du déficit accumulé de la Province. En 2015-2016, des pertes de 43 millions de dollars ont été inscrites au titre des autres éléments du résultat étendu (contre 446 millions de dollars de pertes en 2014-2015).

Au 31 mars 2016, le déficit accumulé avait augmenté de 3 540 millions de dollars par rapport à 2011-2012. Cette augmentation a été principalement due aux pertes d'exploitation subies pendant la période de reprise économique, qui sont elles-mêmes liées au ralentissement économique mondial, aux coûts attribuables aux inondations sans précédent de 2011 et à l'adoption des Normes internationales d'information financière par Manitoba Hydro le 1^{er} avril 2015 avec une date de transition du 1^{er} avril 2014. Cette transition vers ces normes a entraîné une augmentation du solde

d'ouverture du déficit accumulé du gouvernement et une dette nette de 610 millions de dollars. Le diagramme 3 montre l'évolution du déficit accumulé en pourcentage du PIB provincial depuis 2011-2012.

Graph 3/Diagramme 3

Accumulated Deficit-to-Provincial GDP
Le déficit accumulé en pourcentage du PIB provincial



Annual Net Income (Loss)

Manitoba incurred a net loss for the year ended March 31, 2016 of \$846 million.

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

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

Les recettes nettes (pertes nettes) annuelles

Le Manitoba a enregistré pour l'exercice qui s'est terminé le 31 mars 2016 une perte nette de 846 millions de dollars.

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

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

Annual Net Income (Loss)-to-Provincial GDP

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

Table 1 shows the five year trend in annual income.

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

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

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

Table 1/Tableau 1

Annual Net Income (Loss)

Recettes nettes (Pertes nettes) annuelles

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
	Actual	Actual	Actual	Actual	Actual
	<i>Chiffres réels de 2015-2016</i>	<i>Chiffres réels de 2014-2015</i>	<i>Chiffres réels de 2013-2014</i>	<i>Chiffres réels de 2012-2013</i>	<i>Chiffres réels de 2011-2012</i>
	<i>(\$ millions)/(en millions de dollars)</i>				
Revenue and Expense Items <i>Éléments des recettes et des dépenses</i>					
Revenue <i>Recettes</i>	15,054	14,963	14,414	13,812	13,688
Total Expenses <i>Dépenses totales</i>	15,900	15,393	14,936	14,372	14,689
Summary Net Income (Loss) <i>Recettes (pertes) nettes sommaires</i>	(846)	(430)	(522)	(560)	(1,001)
Annual Net Income (Loss) to Provincial GDP <i>Recettes (pertes) nettes en pourcentage du PIB provincial</i>	(1.3%)	(0.7%)	(0.8%)	(0.9%)	(1.8%)

Flexibility

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

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

- *Public Debt Charges to Total Revenue*: the extent to which borrowing decisions constrain a government's ability to meet financial and service commitments.
- *Own-source Revenue to Provincial GDP*: the extent to which a government is taking income out of the economy through taxation and user fees.

Flexibilité

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

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

- *les frais de la dette publique en pourcentage des recettes totales* : mesure dans laquelle les décisions en matière d'emprunts restreignent la capacité d'un gouvernement de faire face à ses engagements financiers et d'assurer la prestation des services prévus;
- *les recettes autonomes en pourcentage du PIB provincial* : mesure dans laquelle le gouvernement retire des recettes de l'économie sous forme d'impôts et de droits d'utilisation;

- *Annual Change to Net Book Value of Tangible Capital Assets*: the extent to which net changes in tangible capital assets affect future service potential.
- *Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets*: the extent to which the estimated useful lives of the Government's tangible capital assets are available to provide its products and services.
- *la variation annuelle de la valeur comptable nette des immobilisations corporelles* : mesure dans laquelle la variation nette des immobilisations corporelles touche le potentiel futur de services;
- *la valeur comptable nette des immobilisations corporelles en pourcentage de leur coût* : mesure dans laquelle la vie utile estimative des immobilisations corporelles d'un gouvernement lui permet de fournir des produits et des services.

Public Debt Charges to Total Revenue

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

Graph 4 shows that in 2011/12, the Government used 6.0 cents of every dollar of revenue to pay interest. In 2015/16, only 5.7 cents of every dollar of revenue was used.

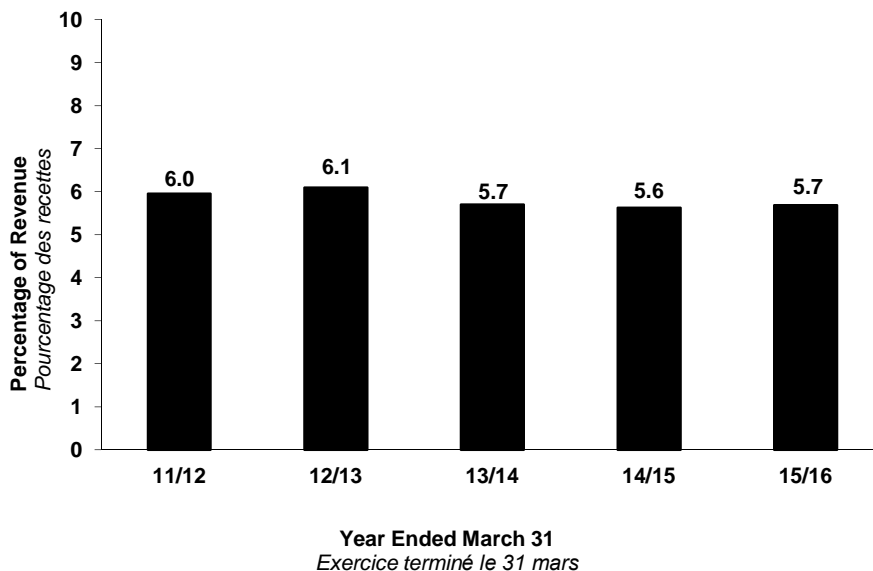
Les frais de la dette publique en pourcentage des recettes totales

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

Dans le diagramme 4, on observe qu'en 2011-2012, le gouvernement utilisait 6 cents par dollar de recettes pour assumer les frais d'intérêt. En 2015-2016, seulement 5,7 cents par dollar de recettes étaient utilisés aux mêmes fins.

Graph 4/Diagramme 4

Public Debt Charges to Total Revenue
Les frais de la dette publique en pourcentage des recettes totales



Own-source Revenue to Provincial GDP

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

Since 2011/12, Government's own-source revenue has been consistent. This indicates that Government has not significantly changed its normal demands on the provincial economy over this time period.

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

Graph 5 shows the relationship between own-source revenue and Provincial GDP. GDP increased from \$56,343 million in 2011/12 to \$65,889 million in 2015/16 or 16.9%. The rate of own-source revenues remained stable in relation to the economy representing 15.3% of GDP in 2011/12 versus 16.0% in 2015/16. Own-source revenues increased by \$288 million or 2.8% from \$10,233 million in 2014/15 to \$10,521 million in 2015/16. The main contributors to the increase from prior year are:

- Income taxes, which increased \$98 million, or 2.7%.
- Fees and other revenue increased by \$53 million, or 2.4%
- Retail sales tax, which increased \$64 million, or 2.9%.
- Education property tax increased by \$48 million, or 7.2%

Les recettes autonomes en pourcentage du PIB provincial

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

Depuis 2011-2012, les recettes autonomes du gouvernement sont demeurées stables. Cela indique que le gouvernement n'a pas changé de manière significative ses exigences sur l'économie de la province au cours de cette période.

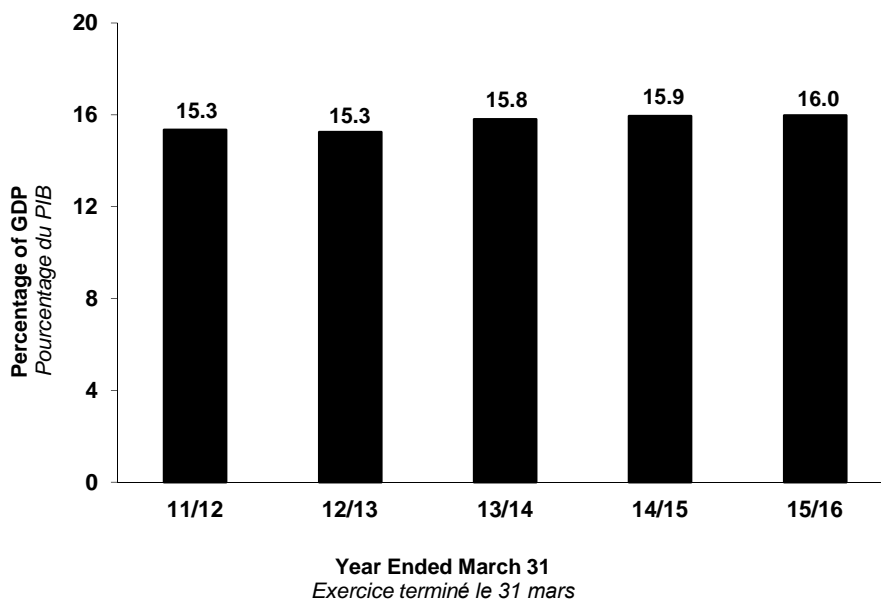
Dans ce rapport, les recettes autonomes ne comprennent pas les bénéfices nets des entreprises publiques étant donné que les opérations de ces entités sont exclues des opérations fondamentales du gouvernement en raison de leur nature semi-autonome. Leurs recettes ne proviennent pas d'impôts ou de droits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

Le diagramme 5 montre la relation entre les recettes autonomes et le PIB provincial. Le PIB est passé de 56 343 millions de dollars en 2011-2012 à 65 889 millions de dollars en 2015-2016, enregistrant un bond de 16,9 %. Le pourcentage des recettes autonomes par rapport à l'économie est demeuré stable, passant de 15,3 % du PIB en 2011-2012 à 16 % en 2015-2016. Les recettes autonomes ont augmenté de 288 millions de dollars (2,8 %) et sont passées de 10 233 millions de dollars en 2014-2015 à 10 521 millions de dollars en 2015-2016. Les principaux facteurs de cette augmentation par rapport à l'exercice précédent sont les suivants :

- les impôts sur le revenu, qui se sont accrus de 98 millions de dollars, soit de 2,7 %;
- les droits et autres recettes, qui ont augmenté de 53 millions de dollars, soit 2,4 %;
- la taxe sur les ventes au détail, qui s'est accrue de 64 millions de dollars, soit 2,9 %;
- l'impôt foncier pour l'éducation qui s'est accru de 48 millions de dollars, ou 7,2 %.

Graph 5/Diagramme 5

Own-Source Revenue to Provincial GDP
Recettes autonomes en pourcentage du PIB provincial



Annual Change to Net Book Value of Tangible Capital Assets

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

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

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

By recognizing the growing infrastructure needs in various sectors and the need to support continued growth in the economy, the Government is investing in

La variation annuelle de la valeur comptable nette des immobilisations corporelles

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

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

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

Reconnaissant les besoins croissants en infrastructure dans divers secteurs et la nécessité de soutenir la croissance continue de l'économie, le gouvernement

public capital assets such as new or renewed hospitals, universities and colleges, and Manitoba's highway system. In 2015/16, the Government invested \$1,702 million in new tangible capital assets. There were \$53 million in disposals or write downs and the net book value of all tangible capital assets was reduced by \$624 million in annual amortization. The Government's tangible capital assets had a net book value of \$12,486 million at March 31, 2016 (\$11,461 million at March 31, 2015).

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

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

The ratio in Graph 6 below demonstrates that the Government has been consistent in its management of capital. Total tangible capital cost increased \$1,571 million from \$19,250 million in 2014/15 to \$20,821 million in 2015/16. Total additions to capital assets in 2015/16 were \$1,702 million (2014/15 - \$1,534 million). The total cost of assets under construction, including infrastructure, as at March 31, 2016 was \$1,600 million (2014/15 - \$1,340 million). Assets under construction are not amortized until they are put into service. The \$1,702 million in additions includes \$519 million for buildings and leasehold improvements and \$692 million for infrastructure projects, such as road grading and surfacing and a number of bridge and structure projects.

investit dans les immobilisations publiques, comme la rénovation ou la construction d'hôpitaux, d'universités et de collèges, et dans le réseau routier du Manitoba. En 2015-2016, le gouvernement a investi 1 702 millions de dollars dans de nouvelles immobilisations corporelles. Les immobilisations cédées ou dévaluées ont atteint 53 millions de dollars, et la valeur nette comptable de l'ensemble des immobilisations corporelles a été réduite de 624 millions de dollars en amortissement annuel. La valeur comptable nette des immobilisations corporelles du gouvernement s'élevait à 12 486 millions de dollars le 31 mars 2016 (contre 11 461 millions de dollars au 31 mars 2015).

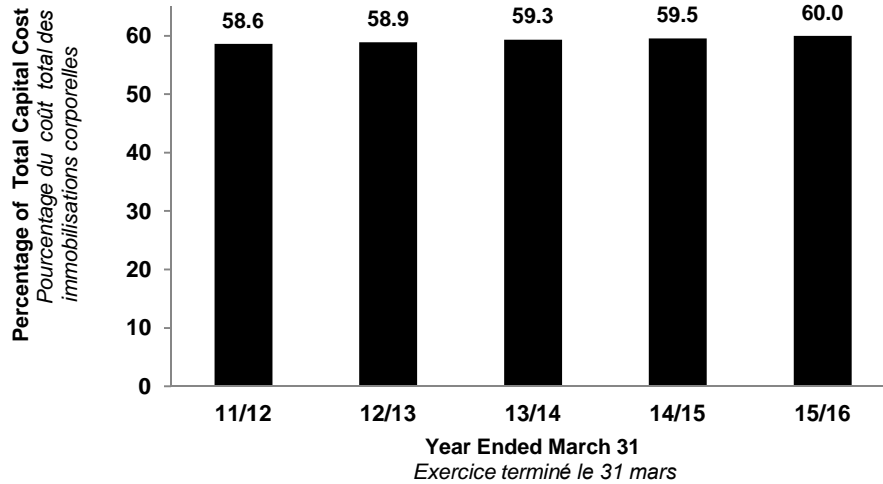
La valeur comptable nette des immobilisations corporelles en pourcentage de leur coût

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

Le ratio illustré au diagramme 6 ci-après montre que le gouvernement a fait preuve de constance dans sa gestion des immobilisations. Le coût global des immobilisations corporelles a augmenté de 1 571 millions de dollars, passant de 19 250 millions de dollars en 2014-2015 à 20 821 millions de dollars en 2015-2016. Le total des acquisitions d'immobilisations en 2015-2016 était de 1 702 millions de dollars (contre 1 534 millions de dollars en 2014-2015). Pour l'exercice terminé le 31 mars 2016, le coût global des immobilisations en construction, y compris les infrastructures, était de 1 600 millions de dollars (contre 1 340 millions de dollars en 2014-2015). L'amortissement des immobilisations en construction ne débute qu'à partir de leur mise en service. Les 1 702 millions de dollars d'acquisitions comprennent 519 millions pour la construction de bâtiments et des améliorations locatives, ainsi que 692 millions de dollars pour des projets d'infrastructure comme le nivellement et le surfacage des routes et plusieurs projets de ponts et autres ouvrages.

Graph 6/Diagramme 6

Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets
Valeur comptable nette des immobilisations corporelles en pourcentage de leur coût



Vulnerability

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

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

- *Federal Transfers to Own-source Revenue;*
- *Federal Transfers to Total Revenue; and*
- *Foreign Currency Debt to Net Debt.*

Vulnérabilité

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

Les indicateurs recommandés pour apprécier la vulnérabilité du gouvernement comprennent :

- *les transferts fédéraux en pourcentage des recettes autonomes;*
- *les transferts fédéraux en pourcentage des recettes totales;*
- *la dette en devises en pourcentage de la dette nette.*

Revenue from Federal Government Transfers

Transfers from the Government of Canada are a significant source of revenue for Manitoba, accounting for 25.4% of total revenues in 2015/16, down slightly from 25.5% in 2014/15. This indicates the Province's fiscal position is somewhat vulnerable, at least in the short term, to material reductions in federal transfers.

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

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

Manitoba received \$1,738 million in Equalization payments in 2015/16. Equalization accounted for about 11.5% of total 2015/16 summary provincial revenues.

The Canada Health Transfer (CHT) and Canada Social Transfer (CST) have been legislated out to 2023/24.

Manitoba received \$1,697 million in combined CHT and CST revenues in 2015/16, or about 11.3% of total provincial summary revenues.

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

These transfers, with their annual automatic escalators, have helped ensure stable and predictable federal support over the medium-term. However, recent changes implemented by the Federal Government will have some impact on future entitlements. Beginning in 2017/18 the annual total CHT escalator will fall from 6% to the rate of growth of a three year moving average of

Les recettes provenant des transferts du gouvernement fédéral

Les transferts du gouvernement du Canada constituent une source de revenus importante pour le Manitoba, représentant 25,4 % du total des recettes en 2015-2016 (une légère baisse par rapport aux 25,5 % de 2014-2015). Cela révèle que la situation financière de la Province est relativement vulnérable, au moins à court terme, à des réductions importantes des transferts fédéraux.

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

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

En 2015-2016, le Manitoba a reçu 1 738 millions de dollars en paiements de péréquation. Les paiements de péréquation représentaient environ 11,5 % du total des recettes sommaires provinciales en 2015-2016.

Le Transfert canadien en matière de santé (TCS) et le Transfert canadien en matière de programmes sociaux (TCPS) sont inscrits dans la loi jusqu'en 2023-2024.

En 2015-2016, le Manitoba a reçu 1 697 millions de dollars en paiements combinés du TCS et du TCPS, soit environ 11,3 % du total des recettes sommaires provinciales.

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

Ces transferts, assortis de leurs facteurs de progression annuelle, contribuent à garantir un appui fédéral stable et prévisible à moyen terme. Toutefois, les changements récemment mis en œuvre par le gouvernement fédéral auront des répercussions sur les droits futurs. À compter de 2017-2018, le facteur de progression annuelle total du TCS baissera, passant de

nominal GDP, with a guaranteed minimum growth rate of three per cent per year.

The 3% annual total CST growth escalator is below the projected growth rate of spending for associated programming and the total CHT covers less than a quarter of the Provinces' healthcare costs. As of 2015/16, both the CST and CHT are now allocated on an equal per capita cash basis, meaning Equalization is now the only major federal transfer program that takes into account differences in provincial revenue-raising capacity.

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

Federal Transfers to Own-source Revenue

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

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

Overall federal transfers increased by \$11 million in 2015/16 due to a \$12 million decline in Equalization and a \$53 million decrease in funding from shared-cost

6 % à la moyenne mobile sur trois ans du taux de croissance du PIB nominal, avec un taux de croissance minimal garanti de 3 % par année.

Le facteur de progression annuelle total du TCPS (3 %) est inférieur au taux de croissance prévu des dépenses pour les programmes connexes et le TCS total couvre moins d'un quart des dépenses de santé des gouvernements provinciaux. Depuis 2015-2016, le TCPS et le TCS sont désormais calculés selon un montant en espèces égal par habitant, ce qui signifie que la péréquation est désormais le seul grand programme de transfert fédéral qui tient compte des différences au niveau de la capacité provinciale de générer des recettes.

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

Les transferts fédéraux en pourcentage des recettes autonomes

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

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

En 2015-2016, le total des transferts du gouvernement fédéral a augmenté de 11 millions de dollars en raison d'une baisse de 12 millions de dollars des paiements

arrangements, offset by a \$76 million increase in Canada Health and Social transfers. Shared-cost agreements include programs such as infrastructure renewal funding, disaster financial assistance, shared agricultural programs and shared capital refinancing.

de péréquation et de 53 millions de dollars des fonds versés dans le cadre des ententes relatives aux frais partagés, compensée par une augmentation de 76 millions de dollars des transferts en matière de santé et de programmes sociaux. Les ententes relatives aux frais partagés incluent notamment des programmes agricoles partagés et des programmes de financement de renouvellement de l'infrastructure, d'aide financière aux sinistrés et de refinancement partagé des immobilisations.

Federal Transfers to Total Revenue

Les transferts fédéraux en pourcentage des recettes totales

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

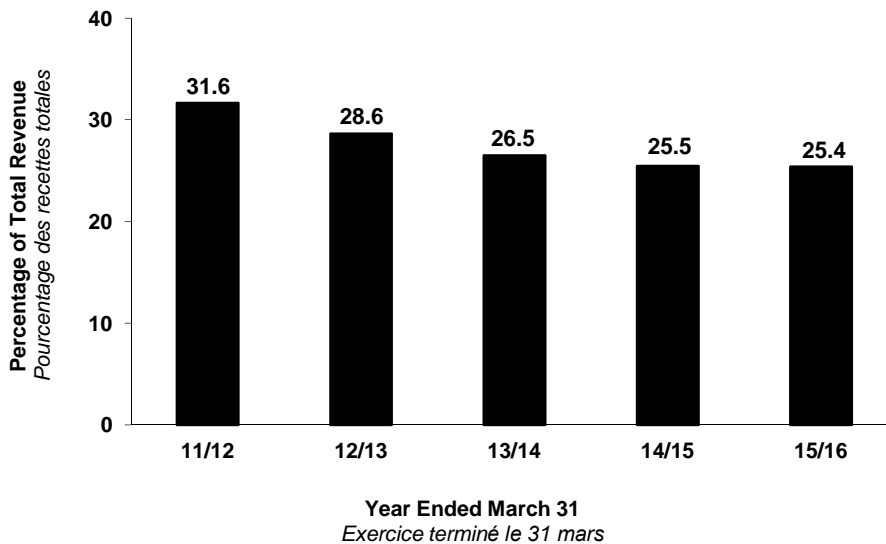
Le ratio des transferts fédéraux aux recettes totales indique la vulnérabilité des provinces aux variations dans les transferts en provenance du gouvernement du Canada.

Graph 7 shows the ratio of federal transfers to total provincial revenue has decreased from 2011/12 to 2015/16. This decrease indicates the Province is relying less on federal transfers for revenue to fund programs and services demonstrating Manitoba's gradually decreasing vulnerability to changes in federal transfer support.

Le diagramme 7 montre que le ratio des transferts fédéraux au total des recettes provinciales a diminué entre 2011-2012 et 2015-2016. Cette baisse révèle que la Province dépend moins des transferts fédéraux pour financer ses programmes et services : le Manitoba est donc de moins en moins vulnérable aux modifications relatives aux transferts fédéraux.

Graph 7/Diagramme 7

Federal Transfers to Total Revenue
Transferts fédéraux en pourcentage des recettes totales



Foreign Currency Debt Risk

La dette en devises

The Province's foreign currency debt risk for 2015/16 is zero because foreign exchange risk is considered to be fully hedged through the use of derivative instruments

Le risque lié à la dette en devises de la Province pour 2015-2016 est nul, car le risque de change est considéré comme entièrement couvert par l'usage

such as swaps and forward foreign exchange contracts. In 1999, foreign currency exposure was approximately 19% of core government debt. Fully hedging the amount of foreign currency debt included in total government debt mitigates the risk of debt servicing costs rising due to changes in foreign currency rates and improves the Province's financial position. The amount of foreign currency debt outstanding at March 31, 2016 is \$9,878 million (2015 - \$8,127 million). The portion held by the Province is fully hedged. The portion held by Manitoba Hydro is managed through a long-term natural hedge between U.S. dollar cash flows.

d'instruments dérivés, comme les swaps et les contrats de change à terme. En 1999, le risque de change représentait environ 19 % de la dette générale du gouvernement. Le fait de couvrir complètement le montant de la dette en devises incluse dans la dette totale de la Province atténue le risque d'une hausse des frais de service de la dette en raison des variations du cours des devises et améliore la situation financière de la province. Le montant de la dette en devises au 31 mars 2016 était de 9 878 millions de dollars, contre 8 127 millions de dollars en 2015. La portion détenue par la Province était complètement couverte. La portion détenue par Manitoba Hydro est gérée par une couverture naturelle à long terme entre les flux de trésorerie en dollars américains.

RISKS AND UNCERTAINTIES

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

- Economic factors such as commodity prices, personal income, retail sales, and population growth.
- Adverse events or unusual weather patterns that can influence overall annual results.
- Outcomes from litigation, arbitration and negotiations with third parties.
- Changes in federal transfers.
- Utilization rates for Government services such as health care, children and family services, or employment assistance.
- Exposure to interest rate fluctuations, foreign exchange rates and credit risk.
- Changes in Canadian and International accounting standards.
- Identification and quantification of environmental liabilities.
- Volatility of results, including amounts consolidated from other reporting entities.

LES RISQUES ET LES INCERTITUDES

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

- des facteurs économiques, comme le prix des marchandises, le revenu des particuliers, les ventes au détail et l'accroissement de la population;
- des événements néfastes ou des conditions climatiques inhabituelles qui peuvent influencer sur les résultats annuels d'ensemble;
- les résultats de procès, d'arbitrages ou de négociations avec des tiers;
- les modifications des transferts fédéraux;
- les taux d'utilisation des services du gouvernement, comme les soins de santé, les services à l'enfant et à la famille et l'aide à l'emploi;
- l'exposition aux fluctuations des taux d'intérêt, aux taux de change et au risque de crédit;
- les modifications des normes comptables au Canada et à l'échelle internationale;
- la détermination et la quantification du passif environnemental;
- la volatilité des résultats, y compris les résultats consolidés d'autres entités comptables.

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

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

	Variance/Écart				
	2015/2016 Budget <i>Budget de</i>	2015/2016 Actual <i>Chiffres réels de</i>	2014/2015 Actual <i>Chiffres réels de</i>	2015/2016 vs 2014/2015 Actual <i>Chiffres réels de</i>	2015/2016 Actual to Budget <i>Chiffres réels et budget de</i>
Revenue and Expense Items <i>Éléments des recettes et des dépenses</i>				<i>2015-2016</i>	<i>et de</i>
				<i>2014-2015</i>	<i>2015-2016</i>
				<i>et de</i>	<i>2014-2015</i>
				(\$ millions)/(en millions de dollars)	
REVENUE/RECETTES					
Income Taxes <i>Impôts</i>	3,852	3,777	3,679	98	(75)
Other Taxes <i>Autres taxes</i>	4,121	4,250	4,102	148	129
Fees and Other Revenue <i>Droits et autres recettes</i>	2,140	2,236	2,183	53	96
Sinking Funds and Other Earnings <i>Fonds d'amortissement et autres revenus</i>	210	258	269	(11)	48
Total Own-Source Revenue <i>Total des recettes autonomes</i>	10,323	10,521	10,233	288	198
Government Business Enterprises <i>Entreprises publiques</i>	759	713	921	(208)	(46)
Federal Government Transfers <i>Transferts fédéraux</i>	3,881	3,820	3,809	11	(61)
Total Revenue <i>Recettes totales</i>	14,963	15,054	14,963	91	91
EXPENSES/DEPENSES					
Health <i>Santé</i>	6,088	6,244	5,976	268	156
Education <i>Éducation</i>	3,788	3,989	3,838	151	201
Family Services <i>Services à la famille</i>	1,151	1,190	1,111	79	39
Community, Economic and Resource Development <i>Développement des communautés, de l'économie et des ressources</i>	2,427	2,285	2,265	20	(142)
Justice and Other Expenditures <i>Justice et autres dépenses</i>	1,239	1,337	1,362	(25)	98
Debt Servicing <i>Service de la dette</i>	842	855	841	14	13
Total Expenses <i>Dépenses totales</i>	15,535	15,900	15,393	507	365
In-Year Adjustment/Lapse* <i>Ressources non utilisées/rajustements en cours d'exercice*</i>	(150)	-	-	-	150
Summary Net Income (Loss) <i>Recettes (pertes) nettes sommaires</i>	(422)	(846)	(430)	(416)	(424)

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

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

The Government ended the year with a net loss of \$846 million, which is \$424 million higher than the budgeted net loss of \$422 million. In 2015/16, total revenues were \$15,054 million and total expenses were \$15,900 million.

The most significant factors causing the variances from budget are:

- A decrease of \$75 million in income taxes due to an overestimation of corporate and individual income tax.
- An increase of \$129 million in other taxes primarily due to a restatement of the Education Property Tax Credit (EPTC) of \$205 million. The restatement of the EPTC was not applied to the budgeted amount for the education property tax. The restatement had no effect on the net loss. Retail, fuel and other taxes were under budget by \$89 million.
- A \$61 million decrease in federal transfers due to lower than anticipated shared cost recoveries.
- An increase of \$96 million in fees and other revenue primarily due to increased tuition rates.
- \$48 million higher than estimated investment returns on sinking funds.
- A decrease of \$46 million in net income from Government Business Enterprises primarily due to lower than budgeted results for Manitoba Hydro.
- An increase of \$357 million in Health and Education expenses relating to wages, benefits and programs costs.
- An increase of \$39 million in Family Services expenses related to front line services including supports for children and vulnerable persons.

À la fin de l'exercice, la Province affichait une perte nette de 846 millions de dollars, soit 424 millions de dollars de plus que les pertes nettes de 422 millions de dollars prévues dans le budget. En 2015-2016, les recettes totales ont atteint 15 054 millions de dollars, et les dépenses totales se sont élevées à 15 900 millions de dollars.

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

- une diminution de 75 millions de dollars des recettes fiscales en raison de la surestimation des recettes tirées de l'impôt sur le revenu des particuliers et de l'impôt sur les bénéfices des sociétés;
- une augmentation de 129 millions de dollars des recettes tirées des taxes en raison du retraitement du crédit d'impôt foncier pour l'éducation de 205 millions de dollars. Le retraitement du crédit d'impôt n'a pas été appliqué selon le montant prévu au budget pour l'impôt foncier pour l'éducation. Ce retraitement n'a eu aucun effet sur la perte nette. Les taxes sur les ventes au détail, sur le carburant et les autres taxes ont généré des recettes inférieures de 89 millions de dollars aux prévisions budgétaires;
- une diminution de 61 millions de dollars des transferts fédéraux en raison de recouvrements liés aux frais partagés plus faibles que prévu;
- une augmentation de 96 millions de dollars en droits et autres recettes principalement attribuable à la hausse des droits de scolarité;
- des rendements des investissements sur les fonds d'amortissement supérieurs de 48 millions de dollars à ce qui avait été estimé;
- une diminution de 46 millions de dollars du bénéfice net des entreprises publiques principalement en raison de résultats plus faibles que prévu au budget pour Manitoba Hydro;
- une augmentation de 357 millions de dollars des dépenses en santé et en éducation ayant trait aux salaires, aux avantages sociaux et aux coûts des programmes;
- une augmentation de 39 millions de dollars des dépenses de services à la famille liées aux services de première ligne, y compris les soutiens pour les enfants et les personnes vulnérables;

- A decrease in Community, Economic and Resource Development (CERD) expenses of \$142 million due to lower than anticipated agricultural insurance indemnities of \$82 million. In addition, the budget understated the impact for the reclassification of other operating entities to Justice and Other Expenditures by \$52 million. There is an offsetting impact in Justice and Other Expenditures.
- An increase of \$98 million in Justice and Other Expenditures due to the above-noted \$52 million understatement of the budget reclassification from CERD, as well as emergency expenditures of \$49 million over budget for additional expenditures related to heavy precipitation in the spring of 2014 and the 2011 spring flood.
- une diminution de 142 millions de dollars des dépenses consacrées au développement des communautés, de l'économie et des ressources en raison d'indemnités d'assurance agricole plus faibles que prévu (82 millions de dollars). De plus, le budget sous-estimait de 52 millions de dollars les effets de la reclassification d'autres entités opérationnelles vers Justice et autres dépenses. Il y a un effet de compensation pour Justice et autres dépenses;
- une augmentation de 98 millions de dollars des dépenses dans Justice et autres dépenses. Les causes sont la sous-évaluation susmentionnée de 52 millions de dollars de la reclassification budgétaire de Développement des communautés, de l'économie et des ressources; et 49 millions de dollars de dépenses de plus que prévu dans Urgences diverses, en raison des fortes précipitations au printemps de 2014 et les inondations printanières de 2011.

Revenue

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

Recettes

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

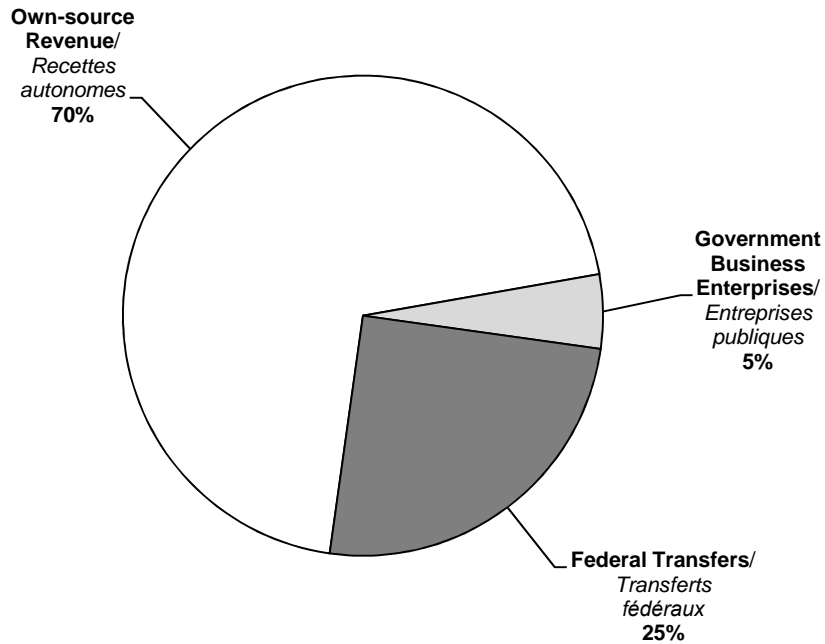
Revenue Trend Analysis by Source
Analyse de l'évolution des recettes par source

Revenue Source <i>Source de recettes</i>	2015/2016 Actual <i>Chiffres réels de</i> 2015-2016	2014/2015 Actual <i>Chiffres réels de</i> 2014-2015	2013/2014 Actual <i>Chiffres réels de</i> 2013-2014	2012/2013 Actual <i>Chiffres réels de</i> 2012-2013	2011/2012 Actual <i>Chiffres réels de</i> 2011-2012
	(\$ millions)/(en millions de dollars)				
Income Taxes	3,777	3,679	3,446	3,302	3,138
Retail Sales Tax <i>Taxe sur les ventes au détail</i>	2,269	2,205	2,028	1,767	1,658
Fuel Taxes <i>Taxes sur les carburants</i>	332	334	329	332	269
Levy for Health and Education <i>Impôt destiné à l'enseignement et aux services de santé</i>	333	321	315	296	292
Education Property Tax <i>Impôts fonciers en matière d'éducation</i>	711	663	634	578	554
Other Taxes <i>Autres taxes</i>	605	579	617	590	577
Fees and Other Revenue <i>Droits et autres recettes</i>	2,236	2,183	2,202	2,013	1,906
Federal Transfers <i>Transferts fédéraux</i>	3,820	3,809	3,818	3,953	4,332
Net Income from Government Business Enterprises <i>Bénéfice nets des entreprises publiques</i>	713	921	783	739	713
Sinking Fund and Other Investment Earnings <i>Fonds d'amortissement et autres revenus de placement</i>	258	269	242	242	249
Total Revenue <i>Recettes totales</i>	15,054	14,963	14,414	13,812	13,688

The following chart illustrates the Government's main revenue sources for 2015/16.

Le tableau suivant illustre les principales sources de recettes du gouvernement pour 2015-2016.

Sources of Revenue for the Year Ended March 31, 2016
Sources de recettes pour l'exercice terminé le 31 mars 2016



Total revenue in 2015/16 was \$15,054 million, an increase of 0.6% from 2014/15.

Les recettes totales en 2015-2016 ont atteint 15 054 millions de dollars, ce qui représente une hausse de 0,6 % par rapport à 2014-2015.

Expenses

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

Expense by Function

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

Dépenses

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

Dépenses par fonction

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

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

Expense by Function <i>Dépenses par fonction</i>	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
	Actual Chiffres réels de 2015-2016	Actual Chiffres réels de 2014-2015	Actual Chiffres réels de 2013-2014	Actual Chiffres réels de 2012-2013	Actual Chiffres réels de 2011-2012
	(\$ millions)/(en millions de dollars)				
Health <i>Santé</i>	6,244	5,976	5,706	5,454	5,328
Education <i>Éducation</i>	3,989	3,838	3,762	3,537	3,389
Family Services <i>Services à la famille</i>	1,190	1,111	1,074	1,035	1,013
Community, Economic and Resource Development <i>Développement des communautés, de l'économie et des ressources</i>	2,285	2,265	2,415	2,423	2,734
Justice and Other Expenditures <i>Justice et autres dépenses</i>	1,337	1,362	1,158	1,084	1,410
Debt Servicing <i>Service de la dette</i>	855	841	821	839	815
Total Expenses by Function <i>Dépenses totales par fonction</i>	15,900	15,393	14,936	14,372	14,689

Total expenses were \$15,900 million in 2015/16, an increase of 3.3% from 2014/15. The major changes are due to the following:

- 4.5% increase in Health expenses primarily due to increases in funding to Regional Health Authorities for wages and program costs.
- 3.9% increase in Education expenses reflects higher program expenditures primarily related to school divisions and post-

Les dépenses totales en 2015-2016 s'élevaient à 15 900 millions de dollars, soit une augmentation de 3,3 % par rapport à 2014-2015. Les principales évolutions sont attribuables aux éléments suivants :

- une hausse de 4,5 % des dépenses de santé principalement due à des augmentations du financement des offices régionaux de la santé liées aux charges salariales et aux coûts des programmes;
- une hausse de 3,9 % des dépenses en éducation consécutive à des dépenses de programmes plus élevées principalement liées

secondary institutions and increases to pension costs as a result of higher required contributions.

aux divisions scolaires et aux établissements postsecondaires et aux augmentations de coûts des régimes de retraite à la suite de l'exigence de cotisations plus élevées.

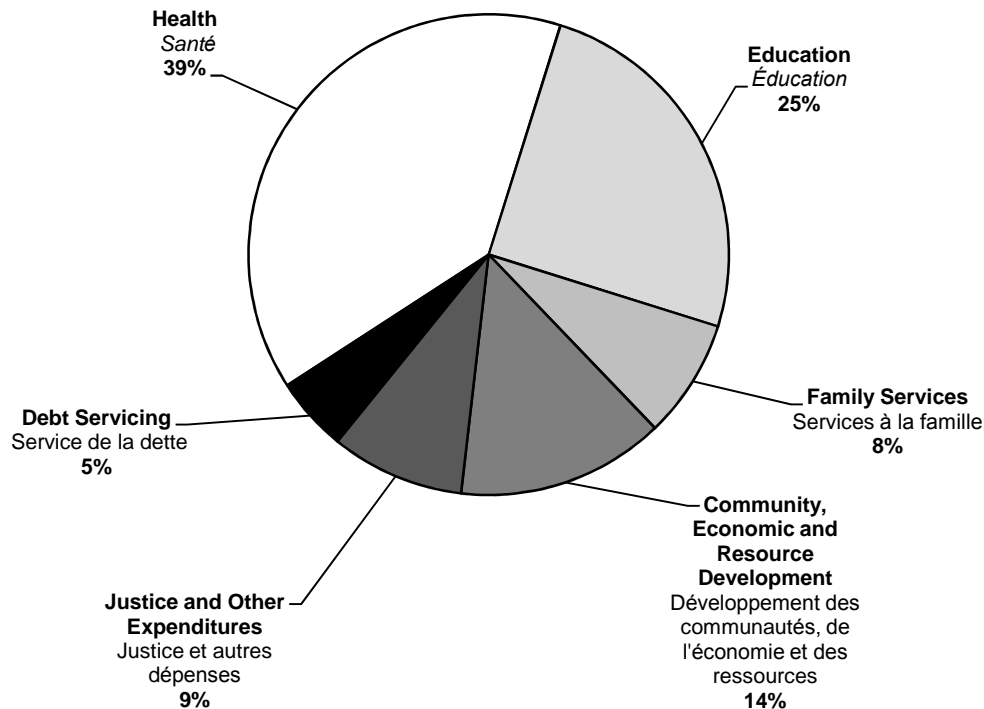
- 7.1% increase in Family Services expenses largely due to increased demands for frontline services, including supports to children and vulnerable persons.

- une augmentation de 7,1 % des dépenses de services à la famille principalement en raison de demandes plus élevées de services de première ligne, y compris des soutiens pour les enfants et les personnes vulnérables.

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

Le diagramme suivant illustre les dépenses du gouvernement par fonction.

Expenses by Function
Dépenses par fonction



The health, education, and family services components comprise 72% of the total operating expenses.

Les secteurs de la santé, de l'éducation et des services à la famille représentent 72 % des dépenses totales de fonctionnement.

Program expenses, which represent total expenses less the cost of servicing debt, increased 3.4% from 2014/15, primarily as a result of increases in the Health and Education sectors. In 2015/16, total expenses to GDP amounted to 24.1% (2014/15 – 24.0%) while program expenses to GDP amounted to 22.8% (2014/15 – 22.7%) of GDP.

Les dépenses de programmes, soit les dépenses totales moins les frais de service de la dette, ont augmenté de 3,4 % par rapport à 2014-2015, principalement dans les fonctions de santé et d'éducation. En 2015-2016, les dépenses totales représentaient 24,1 % du PIB (contre 24 % en 2014-2015), alors que les dépenses de programmes représentaient 22,8 % du PIB (contre 22,7 % en 2014-2015).

Total expenses as a percentage of total revenues was 105.6% in 2015/16. An expense ratio of more than 100% means that expenses have exceeded revenues, resulting in a deficit.

Les dépenses totales en pourcentage des recettes totales étaient de 105,6 % en 2015-2016. Un ratio supérieur à 100 % signifie que les dépenses sont supérieures aux recettes, et qu'on obtient de ce fait un déficit.

Expense by Type

Dépenses par catégorie

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

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

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

Expense by Type <i>Dépenses par catégorie</i>	2015/2016 <i>Actual</i> <i>Chiffres réels de</i> <i>2015-2016</i>	2014/2015 <i>Actual</i> <i>Chiffres réels de</i> <i>2014-2015</i>	2013/2014 <i>Actual</i> <i>Chiffres réels de</i> <i>2013-2014</i>	2012/2013 <i>Actual</i> <i>Chiffres réels de</i> <i>2012-2013</i>	2011/2012 <i>Actual</i> <i>Chiffres réels de</i> <i>2011-2012</i>
	(\$ millions)/(en millions de dollars)				
Personnel Services <i>Services de personnel</i>	7,816	7,512	7,275	6,975	6,631
Grants/Transfer Payments <i>Subventions et paiements de transfert</i>	2,178	2,193	1,973	1,859	2,129
Transportation <i>Transport</i>	153	138	169	161	161
Communications <i>Communications</i>	74	74	73	72	77
Supplies and Services <i>Fournitures et services</i>	1,826	1,792	1,687	1,807	2,000
Social Assistance Related <i>Aide sociale</i>	1,433	1,368	1,250	1,309	1,409
Other Operating <i>Autres dépenses de fonctionnement</i>	826	791	1,046	762	901
Debt Servicing <i>Service de la dette</i>	855	841	821	839	815
Minor Capital <i>Dépenses en capital secondaires</i>	115	89	88	77	90
Amortization <i>Amortissement des immobilisations</i>	624	595	554	511	476
Total Expenses by Type <i>Dépenses totales par catégorie</i>	15,900	15,393	14,936	14,372	14,689

Overall spending by type remained consistent from 2014/15. Personnel services, the Province's largest expense, as a percentage of total expenses had a slight

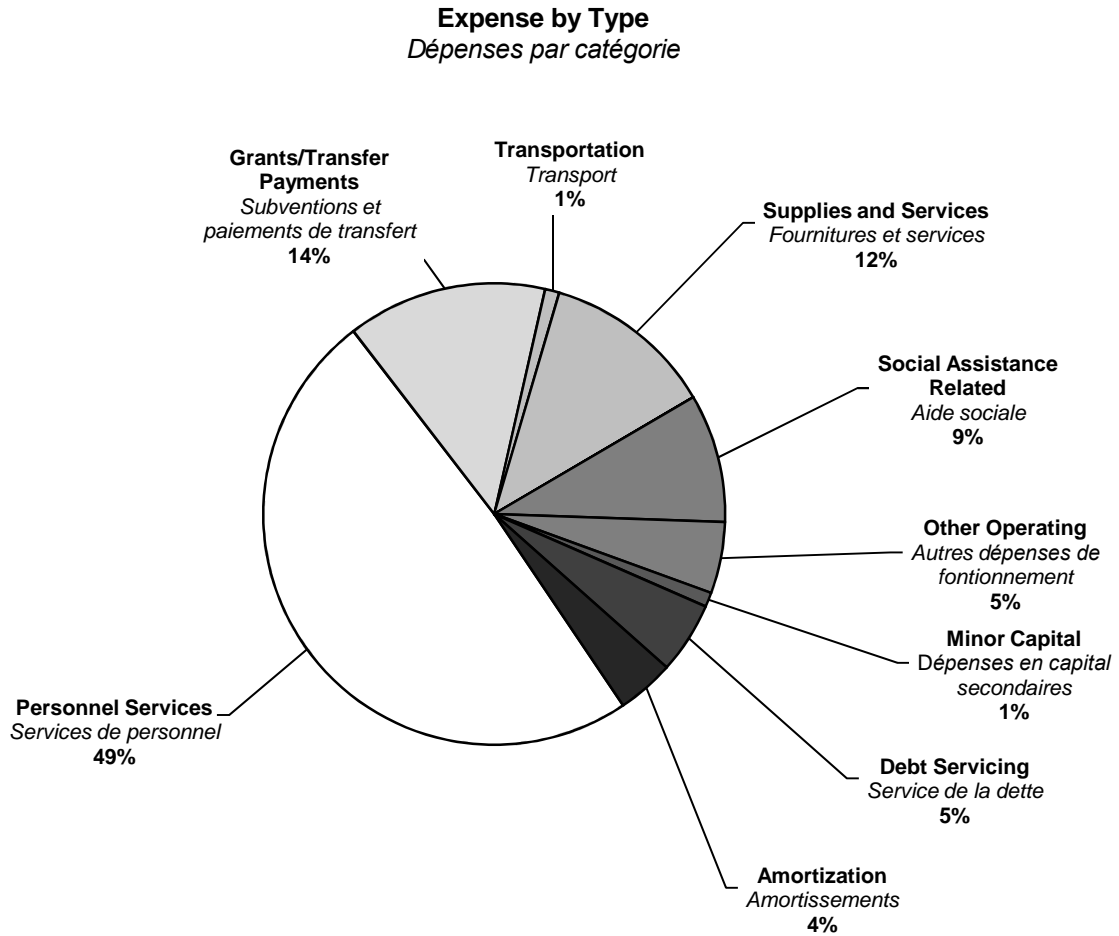
Le total des dépenses par catégorie est demeuré stable par rapport à 2014-2015. En pourcentage des recettes totales, les services de personnel, qui constituent le

increase to 49.2% (2014/15 – 48.8%), supplies and services decreased slightly to 11.5% (2014/15 – 11.6%) and grants/transfer payments decreased to 13.7% (2014/15 – 14.2%).

principal poste de dépenses du gouvernement, ont augmenté légèrement à 49,2 % (contre 48,8 % en 2014-2015), les fournitures et services ont légèrement diminué à 11,5 % (contre 11,6 % en 2014-2015) et les subventions et paiements de transfert ont diminué à 13,7 % (contre 14,2 % en 2014-2015).

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

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



Financial Assets

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

Actifs financiers

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

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

	2015/2016 Actual Chiffres réels de 2015-2016	2014/2015 Actual Chiffres réels de 2014-2015	2013/2014 Actual Chiffres réels de 2013-2014	2012/2013 Actual Chiffres réels de 2012-2013	2011/2012 Actual Chiffres réels de 2011-2012
Financial Assets <i>Actifs financiers</i>					
Cash, Cash Equivalents, Short-Term Investments <i>Trésorerie, équivalents de trésorerie, placements à court terme</i>	2,415	1,983	1,600	1,293	1,374
Temporary Investments <i>Placements temporaires</i>	194	215	202	229	205
Accounts Receivable and Advances <i>Créances et avances</i>	1,621	1,642	1,548	1,661	1,647
Inventories <i>Stocks</i>	83	79	75	74	65
Portfolio Investments <i>Placements de portefeuille</i>	1,567	1,841	2,293	2,466	2,760
Loan and Advances <i>Prêts et avances</i>	1,402	1,251	1,145	1,096	955
Equity in Government Business Enterprises <i>Valeur des entreprises publiques</i>	3,281	3,194	3,820	3,766	3,617
Total Financial Assets <i>Total des actifs financiers</i>	10,563	10,205	10,683	10,585	10,623

Financial assets are consistent with 2014/15, overall. Portfolio investments decreased by \$274 million, or 14.9%, from 2014/15. This was offset by an increase in cash and temporary investments of \$411 million, or 18.7%. Equity in GBEs represents 31.1% of the 2015/16 financial assets, a slight decrease of 0.2%, from 31.3% in 2014/15.

Les actifs financiers ont dans l'ensemble été stables par rapport à 2014-2015. Les placements de portefeuille ont baissé de 274 millions de dollars, soit 14,9 %, depuis 2014-2015. Cette baisse a été compensée par une augmentation de 411 millions de dollars (18,7 %) de la trésorerie et des placements temporaires. L'actif net des entreprises publiques représentait 31,1 % des actifs financiers en 2015-2016, soit une légère baisse de 0,2 % par rapport à 2014-2015 (31,3 %).

Liabilities

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

Passifs

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

Liabilities Trend Analysis Analyse de l'évolution des passifs

	2015/2016 Actual Chiffres réels de 2015-2016	2014/2015 Actual Chiffres réels de 2014-2015	2013/2014 Actual Chiffres réels de 2013-2014	2012/2013 Actual Chiffres réels de 2012-2013	2011/2012 Actual Chiffres réels de 2011-2012
Liabilities <i>Passifs</i>					
Borrowings <i>Emprunts</i>	25,438	23,257	21,946	20,788	19,603
Accounts Payable and Accrued Liabilities <i>Créditeurs et charges à payer</i>	3,780	3,766	3,540	3,343	3,455
Deferred Revenues <i>Recettes différées</i>	405	419	413	427	390
Pension Liability <i>Obligation découlant des régimes de retraite</i>	2,354	2,245	2,038	1,828	1,634
Other Liabilities <i>Autres obligations</i>	19	19	18	20	19
Total Liabilities <i>Total des passifs</i>	31,996	29,706	27,955	26,406	25,101

The 2015/16 total liabilities increased \$2,290 million or 7.7% from 2014/15. Borrowings have increased \$2,181 million or 9.4% from 2014/15. The pension liability increased by \$109 million or 4.9% from 2014/15. Accounts payable and accrued liabilities have increased \$14 million or 0.4% and restricted inflows, referred to as deferred revenue, experienced a slight decrease of \$14 million or 3.3%.

Le total des passifs de 2015-2016 s'est accru de 2 290 millions de dollars par rapport à 2014-2015, ce qui représente une croissance de 7,7 %. Les emprunts ont augmenté de 2 181 millions de dollars, soit 9,4 % par rapport à 2014-2015. L'obligation découlant des régimes de retraite a augmenté de 109 millions de dollars (4,9 %) par rapport à 2014-2015. Les créditeurs et les charges à payer ont augmenté de 14 millions de dollars (0,4 %) tandis que les rentrées soumises à restrictions, inscrites comme des recettes différées, ont diminué légèrement de 14 millions de dollars (3,3 %).

Debt servicing costs were \$855 million (2014/15 - \$841 million) as at March 31, 2016, an increase of 1.7%.

Les frais de service de la dette ont atteint 855 millions de dollars au 31 mars 2016, contre 841 millions de dollars en 2014-2015, ce qui représente une hausse de 1,7 %.

Pension Liability

The summary financial statements include the future pension obligation for government and its reporting entities. The Government has taken actions to address

Obligation découlant des régimes de retraite

Les états financiers sommaires englobent l'obligation future découlant des régimes de retraite pour le gouvernement et ses entités comptables. Le

the unfunded pension liability. This included funding of \$1,500 million to the Teachers' Retirement Allowances Fund in 2007 and \$100 million in 2015. The Government has provided funding of \$1,100 million towards the employer's liability relating to the Civil Service Superannuation Fund as of March 2012, through borrowings. Borrowing funds to pay down the unfunded pension liability is a sound fiscal decision because, over the longer term, the cost of borrowing is less than the expected rate of return on the plan assets. As well, over the last five years, the markets have substantially recovered to offset any losses that were experienced on the plan assets during the economic downturn.

The Government uses a diversified, conservative investment approach to mitigate the risk of volatile market conditions on its investments and operating results. It recognizes changes in market value over the service life of employees, consistent with Canadian generally accepted accounting principles. This method of accounting for market changes allows the Government to smooth gains and losses over several years.

Net Debt and Accumulated Deficit

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

Net debt for 2014/15, as previously reported, was \$18,963 and increased to \$21,433 as at March 31, 2016.

The main reasons for the 2015/16 increase in net debt were:

- The 2015/16 operating loss of \$846 million.
- Net TCA acquisitions of \$1,025 million.

gouvernement a pris des mesures pour régler la question de l'obligation non capitalisée découlant des régimes de retraite. Ainsi, il a affecté 1 500 millions de dollars à la Caisse de retraite des enseignants en 2007 et 100 millions de dollars en 2015. Le gouvernement a affecté 1 100 millions de dollars à l'obligation relative à la Caisse de retraite de la fonction publique en date de mars 2012, en recourant à des emprunts. L'emprunt de sommes pour rembourser l'obligation non capitalisée découlant des régimes de retraite est une décision financière judicieuse, car le coût d'emprunt est à plus long terme inférieur au taux prévu de rendement de l'actif des régimes. De plus, au cours des cinq dernières années, les marchés ont connu une reprise importante, ce qui a permis de compenser les pertes enregistrées sur l'actif des régimes durant le ralentissement économique.

Le gouvernement a adopté une approche prudente dans le choix de ses placements, qu'il a aussi voulu diversifiés, afin de limiter les risques liés à la volatilité des marchés, et cela, pour protéger tant ses placements que ses résultats d'exploitation. Il reconnaît les changements de valeur marchande au cours des années de service des employés, conformément aux principes comptables généralement reconnus au Canada. Cette méthode tenant compte des changements du marché permet au gouvernement de lisser les gains et les pertes sur plusieurs années.

Dette nette et déficit accumulé

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

La dette nette de 2014-2015, comme cela était indiqué précédemment, était de 18 963 millions de dollars et a augmenté à 21 433 millions de dollars en date du 31 mars 2016.

Les principales raisons de l'augmentation de la dette nette pour 2015-2016 étaient les suivantes :

- la perte d'exploitation de 846 millions de dollars en 2015-2016;
- les acquisitions nettes d'immobilisations corporelles de 1 025 millions de dollars;

- Manitoba Hydro's adoption of IFRS resulted in an increase of \$610 million in net debt and accumulated deficit.

- l'adoption par Manitoba Hydro des Normes internationales d'information financière a entraîné une augmentation de 610 millions de dollars de dette nette et de déficit accumulé.

The accumulated deficit has increased by \$3,540 million, or 67.1%, from four years ago, mainly as a result of operating losses incurred in the economic recovery period; as a result of the global economic downturn; costs attributable to the unprecedented flood of 2011; and Manitoba Hydro's adoption of IFRS on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's opening accumulated deficit and net debt of \$610 million. In 2015/16, the accumulated deficit increased by \$889 million, or 11.2%, from 2014/15.

Le déficit accumulé a augmenté de 3 540 millions de dollars, soit 67,1 %, par rapport à il y a quatre ans, principalement en raison des pertes d'exploitation subies pendant la période de reprise économique, au ralentissement économique mondial, aux coûts attribuables aux inondations sans précédent de 2011 et à l'adoption des Normes internationales d'information financière par Manitoba Hydro le 1^{er} avril 2015 avec une date de transition du 1^{er} avril 2014. Cette transition vers ces normes a entraîné une augmentation du solde d'ouverture du déficit accumulé du gouvernement et une dette nette de 610 millions de dollars. En 2015-2016, le déficit accumulé a augmenté de 889 millions de dollars (11,2 %) par rapport à l'exercice précédent.

Net Debt and Accumulated Deficit Trend Analysis
Analyses de l'évolution de la dette nette et du déficit accumulé

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
	Actual	Actual	Actual	Actual	Actual
	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>	<i>Chiffres réels de</i>
	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>	<i>2012-2013</i>	<i>2011-2012</i>
	<i>(\$ millions)/(en millions de dollars)</i>				
Net Debt and Accumulated Deficit					
<i>Dette nette et déficit accumulé</i>					
Financial Assets					
<i>Actifs financiers</i>	10,563	10,205	10,683	10,585	10,623
Less: Liabilities					
<i>Moins : les passifs</i>	(31,996)	(29,706)	(27,955)	(26,406)	(25,101)
Total Net Debt					
<i>Total de la dette nette</i>	(21,433)	(19,501)	(17,272)	(15,821)	(14,478)
Non-Financial Assets					
<i>Actifs non financiers</i>	12,621	11,578	10,719	9,957	9,206
Total Accumulated Deficit					
<i>Total du déficit accumulé</i>	(8,812)	(7,923)	(6,553)	(5,864)	(5,272)

Non-financial Assets

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

Actifs non financiers

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

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

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
	Actual	Actual	Actual	Actual	Actual
	Chiffres	Chiffres	Chiffres	Chiffres	Chiffres
	réels de	réels de	réels de	réels de	réels de
	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
	(\$ millions)/(en millions de dollars)				
Non-financial Assets					
<i>Actifs non financiers</i>					
Tangible capital assets					
<i>Immobilisations corporelles</i>	12,486	11,461	10,599	9,842	9,097
Prepaid expenses					
<i>Charges payées d'avance</i>	59	58	58	60	50
Inventories					
<i>Stocks</i>	76	59	62	55	59
Total non-financial Assets					
<i>Total des actifs non financiers</i>	12,621	11,578	10,719	9,957	9,206

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

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

At March 31, 2016, non-financial assets were \$1,043 million higher, or 9.0%, than 2014/15. The majority of Government's non-financial assets are tangible capital assets. Tangible capital asset additions were \$1,702 million for 2015/16 (2014/15 - \$1,534 million). Additions include investments in infrastructure as well as health and education facilities.

En date du 31 mars 2016, les actifs non financiers présentaient une hausse de 1 043 millions de dollars, soit 9 %, par rapport à 2014-2015. La plus grande partie des actifs non financiers du gouvernement sont des immobilisations corporelles. Les acquisitions d'immobilisations corporelles totalisaient 1 702 millions de dollars en 2015-2016 (contre 1 534 millions de dollars en 2014-2015). Ces acquisitions comprennent des investissements dans l'infrastructure ainsi que des établissements de santé et d'éducation.

Tangible Capital Assets

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

Immobilisations corporelles

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

Tangible Capital Assets Trend Analysis Analyse de l'évolution des immobilisations corporelles

	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
	Actual	Actual	Actual	Actual	Actual
	Chiffres	Chiffres	Chiffres	Chiffres	Chiffres
	réels de	réels de	réels de	réels de	réels de
	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
	(\$ millions)/(en millions de dollars)				
Tangible Capital Assets					
<i>Immobilisations corporelles</i>					
Land					
<i>Terrains</i>	289	264	251	233	214
Building and Leasehold Improvements					
<i>Immeubles et améliorations locatives</i>	5,155	4,855	4,488	4,072	3,802
Vehicles and Equipment					
<i>Véhicules et équipement</i>	804	797	807	788	754
Computer Hardware and Software					
<i>Matériel informatique et logiciels</i>	330	267	308	306	286
Assets Under Construction					
<i>Actifs en construction</i>	1,229	1,105	994	975	843
Infrastructure					
<i>Infrastructure</i>	4,679	4,173	3,751	3,468	3,198
Total Tangible Capital Assets					
<i>Total des immobilisations corporelles</i>	12,486	11,461	10,599	9,842	9,097

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

The net book value of tangible capital assets totalled \$12,486 million at the end of 2015/16 (2014/15 - \$11,461 million). Buildings and leasehold improvements include provincially-owned schools, health facilities, and public service buildings. Infrastructure assets include roads, water control structures and parks.

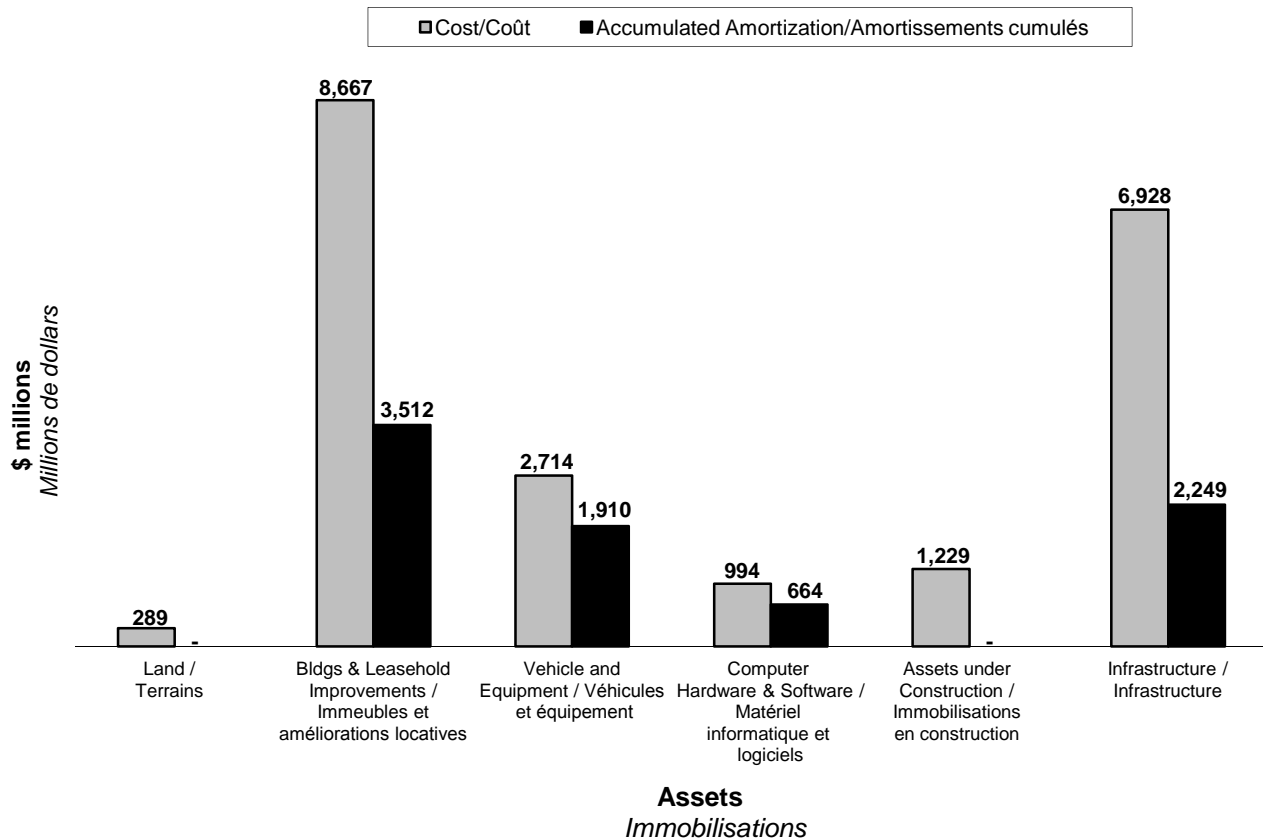
Le gouvernement comptabilise à l'actif le coût brut de ses immobilisations corporelles. Les sommes liées aux projets d'immobilisation et récupérées d'autres administrations sont inscrites comme des recettes au cours de l'exercice où les immobilisations sont achetées ou construites. Les terres de la Couronne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

La valeur comptable nette des immobilisations corporelles était de 12 486 millions de dollars à la fin de 2015-2016 (11 461 millions de dollars en 2014-2015). Les immeubles et améliorations locatives comprennent les écoles, les établissements de santé et les immeubles de services publics qui appartiennent à la province. La catégorie Infrastructure comprend les routes, les ouvrages de régularisation des eaux et les parcs.

The total cost of tangible capital assets has increased steadily, from \$15,518 million in 2011/12 to \$20,821 million in 2015/16, demonstrating that the Province has more assets available to provide services in future periods. The following chart illustrates tangible capital assets by class and includes the related accumulated amortization as of March 31, 2016.

Le coût total des immobilisations corporelles s'accroît également de façon constante. Il est passé de 15 518 millions en 2011-2012 à 20 821 millions en 2015-2016, ce qui montre que la Province a davantage d'actifs disponibles pour la prestation de services au cours des périodes à venir. Le diagramme suivant illustre les immobilisations corporelles par catégorie et les amortissements cumulés connexes au 31 mars 2016.

Tangible Capital Assets as at March 31, 2016
Immobilisations corporelles au 31 mars 2016



GLOSSARY OF KEY TERMS /GLOSSAIRE DE TERMES-CLÉS

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

Consolidation Impacts: The adjustments needed to bring the revenue and expenditure of the Other Reporting Entities into the Summary Budget, and to eliminate transactions between entities to avoid duplication of revenues and expenses (e.g. a government grant is counted as an expenditure of Core Government and is eliminated from the revenue of the Other Reporting Entity).

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

Crown Organization: An organization in the GRE that is wholly owned or established by government, such as a Crown corporation (e.g. Manitoba Agricultural Services Corporation).

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

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

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

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

Incidences de la consolidation : ajustements nécessaires pour inclure les recettes et les dépenses des autres entités comptables dans le Budget sommaire, et pour éliminer les transactions entre entités dans le but d'éviter la comptabilisation double des recettes et des dépenses (par exemple, une subvention publique figure comme dépense dans les opérations fondamentales du gouvernement et est éliminée dans les recettes d'autres entités comptables).

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

Organisation de la Couronne : organisation du périmètre comptable qui a été établie par le gouvernement ou dont il a la propriété exclusive, par exemple une société d'État comme la Société des services agricoles du Manitoba.

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

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

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

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

Government Reporting Entity (GRE): Includes Core Government and Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges.

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

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

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

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

Other Comprehensive Income (OCI): Other comprehensive income is an accounting recognition of unrealized gains and losses in fair market value of financial instruments, such as investments held as available for sale or trading or debt held in a foreign currency. Currently, OCI accounting standards apply only to other reporting entities, except not-for-profit organizations. It is measured as the change in "mark-to-

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

Périmètre comptable du gouvernement : inclut les opérations fondamentales du gouvernement, les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges.

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

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

Rapport dette nette–produit intérieur brut (PIB) : dette nette de la Province par rapport à la valeur marchande totale de tous les biens et services finals produits par l'économie manitobaine. La dette nette est le total du passif de l'État moins ses actifs financiers. Les agences de notation et autres analystes s'en servent couramment pour apprécier la conjoncture financière d'un État et l'évolution de sa capacité à faire face à ses engagements financiers.

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

Autres éléments du résultat étendu : prise en compte des gains et des pertes non réalisés calculés selon la juste valeur marchande de l'instrument financier, par exemple, un actif financier susceptible de vente ou une dette en devise étrangère. À l'heure actuelle, les normes comptables concernant les autres éléments du résultat étendu s'appliquent uniquement aux autres entités comptables, à l'exception des organismes à but non

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

Other Reporting Entities: Entities in the GRE such as Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges that are directly or indirectly controlled by the Government, as prescribed by PSAB – excludes Core Government.

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

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

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

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

Autres entités comptables : entités du périmètre comptable du gouvernement comme les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges qui sont directement ou indirectement sous le contrôle du gouvernement, comme le prescrit le Conseil sur la comptabilité dans le secteur public. Exclut les opérations fondamentales du gouvernement.

Obligation découlant des régimes de retraite : valeur actuarielle de l’obligation non réglée découlant des régimes de retraite du gouvernement et des organisations de la Couronne participantes. La dépense comprend les fonds provenant des crédits relatifs aux opérations fondamentales du gouvernement et l’augmentation, déterminée à l’aide de calculs actuariels, de l’obligation découlant des régimes de retraite. Le gouvernement du Manitoba soutient huit régimes de retraite distincts.

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

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

**SUMMARY FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

March 31, 2016

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STATEMENT OF RESPONSIBILITY

The summary financial statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the Government reporting entity and include summary statements of financial position, revenue and expense, accumulated deficit, change in net debt, cash flow, notes and schedules integral to the statements. Together, they present fairly, in all material respects, the financial position of the Government as at March 31, 2016, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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

On behalf of the Government of the Province of Manitoba.

Original signed by

Aurel Tess, CPA, CGA
Provincial Comptroller

September 14, 2016



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying consolidated financial statements of the Province of Manitoba, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of revenue and expense, accumulated deficit, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Manitoba as at March 31, 2016, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Original document signed by
Norm Ricard**

September 14, 2016
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2016

SCHEDULE	(\$ millions)	
	2016	2015 Restated
FINANCIAL ASSETS		
	2,415	1,983
	194	215
1	1,621	1,642
	83	79
	1,567	1,841
2	1,402	1,251
3	3,281	3,194
	Total Financial Assets	10,563
		10,205
LIABILITIES		
4	25,438	23,257
5	4,204	4,204
6	2,354	2,245
	Total Liabilities	29,706
	NET DEBT	(21,433)
		(19,501)
NON-FINANCIAL ASSETS		
	76	59
	59	58
7	12,486	11,461
	Total Non-Financial Assets	11,578
	ACCUMULATED DEFICIT	(8,812)
		(7,923)
	Contingencies (Note 6)	
	Contractual Obligations (Note 7)	

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

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE
For the Year Ended March 31, 2016

	(\$ millions)		
	2016	2015	
	Budget	Actual	Actual Restated
REVENUE			
Income taxes:			
Corporation income tax.....	590	516	562
Individual income tax.....	3,262	3,261	3,117
Other taxes:			
Retail sales tax.....	2,292	2,269	2,205
Fuel taxes.....	346	332	334
Levy for health and education.....	350	333	321
Education property tax.....	493	711	663
Other taxes.....	640	605	579
Fees and other revenue.....	2,140	2,236	2,183
Federal transfers:			
Equalization.....	1,738	1,738	1,750
Canada Health and Canada Social Transfers.....	1,698	1,697	1,621
Shared cost and other.....	445	385	438
Net income from government business enterprises (Schedule 3).....	759	713	921
Sinking funds and other investment earnings.....	210	258	269
Total Revenue (Schedule 9).....	14,963	15,054	14,963
EXPENSES			
Health.....	6,088	6,244	5,976
Education	3,788	3,989	3,838
Family Services.....	1,151	1,190	1,111
Community, Economic and Resource Development.....	2,427	2,285	2,265
Justice and Other Expenditures.....	1,239	1,337	1,362
Debt Servicing (Note 8).....	842	855	841
Total Expenses (Schedule 9).....	15,535	15,900	15,393
In - Year Adjustment/Lapse*.....	(150)	-	-
NET LOSS FOR THE YEAR	(422)	(846)	(430)

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

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

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT
For the Year Ended March 31, 2016

	(\$ millions)	
	2016 Actual	2015 Actual Restated
Opening accumulated deficit, as previously reported.....	(7,385)	(6,614)
Changes in accounting policy (Note 1D(vii)).....	(610)	(505)
Adjustment to accumulated deficit (Note 16).....	<u>72</u>	<u>72</u>
Opening accumulated deficit, as restated.....	(7,923)	(7,047)
Other comprehensive loss (Schedule 3).....	(43)	(446)
Net loss for the year.....	<u>(846)</u>	<u>(430)</u>
Closing accumulated deficit.....	<u>(8,812)</u>	<u>(7,923)</u>

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

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31, 2016

	(\$ millions)		
	Budget	2016 Actual	2015 Actual Restated
Net loss for the year.....	<u>(422)</u>	<u>(846)</u>	<u>(430)</u>
Tangible capital assets (Schedule 7)			
Acquisition of tangible capital assets.....	(1,331)	(1,702)	(1,534)
Amortization of tangible capital assets.....	604	624	595
Disposal of tangible capital assets.....	-	53	62
Net acquisition of tangible capital assets.....	<u>(727)</u>	<u>(1,025)</u>	<u>(877)</u>
Other Non-Financial Assets			
Decrease (Increase) in inventories.....	-	(17)	3
Decrease (Increase) in prepaid expenses.....	-	(1)	-
Net acquisition of other non-financial assets	<u>-</u>	<u>(18)</u>	<u>3</u>
Other comprehensive loss (Schedule 3).....	<u>-</u>	<u>(43)</u>	<u>(446)</u>
(Increase) in Net Debt.....	<u>(1,149)</u>	<u>(1,932)</u>	<u>(1,750)</u>
Net Debt, beginning of year, as previously reported.....	(18,775)	(18,963)	(17,318)
Changes in accounting policy (Note 1D(vii)).....	(502)	(610)	(505)
Adjustment to accumulated deficit (Note 16).....	<u>-</u>	<u>72</u>	<u>72</u>
Net Debt, beginning of year, as restated.....	<u>(19,277)</u>	<u>(19,501)</u>	<u>(17,751)</u>
Net Debt, end of year.....	<u><u>(20,426)</u></u>	<u><u>(21,433)</u></u>	<u><u>(19,501)</u></u>

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

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2016

	(\$ millions)	
	2016	2015 Restated
Cash and cash equivalents provided by (used in)		
Operating Activities		
Net loss for the year.....	(846)	(430)
Changes in non-cash items:		
Temporary investments.....	21	(13)
Amounts receivable.....	38	(1)
Valuation allowance.....	(20)	(22)
Inventories.....	(21)	(1)
Prepays.....	(1)	-
Accounts payable, accrued charges, provisions and deferrals.....	-	202
Pension liability.....	109	207
Amortization of foreign currency fluctuation.....	6	6
Amortization of debt discount.....	(62)	(107)
Unamortized losses on derivative contracts.....	11	96
Loss on disposal of tangible capital assets.....	53	62
Amortization of tangible capital assets.....	624	595
	<u>(88)</u>	<u>594</u>
Other comprehensive loss (Schedule 3).....	(43)	(446)
Changes in equity in government business enterprises (Schedule 3).....	(87)	121
	<u>(218)</u>	<u>269</u>
Cash provided by operating activities		
Capital Activities		
Acquisition of tangible capital assets.....	<u>(1,702)</u>	<u>(1,534)</u>
Cash used in capital activities	<u>(1,702)</u>	<u>(1,534)</u>
Investing Activities		
Investments purchased.....	(2,811)	(2,810)
Investments sold or matured.....	<u>1,035</u>	<u>1,585</u>
Cash used in investing activities	<u>(1,776)</u>	<u>(1,225)</u>
Financing Activities		
Debt issued.....	6,502	5,556
Debt redeemed.....	<u>(2,374)</u>	<u>(2,683)</u>
Cash provided by financing activities	<u>4,128</u>	<u>2,873</u>
Increase in cash and cash equivalents	432	383
Cash and cash equivalents, beginning of year.....	<u>1,983</u>	<u>1,600</u>
Cash and cash equivalents, end of year.....	<u><u>2,415</u></u>	<u><u>1,983</u></u>
Supplementary information:		
Interest received.....	<u>254</u>	<u>270</u>
Interest paid.....	<u>888</u>	<u>849</u>

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

NOTES TO THE SUMMARY FINANCIAL STATEMENTS For the Year Ended March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

A. General Basis of Accounting

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

B. The Government Reporting Entity

Various funds, Crown organizations (Crowns) and government business enterprises (GBEs) comprising the Government Reporting Entity (GRE) are listed in Schedule 8 to the summary financial statements.

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

C. Basis of Consolidation

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

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

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

Effective April 1, 2015, all GBEs have adopted International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). IFRS standards are not required to be adopted by senior governments.

On January 30, 2014, the IASB issued a new interim standard, IFRS 14 *Regulatory Deferral Accounts*. This standard allows GBEs to continue to use their existing rate regulated accounting practices upon adoption of IFRS until the IASB completes its comprehensive project on rate regulated accounting. This standard becomes effective January 1, 2016; however, early adoption is permitted. Manitoba Hydro adopted IFRS 14 upon its transition to IFRS on April 1, 2015.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Specific Accounting Policies

(i) Gross Accounting Concept

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

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

(ii) Revenue

(1) Government transfers

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

(2) Taxes

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

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

(3) Other revenue

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

(iii) Expenses

(1) Accrual accounting

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

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

(2) Government transfers

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Financial Assets

(1) Accounts receivable

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

(2) Loans and advances

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

(3) Investments

Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward foreign exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign currency fluctuation between year ends are amortized monthly over the remaining life of the investment and are included with debt servicing expense. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in a foreign currency are translated at the exchange rate in effect on the transaction date. Gains and losses on terminated derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract.

(4) Inventories for resale

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

(v) Liabilities

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

(1) Borrowings

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(2) Pension liability

The Government accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service using the accrued benefit actuarial cost method, except as disclosed in Note 5. The value of plan assets is determined using a moving average fair value method. Under this method, fair value is the underlying basis, with any excess (or shortfall) of investment returns over (or below) the expected long-term rate being amortized over a five year period. When actual experience varies from actuarial estimates, for both the accrued benefit obligation and plan assets, the difference is amortized over the expected average remaining service life of the related employee group. Past service costs from plan amendments are recognized in full as expenses in the year of the amendment.

(3) Employee future benefits

The Government recognizes the cost of accumulating benefits in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when the event that obligates the Government to pay benefits occurs.

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

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

(4) Guarantees

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

(5) Liability for contaminated sites

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(vi) Non-Financial Assets

(1) Recognition and measurement

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

(2) Inventories

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

(3) Prepaid expenses

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

(4) Tangible capital assets

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

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

Intangible assets and items inherited by right of the Crown, such as Crown lands, forests, water and other mineral resources are not recognized in the Government's financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Tangible Assets:

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

Infrastructure Assets:

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

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

(vii) Changes in Accounting Policy

Manitoba Hydro adopted IFRS on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's opening accumulated deficit and net debt of \$610 million (2015 - \$505 million). These adjustments are primarily related to the measurement of employee future benefits under IAS 19 – *Employee Benefits*. Manitoba Hydro previously deferred actuarial gains and losses using the corridor method of amortization. Actuarial gains and losses are now recognized immediately in other comprehensive income. In addition, both vested and unvested sick leave and severance liabilities are now recorded; previously, only legally vested obligations were recognized. The transition to IFRS increased the 2015 net income by \$22 million due to various adjustments and increased the other comprehensive loss by \$127 million.

(viii) Classification by Sector

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

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

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

The family services sector includes all social services related to employment and income support for individuals in need as well as a comprehensive range of social services and financial assistance programs provided to Manitobans throughout the Province.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The community, economic and resource development sector includes the promotion and development of the Province's natural resources including the support of industries within this sector. It also includes the operation and maintenance of transportation systems including highway infrastructure and other Government infrastructure. The sector also contains the management and administration of housing policies and benefits for low to moderate income renters and homeowners.

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

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

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

E. Measurement Uncertainty

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

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

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

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

2. TEMPORARY INVESTMENTS

	(\$ millions)	
	2016	2015
Temporary investments	194	215

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

3. PORTFOLIO INVESTMENTS

	(\$ millions)	
	2016	2015
Sinking funds	1,227	1,348
Other investments	325	472
Unamortized termination losses on derivative contracts	15	21
	1,567	1,841

Portfolio investments are recorded using the cost method. Under this method, any discount or premium arising on the purchase of a fixed term security is amortized over the period to maturity. Portfolio investments are written down to market value only in those circumstances where the loss in value is other than temporary in nature. As at March 31, 2016, the market value of portfolio investments was \$1,580 million (2015 - \$1,903 million).

Sinking Funds

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

	(\$ millions)			
	2016		2015	
	Book Value	Fair Value	Book Value	Fair Value
Government of Canada, direct and guaranteed	8	8	45	46
Provincial, direct and guaranteed	1,111	1,108	1,179	1,167
Municipal	99	99	99	99
Corporate	9	9	25	26
	1,227	1,224	1,348	1,338

Investment revenue earned on sinking funds during the year was \$40 million (2015 - \$47 million). The sinking funds are allocated as follows:

	(\$ millions)	
	2016	2015
Sinking funds	1,233	1,389
Less: Uninvested portion of sinking funds held in cash and cash equivalents	(6)	(41)
Total sinking funds held in portfolio investments	1,227	1,348

3. PORTFOLIO INVESTMENTS (Continued)

Other Investments

	(\$ millions)	
	2016	2015
Guaranteed investment certificates	21	41
Bonds – Government of Canada, provincial and municipal	75	119
Bonds – Corporate	75	128
Equity investments	129	154
Investments in real estate	25	30
	325	472

As at March 31, 2016 the market value of other investments was \$356 million (2015 - \$565 million). Other investments earned \$24 million during the year (2015 - \$40 million).

4. EQUITY IN GOVERNMENT BUSINESS ENTERPRISES

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

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

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

Manitoba Hydro - Electric Board	-	March 31, 2016
Manitoba Liquor and Lotteries Corporation	-	March 31, 2016
Manitoba Public Insurance	-	February 29, 2016
Workers Compensation Board	-	December 31, 2015
Deposit Guarantee Corporation of Manitoba	-	December 31, 2015

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

4. EQUITY IN GOVERNMENT BUSINESS ENTERPRISES (continued)

	(\$ millions)	
	2016	2015
Restricted Equity in Government Business Enterprises:		
Deposit Guarantee Corporation of Manitoba	269	252
Manitoba Hydro-Electric Board	2,052	2,059
Manitoba Public Insurance Corporation	378	410
Workers Compensation Board of Manitoba	565	457
	3,264	3,178
Unrestricted Equity in Government Business Enterprises:		
Manitoba Liquor and Lotteries Corporation	5	5
Manitoba Public Insurance Corporation	12	11
	17	16
Equity in Government Business Enterprises	3,281	3,194

5. PENSION PLANS

The Government participates in various pension plans. The two primary plans, in which the Government directly participates, are the Civil Service Superannuation Plan and the Teachers' Pension Plan. As per the Acts that administer these plans, the Government is responsible for 50% of pension benefits earned by employees. These Plans are joint trustee plans. The Government's pension liability reflects its share of the actuarial present values of pension benefits attributed to services rendered by employees and former employees, net of any plan assets which are set aside by the Government in an irrevocable trust. As of March 31, 2016, the pension liability for the Civil Service Superannuation Plan was \$827 million (2015 - \$775 million) and the pension liability for the Teachers' Pension Plan was \$1,434 million (2015 - \$1,406 million).

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

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

Employees in the health sector are members of the Health Care Employees Pension Plan, a multi-employer defined benefit pension plan established between employees and participating boards. Because the Government does not sponsor this plan, the accrued benefit liability of this plan is not recognized in these financial statements. The annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. During the year, the Government expensed contributions to this plan of \$151 million (2015 - \$139 million). At December 31, 2015 the Plan had an excess of net assets available for benefits over pension obligations of \$212 million.

As at March 31, 2016, the total pension liability being reflected in the summary financial statements was \$2,354 million (2015 - \$2,245 million). Details related to the pension liability are provided in Schedule 6 to the summary financial statements. The following provides general information on the contributions and benefit formula of the various pension plans, which are included in this schedule.

5. PENSION PLANS (Continued)

A. Civil Service Superannuation Plan

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

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

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

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

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

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Civil Service Superannuation Plan are reported in the December 31, 2015 audited financial statements of CSSF. At December 31, 2015, after accounting for provincial pension assets held in trust and trust assets held in trust for GBEs, CSSF had an estimated accrued net obligation of \$700 million (2014 - \$690 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value. This valuation also includes estimated net obligations related to GBEs, which are included in the summary financial statements on a modified equity basis, and other entities that are not part of the GRE.

B. Teachers' Pension Plan

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

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

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

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

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Teachers' Pension Plan are reported in the December 31, 2015 audited financial statements of Teachers' Retirement Allowances

5. PENSION PLANS (Continued)

Fund (Fund). At December 31, 2015, after accounting for provincial pension assets held in trust, the Fund had an estimated accrued net obligation of \$1,281 million (2014 - \$1,271 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value.

C. Other Government Plans

(i) Members of the Legislative Assembly Plan

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

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

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

(ii) Legislative Assembly Pension Plan

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

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

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

(iii) Judges' Supplemental Pension Plan

Manitoba Provincial Court Judges and Masters are members of the Civil Service Superannuation Plan; however, they also receive enhanced pension benefits under the Manitoba Provincial Court Judges and Masters' Supplemental Pension Plan. These supplemental pension benefits for judges are the difference between the total pension benefits for judges, including the amendments introduced by Judicial Compensation Committees, and the formula pension available under *The Civil Service Superannuation Act (CSSA)* as described above in Note 5A.

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

5. PENSION PLANS (Continued)

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

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

The lifetime pension calculation equals 2% of the member's highest average pensionable earnings in any three non-overlapping periods of 12 consecutive months, less 0.6% of the average CPP earnings for the same period multiplied by years of pensionable service. Indexing payments are subject to approval by the Trustees and increases in the Consumer Price Index.

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

D. Other Pension Plans

(a) Post-Secondary

(i) University of Manitoba Pension Plan

The University of Manitoba administers The University of Manitoba Pension Plan (1970), The University of Manitoba Pension Plan (1993), and The University of Manitoba GFT Pension Plan (1986). These are trustee pension plans. The Trustees are responsible for the custody of the plans' assets and issuance of annual financial statements. The December 2009 funding valuation indicated that the University of Manitoba Pension Plan (1993) was in a funding deficiency position which the University is funding over fifteen years at an annual additional payment of \$5 million.

University of Manitoba Pension Plan (1993) is a money purchase plan with a defined benefit minimum. The funding for the plan requires a matching contribution from the University and the employees. The plan is not indexed. Plan members contribute at a rate of 9.0% of salary less an adjustment for the Canada Pension Plan during 2015.

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

In 2009, the Manitoba Pension Commission advised the University of Manitoba it was required to begin to make additional payments with respect to current service costs in excess of matching contributions of active members and the University. The additional current service cost payments required are based on a percentage of employee contributions. The total payment for fiscal 2016 was \$4 million (2015 - \$3 million).

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

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

(ii) University of Winnipeg Pension Plan

The University of Winnipeg administers the University of Winnipeg Pension Plan (UWPP), which is comprised of a defined benefit segment and a defined contribution segment. The assets of the Plan

5. PENSION PLANS (Continued)

are held in trust by independent custodians. The defined benefit segment of the UWPP was closed to new members effective January 1, 2001. Members who join after this date join the defined contribution plan.

The UWPP was established as a contributory defined benefit pension plan on September 1, 1972 and covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan. The funding for the plan requires a matching contribution from the University and the employees. Annual pension benefits equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of \$1,722.22 per year of pensionable service. At December 2014 the Plan had a going-concern deficiency of \$15 million, which the University is addressing by making annual deficiency payments of \$2 million until the deficiency is eliminated.

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

(iii) Brandon University Retirement Plan

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

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

Employees are required to contribute 8.0% of pensionable earnings less 1.8% of pensionable earnings for which Canada Pension Plan contributions are required. Pensionable earnings are subject to an annual limit related to the maximum benefit accrual in a year. For 2016, the yearly maximum contributory earnings are \$115,220.

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

(b) Public School Divisions

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

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

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

Employee contributions equal 8.1% of pensionable salary and 9.5% of the earnings in excess of pensionable salary up to the yearly maximum pensionable earnings, effective January 1, 2014. The Winnipeg School Division matches employee contributions and pays an additional 12.4% of employee contributions less the amount needed to finance the Disability Income Plan benefits

5. PENSION PLANS (Continued)

(approximately 10%). As a result, employer contributions equal approximately 111.6% of employee contributions.

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

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

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

The St. James-Assiniboia School Division matches employee contributions.

(iii) Retirement Plan for Employees of Frontier School Division

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

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

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

(iv) School District of Mystery Lake Pension Plan

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

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

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

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

E. Government Business Enterprises

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

6. CONTINGENCIES

A. Contingent Liabilities

i) Legal Actions

The Government has been named in various legal actions. No provision has been made at March 31, 2016 in the accounts where the final results are uncertain.

ii) Canadian Blood Services

All provincial and territorial governments of Canada, except Quebec, are members of, and provide funding to, Canadian Blood Services (CBS), which operates the Canadian blood system. The March 31, 2016 audited financial statements indicate that CBS has established two wholly-owned captive insurance companies to provide for the contingent liabilities for risks related to operations of the blood system: CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited (CBSE).

CBSI provides insurance coverage up to \$250 million with respect to risks associated with the operation of the blood system. The related assets of CBSI as at March 31, 2016 total \$414 million (2015 - \$414 million). Based upon the above, the Government's share of the provision for future claims as at March 31, 2016 is offset with designated assets, which at that date exceed the provision.

CBS and CBSE have entered into an agreement whereby the members have agreed to provide insurance coverage for all amounts payable by CBSE under the terms of the excess policy up to \$750 million in excess of the \$250 million provided by CBSI. No payment shall be made under CBSE until the limit of the liability under the primary policy in CBSI has been exhausted. The members have agreed to contribute their pro rata share of the required capital of \$750 million. The members have each issued an indemnity to CBSE on their pro rata share of the \$750 million, calculated on the basis of their respective populations. Given current populations, Manitoba's maximum potential liability under its indemnity to CBSE is approximately \$35 million. The Government is not aware of any proceedings which could lead to a claim against it under the indemnity given to CBSE.

iii) Treaty Land Entitlement Obligations

The Government's obligations under the treaty land entitlement agreements require the setting aside of 1,426,454 acres of Crown lands and Other Lands (Acquisition) for reserve creation. As of March 31, 2016, the Entitlement First Nations have collectively selected and acquired approximately 1,059,864 acres of Crown lands and other lands. The Crown lands will be transferred according to the Natural Resources Transfer Agreement, and the transfer will include mines and minerals and other interests normally reserved for the Government, under *The Crown Land Act* or any other statute. To meet this obligation, the government of Manitoba has made available or transferred to the Government approximately 709,419 acres of provincial Crown lands for the purposes of reserve creation for Entitlement First Nations.

iv) Government Business Enterprise Contingencies

Significant contingencies for Government Business Enterprises include:

Manitoba Hydro has a mitigation program in place to address past, present, and ongoing adverse impacts arising from all past hydro-electric developments (prior to the Wuskwatim generating station), particularly for Indigenous people residing or engaged in resource harvesting in the project areas. Manitoba Hydro recognizes a liability for future mitigation payments, where the amounts are determinable; however, the organization also anticipates further mitigation issues, the outcomes of which are not determinable at this time. No provision has been included for these items as of March 31, 2016.

6. CONTINGENCIES (continued)

B. Loan Guarantees

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

	Authorized	(\$ millions)	
	Limit	2016	2015
Canadian Museum for Human Rights	25	16	16
Manitoba Agricultural Services Corporation (Note 6B.i)	-	84	79
Manitoba Student Aid Program (Note 6B.ii)	20	-	-
Manitoba Housing and Renewal Corporation (Note 6B.iii)	20	10	10
Triple B Stadium Inc.	37	6	-
Other	17	7	6
Manitoba Grow Bonds		3	3
Total guarantees outstanding		126	114

A provision for future losses on guarantees in the amount of \$18 million (2015 - \$19 million) has been recorded in the accounts.

Note 6B i) Manitoba Agricultural Services Corporation

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

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

6. CONTINGENCIES (continued)

Note 6B ii) Manitoba Student Aid Program

The Government guarantees three types of student loans, as follows:

<u>Loan type</u>	<u>Nature of loan</u>
Guaranteed loans	Issued by the Canadian Imperial Bank of Commerce (CIBC) from April 1, 1993 to December 31, 1994. These loans are fully guaranteed, if the loan is deemed to be in default.
Limited risk loans	Issued by the CIBC from January 2, 1995 to December 31, 1997 and issued by the Royal Bank from June 2, 1997 to July 31, 2000. The Government only guarantees those loans in default that have been issued to credit abusers, insolvent creditors and minors.
Non-risk loans	Issued by the Royal Bank from August 1, 2000 to July 31, 2001. The Government has agreed to guarantee and purchase any loan deemed to be in default.

Note 6B iii) Manitoba Housing and Renewal Corporation

Manitoba Housing and Renewal Corporation has authority to guarantee the repayment of various mortgages and issue various letters of credit, which guarantee the terms and conditions of land development agreements and construction contracts, up to \$20 million. At March 31, 2016 outstanding guarantees under this authority totalled \$10 million (2015 - \$10 million).

C. Government Business Enterprise Guarantees

As at March 31, 2016, Manitoba Hydro has outstanding Manitoba HydroBonds and Manitoba Hydro-Electric Board Bonds amounting to \$171 million (2015 - \$233 million). These bonds carry fixed and variable coupon rates that range from 1.25% to 10.00%. Manitoba HydroBonds are redeemable at the option of the holder. The Government guarantees \$106 million (2015 - \$169 million) of these outstanding bonds.

Manitoba Hydro provides guarantees to counterparties as part of its use of natural gas derivative commodity contracts. Guarantees issued at March 31, 2016 totalled \$368 million (2015 - \$361 million) and do not have specific maturity dates. Letters of credit in the amount of \$68 million (2015 - \$67 million) for construction and energy related transactions with maturities until 2049.

The Deposit Guarantee Corporation of Manitoba has guaranteed \$25 billion in credit union deposits at the end of December 31, 2015 (December 31, 2014 - \$24 billion). Based upon its ongoing monitoring procedures, the Corporation has concluded that a provision for such contingencies does not need to be established at this time.

7. CONTRACTUAL OBLIGATIONS

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

(\$ millions)	2017	2018	2019	2020	2021	2022 and beyond	Total
Government departments, Crowns and Special Funds	697	370	317	266	241	375	2,266
Government Business Enterprises	10	10	9	8	7	43	87
Total	<u>707</u>	<u>380</u>	<u>326</u>	<u>274</u>	<u>248</u>	<u>418</u>	<u>2,353</u>

Other significant obligations not included in the table are:

Crown Corporations

Crowns of the Province have entered into contractual arrangements related to construction projects totalling \$516 million (2015 - \$602 million).

Government Business Enterprise Contractual Obligations

Manitoba Hydro has energy purchase commitments of \$1,454 million (2015 - \$1,499 million) that relate to future purchases of wind, natural gas (including transportation and storage contracts), coal and electricity. Commitments are primarily for wind, which expire in 2038, and natural gas purchases, which expire in 2020. In addition, other outstanding commitments principally for construction, are approximately \$3,581 million (2015 - \$3,567 million).

Manitoba Liquor and Lotteries Corporation has purchase commitments of \$21 million (2015 - \$21 million) related to the head office relocation, casino and retail liquor store construction projects.

Workers Compensation Board has contractual agreements to contribute funding to a maximum of \$13 million (2015 - \$43 million) to specific investment projects. These will be financed from their existing investment portfolio or from available cash.

8. DEBT SERVICING

Debt servicing costs of \$855 million (2015 - \$841 million) are net of interest recoveries from GBEs of \$642 million (2015 - \$562 million), interest on provincial debt held as investments of \$13 million (2015 - \$16 million) and includes \$36 million (2015 - \$33 million) representing interest expense of Crown organizations. GBEs debt servicing costs of \$632 million (2015 - \$561 million) are reported in Schedule 3.

9. AMOUNTS DUE TO THE GOVERNMENT OF CANADA

Through the Manitoba Opportunities Fund Ltd., the Government holds and invests deposits made through the Federal Department of Citizenship and Immigration, Canada's Immigrant Investor Program. As of March 31, 2016, the Government has loans repayable to the Government of Canada of \$175 million (2015 - \$240 million). Payment is due five years after receipt. The Government is charged an administrative fee for each loan.

10. AMOUNTS HELD IN TRUST

Amounts held in trust are assets over which the Manitoba Legislature has no power of appropriation. These amounts are not included in the summary financial statements because the Government has no equity in the amounts and administers them according to trust or other agreed-upon arrangements. As at March 31, 2016 amounts held in trust were as follows:

	(\$ millions)	
	2016	2015
Fiduciary Trusts	610	546
Custodial Trusts	142	136
Estates and Trusts under Administration	250	249
	1,002	931

Fiduciary Trusts

The Government holds certain interest bearing deposits as fiduciary trusts. These deposits are pooled with the Government's investments in order to earn a market rate of interest.

Custodial Trusts

The Government holds custodial trust funds in the form of bonds and other securities.

Estates and Trusts under Administration

The Public Guardian and Trustee of Manitoba administers the estates and trusts of mentally disabled persons, deceased persons, and infants. During the year the Public Guardian and Trustee earned fees of \$7 million for services provided to the estates and trusts (2015 - \$7 million). The estates and trusts under administration are in the form of bonds, equities, real estate, mortgages and other securities.

11. RISK MANAGEMENT AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Foreign exchange risk

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

To manage this risk, the Government uses derivative contracts, including foreign exchange forward contracts as well as swaps, to convert foreign currency principal and interest cash flows into Canadian dollar denominated cash flows. The current portfolio of foreign debt is fully hedged through the use of derivatives and U.S. dollar sinking funds, except for the impact of the unamortized foreign exchange fluctuation account of \$21 million (2015 - \$27 million). This account is fixed with no sensitivity to future foreign exchange rates.

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

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

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

Interest rate risk

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

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

After taking into account derivatives used to manage interest rate risk, investments held as sinking funds and eliminating debt incurred on behalf of Manitoba Hydro, the structure of the debt as at March 31, 2016 was 92% at fixed rates and 8% at floating rates (2015 – 89% at fixed rates and 11% at floating rates). A one percent (100 basis points) movement in interest rates on the 8% floating rate debt for an entire year would increase/decrease debt servicing costs, net of recoveries, by \$20 million (2015 - \$25 million).

Credit risk

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

The Government manages its credit risk exposure from derivatives by, among other activities, dealing only with high credit quality counterparties and regularly monitoring compliance to credit limits. In addition, the Government enters into contractual agreements ("master agreements") with all of its counterparties. As at March 31, 2016 the Government has a gross credit risk exposure related to derivatives of \$372 million (2015 - \$406 million).

Liquidity risk

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

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

Derivative portfolio

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

	(\$ millions)			
	2016		2015	
	Notional Value	Fair Value	Notional Value	Fair Value
Interest rate and cross currency swaps	<u>42,230</u>	<u>(1,079)</u>	<u>39,057</u>	<u>(768)</u>

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

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

12. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES

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

A. Accounts Receivable and Loans and Advances

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

B. Investments

MPI holds \$797 million (2015 - \$831 million) of Provincial bonds and debentures with maturities ranging from 2016 to 2052 and interest rates ranging from 1.03% to 8.69%.

C. Water Power Rentals

Water power rental fees charged to Manitoba Hydro, in the amount of \$117 million (2015 - \$117 million), are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category. Water power rental rates are authorized by Regulation 25/88 and 197/2001 under *The Water Power Act*. Rentals are paid to the Government for the use of water resources in the operation of Manitoba Hydro's hydroelectric generating stations.

D. Fees on Government Guarantees

Manitoba Hydro remitted \$122 million (2015 - \$109 million) to the Government based on the amount of their debt that is guaranteed by the Government. The fees are included in the Consolidated Statement of Revenue and Expense under the sinking funds and other investment earnings category.

E. Driver Licensing Operations

The Government, by agreement, paid \$28 million (2015 - \$28 million) to MPIC for the management and administration of driver licensing. MPIC, on behalf of the Government, collected driver licensing fees totalling \$24 million (2015 - \$24 million) and motor vehicle registration fees totalling \$183 million (2015 - \$180 million).

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

F. Other Revenue

Under *The Workplace Safety and Health Act of Manitoba*, the Workers Compensation Board supports the administrative expenses incurred by the Government for the Workplace Safety and Health program and the Worker Advisor Office. The amount for the year ended December 31, 2015 was \$9 million (December 31, 2014 - \$10 million).

Manitoba Liquor and Lotteries Corporation provided \$7 million in funding to the Addictions Foundation of Manitoba for the year ended March 31, 2016 (2015 - \$7 million) for addictions and problem gambling services programs. In addition, the Corporation provided \$5 million (2015 - \$5 million) in funding to the Liquor and Gaming Authority of Manitoba and the Crown Corporations Council through the payment of annual license fees and levies.

PROVINCE OF MANITOBA
PUBLIC ACCOUNTS 2015/16

Manitoba Hydro paid the Province \$73 million (2015 - \$65 million) for Corporation Capital Tax.

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

13. EMPLOYEE FUTURE BENEFITS

	(\$ millions)	
	2016	2015
Severance	440	422
Long term disability income plan	35	26
Workers compensation claims	36	30
	511	478

The severance liability is valued using discount rates that range from 2.5% to 6.5% and salary increase rate which range from 2.5% to 3.75%. Unamortized actuarial gains and losses are amortized over EARSL. Periods range from 4 to 15 years. As of March 31, 2016 unamortized losses were \$10 million.

The long term disability income plan is valued using a discount rate of 3.8%. Actuarial gains and losses are recognized to income as they occur. Workers compensation claims are recognized based on an actuarial valuation prepared for the Workers Compensation Board. The December 31, 2015 valuation was prepared using a discount rate of 5.7% and a salary increase rate of 3.7%. Actuarial gains and losses are recognized into income as they occur.

14. EXPENSES IN EXCESS OF LEGISLATIVE AUTHORITY

The budget estimates presented on the Consolidated Statement of Revenue and Expense, excludes \$228 million in special warrants related to the Core Government. The original budget estimate amounts plus the \$228 million in special warrants becomes the revised estimates, against which expenses in excess of legislative authority are determined.

Based upon the revised estimates, the following departments were over-expended as a result of adjustments made after March 31, 2016:

Part A – Operating Expense:

	(\$ millions)
Employee Pensions and Other Costs	17
Health, Healthy Living and Seniors	55
Mineral Resources	16
Other Appropriations	53

Part B – Capital Investment:

Infrastructure and Transportation	22
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15. LIABILITY FOR CONTAMINATED SITES

	(\$ millions)	
	2016	2015
Liability for contaminated sites	290	293

As of March 31, 2016 the Province has identified 425 sites which require or likely require remediation from contamination. The liability includes sites associated with mining activities, mineral exploration, highway maintenance, airports, marines, landfills, sewage treatment facilities, commercial and industrial operations, parks and other protected areas. The nature of contamination includes petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX (benzene, toluene, ethylbenzene and xylenes), toxic heavy metals, polychlorinated

biphenyl (PCBs) and other organic contaminants. The sources of contamination include above ground and underground fuel storage tanks, fuel handling, pipelines, chemical storage, by-product waste, metal based paint, and the leaching of materials deposited in landfills. Sites often have multiple sources of contamination. Remediation at 2 sites requires the operation of water treatment plants for the next 25 years. Expenditures of \$67 million for the future operation of the water treatment plants have been discounted at 3.9% over the next 25 years.

Manitoba Hydro will incur future costs associated with the assessment and remediation of contaminated lands and facilities for the phase-out and destruction of polychlorinated biphenyl contaminated mineral oil from electrical equipment. A reasonable estimate of the associated costs, not already recognized as asset retirement obligations, cannot be made at this time. No provision has been included for these items as of March 31, 2016.

16. ADJUSTMENTS TO ACCUMULATED DEFICIT

During the year, the Government identified that costs eligible for recovery under the Federal Government's Disaster Financial Assistance program had not been recognized as revenue in the year the costs were incurred. The eligible costs related to the 2009 and 2011 spring floods. The Government corrected this error by recognizing the revenue in the appropriate periods. As a result, the receivable from the Government of Canada has increased by \$72 million (2015 - \$72 million). Prior year results have been restated.

17. COMPARATIVE FIGURES

Certain 2015 financial statement figures have been reclassified to be consistent with the 2016 presentation.

SCHEDULE 1

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF AMOUNTS RECEIVABLE
As at March 31, 2016

	(\$ millions)	
	2016	2015
TAXATION:		
Income taxes.....	216	205
Retail sales tax.....	236	230
Other taxes.....	126	112
	<u>578</u>	<u>547</u>
GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Government of Canada shared cost programs/agreements.....	449	485
Other.....	339	357
	<u>788</u>	<u>842</u>
OTHER:		
Health and social services.....	169	152
Government business enterprises.....	57	81
Sundry departmental revenue.....	105	129
Other.....	142	126
	<u>473</u>	<u>488</u>
	1,839	1,877
Less: Allowances.....	<u>218</u>	<u>235</u>
Total Amounts Receivable.....	<u><u>1,621</u></u>	<u><u>1,642</u></u>

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF LOANS AND ADVANCES
As at March 31, 2016

	(\$ millions)	
	2016	2015
GOVERNMENT BUSINESS ENTERPRISES:		
Manitoba Hydro-Electric Board.....	14,436	12,485
Manitoba Liquor and Lotteries Corporation.....	369	342
	14,805	12,827
Less: Debt incurred for and repayable by the Manitoba Hydro-Electric Board.....	14,436	12,485
	369	342
OTHER:		
Loans and mortgages - Note a.....	823	717
Stadium loan - Note b.....	135	136
Manitoba student loans - Note c.....	104	89
Family services agencies - Note d.....	31	29
Other.....	1	2
	1,094	973
TOTAL LOANS AND ADVANCES	1,463	1,315
Less: Valuation allowance.....	61	64
NET LOANS AND ADVANCES	1,402	1,251

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

- i) fixed with rates ranging from 1.75% to 10.50%; or
- ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 0.90% and the highest set at 1.14% as at March 31, 2016.

Note a

i) Agricultural direct lending and special assistance program mortgages, due in varying annual amounts to the year 2046, bearing interest rates ranging from 2.63% to 9.00%.	584	477
ii) Housing direct lending and special assistance program mortgages, due in varying annual amounts to the year 2053, bearing interest rates ranging from 0.0% to 14.25%.	115	116
iii) Business development assistance loans, due in varying annual amounts to the year 2040, bearing interest rates ranging from 0.0% to 7.38%.	92	91
iv) Northern business development and fishing industry assistance loans, due in varying annual amounts to the year 2026, bearing interest rates ranging from 4.11% to 8.77%.	32	33
	823	717

Note b Stadium loan to Triple B Stadium Inc, issued in two phases, payment due in varying annual amounts to 2038 on Phase 1 and 2058 for Phase 2, bearing interest at 4.65%.

Note c Student loans, payment and interest free until 6 months past the completion of studies, due 114 to 174 months after that time. Manitoba Student Loans are interest free, effective August 1, 2015.

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

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

SCHEDULE 3

For the Year Ended March 31, 2016

	(\$ millions)			TOTAL	TOTAL
	UTILITY	INSURANCE	FINANCE	2016	2015
CHANGES IN EQUITY					Restated
Results from Operations:					
Revenues from operations.....	2,281	1,543	1,397	5,221	5,400
Expenses: From operations.....	1,612	1,462	802	3,876	3,918
Debt servicing.....	620	-	12	632	561
Total expenses.....	2,232	1,462	814	4,508	4,479
Net income.....	49	81	583	713	921
Other comprehensive loss.....	(56)	13	-	(43)	(446)
Total comprehensive income (loss).....	(7)	94	583	670	475
Transfers to the Government.....	-	-	(583)	(583)	(596)
Net increase in equity in government business enterprises.....	(7)	94	-	87	(121)
FINANCIAL POSITION					
Assets:					
Cash and temporary investments.....	956	52	38	1,046	616
Amounts receivable.....	372	436	46	854	878
Portfolio investments: Due from Government and government organizations.....	-	815	-	815	978
Due from others.....	-	3,627	-	3,627	3,429
Capital assets.....	17,208	143	385	17,736	15,746
Other assets.....	1,244	258	70	1,572	1,593
Total assets.....	19,780	5,331	539	25,650	23,240
Liabilities:					
Accounts payable, accrued liabilities and deferred revenue.....	2,473	760	165	3,398	3,082
Long-term debt: Owing to Government.....	14,436	-	369	14,805	12,827
Other borrowings, discounts and deferred transaction costs.....	91	62	-	153	200
Net pension obligations (assets).....	588	395	-	983	950
Future cost of existing claims.....	-	2,890	-	2,890	2,867
Total liabilities.....	17,588	4,107	534	22,229	19,926
Equity:					
Non-controlling interests.....	140	-	-	140	120
Equity in government business enterprises.....	2,052	1,224	5	3,281	3,194
Total equity.....	2,192	1,224	5	3,421	3,314
Total liabilities and equity.....	19,780	5,331	539	25,650	23,240
EQUITY COMPRISED OF:					
Retained earnings.....	2,828	1,237	5	4,070	3,940
Accumulated other comprehensive income.....	(776)	(13)	-	(789)	(746)
Equity in government business enterprises.....	2,052	1,224	5	3,281	3,194

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

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF BORROWINGS

SCHEDULE 4

As at March 31, 2016

(\$ millions)

Fiscal Year of Maturity	Bonds and Debentures		Canada Pension Plan	Loans and Mortgages	Promissory Notes and Treasury Bills	Totals	
	Cdn	US	Cdn	Cdn	Cdn	2016	2015
2016.....	-	-	-	-	-	-	3,828
2017.....	2,006	649	-	55	1,625	4,335	2,696
2018.....	2,440	-	-	34	-	2,474	2,503
2019.....	2,077	579	-	65	-	2,721	2,694
2020.....	2,371	-	15	20	-	2,406	2,499
2021.....	3,526	-	-	2	-	3,528	1,773
2016-2021.....	12,420	1,228	15	176	1,625	15,464	15,993
2022-2026.....	7,775	389	-	391	-	8,555	5,266
2027-2036.....	2,944	-	-	-	-	2,944	3,767
2037-2065.....	12,055	-	477	-	-	12,532	10,321
2017-2053 Crown Organizations.....	621	-	-	301	-	922	899
2017-2065.....	23,395	389	477	692	-	24,953	20,253
Total borrowings.....	35,815	1,617	492	868	1,625	40,417	36,246
Reduced by:							
Debt incurred for and repayable by the Manitoba Hydro-Electric Board.....						(14,436)	(12,485)
Unamortized debt issue costs.....						(264)	(202)
Unamortized foreign currency fluctuation.....						(21)	(27)
Unamortized gains and losses on derivative contracts.....						269	258
Province of Manitoba debt issues held as investments in sinking funds and cash and cash equivalents.....						(527)	(533)
						25,438	23,257

	March 31/16 Cdn \$ Valuation (See Notes)	March 31/15 Cdn \$ Valuation (See Notes)
Borrowings payable in:		
Canadian dollars	30,539	28,119
Foreign issues hedged to Canadian dollars	8,261	6,351
U.S. dollars	1,617	1,776
Total borrowings	40,417	36,246

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

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

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

- i) Fixed with rates ranging from 0.785% to 10.68%.
- ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 0.65% and the highest set at 4.19% as at March 31, 2016.
- iii) Floating U.S. - U.S. Dollar London Interbank Offering Rate (LIBOR) setting, established quarterly, with the rate currently set at 1.02920% as at March 31, 2016.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCOUNTS PAYABLE,
ACCRUED CHARGES, PROVISIONS AND UNEARNED REVENUE
As at March 31, 2016

	(\$ millions)	
	2016	2015
ACCOUNTS PAYABLE	<u>1,431</u>	<u>1,449</u>
ACCRUED CHARGES:		
Interest.....	207	196
Disaster financial assistance.....	270	307
Liability for contaminated sites (Note 15).....	290	293
Salaries and benefits.....	905	836
Employee future benefits (Note 13).....	511	478
Other.....	<u>166</u>	<u>207</u>
	<u>2,349</u>	<u>2,317</u>
PROVISION FOR FUTURE LOSSES (Note 6)	<u>19</u>	<u>19</u>
UNEARNED REVENUE	<u>405</u>	<u>419</u>
Total Accounts Payable, Accrued Charges, Provisions and Unearned Revenue	<u><u>4,204</u></u>	<u><u>4,204</u></u>

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY

SCHEDULE 6

As at March 31, 2016

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans (Note A)	Public School Division Plans (Note A)	Other Plans (Note A)	Total 2016	Total 2015
	(\$ millions)						
ACCRUED BENEFIT OBLIGATION							
Obligation at beginning of year.....	2,786	3,613	1,413	468	114	8,394	8,020
Current service costs.....	83	96	61	21	5	266	250
Interest cost on benefit obligation.....	165	222	78	28	6	499	490
Change in actuarial (gains) losses and reserves.....	(32)	50	54	3	19	94	87
Plan amendment.....	-	-	-	-	-	-	2
Benefits paid.....	(154)	(185)	(118)	(28)	(8)	(493)	(454)
Obligation at end of year.....	<u>2,848</u>	<u>3,796</u>	<u>1,488</u>	<u>492</u>	<u>136</u>	<u>8,760</u>	<u>8,395</u>
PLAN ASSETS							
Plan assets at beginning of year.....	2,049	2,175	1,376	469	49	6,118	5,715
Employer contributions.....	93	102	41	12	6	254	241
Employee contributions.....	-	-	29	10	-	39	39
Transfer of plan assets.....	4	-	-	-	-	4	3
Plan asset contributions.....	-	100	-	-	-	100	-
Benefits paid.....	(154)	(185)	(118)	(28)	(8)	(493)	(453)
Expected return on plan assets.....	112	121	71	28	3	335	332
Experience gains (losses).....	(6)	(99)	(14)	(2)	2	(119)	241
Market value of plan assets.....	2,098	2,214	1,385	489	52	6,238	6,118
Deferred investment losses (gains).....	(112)	(59)	(104)	-	(3)	(278)	(415)
Market related value of plan assets.....	<u>1,986</u>	<u>2,155</u>	<u>1,281</u>	<u>489</u>	<u>49</u>	<u>5,960</u>	<u>5,703</u>
PENSION LIABILITY							
Plan deficit (surplus).....	862	1,641	207	3	-	2,800	2,693
Unamortized actuarial gains (losses).....	(35)	(207)	(170)	(30)	(16)	(458)	(456)
Surplus adjustments (Note B).....	-	-	-	7	5	12	8
Pension liability.....	<u>827</u>	<u>1,434</u>	<u>37</u>	<u>(20)</u>	<u>76</u>	<u>2,354</u>	<u>2,245</u>
PENSION EXPENSE							
Defined benefit pension plan expense:							
Current service cost.....	83	96	61	21	5	266	250
Interest cost on benefit obligation.....	165	222	78	28	6	499	490
Return on plan assets.....	(112)	(121)	(71)	(28)	(3)	(335)	(332)
Employee contributions.....	-	-	(29)	(10)	-	(39)	(39)
Amortization of actuarial (gains) losses.....	13	33	15	4	(2)	63	71
Plan amendment.....	-	-	-	-	-	-	2
Change in surplus adjustments.....	-	-	-	3	1	4	7
Defined benefit pension plan expense.....	<u>149</u>	<u>230</u>	<u>54</u>	<u>18</u>	<u>7</u>	<u>458</u>	<u>449</u>
Defined contribution pension plan expense.....	<u>-</u>	<u>-</u>	<u>5</u>	<u>17</u>	<u>151</u>	<u>173</u>	<u>161</u>

**SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY**

SCHEDULE 6

(cont'd)

As at March 31, 2016

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans	Public School Division Plans	Other Plans	Total 2016	Total 2015
MEMBER DATA							
Defined benefit pension plan							
Number of active and deferred members.....	22,700	22,900	6,300	4,700	300	56,900	56,100
Number of pensioners.....	15,200	14,200	900	1,800	300	32,400	31,700
Total number of plan members.....	<u>37,900</u>	<u>37,100</u>	<u>7,200</u>	<u>6,500</u>	<u>600</u>	<u>89,300</u>	<u>87,800</u>

ACTUARIAL ASSUMPTIONS

Discount rate on accrued benefits.....	6.00%	6.25%	5.60% - 5.90%	5.00% - 6.00%	3.80% - 5.50%
Expected long-term rate of return.....	6.00%	6.25%	5.60% - 5.90%	5.00% - 6.00%	5.00% - 5.50%
Inflation.....	2.00%	2.00%	2.00% - 2.50%	2.00% - 2.00%	2.00% - 2.00%
Real rate of return.....	4.00%	4.25%	3.10% - 3.90%	3.00% - 4.00%	1.80% - 3.50%
Rate of salary increase.....	3.75%	2.75%	2.00% - 3.00%	3.00% - 4.00%	3.50% - 3.75%
Latest valuation.....	(Note C)	(Note C)	(Note C)	(Note C)	(Note C)

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

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

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

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

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

	<u>Valuation Date</u>	<u>EARSL</u>
- Civil Service Superannuation Plan.....	Dec-14	14.1
- Teachers' Retirement Allowance Plan.....	Jan-15	11.9
- University of Manitoba Pension Plans.....	Dec-15	9.0
- University of Winnipeg Pension Plan.....	Dec-14	7.3
- Brandon University Retirement Plan.....	Dec-14	8.7
- Winnipeg School Division Pension Fund for Employees Other than Teachers.....	Dec-14	12.0
- Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division.....	Dec-14	12.0
- Retirement Plan for Employees of Frontier School Division.....	Dec-14	15.0
- School District of Mystery Lake.....	Jun-15	16.7
- Members of Legislative Assembly Pension Plan.....	Mar-15	3.7
- Legislative Assembly Pension Plan.....	Dec-14	8.0
- Judges' Supplemental Pension Plan.....	Mar-15	10.0
- Winnipeg Child and Family Services Employee Benefits Retirement Plan.....	Dec-14	n/a

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

SCHEDULE 7

For the Year Ended March 31, 2016
(\$ millions)

	General Capital Assets					Infrastructure				Totals	
	Land	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Land and Improvements	Transportation	Dams and Water Management Structures	Assets Under Construction	2016	2015
Cost											
Opening cost.....	264	8,172	2,595	879	1,105	429	4,941	630	235	19,250	17,862
Add:											
Additions during the year.....	23	519	171	95	202	29	431	9	223	1,702	1,534
Less:											
Disposals and write downs.....	-	(58)	(43)	(13)	(17)	-	-	-	-	(131)	(146)
Settlements and reclassifications...	2	34	(9)	33	(61)	4	70	14	(87)	-	-
Closing cost.....	289	8,667	2,714	994	1,229	462	5,442	653	371	20,821	19,250
Accumulated amortization											
Opening accumulated amortization...	-	3,317	1,798	612	-	70	1,895	97	-	7,789	7,278
Add:											
Amortization.....	-	224	150	63	-	7	171	9	-	624	595
Less:											
Accumulated amortization on disposals and write downs.....	-	(29)	(38)	(11)	-	-	-	-	-	(78)	(84)
Closing accumulated amortization.....	-	3,512	1,910	664	-	77	2,066	106	-	8,335	7,789
Net Book Value of Tangible Capital Assets.....	289	5,155	804	330	1,229	385	3,376	547	371	12,486	11,461

During the year, the Province capitalized \$8 million of interest relating to assets under construction (2015 - \$9 million).

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

HEALTH

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

EDUCATION

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

FAMILY SERVICES

Manitoba Children and Youth Opportunities
Manitoba Family Services
First Nations of Northern Manitoba Child and Family Services Authority
First Nations of Southern Manitoba Child and Family Services Authority
General Child and Family Services Authority
Métis Child and Family Services Authority

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT

Manitoba Aboriginal and Northern Affairs
Manitoba Agriculture, Food and Rural Development
Manitoba Conservation and Water Stewardship
Manitoba Housing and Community Development
Manitoba Infrastructure and Transportation
Manitoba Jobs and the Economy
Manitoba Mineral Resources
Manitoba Municipal Government

SCHEDULE 8
(cont'd)

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT, cont'd

Abandonment Reserve Fund
Biodiesel Fund
Communities Economic Development Fund
Community Revitalization Fund
Co-operative Loans and Loans Guarantee Board
Cooperative Promotion Board
Crown Lands and Property Agency
Economic Development Winnipeg Inc. (See Note)
Entrepreneurship Manitoba
Ethanol Fund
Farm Machinery and Equipment Act Fund
Fish and Wildlife Enhancement Fund
Food Development Centre
Green Manitoba Eco Solutions
Industrial Technology Centre
Liquor and Gaming Authority of Manitoba
Manitoba Agricultural Services Corporation
Manitoba Community Services Council Inc.
Manitoba Development Corporation
Manitoba East Side Road Authority
Manitoba Habitat Heritage Corporation
Manitoba Hazardous Waste Management Corporation
Manitoba Horse Racing Commission
Manitoba Housing and Renewal Corporation
Manitoba Opportunities Fund Ltd.
Manitoba Potash Corporation
Manitoba Trucking Productivity Improvement Fund
Manitoba Water Services Board
Mining Community Reserve
Mining Rehabilitation Reserve Fund
Pineland Forest Nursery
Quarry Rehabilitation Reserve Fund
Research Manitoba
Veterinary Science Scholarship Fund
Waste Reduction and Recycling Support Fund

JUSTICE AND OTHER EXPENDITURES

Legislative Assembly
Executive Council
Civil Service Commission
Manitoba Finance
Manitoba Labour and Immigration
Manitoba Justice
Manitoba Multiculturalism and Literacy
Manitoba Tourism, Culture, Heritage, Sport and Consumer Protection

SCHEDULE 8
(cont'd)

JUSTICE AND OTHER EXPENDITURES, cont'd

Crown Corporations Council
Helen Betty Osborne Memorial Foundation
Financial Literacy Fund
Funeral Board of Manitoba
Insurance Council of Manitoba
Land Titles Assurance Fund
Le Centre culturel franco-manitobain
Leaf Rapids Town Properties Ltd.
Legal Aid Manitoba
Manitoba Arts Council
Manitoba Centennial Centre Corporation
Manitoba Combative Sports Commission
Manitoba Education, Research and Learning
 Information Networks (MERLIN)
Manitoba Film & Sound Recording Development Corporation
Manitoba Law Reform Commission
Manitoba Financial Services Agency
Materials Distribution Agency
Office of the Fire Commissioner
Pension Assets Fund
Public Guardian and Trustee of Manitoba
Special Operating Agencies Financing Authority
Sport Manitoba Inc.
Travel Manitoba
Vehicle and Equipment Management Agency
Venture Manitoba Tours Ltd.
Victims Assistance Fund
Vital Statistics Agency
Workplace Safety and Health Public Education Fund

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

Utility:

Manitoba Hydro-Electric Board

Insurance:

Deposit Guarantee Corporation of Manitoba
Manitoba Public Insurance Corporation
Workers Compensation Board of Manitoba

Finance:

Manitoba Liquor and Lotteries Corporation

SPECIAL ACCOUNTS, not attached to a Sector or Department

Debt Retirement Account
Fiscal Stabilization Account

Note:

Economic Development Winnipeg Inc. is a government partnership.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR

SCHEDULE 9

For the Year Ended March 31, 2016

(\$ millions)

	Health		Education		Family Services		Community, Economic and Resource Development	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	-	-	-	-	-	-
Other taxes.....	-	-	744	697	-	-	13	17
Fees and other revenue.....	559	567	708	643	35	27	731	762
Federal transfers.....	1,249	1,174	116	130	1	1	236	282
Contributions from entities within the Government Reporting Entity.....	67	59	70	64	-	-	1	-
Sinking funds and other investment earnings.....	-	4	32	49	-	-	42	40
TOTAL REVENUE	1,875	1,804	1,670	1,583	36	28	1,023	1,101
EXPENSE								
Personnel services.....	3,540	3,406	2,958	2,847	192	182	388	427
Grants/Transfer payments.....	1,373	1,353	120	112	328	312	589	630
Transportation.....	65	61	32	33	4	4	23	26
Communication.....	17	17	24	23	4	3	14	13
Supplies and services.....	727	696	432	390	19	36	310	333
Social assistance related.....	-	-	5	4	696	628	743	732
Other operating.....	406	306	203	240	17	17	132	169
Debt servicing.....	47	49	152	146	2	1	240	254
Minor capital.....	19	20	76	63	1	1	6	10
Amortization.....	162	179	147	140	3	3	222	222
TOTAL EXPENSE	6,356	6,087	4,149	3,998	1,266	1,187	2,667	2,816
NET INCOME (LOSS) FOR THE YEAR	(4,481)	(4,283)	(2,479)	(2,415)	(1,230)	(1,159)	(1,644)	(1,715)

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR

SCHEDULE 9

(cont'd)

For the Year Ended March 31, 2016

(\$ millions)

	Justice and Other Expenditures		General Government (Note a)		Adjustments (Note b)		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	3,777	3,679	-	-	3,777	3,679
Other taxes.....	-	-	3,526	3,422	(33)	(34)	4,250	4,102
Fees and other revenue.....	294	225	-	4	(91)	(45)	2,236	2,183
Federal transfers.....	18	17	2,200	2,205	-	-	3,820	3,809
Contributions from entities within the Government Reporting Entity.....	-	1	731	950	(156)	(153)	713	921
Sinking funds and other investment earnings.....	178	176	6	-	-	-	258	269
TOTAL REVENUE	490	419	10,240	10,260	(280)	(232)	15,054	14,963
EXPENSE								
Personnel services.....	654	569	9	15	75	66	7,816	7,512
Grants/Transfer payments.....	113	112	39	54	(384)	(380)	2,178	2,193
Transportation.....	11	12	16	6	2	(4)	153	138
Communication.....	14	18	-	-	1	-	74	74
Supplies and services.....	278	188	11	54	49	95	1,826	1,792
Social assistance related.....	4	4	-	-	(15)	-	1,433	1,368
Other operating.....	81	45	20	35	(33)	(21)	826	791
Debt servicing.....	414	384	-	-	-	7	855	841
Minor capital.....	8	-	1	1	4	(6)	115	89
Amortization.....	62	33	7	7	21	11	624	595
TOTAL EXPENSE	1,639	1,365	103	172	(280)	(232)	15,900	15,393
NET INCOME (LOSS) FOR THE YEAR	(1,149)	(946)	10,137	10,088	-	-	(846)	(430)

Note a: The general government category includes revenue from sources that cannot be attributed to a particular sector.

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

OTHER FINANCIAL REPORTS

FOR THE YEAR ENDED

March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2016 ("the statement"). The statement has been prepared by management based on section 65(1)(c)(ii) of *The Financial Administration Act*.

Management's Responsibility for the Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial information in the Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2016 is prepared, in all material respects, in accordance with section 65(1)(c)(ii) of *The Financial Administration Act*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of Section 65(1)(c)(ii) of *The Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

Unaudited Information

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

September 14, 2016
Winnipeg, Manitoba

**Original document signed by
Norm Ricard**

Norm Ricard, CPA, CA
Auditor General

**FISCAL STABILIZATION ACCOUNT
STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2016**

	(\$ thousands)	
	2016	2015
Transfer to Core Government operations	(105,010)	(55,000)
Account Balance, beginning of year	<u>219,533</u>	<u>274,533</u>
Account Balance, end of year	<u><u>114,523</u></u>	<u><u>219,533</u></u>

**FISCAL STABILIZATION ACCOUNT
NOTES TO STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2016**

1. The Fiscal Stabilization Account was established under the authority of subsection 26.1(1) of *The Financial Administration Act*. The Fiscal Stabilization Fund established under *The Fiscal Stabilization Fund Act* is continued as the Fiscal Stabilization Account. The legislated purpose of the Account is to assist in stabilizing the fiscal position by supporting core government operations in a fiscal year or to repay debt. Under subsection 26.1(3) the Minister of Finance, with the approval of the Lieutenant Governor in Council, may deposit in the Account any part of the revenue or other financial assets received in the core government in any fiscal year. Under subsection 26.1(4), the Minister of Finance may, with the approval of the Lieutenant Governor in Council, transfer all or part of the Account balance to the core government.
2. Transactions in the Fiscal Stabilization Account are accounted for on an accrual basis and reflect the transfers made under Section 26.1(3) and 26.1(4) of *The Financial Administration Act*. Transfers are determined by the Minister of Finance and are authorized with an Order in Council. The report on these transactions is made in accordance with Section 65(1)(c)(ii) of *The Financial Administration Act*.
3. Subsection 26.1(2) of *The Financial Administration Act* stipulates that the Minister of Finance shall make every effort to ensure that the balance of the Account at the end of each fiscal year is at least 5% of the core government expenditures for that year. As authorized under amendments to *The Balanced Budget, Fiscal Management and Taxpayer Accountability Act*, Part 4.1, during the economic recovery period the Minister is directed to transfer at least \$600 million from the Fiscal Stabilization Account to the core government to support the amortization of increases in general purposes debt, including related interest expenses, attributable to negative net results for fiscal years within that period.

FISCAL STABILIZATION ACCOUNT
SCHEDULE OF SUPPLEMENTARY INFORMATION
(Unaudited)
For the Year Ended March 31, 2016

	(\$ thousands)	
	2016	2015
Account Balance, beginning of year	219,533	274,533
- Transfer for general purpose debt reduction	(105,010)	(55,000)
- Transfer to Core Government - allocated to general purposes	<u>-</u>	<u>-</u>
Account Balance, end of year	<u><u>114,523</u></u>	<u><u>219,533</u></u>



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2016 (“the statement”). The statement has been prepared by management based on section 65(1)(c)(i) of the *Financial Administration Act*.

Management's Responsibility for the Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial information in the Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2016 is prepared, in all material respects, in accordance with section 65(1)(c)(i) of the *Financial Administration Act*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of section 65(1)(c)(i) of the *Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

**Original document signed by
Norm Ricard**

September 14, 2016
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

**DEBT RETIREMENT ACCOUNT
STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE**

For the Year Ended March 31, 2016

	2016	2015
Account Balance, end of year	<u><u>-</u></u>	<u><u>-</u></u>

Notes to Financial Information

1. The Debt Retirement Account was established under the authority of *The Balanced Budget, Fiscal Management and Taxpayer Accountability Act* (Act). The Debt Retirement Fund established under the Act is continued as the Debt Retirement Account. The purpose of the Account was to assist in the orderly repayment of debt pursuant to the Act.
2. Transactions in the Debt Retirement Account are accounted for on an accrual basis. Transfers to the account are made in accordance with Sections 13(2) and 13(3) of the Act. Transfers from the account are made in accordance with Section 14(1) and 14(2) of the Act. The report on these transactions is made in accordance with Section 65(1)(c)(i) of *The Financial Administration Act*.
3. In accordance with subsection 14(2) of the Act, which requires the balance of the debt retirement account to be transferred to the Core Government at least once every five years for the purpose of reducing general purpose debt, the Government transferred \$145 million from the Debt Retirement Account to the Core Government on April 14, 2010.
4. Subsection 13(2) of the Act was amended to not apply to those periods falling within the economic recovery period, ending March 31, 2016, and as a result there was no transfer from Core Government operations for the specific purpose of reducing general purpose debt and pension obligations. Consequently there was no transfer from the Debt Retirement Account for the specific purpose of providing for the future retirement of pension obligations in accordance with subsection 14(1) of the Act.

