

**PROVINCE OF MANITOBA  
NOTES TO THE QUARTERLY FINANCIAL REPORT  
FOR THE SIX MONTHS - APRIL TO SEPTEMBER 2000**

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

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

SECOND QUARTER - ACTUAL TO ESTIMATE

The net expenditure for the six months ended September 30, 2000 of \$193.3 million was \$17.9 million lower than the projection of \$211.2 million. Expenditures were \$29.2 million less than the six month plan and revenues were \$11.3 million lower than anticipated resulting in the variance. The variance is primarily attributable to differences in timing between the flow of receipts and disbursements.

SECOND QUARTER COMPARED TO PREVIOUS YEAR'S RESULTS

Second quarter expenditure of \$3,119.3 million was \$153.0 million higher than for the same period last year and revenue of \$2,926.0 million was up by \$136.3 million resulting in a \$16.7 million increase in net expenditure. The increased expenditure primarily reflects the higher level of expenditure approved in the 2000 Budget for the departments of Health, Education and Training, Family Services and Housing, and Justice. The improvement in revenue mainly reflects projected revenue growth included in the 2000 Budget.

The \$75.0 million decrease in Interfund Transfers from the previous year results from a difference in timing of the transfer for debt retirement which will occur later in the 2000/01 fiscal year.

YEAR END PROJECTION

The 2000/01 year-end surplus is now forecast to be \$13.7 million, a slight increase from the \$9.9 million surplus forecast in the 2000 Budget.

Revenues are projected to increase by \$122.2 million from the budget estimate. This increase results primarily from revised estimates of the provincial share of equalization payments and revised projections of corporation income tax revenue. Lottery revenue is also projected to increase.

Expenditures are projected to increase as a result of the impact of poorer than expected performance of the Canadian dollar on public debt costs as well as: higher than anticipated expenditures in agriculture; emergency expenditures related to spring flooding and forest fires; and health.

BORROWING ACTIVITY

The original estimate of borrowing requirements identified in the 2000 Budget was \$2,402.8 million, including all refinancing and funding for health capital. This requirement has increased to \$2,581.7 million primarily as a result of financing in support of the Manitoba Lotteries Corporation and reduced requirements for Manitoba Hydro. The revised estimate includes \$1,836.5 million for refinancing maturing debt issues with the balance required for self-sustaining programs, including Manitoba Hydro, and to fund an allocation to the Provincial Sinking Fund for the repurchase of foreign debt.

For the period April 1, 2000 to September 30, 2000, \$1,742.8 million has been borrowed; \$432.6 million was raised through the issue of Builder Bonds Series 6 (the second highest amount ever raised through this financing method) with the remainder raised in the public market.

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

1999/2000 <u>ACTUAL</u> (thousands of dollars)	2000/01 <u>ACTUAL</u> (thousands of dollars)	INCREASE (DECREASE)		<u>2000/01</u> (thousands of dollars)		
				<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
<b>Revenue</b>						
1,912,703	1,995,631	82,928	Own Source Revenue	1,995,631	2,003,295	(7,664)
876,965	930,339	53,374	Government of Canada	930,339	933,957	(3,618)
<u>2,789,668</u>	<u>2,925,970</u>	<u>136,302</u>	<b>Total Revenue</b>	<u>2,925,970</u>	<u>2,937,252</u>	<u>(11,282)</u>
<b>Expenditure</b>						
2,724,755	2,872,032	147,277	Program Expenditure	2,872,032	2,898,385	(26,353)
241,500	247,225	5,725	Debt Servicing	247,225	250,036	(2,811)
<u>2,966,255</u>	<u>3,119,257</u>	<u>153,002</u>	<b>Total Expenditure</b>	<u>3,119,257</u>	<u>3,148,421</u>	<u>(29,164)</u>
(176,587)	(193,287)	16,700	<b>Net Revenue/(Expenditure)</b>	(193,287)	(211,169)	(17,882)
<b>Interfund Transfers</b>						
(75,000)	-	75,000	Debt/Pension Repayment	-	-	-
-	-	-	Fiscal Stabilization Fund	-	-	-
<u>(251,587)</u>	<u>(193,287)</u>	<u>(58,300)</u>	<b>Balance Under Balanced Budget Legislation</b>	<u>(193,287)</u>	<u>(211,169)</u>	<u>(17,882)</u>

**PROVINCE OF MANITOBA  
OPERATING FUND  
STATEMENT OF REVENUE  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2000  
(with comparative figures for September 30, 1999)  
(UNAUDITED)**

1999/2000 <u>ACTUAL</u>	2000/01 <u>ACTUAL</u>	INCREASE (DECREASE)	2000/01		
			<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
(thousands of dollars)			(thousands of dollars)		
<b>Taxation:</b>					
			Conservation		
1,328	1,774	446	- Oil and Natural Gas Tax	1,774	2,102 (328)
			Consumer and Corporate Affairs		
19,033	19,799	766	- Insurance Corporations Tax	19,799	19,922 (123)
6,710	6,996	286	- Land Transfer Tax	6,996	7,018 (22)
			Finance		
796,681	798,515	1,834	- Individual Income Tax	798,515	798,573 (58)
89,670	136,903	47,233	- Corporation Income Tax	136,903	136,903 -
69,934	67,450	(2,484)	- Corporation Capital Tax	67,450	75,035 (7,585)
67,204	67,357	153	- Gasoline Tax	67,357	68,585 (1,228)
89,662	95,505	5,843	- Levy for Health and Education	95,505	92,537 2,968
6,231	6,352	121	- Mining Tax	6,352	8,210 (1,858)
26,082	26,158	76	- Motive Fuel Tax	26,158	28,902 (2,744)
388,725	399,666	10,941	- Retail Sales Tax	399,666	401,712 (2,046)
19,367	21,426	2,059	- Revenue Act, 1964, Part I	21,426	20,121 1,305
49,486	52,912	3,426	- Tobacco Tax	52,912	52,254 658
766	1,416	650	- Environmental Protection Tax	1,416	1,408 8
<u>1,630,879</u>	<u>1,702,229</u>	<u>71,350</u>		<u>1,702,229</u>	<u>1,713,282 (11,053)</u>
<b>Other Revenue:</b>					
1,153	3,803	2,650	Finance	3,803	3,660 143
36,074	37,233	1,159	Highways and Government Services	37,233	37,324 (91)
7,701	7,869	168	Justice	7,869	8,745 (876)
114,000	122,000	8,000	Manitoba Lotteries Corporation	122,000	117,000 5,000
68,500	64,000	(4,500)	Liquor Control Commission	64,000	64,000 -
3,570	6,063	2,493	Special Operating Agencies	6,063	6,564 (501)
50,826	52,434	1,608	Other Departments	52,434	52,720 (286)
<u>281,824</u>	<u>293,402</u>	<u>11,578</u>		<u>293,402</u>	<u>290,013 3,389</u>
<u>1,912,703</u>	<u>1,995,631</u>	<u>82,928</u>	<b>Total Own Source Revenue</b>	<u>1,995,631</u>	<u>2,003,295 (7,664)</u>
<b>Government of Canada:</b>					
464,404	537,144	72,740	Equalization	537,144	537,144 -
253,071	269,940	16,869	Canada Health and Social Transfer	269,940	273,686 (3,746)
130,595	92,207	(38,388)	Federal Health Supplement	92,207	92,207 -
			Other		
-	1,299	1,299	- Conservation	1,299	1,297 2
28,895	29,749	854	- Other Departments	29,749	29,623 126
<u>876,965</u>	<u>930,339</u>	<u>53,374</u>		<u>930,339</u>	<u>933,957 (3,618)</u>
<u>2,789,668</u>	<u>2,925,970</u>	<u>136,302</u>	<b>Total Revenue</b>	<u>2,925,970</u>	<u>2,937,252 (11,282)</u>

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

1999/2000 <u>ACTUAL</u>	2000/01 <u>ACTUAL</u>	INCREASE (DECREASE)		2000/01		
				<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
(thousands of dollars)				(thousands of dollars)		
12,806	10,159	(2,647)	Legislative Assembly	10,159	10,830	(671)
1,397	1,415	18	Executive Council	1,415	1,561	(146)
11,243	12,178	935	Aboriginal and Northern Affairs	12,178	13,398	(1,220)
42,292	41,947	(345)	Agriculture and Food	41,947	44,157	(2,210)
1,674	1,661	(13)	Civil Service Commission	1,661	1,635	26
5,009	3,164	(1,845)	Community Support Programs	3,164	3,260	(96)
66,797	71,234	4,437	Conservation	71,234	80,070	(8,836)
4,260	4,610	350	Consumer and Corporate Affairs	4,610	4,685	(75)
30,762	29,591	(1,171)	Culture, Heritage and Tourism	29,591	30,466	(875)
639,453	686,473	47,020	Education and Training	686,473	682,738	3,735
26,590	22,453	(4,137)	Employee Pensions and Other Costs	22,453	24,315	(1,862)
353,933	364,125	10,192	Family Services and Housing	364,125	372,602	(8,477)
314,198	322,017	7,819	Finance	322,017	326,427	(4,410)
1,012,168	1,197,626	185,458	Health	1,197,626	1,188,286	9,340
3,899	4,636	737	Healthy Child Initiative	4,636	5,151	(515)
163,384	143,308	(20,076)	Highways and Government Services	143,308	149,268	(5,960)
14,518	14,645	127	Industry, Trade and Mines	14,645	15,078	(433)
70,731	64,736	(5,995)	Intergovernmental Affairs	64,736	67,746	(3,010)
87,566	93,636	6,070	Justice	93,636	95,136	(1,500)
9,708	11,315	1,607	Labour	11,315	10,934	381
8,333	5,166	(3,167)	Sport	5,166	5,173	(7)
612	447	(165)	Status of Women	447	503	(56)
811	122	(689)	Enabling Appropriations	122	1,613	(1,491)
84,111	12,593	(71,518)	Other Appropriations	12,593	13,389	(796)
<u>2,966,255</u>	<u>3,119,257</u>	<u>153,002</u>	<b>Total Expenditure</b>	<u>3,119,257</u>	<u>3,148,421</u>	<u>(29,164)</u>

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

1999/2000 <u>ACTUAL</u>	2000/01 <u>ACTUAL</u>	INCREASE (DECREASE)		<u>2000/01</u>		
(thousands of dollars)				<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>VARIANCE</u>
(thousands of dollars)				(thousands of dollars)		
-	29	29	Agriculture and Food	29	60	(31)
36	125	89	Conservation	125	189	(64)
8,710	-	(8,710)	Family Services and Housing	-	-	-
3,430	1,245	(2,185)	Finance	1,245	3,246	(2,001)
18,572	7,203	(11,369)	Highways and Government Services	7,203	6,602	601
-	-	-	Justice	-	35	(35)
9,031	9,714	683	Enabling Appropriations	9,714	8,499	1,215
<u>39,779</u>	<u>18,316</u>	<u>(21,463)</u>	<b>Total Capital Investment</b>	<u>18,316</u>	<u>18,631</u>	<u>(315)</u>

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

Canadian Dollar Equivalent at Date of Issue Sept 30/00	Canadian Dollar Equivalent at Date of Issue Mar 31/00	Increase (Decrease) Sept 30/00 over Mar 31/00		Canadian Dollar Valuation (Note 1) Sept 30/00	Canadian Dollar Valuation (Note 1) Mar 31/00	Increase (Decrease) Sept 30/00 over Mar 31/00
(thousands of dollars)				(thousands of dollars)		
<b>Direct Debt Payable in:</b>						
11,559,586	11,143,597	415,989	Canadian Dollars	11,531,786	11,115,797	415,989
2,683,678	2,695,495	(11,817)	Issues Swapped to Canadian Dollars	2,859,740	2,852,563	7,177
4,096,333	4,212,713	(116,380)	U.S. Dollars	5,123,800	5,087,250	36,550
810,273	510,273	300,000	Issues Swapped to U.S. Dollars	899,558	574,016	325,542
<u>19,149,870</u>	<u>18,562,078</u>	<u>587,792</u>	Total Direct Debt	<u>20,414,884</u>	<u>19,629,626</u>	<u>785,258</u>
<b>Guaranteed Debt Payable in:</b>						
275,040	421,219	(146,179)	Canadian Dollars	275,040	421,219	(146,179)
-	-	-	U.S. Dollars	-	-	-
<u>275,040</u>	<u>421,219</u>	<u>(146,179)</u>	Total Guaranteed Debt	<u>275,040</u>	<u>421,219</u>	<u>(146,179)</u>
19,424,910	18,983,297	441,613	<b>Total Direct and Guaranteed Debt</b> (Note 2)	20,689,924	20,050,845	639,079
6,876,544	6,591,620	284,924	Less: Sinking Fund Investments	6,876,544	6,591,620	284,924
-	-	-	Less: Debt Retirement Fund	-	-	-
<u>12,548,366</u>	<u>12,391,677</u>	<u>156,689</u>	<b>Net Direct and Guaranteed Debt</b> (Note 3)	<u>13,813,380</u>	<u>13,459,225</u>	<u>354,155</u>

- The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at September 30, 2000 and March 31, 2000 adjusted for any foreign currency contracts entered into for settlement after these dates.
- Direct and Guaranteed Debt are payable in Canadian and U.S. dollars. As at September 30, 2000, total gross debt was payable 71 % in Canadian dollars and 29% in U.S. dollars. Of this total, General Purpose Debt and Other Debt was payable 86% in Canadian dollars (85% at March 31, 2000) and 14% in U.S. dollars (15% at March 31, 2000) while Manitoba Hydro was payable 44% in Canadian dollars (47% at March 31, 2000) and 56% in U.S. dollars (53% at March 31, 2000)
- The above debt was issued for the following purposes:

	September 30, 2000		March 31, 2000	
	(in thousands)	(per capita) (Note 4)	(in thousands)	(per capita) (Note 4)
General Government Programs	6,535,463	5,693	6,473,434	5,641
The Manitoba Hydro-Electric Board	5,892,068	5,133	5,798,038	5,052
Capital Investments	244,900	213	244,900	213
Manitoba Hospital Facilities	73,000	64	-	-
Other	1,067,949	930	942,853	822
	<u>13,813,380</u>	<u>12,033</u>	<u>13,459,225</u>	<u>11,728</u>

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

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

	<u>2000/01 Projection</u>	<u>1999/2000 Actual</u>
	(thousands of dollars)	
<b>Fund Balance, Beginning of Year</b>	<u>264,790</u>	<u>427,311</u>
<b>Revenue:</b>		
Interest Earnings	<u>9,600</u>	<u>11,313</u>
<b>Interfund Transfers (See Note)</b>		
Transfer from the Operating Fund	13,706	10,868
Transfer to the Operating Fund	<u>(90,000)</u>	<u>(184,702)</u>
	<u>(76,294)</u>	<u>(173,834)</u>
<b>Fund Balance, End of Year</b>	<u><u>198,096</u></u>	<u><u>264,790</u></u>

**Note:** The 2000/01 transfer from the Operating Fund reflects the revised projection noted on page 10 and the transfer to the Operating Fund reflects the amount budgeted. 1999/2000 reflects actual interfund transfers.



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

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

**Notes:**

1. 2000/01 Projection reflects the 2000/01 Budget estimate.
2. The Debt Retirement Fund was fully depleted in 1999/2000 with retirement of \$305.1 million in debt. In accordance with the Province's balanced budget legislation, a \$96.4 million contribution is required in 2000/01 to the Debt Retirement Fund of which \$75.0 million is to be reserved for debt retirement and \$21.4 million is applied to pension obligations with the Civil Service Superannuation Fund and the Teachers' Retirement Fund.

**PROVINCE OF MANITOBA  
OPERATING FUND  
PROJECTION FOR THE YEAR ENDING MARCH 31, 2001  
(UNAUDITED)**

	<u>Revised Projection</u>	<u>Budget Projection</u>
	(thousands of dollars)	
<b>Revenue</b>	6,536,496	6,414,304
<b>Expenditure</b>	6,516,433	6,398,405
<b>Net Revenue/(Expenditure)</b>	<u>20,063</u>	<u>15,899</u>
<b>Interfund Transfers</b>		
Debt/Pension Repayment	(96,357)	(96,000)
Fiscal Stabilization Fund	90,000	90,000
<b>Balance Under Balanced Budget Legislation</b>	<u><u>13,706</u></u>	<u><u>9,899</u></u>