

Correcting the Course

PROVINCE OF MANITOBA

ANNUAL REPORT

*FOR THE YEAR ENDED
MARCH 31, 2017*

PROVINCE DU MANITOBA

RAPPORT ANNUEL

*POUR L'EXERCICE TERMINÉ
LE 31 MARS 2017*

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, 2017. 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, 2017



**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 2017. 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
Ministère des Finances

Cabinet du ministre des Finances
Septembre 2017

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YEAR-END REVIEW



I am pleased to present the Province's Annual Report for the fiscal year ended March 31, 2017. The Report contains the financial statements for the year and reports of fiscal and economic performance.

Through this fiscal year, the Manitoba economy continued to recover from lower commodity prices and weak national and international demand conditions. Supported by a balanced and diversified industrial base, Manitoba's economic growth remained stable and improved moderately from the previous fiscal year, but was slower than anticipated in Budget 2016 economic projections.

The Manitoba Government has been successful with its expenditure management efforts to control and reduce expenditure growth in 2016. The year over year increase in department expenditures has been held to sustainable levels, allowing the government to exceed its budget targets and reduce the deficit from the previous fiscal year. The summary financial statements show a net loss of \$764 million for the year ended March 31, 2017. The net result for this fiscal year is a \$147 million improvement from a loss of \$911 million estimated in Budget 2016.

The improvement is mainly due to higher than expected revenue from fees and taxes. The increase in tax revenue is primarily due to a prior year adjustment in personal income tax. Increased total revenue is partially offset by higher than expected health care costs, and the increased cost of debt servicing. Income from the Province's government business enterprises is also lower than anticipated in Budget 2016.

Although the net loss for the year is better than budgeted and forecasted at the third quarter, the challenges faced in 2016/17 are ongoing, including the revenue impacts from a slower trend in average annual economic growth and continued growth in the costs of providing health care, education and other core services to Manitoba families.

This annual report provides accountability and transparency, by reporting on key long-term indicators in the Financial Statement Discussion and Analysis

BILAN DE L'ANNÉE

Je suis heureux de présenter le rapport annuel de la Province pour l'exercice financier qui s'est terminé le 31 mars 2017. Le rapport contient les états financiers pour l'exercice ainsi que les rapports sur les résultats financiers et économiques de la Province.

Au cours de l'exercice financier, l'économie du Manitoba a continué à se remettre de la diminution des prix des produits de base et de la faiblesse de la demande nationale et internationale. Soutenue par une base industrielle équilibrée et diversifiée, la croissance économique du Manitoba est demeurée stable et s'est légèrement améliorée par rapport à l'exercice précédent, mais est demeurée plus lente que ce qui avait été prévu dans les projections économiques du Budget de 2016.

Le gouvernement du Manitoba est parvenu à gérer les dépenses pour contrôler et réduire la croissance des dépenses en 2016. La hausse sur douze mois des dépenses ministérielles a été maintenue à des niveaux durables, permettant au gouvernement de dépasser ses objectifs budgétaires et de réduire le déficit de l'exercice précédent. Les états financiers sommaires indiquent une perte nette de 764 millions de dollars pour l'exercice terminé le 31 mars 2017. Ce résultat net de l'exercice financier constitue une amélioration de 147 millions de dollars par rapport à la perte estimée à 911 millions de dollars dans le Budget de 2016.

Cette amélioration est principalement attribuable à des recettes plus élevées que prévu provenant des droits, des taxes et des impôts. L'augmentation des recettes fiscales s'explique principalement par un redressement de l'impôt des particuliers pour l'exercice précédent. L'augmentation des recettes totales est en partie contrebalancée par les coûts liés aux soins de santé supérieurs aux prévisions et le coût accru du service de la dette. Les recettes des entreprises publiques de la Province sont aussi inférieures aux prévisions budgétaires de 2016.

Bien que la perte nette pour l'exercice soit meilleure que ce qui avait été budgété et prévu au troisième trimestre, les enjeux auxquels on a fait face en 2016-2017 se poursuivent, notamment les incidences sur les recettes découlant de la croissance économique annuelle moyenne au ralenti et de la croissance continue des coûts liés à la prestation des soins de santé, de l'éducation et d'autres services essentiels aux familles manitobaines.

Le présent rapport annuel assure la transparence et satisfait à l'obligation redditionnelle, en faisant état des indicateurs à long terme dans la section réservée à

section, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Our Government's Report on Outcomes will also convey this fiscal year's results in relation to the objectives outlined in the Budget 2016 Financial Management Strategy.

Respectfully submitted
Honourable Cameron Friesen
Minister of Finance

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 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 2016.

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

ECONOMIC REPORT / RAPPORT ÉCONOMIQUE

Overview

Following a slowdown generated by weak national and international demand and a sharp decline in commodity prices, economic growth in Manitoba improved moderately in 2016. To counteract the slowdown in economic growth in Canada, the Bank of Canada cut interest rates twice by 0.25% to bring the main policy rate down to 0.50% in 2015.

In 2016, growth in Manitoba was supported by ongoing strength in construction and a resumption of growth in real manufacturing output, which had declined in the two previous years. Starting construction on several large multi-purpose buildings promptly reversed a slowing trend in non-residential building investments. Due to a combination of high level of immigration and births, Manitoba set a record increase in population in 2016.

However, persistent low commodity prices and weak global demand hampered Manitoba's exports. Real exports declined for the second consecutive year, as sales and production from Manitoba's petroleum, mining, and agriculture sectors were affected by low demand and low prices. Employment also declined for the first time since the Great Recession in 2009.

Consumer and business confidence improved in the later part of 2016 and into 2017 as employment and investment spending gained strength in Canada and in the U.S. Almost all economic indicators showed an improvement in growth in the first quarter of 2017, compared to the first quarter of 2016.

Due to the lack of clarity regarding policy outcomes in the U.S. and the renegotiation of NAFTA, uncertainty remains elevated in the medium-term. These factors pose both upside and downside risks to the economic outlook.

Gross Domestic Product

Even with a modest improvement in economic growth in 2016 compared to 2015, the revised estimate of Manitoba's growth in 2016 is below the Budget 2016 forecast.

Aperçu

À la suite d'un ralentissement causé par une demande faible, à l'échelle nationale et internationale, et un net déclin du prix des marchandises, la croissance économique au Manitoba s'est améliorée modérément en 2016. Pour contrebalancer le ralentissement de la croissance économique au Canada, la Banque du Canada a réduit les taux d'intérêt de 0,25 % à deux reprises afin de faire baisser le principal taux directeur à 0,50 % en 2015.

En 2016, la croissance au Manitoba a été appuyée par la vigueur soutenue du secteur de la construction et une reprise de la croissance de la production réelle du secteur manufacturier, qui avait baissé au cours des deux années précédentes. Le commencement de la construction de plusieurs grands bâtiments à usages multiples a rapidement inversé une tendance au ralentissement de l'investissement dans la construction non résidentielle. En raison d'une combinaison de taux élevés d'immigration et de naissances, le Manitoba a enregistré une hausse record de sa population en 2016.

Cependant, les prix constamment bas des marchandises et la faiblesse de la demande mondiale ont entravé les exportations du Manitoba. Les exportations réelles ont baissé pour la deuxième année consécutive, car les ventes et la production des secteurs du pétrole, des mines et de l'agriculture ont été touchées par la faiblesse de la demande et le niveau bas des prix. L'emploi a également baissé pour la première fois depuis la Grande Récession de 2009.

La confiance des consommateurs et des entreprises s'est améliorée au cours de la dernière partie de 2016 et en 2017, car l'emploi et les dépenses d'investissement se sont renforcés au Canada et aux États-Unis. Presque tous les indicateurs économiques ont montré une amélioration de la croissance au cours du premier trimestre de l'exercice 2017, par rapport au premier trimestre de 2016.

Étant donné le manque de clarté concernant les résultats politiques aux États-Unis et la renégociation de l'Accord de libre-échange nord-américain (ALENA), l'incertitude demeure élevée à moyen terme. Ces facteurs posent des risques d'amélioration et de détérioration pour les perspectives économiques.

Produit intérieur brut

Même avec une amélioration modeste de la croissance économique en 2016 par rapport à 2015, les estimations révisées de la croissance du Manitoba en 2016 sont inférieures aux prévisions du Budget 2016.

According to the Manitoba Bureau of Statistics, real GDP increased by 1.9% in 2016 compared to a 2.2% forecast provided in the budget. Similarly, nominal GDP increased by 2.5% compared to 3.8% forecasted in Budget 2016.

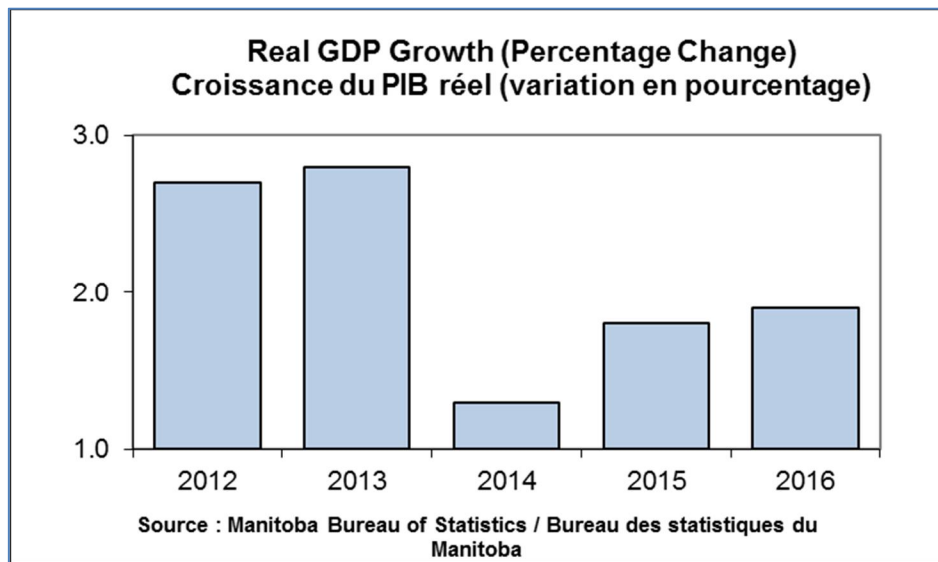
Selon le Bureau des statistiques du Manitoba, le PIB réel a augmenté de 1,9 % en 2016 par rapport aux prévisions de 2,2 % du Budget. De même, le PIB nominal a augmenté de 2,5 % par rapport aux 3,8 % prévus dans le Budget 2016.

A continued reduction in oil production restrained growth in Manitoba's goods producing sector to 2.1% in 2016. The drop in oil production cut the real value of output in mining, oil and gas extraction sector by 5.8% in 2016, the fourth consecutive annual decline. The goods producing sector was buoyed by a 7.3% increase in construction output and a 1.9% recovery in manufacturing output after declining by 2.0% and 0.1% in 2015 and 2014, respectively. An increase in overall crop production lifted agriculture output by 2.7% in 2016 adding to the 9.7% increase in 2015.

Une réduction continue de la production de pétrole a freiné la croissance du secteur de la production des biens du Manitoba à 2,1 % en 2016. La baisse de la production de pétrole a réduit la valeur réelle de la production du secteur des mines et de l'extraction de pétrole et de gaz de 5,8 % en 2016, la quatrième baisse consécutive annuelle. Le secteur de la production des biens a été sauvé par une augmentation de 7,3 % de la production du secteur de la construction et une reprise de 1,9 % de la production manufacturière, après des baisses de 2,0 % et de 0,1 % en 2015 et 2014 respectivement. Une augmentation de la production globale des cultures a permis une hausse de la production agricole de 2,7 % en 2016, qui vient s'ajouter à l'augmentation de 9,7 % en 2015.

The service sector output, which accounts for approximately 70% of economic output in Manitoba, expanded by 1.5% in 2015. Growth in this sector was supported by management of companies and enterprises (4.5%), accommodation and food services (3.5%), and finance and insurance (3.4%). Output in information and culture, administrative and other support services, wholesale trade and public administration decreased in 2016.

La production du secteur des services, qui compte pour environ 70 % de la production économique au Manitoba, a progressé de 1,5 % en 2015. La croissance de ce secteur a été appuyée par la gestion de sociétés et d'entreprises (4,5 %), les services d'hébergement et alimentaires (3,5 %) et la finance et l'assurance (3,4 %). Le secteur de l'information et de la culture, les services d'administration et de soutien, le commerce de gros et l'administration publique ont enregistré une baisse de la production en 2016.



Population

The success of the Provincial Nominee Program and an increase in the number of births has significantly lifted Manitoba's population. Since 2009, Manitoba population increased by over 10,000 persons

Population

Le succès du programme Candidats du Manitoba et une augmentation du nombre de naissances ont permis à la population du Manitoba de croître considérablement. Depuis 2009, la population du Manitoba a augmenté de plus

annually, averaging just over 15,000. International immigration to Manitoba has risen from 13,500 in 2009 to almost 17,000 in 2016, which has averaged 15,000 annually.

The number of births has jumped by almost 1,700 children annually, from 15,900 in 2009 to 17,600 in 2016. Over this seven year period, total population increased by 109,500 persons, more than double the 52,000 person increase in the previous seven years.

The boost in population has not only supported domestic demand in the province, it has lowered the overall median age of Manitoba's population. In 2008, the median age peaked at 37.8 years and remained flat for the next five years. From 2014 to 2016, the median age declined by 0.3 years to 37.5 years. In contrast, the Canadian median age has continued to increase, but at a somewhat slower pace, to an estimate of 40.6 years in 2016.

According to Statistics Canada, Manitoba's population was estimated to be 1,318,128 persons as of July 1, 2016, the fifth largest among provinces. Population estimates are published quarterly, however the July estimate is considered to be the "official" annual estimate.

In 2016, population increased by 22,147 persons, the largest annual increase on record. Manitoba's population increased by 1.7% in 2016, the second largest increase among provinces and well above the 1.2% national average.

On an annual basis, in the first quarter of 2017, Manitoba's population grew by 20,851 persons. Net interprovincial migration declined by 6,747, but this was more than offset by the 14,751 and 6,837 person increase in net international migration and net natural increase (births minus deaths), respectively.

Labour Force and Incomes

Consistent with strong population growth, and for the first time in its history, Manitoba's working age population surpassed 1,000,000 individuals in July 2016. With the third highest labour force participation rate of 67.6%, this helped pushed the labour force up to 674,900 workers in 2016. In contrast, the national average labour force participation rate averaged 65.7% in 2016.

10 000 personnes par an, pour atteindre une moyenne légèrement supérieure à 15 000. L'immigration internationale au Manitoba a progressé, passant de 13 500 en 2009 à près de 17 000 en 2016, ce qui représente une moyenne de 15 000 annuellement.

Le nombre des naissances a grimpé de près de 1 700 annuellement, passant de 15 900 enfants en 2009 à 17 600 en 2016. Au cours de cette période de sept ans, la population totale a augmenté de 109 500 personnes, soit plus du double de la hausse de 52 000 personnes au cours de la période précédente de sept ans.

Cette augmentation de la population a non seulement soutenu la demande intérieure dans la province, mais elle a aussi réduit l'âge médian général de la population du Manitoba. En 2008, l'âge médian est monté à 37,8 ans et il n'a pas varié pendant les cinq années suivantes. De 2014 à 2016, il a baissé de 0,3 an pour passer à 37,5 ans. En revanche, l'âge médian de la population canadienne a constamment augmenté, mais à un rythme relativement plus lent, et il est estimé à 40,6 ans en 2016.

Selon les estimations de Statistique Canada, le Manitoba comptait au 1^{er} juillet 2016 1 318 128 habitants, ce qui le plaçait au 5^e rang des provinces canadiennes. Les estimations de la population sont publiées chaque trimestre, cependant celles de juillet sont considérées comme les estimations annuelles « officielles ».

En 2016, la population a augmenté de 22 147 personnes, ce qui représente la plus grande augmentation annuelle jamais enregistrée. La population du Manitoba a augmenté de 1,7 % en 2016, ce qui est bien supérieur à la moyenne nationale de 1,2 % et place le Manitoba au 2^e rang des provinces pour les augmentations les plus fortes.

Sur une base annuelle, au cours du premier trimestre de 2017, la population du Manitoba a augmenté de 20 851 personnes. Le solde migratoire interprovincial a baissé de 6 747 personnes, mais cette baisse a été largement compensée par la hausse nette de la migration internationale et la hausse nette naturelle (les naissances moins les décès) de 14 751 et de 6 837 personnes respectivement.

Main-d'œuvre et revenus

Conformément à la forte croissance de la population et pour la première fois dans son histoire, la population en âge de travailler au Manitoba a dépassé 1 million de personnes en juillet 2016. Avec le taux de participation au marché du travail au Manitoba de 67,6 %, soit le 3^e rang national, cela a contribué à l'augmentation de la main d'œuvre, qui a atteint 674 900 travailleurs en 2016. Par contre, le taux moyen national de participation au marché du travail était d'environ 65,7 % en 2016.

Moderating economic growth, especially through the first half of 2016, lowered the employment level by 2,600 jobs after increasing by 9,700 jobs in 2015. Private sector employment increased by 200 self-employed persons, while public sector jobs declined by 2,800 jobs from a year earlier. Full-time employment decreased by 0.8% or 4,200 jobs and part-time employment increased by 1.3% or 4,200 jobs.

La croissance économique modérée, surtout au cours de la première moitié de 2016, a fait baisser le niveau d'emploi de 2 600 postes, après une hausse de 9 700 postes en 2015. L'emploi dans le secteur privé a connu une augmentation de 200 travailleurs autonomes, tandis que les emplois dans le secteur public ont baissé de 2 800 postes par rapport à l'année précédente. L'emploi à temps plein a baissé de 0,8 %, soit 4 200 emplois, et l'emploi à temps partiel a augmenté de 1,3 %, soit 4 200 emplois.

Manitoba's employment level marked a significant turnaround in late 2016. From November 2016 to the end of the first quarter of 2017, the economy added 8,600 jobs. Full-time employment jumped by 14,900 jobs and part-time employment fell by 6,300. The private sector generated 7,500 jobs or 87% of the all the new jobs created during this period.

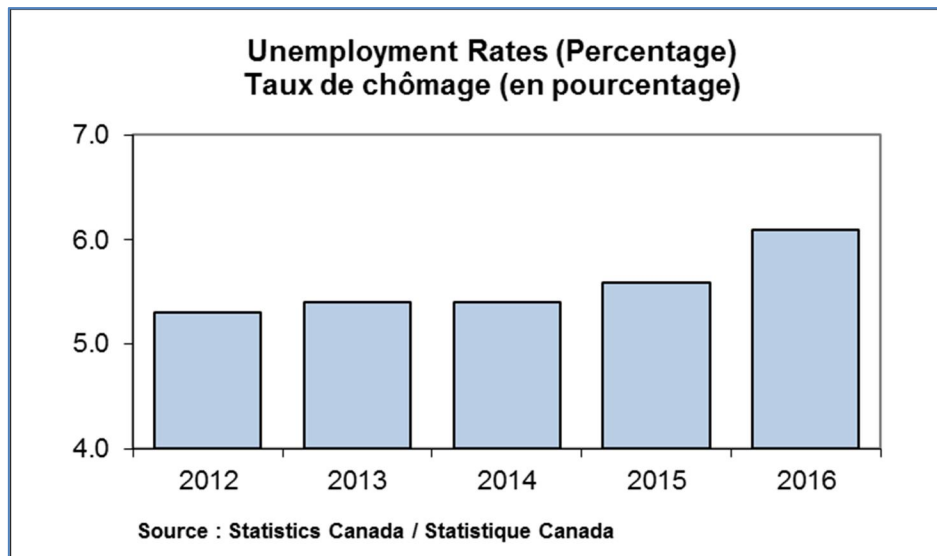
Le niveau de l'emploi au Manitoba a enregistré un revirement important à la fin de 2016. De novembre 2016 à la fin du premier trimestre de 2017, l'économie a ajouté 8 600 emplois. L'emploi à temps plein a augmenté de 14 900 emplois et l'emploi à temps partiel a connu une baisse de 6 300 emplois. Le secteur privé a créé 7 500 emplois ou 87 % de l'ensemble des emplois créés durant cette période.

Earnings from employment followed a similar pattern of employment growth. Average weekly earnings growth in Manitoba slowed to 0.9% in 2016, down from 2.0% in 2015 and 4.3% in 2014. Manitoba's earnings growth was seventh among provinces and above the national increase of 0.4%. Compensation of employees, a key component of the personal income tax base, slowed to 2.0% growth in 2016, the slowest since 1994.

Les revenus d'emploi ont suivi la même tendance que la croissance de l'emploi. En 2016, la croissance des revenus hebdomadaires moyens au Manitoba a ralenti à 0,9 %, par rapport à une croissance de 2,0 % en 2015 et de 4,3 % en 2014. La croissance des revenus au Manitoba se classait au septième rang parmi les provinces et était supérieure à la hausse nationale de 0,4 %. La croissance de la rémunération des employés, une composante clé de la base de l'impôt sur le revenu des particuliers, a ralenti pour passer à 2 % en 2016, la croissance la plus lente depuis 1994.

Growth in average weekly earnings and compensation of employees is improving in 2017. In the first five months of 2017, average weekly earnings were up by 2.7%, the highest growth among provinces. Compensation of employees has increased by 2.7% in the first quarter of 2017, seventh among provinces.

La croissance des revenus hebdomadaires moyens et de la rémunération des employés progresse en 2017. Au cours des cinq premiers mois de 2017, les revenus hebdomadaires moyens ont augmenté de 2,7 %, soit le taux le plus élevé au Canada. La rémunération des employés a augmenté de 2,7 % au premier trimestre de 2017, ce qui place le Manitoba au septième rang des provinces.



Investment

Total capital investment spending accounts for approximately 24% of Manitoba's total nominal expenditures in the economy, of which business investment accounts for 19% or just over \$13 billion in 2016. Business investment is further broken down into non-residential structures (\$5.6 billion), residential structures (\$3.8 billion), machinery and equipment (\$2.9 billion) and intellectual property products (\$0.7 billion).

Non-Residential

The completion of several large commercial, industrial and institutional building projects moderated total capital investment to 2.1% growth in 2016, down from 6.0% in 2015. Business investment increased by 2.9%, while general government investment fell by 1.3%.

Capital investment in non-residential structures (which includes Bipole III and the Keeyask generating station) increased by 10.6% last year. This was partially offset by a reduction in spending on residential structures (-0.9%) and machinery and equipment (-3.9%).

As construction started on several large multi-purpose buildings, including the True North Square in downtown Winnipeg, investment in buildings quickly turned around and set a new record in the second quarter of 2017 (annualized basis).

On a year-to-date basis in 2017, investment in non-residential building construction is up 25%, third strongest among provinces. Spending is up 54% on industrial properties, 34% on commercial properties and down 5% on institutional properties.

Residential

A number of positive factors - strong employment and wage gains, robust population growth, low mortgage rates and low rental vacancy rates - contributed to a sharp rise in housing construction in 2012 and 2013.

The sharp increases in housing construction led to overcapacity, especially in the multifamily housing subsector. As a result, housing starts in the province

Investissement

Le total des investissements en immobilisations représente environ 24 % des dépenses nominales totales du Manitoba dans l'économie, parmi lesquels l'investissement des entreprises représente 19 %, soit un peu plus de 13 milliards de dollars en 2016. L'investissement des entreprises se répartit en structures non résidentielles (5,6 milliards de dollars), structures résidentielles (3,8 milliards de dollars), matériel et machinerie (2,9 milliards de dollars) et produits de propriété intellectuelle (0,7 milliard de dollars).

Non résidentiel

L'achèvement de plusieurs grands projets de construction commerciale, industrielle et institutionnelle a modéré le total des investissements en immobilisations, dont la croissance est passée de 6 % en 2015 à 2,1 % en 2016. L'investissement des entreprises a augmenté de 2,9 %, tandis que l'investissement général du gouvernement a baissé de 1,3 %.

Les investissements en immobilisations visant les structures non résidentielles (qui comprennent le projet Bipolaire III et la centrale électrique de Keeyask) ont augmenté de 10,6 % l'année dernière. Cette augmentation a été compensée partiellement par une réduction des dépenses dans les structures résidentielles (- 0,9 %) et dans le matériel et la machinerie (- 3,9 %).

Avec le commencement de la construction de plusieurs grands bâtiments à usages multiples, entre autres True North Square au centre-ville de Winnipeg, la situation de l'investissement dans la construction s'est rapidement inversée et un nouveau record a été établi au cours du deuxième trimestre de 2017 (sur une base annuelle).

Depuis le début de l'année en 2017, les investissements dans la construction de bâtiments non résidentiels se sont accrus de 25 %, soit la troisième en importance parmi les provinces. Les dépenses se sont accrues de 54 % dans la catégorie des biens immobiliers industriels et de 34 % dans celle des biens commerciaux, tandis qu'elles ont baissé de 5 % dans celle des biens institutionnels.

Résidentiel

Un certain nombre de facteurs positifs ont contribué à une forte hausse des constructions de logements en 2012 et 2013 : la vigueur du marché de l'emploi et des revenus d'emploi, la croissance robuste de la population, les taux hypothécaires bas et le faible taux d'inoccupation des appartements locatifs.

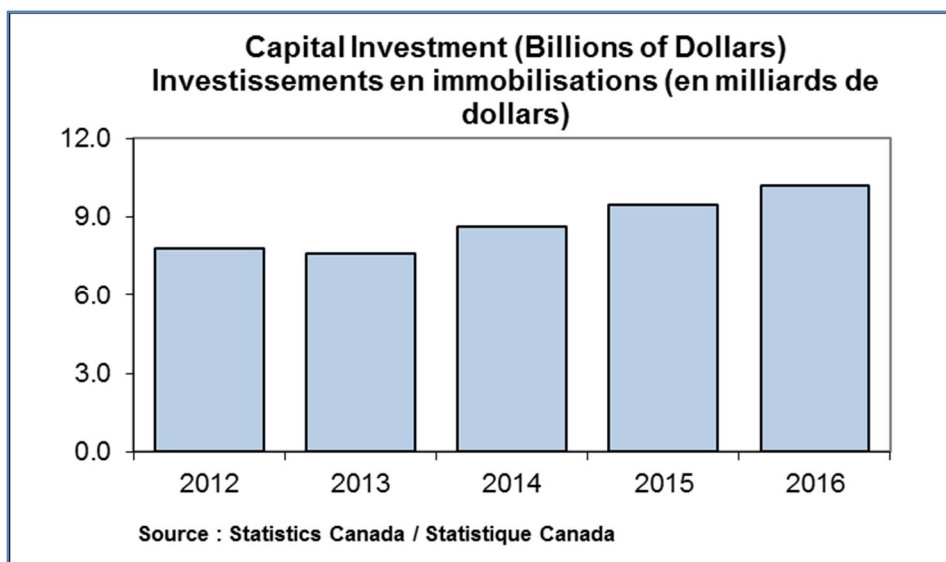
Ces fortes hausses des constructions de logements ont mené à la surcapacité, en particulier dans le sous-secteur des logements multifamiliaux. En conséquence, les mises

have fallen since 2014. The decline in housing starts in 2016 of 3.3% is much lower compared to the 16.7% and 11.6% declines registered in 2014 and 2015, respectively.

en chantier d'habitations dans la province ont diminué depuis 2014. La diminution des mises en chantier d'habitations en 2016 de 3,3 % est bien inférieure par rapport aux diminutions enregistrées en 2014 et 2015 de 16,7 % et de 11,6 % respectivement.

Somewhat similar to the turnaround in non-residential building projects, construction of new housing units in Manitoba has accelerated in 2017. On an annualized basis, 7,100 housing units were started in the past year ending in the second quarter of 2017, up 30% and the highest since 2013. The number of single detached units is up 32% while multiple units are up 28%.

Assez semblable au revirement dans les projets de construction non résidentielle, la construction d'unités d'habitation au Manitoba s'est accélérée en 2017. Sur une base annuelle, 7 100 logements ont été mis en chantier au cours du dernier exercice se terminant au deuxième trimestre de 2017, ce qui représente une hausse de 30 %, la plus élevée depuis 2013. Le nombre de mises en chantier de maisons individuelles non attenantes a augmenté de 32 % et celui des logements multiples, de 28 %.



Manufacturing

The decline in commodity price in 2014 and 2015 significantly reduced capital investment in Canada and elsewhere as production and exploration activity in the resource and other related sectors were either cancelled or postponed due to lack of demand or profitability. This has impacted the manufacturing sector in Manitoba.

Fabrication

Le déclin du prix des marchandises en 2014 et en 2015 a considérablement réduit les investissements en immobilisations au Canada et ailleurs, car les activités d'exploration et de production dans le secteur des ressources et d'autres secteurs connexes ont été soit annulées, soit reportées en raison du manque de demande ou de profitabilité. Cela a eu des répercussions sur le secteur manufacturier au Manitoba.

As demand remained soft in 2016, Manitoba's manufacturing sales increased by 1.3% following a 1.5% decrease in 2015. Canadian sales increased by 1.0% after a 1.7% decline in 2015.

Comme la demande est demeurée faible en 2016, les ventes de produits manufacturés du Manitoba ont augmenté de 1,3 %, après une baisse de 1,5 % en 2015. Les ventes au Canada ont augmenté de 1,0 %, après une baisse de 1,7 % en 2015.

Manitoba manufacturing sales increased in four of eight subsectors. Wood products (30.3%), printing (4.7%), food sales (4.2%) and fabricated metals

Les ventes du secteur manufacturier au Manitoba ont augmenté dans quatre sous-secteurs sur huit. Les produits du bois (30,3 %), l'impression (4,7 %), les ventes de produits

(1.6%) led the gains, while chemicals (3.6%), furniture (-2.9%), machinery and agriculture implement sales (-1.4%) and transportation equipment (-0.1%), led the losses.

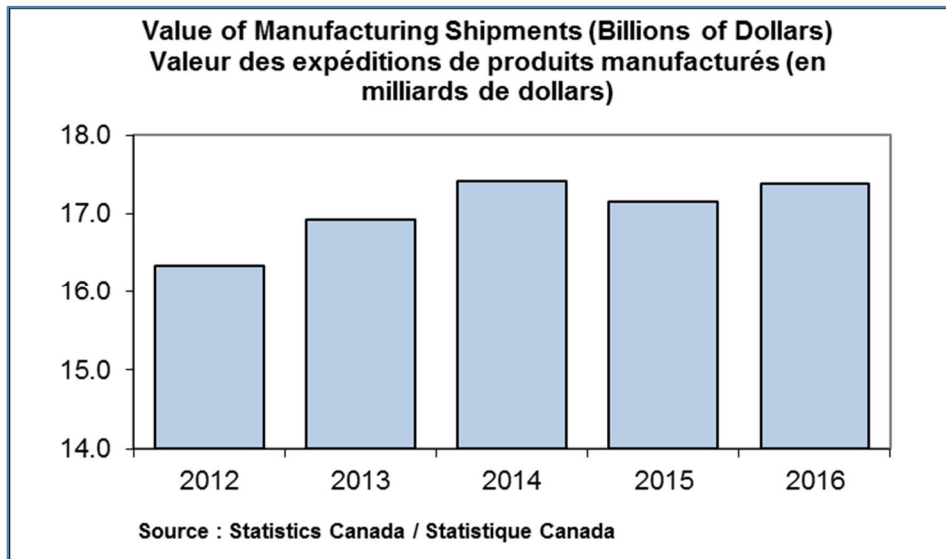
alimentaires (4,2 %) et les métaux transformés (1,6 %) ont connu les meilleures ventes alors que les produits chimiques (3,6 %), l'ameublement (- 2,9 %), la machinerie et les outils agricoles (- 1,4 %) et le matériel de transport (- 0,1 %) ont connu les pertes les plus importantes.

Low agricultural crop prices continue to impact Manitoba's agricultural implements manufacturing. Sales in this industry are declining for the third consecutive year in early 2017.

Les prix faibles des productions végétales continuent d'avoir des répercussions sur les entreprises spécialisées en fabrication de machines agricoles au Manitoba. Les ventes dans cette industrie sont en baisse pour la troisième année consécutive au début de 2017.

Manufacturing sales have continued to improve in 2017 at a modest pace with gains in processed food (3.6%), transportation equipment (4.0%), fabricated metal (4.2%) and electrical products (16.6%). These gains are offset by continued weakness in machinery and equipment (-1.3%) and chemicals (+0.4% following 3.6% decline in 2016).

Les ventes du secteur manufacturier ont continué de progresser en 2017 à un rythme modeste, progressant dans les sous-secteurs des aliments transformés (3,6 %), du matériel de transport (4 %), des métaux transformés (4,2 %) et des produits électriques (16,6 %). Ces gains sont compensés par la faiblesse continue des sous-secteurs du matériel et de la machinerie (- 1,3 %) et des produits chimiques (+ 0,4 % après une baisse de 3,6 % en 2016).



Retail

Retail sales increased to an all-time record of \$19 billion in 2016. The increase in retail sales receipts of 4.2% in 2016 was higher than the 3.5% average recorded since the end of the Great Recession.

Commerce de détail

Les ventes au détail ont augmenté pour passer à un niveau record de 19 milliards de dollars en 2016. L'augmentation des recettes des ventes au détail de 4,2 % en 2016 était plus élevée que la moyenne de 3,5 % enregistrée depuis la fin de la Grande Récession.

The strength in retail sales was broad-based with ten of the eleven major industry groups posting gains in 2016. Even the only major industry group, electronics and appliance stores, posted a contraction in sales registering a mild decline of just 0.1%. Health and personal care stores posted the largest increase (+23.8%) in 2016. Health and personal care stores

La vigueur des ventes au détail a touché de nombreux secteurs, avec dix des onze principaux groupes industriels ayant enregistré des gains en 2016. De plus, le seul groupe industriel, soit les magasins d'appareils électroniques et d'électroménagers, qui a subi une contraction des ventes a enregistré une légère baisse de juste 0,1 %. Les magasins de produits de santé et de soins personnels ont affiché la plus grande augmentation (+ 23,8 %) en 2016. Ils étaient

were followed by motor vehicle and parts dealers (+5.7%) and gasoline stations (+5.5%).

suivis par les véhicules automobiles et les pièces (+ 5,7 %) et les stations-service (+ 5,5 %).

The number of new motor vehicle sales slipped by 1.0% to 57,248 units in 2016. The decline in new motor vehicle sales last year is in sharp contrast to the average 4.7% increase in motor vehicle sales recorded between 2010 and 2015.

Le nombre de ventes de nouveaux véhicules a reculé de 1,0 % en 2016 pour atteindre 57 248 unités. La diminution des ventes de nouveaux véhicules l'année dernière constitue un contraste frappant avec la croissance moyenne de 4,7 % enregistrée entre 2010 et 2015.

The aforementioned drop in new vehicle sales is concentrated in new car sales, which slipped by 10% last year. The decline in new car sales is third in a row for the province (new car sales fell by 7.2% and 8.8% respectively in the previous two years). Truck sales, which accounted for three out of four new vehicles sold in the province, fared much better and grew by 2.5% last year.

Ce recul concerne principalement les ventes de nouvelles voitures, qui ont reculé de 10 % l'année dernière. Il s'agit de la troisième diminution consécutive des ventes de nouvelles voitures pour la province (elles ont baissé de 7,2 % et de 8,8 % respectivement au cours des deux dernières années). Les ventes de camions, qui comptaient pour trois nouveaux véhicules sur quatre vendus dans la province, étaient bien meilleures et elles ont augmenté de 2,5 % l'année dernière.



Exports

Reflecting subdued global demand and the collapse of commodity prices, Manitoba's total exports declined by 1.7% in 2016. The decline posted last year is in sharp contrast to the average 4.7% gain recorded between 2010 and 2015.

Exportations

Reflétant la faiblesse de la demande mondiale et l'effondrement du prix des marchandises, les exportations totales du Manitoba ont diminué de 1,7 %, en 2016. La diminution enregistrée l'année dernière constitue un contraste frappant avec l'augmentation moyenne de 4,7 % enregistrée entre 2010 et 2015.

The overall decline in exports was due to the 3.7% decline in exports to the U.S. Exports to non-U.S. destinations, which grew by 2.7% in 2016, helped mitigate the impact of the fall in exports to the U.S.

La diminution générale des exportations était due à la baisse de 3,7 % des exportations vers les États-Unis. Les exportations vers les marchés autres que les États-Unis, qui ont augmenté de 2,7 % en 2016, ont permis d'atténuer les effets de la chute des exportations vers les États-Unis.

Shipments of vehicles, aircraft, vessels and associated transport equipment, which grew by 4.7%, led exports that exceed one billion dollars in

Les expéditions de véhicules, d'aéronefs, de bateaux et de matériel de transport connexe, qui ont augmenté de 4,7 % ont mené les exportations dont la valeur dépasse un milliard

value. Exports of vehicles and aircraft were followed by live animal and animal product shipments (+4.2%) and vegetable product shipments (+1.9%).

Base metals and articles declined the most in 2016, falling by 20.7%. They were followed by exports of machinery, mechanical, and electrical appliances and equipment, which fell by 6.6%. A key reason for the decline in machinery exports is subdued capital spending, especially in industries related to the oil sector. Chemical and allied industries posted a 3% decline in exports last year.

Mining

Weak global demand, excess supply in many commodity markets and burgeoning inventories contributed to sharp declines in prices of many commodities. Reflecting the aforementioned headwinds, the total value of production in Manitoba's mining, oil and gas extraction sector declined by 10.0%.

Petroleum production fell the most in 2016, declining by 21% to \$750 million. Non-metals mining also contracted sharply, falling by 18% to \$229 million. The aforementioned declines were somewhat offset by the increase in metals production, which rose by 2% to \$1.09 billion.

Despite the troubles in the mining sector, employment rose by 10.6% to 5,200 last year. Mineral exploration expenditures also rose by 17% to \$55.1 million in 2016. Last year's increase in mineral exploration expenditures represents the second consecutive year in which corporations have invested in exploring for mineral resources in the province.

Agriculture

In 2016, Manitoba crop producers increased their overall seeded area, but changed their crop mix, away from barley, oats and wheat, and more toward soybeans, corn, peas and potatoes. Weather conditions were favourable, however, increased precipitation late in the summer and during harvest affected the quality of some cereal crops.

de dollars. Les exportations de véhicules et d'aéronefs étaient suivies par les expéditions d'animaux vivants et de produits d'origine animale (+ 4,2 %) et les expéditions de produits végétaux (+ 1,9 %).

Les articles et les métaux de base ont enregistré la plus forte baisse en 2016, chutant de 20,7 %. Ils étaient suivis par les exportations de machinerie et de matériel et d'appareils électriques et mécaniques, qui ont chuté de 6,6 %. Une raison clé de la baisse des exportations de machinerie est la faiblesse des investissements en immobilisations, en particulier dans les industries liées au secteur pétrolier. Les industries chimiques et apparentées ont affiché un recul de 3 % des exportations l'année dernière.

Exploitation minière

La faiblesse de la demande mondiale, l'offre excédentaire dans de nombreux marchés de marchandises et des stocks en pleine expansion ont contribué à un fort repli des prix de nombreuses marchandises. Représentant les conditions mentionnées ci-dessus, la valeur totale de la production du secteur de l'exploitation minière et de l'extraction de pétrole et de gaz du Manitoba a diminué de 10 %.

La production de pétrole a enregistré le plus fort recul en 2016, chutant de 21 % pour passer à 750 millions de dollars. Le secteur des minerais non métalliques s'est également fortement contracté, chutant de 18 % pour passer à 229 millions de dollars. Ces diminutions ont été quelque peu contrebalancées par l'augmentation de la production des métaux, qui a augmenté de 2 % pour passer à 1,09 milliard de dollars.

En dépit des problèmes dans le secteur de l'exploitation minière, l'emploi a augmenté de 10,6 % pour s'établir à 5 200 l'année dernière. Les dépenses du secteur de l'exploration minière ont aussi augmenté de 17 % pour s'établir à 55,1 millions de dollars en 2016. La hausse des dépenses du secteur de l'exploration minière de l'année dernière représente la deuxième année consécutive où les sociétés ont investi dans l'exploration des ressources minières dans la province.

Agriculture

En 2016, les producteurs agricoles ont augmenté leur superficie totale ensemencée. Cependant, ils ont modifié leurs mélanges de cultures, délaissant la production d'orge, d'avoine et de blé pour celle du soja, du maïs, des pois et des pommes de terre. Les conditions météorologiques étaient favorables, néanmoins, une augmentation des précipitations à la fin de l'été et pendant la récolte a eu des répercussions sur la qualité de certaines cultures céréalières.

Total volume of the harvest was the second largest on record, just slightly below the record set in 2013. Production was notably up for peas (+109.9%), rye (+64.9%) and corn (+48.4%), and down for oats (-15.5%), barley (-4.6%) and canola (-4.0%).

The positive growth for soybean production continued in 2016, with a 27.2% increase over 2015. Manitoba's soybean harvest represents 27% of Canadian production and the second largest among provinces.

Prices for grains and oilseeds remain under pressure as global supplies have increased with favourable growing conditions around the world. Despite the market pressure, and reflecting timing and deferral of sales, cash receipts from crop production increased by 12.5% to \$3.6 billion in 2016. Canola receipts were up 20.8% to \$1.3 billion or 38% of total crop receipts. Soybeans receipts jumped 41% to almost \$550 million, as producers harvested the largest crop on record (65.0 million bushels). Receipts from potatoes sales increase by almost 14% in 2016. These gains were somewhat offset by the decline in wheat receipts, down 6.0% to \$861 million.

Improved weather conditions and better controls over viruses affecting livestock resulted in increased supply of cattle and hog in the North America market. As a result, prices have fallen from record or near record levels.

In Manitoba, hog inventory reached a record level in early January 2017, as supply outpaced demand in 2016. A 1.1% increase in hog processing in relation to the 4.0% decrease in international exports resulted in Manitoba farmers with a record 3.1 million pigs on their farms on January 1, 2017, up 1.4% from January 1, 2016

Cattle production in Manitoba has been relatively stable for a number of years even with uncertainty and challenges with the U.S. Country of Origin Labeling regulations. Last year, demand increased by 2.3% with processing up by over 20%. This was partially offset by a 1.0% decrease in interprovincial exports.

Lower livestock prices affected Manitoba livestock producers. Total livestock farm cash receipts

Le volume total de la récolte a été le deuxième en importance, soit légèrement inférieur au record établi en 2013. La production a particulièrement augmenté pour les pois (+ 109,9 %), le seigle (+ 64,9 %) et le maïs (+ 48,4 %), et elle a baissé pour l'avoine (- 15,5 %), l'orge (- 4,6 %) et le canola (- 4,0 %).

La croissance positive de la production de soja s'est maintenue en 2016, avec une augmentation de 27,2 % par rapport à 2015. La récolte de soja du Manitoba représente 27 % de la production canadienne et la deuxième en importance parmi les provinces.

Les prix des grains et des oléagineux continuent de subir des pressions puisque les conditions de croissance favorables dans le monde entier ont fait augmenter l'offre mondiale. Malgré les pressions du marché, et en tenant compte du moment et du report des ventes, les recettes en espèces des productions végétales ont augmenté de 12,5 % pour s'établir à 3,6 milliards de dollars en 2016. Les recettes de canola ont augmenté de 20,8 % pour s'établir à 1,3 milliard de dollars, soit 38 % des recettes totales des productions végétales. Les recettes de soja ont bondi de 41 % pour s'établir à près de 550 millions de dollars, les producteurs ayant obtenu la meilleure récolte documentée (65,0 millions de boisseaux). Les recettes provenant des ventes de pommes de terre ont augmenté de près de 14 % en 2016. Ces gains ont été quelque peu atténués par la diminution des recettes de blé, qui ont baissé de 6,0 % pour passer à 861 millions de dollars.

De meilleures conditions météorologiques et de meilleurs contrôles des virus touchant le bétail ont permis d'accroître l'offre de bovins et de porcs sur le marché nord-américain. Par conséquent, les prix ont chuté par rapport aux niveaux records ou pratiquement records.

Au Manitoba, les stocks de porcs ont atteint un niveau record au début de janvier 2017, puisque l'offre a dépassé la demande en 2016. Une augmentation de 1,1 % dans le secteur de la transformation du porc en relation avec la diminution de 4 % des exportations internationales a eu pour résultat que les fermiers manitobains comptaient un nombre record de 3,1 millions de porcs dans leurs fermes au 1^{er} janvier 2017, soit une augmentation de 1,4 % par rapport au 1^{er} janvier 2016.

La production bovine au Manitoba a été relativement stable durant de nombreuses années, même avec les incertitudes et les défis posés par la réglementation américaine relative à l'étiquetage du pays d'origine. L'année dernière, la demande s'est accrue de 2,3 % et la transformation, de plus de 20 %. Cela a été partiellement compensé par une diminution de 1,0 % des exportations interprovinciales.

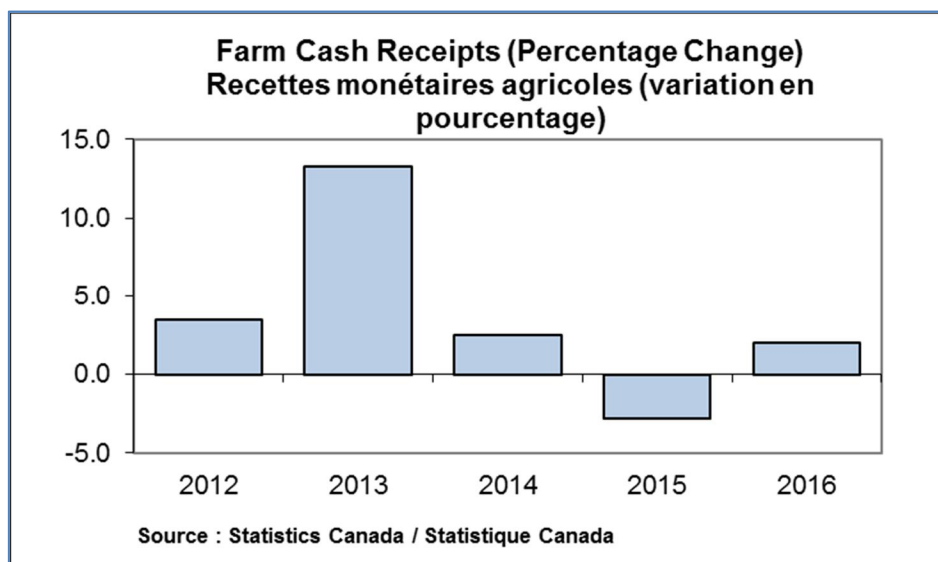
La baisse des prix du bétail a eu des répercussions sur les éleveurs de bétail du Manitoba. Les recettes totales en

decreased by 8.5% in 2016, to an estimated \$2.1 billion, down from \$2.3 billion in 2015, and down from the record \$2.5 billion in 2014.

espèces provenant du bétail ont diminué de 8,5 % en 2016 pour atteindre le chiffre estimé de 2,1 milliards de dollars, soit une diminution par rapport aux 2,3 milliards de dollars en 2015 et au niveau record de 2,5 milliards de dollars en 2014.

Cattle and calves receipts decreased 22.6% to \$551 million, with cattle receipts down 18.1% and calves down 43.3%. Hog receipts declined 2.9% to \$988 million. Direct payments, which include crop insurance and other transfers to producers, are estimated to have declined by 27.2% to \$221 million.

Les recettes provenant des veaux et autres bovins ont baissé de 22,6 % pour passer à 551 millions de dollars : celles provenant des bovins ont baissé de 18,1 % et celles provenant des veaux, de 43,3 %. Les recettes provenant du porc ont diminué de 2,9 % pour passer à 988 millions de dollars. On estime que les paiements directs, qui comprennent les prestations d'assurance-récolte et d'autres transferts aux producteurs, ont baissé de 27,2 % pour passer à 221 millions de dollars.



**PUBLIC ACCOUNTS
VOLUME 1
FOR THE YEAR ENDED
MARCH 31, 2017**

**VOLUME 1
DES COMPTES PUBLICS
POUR L'EXERCICE TERMINÉ
LE 31 MARS 2017**

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, government organizations, government business enterprises and government business partnerships.

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;

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 \$50,000 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, des organismes publics, des entreprises publiques et des partenariats commerciaux publics.

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 trois volumes:

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 le compte de stabilisation.

Le **volume 2** présente la liste vérifiée des paiements de rémunération du secteur public de 50 000 \$ ou plus, ainsi que les paiements de plus de 50 000 \$ 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 présentation de l'information.

Volume 4 contains a compendium of financial statements of special funds, government organizations, government business enterprises and government business partnerships comprising the Government Reporting Entity.

Le **volume 4** comprend un recueil des états financiers des fonds spéciaux, des organismes publics, des entreprises publiques et des partenariats commerciaux publics inclus dans le périmètre comptable du gouvernement.

Volume 1: Annual Report for the Year ended March 31, 2017 - This volume contains the following specific information:

Volume 1 : Rapport annuel pour l'exercice terminé le 31 mars 2017 – ce volume contient l'information financière suivante :

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, 2017 summary financial statements.

États financiers – analyse et discussion – cette section fournit un exposé écrit des états financiers sommaires, ainsi que des renseignements additionnels sur la performance financière et économique du gouvernement provincial. Les renseignements contenus dans l'analyse des états financiers sont tirés des états financiers sommaires pour l'exercice terminé le 31 mars 2017.

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, government business enterprises and government business partnerships, and government 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.

États financiers sommaires – ce 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 de quelque 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, des entreprises publiques, des partenariats commerciaux publics et des organismes publics tels que 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.

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

Les états financiers sommaires contiennent aussi les renseignements financiers clés suivants:

- 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.
- la situation financière du gouvernement au 31 mars chaque année;
- les résultats des activités de l'exercice;
- le total des revenus et des charges (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.

Autres rapports financiers – cette section comprend des rapports vérifiés portant sur l'information autre que les états financiers, notamment le compte de stabilisation des revenus.

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

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

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*.

Liste des paiements de rémunération du secteur public de 50 000 \$ ou plus – cette liste vérifiée présente les paiements de 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.

Statement of Payments in Excess of \$50,000 to Corporations, Firms, Individuals, Other Governments and Government Agencies - Included are details of Consolidated Fund and Special Operating Agencies' payments in excess of \$50,000 to corporations, firms, individuals, other governments and government agencies.

État des paiements de plus de 50 000 \$ versés à des sociétés, à des entreprises, à des particuliers, à d'autres gouvernements et à des organismes du gouvernement – cet état contient la liste des paiements de plus de 50 000 \$ versés par le Trésor ou par les organismes de service spécial à des sociétés, à des entreprises, à des particuliers, à d'autres gouvernements et à des organismes du gouvernement.

Volume 3: Supplementary Schedules and Other Statutory Reporting Requirements - This volume contains unaudited statements, schedules and other information, as well as the following audited statements:

Volume 3 : Annexes supplémentaires et autres rapports prévus par la loi – ce volume contient des états, des annexes et d'autres renseignements non vérifiés. Il comprend aussi les états vérifiés suivants :

- the Report of Amounts Paid or Payable to Members of the Assembly.
- the Northern Affairs Fund.

- le rapport des sommes versées ou à verser aux membres de l'Assemblée législative.
- le Fonds des Affaires du Nord.

Volume 4: This volume contains a compendium of financial statements of special funds, government organizations, government business enterprises and government business partnerships comprising the Government Reporting Entity.

Volume 4 : ce volume comprend un recueil des états financiers des fonds spéciaux, des organismes publics, des entreprises publiques et des partenariats commerciaux publics inclus dans le périmètre comptable du gouvernement.

The Public Accounts of Manitoba are available on the Internet at:
www.gov.mb.ca/finance

Les comptes publics du Manitoba peuvent être consultés en ligne à l'adresse suivante:
www.gov.mb.ca/finance/index.fr.html

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

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2016/17 FINANCIAL HIGHLIGHTS

The highlights section provides a summary of the key events affecting the summary financial statements for the 2016/17 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 improved moderately to 1.9% in 2016 compared to 1.8% in 2015.
- The Government recorded a net loss of \$764 million, which is \$147 million better than Budget 2016.
- The 2016/17 results included revenue of \$15,723 million that sustained program expenses of \$15,557 million and public debt charges of \$930 million.
- Public debt charges as a percentage of revenue for 2016/17 is 5.9%, a slight increase from 5.7% in 2015/16.
- Investment in new tangible capital assets totaled \$1,389 million during the year.

FAITS SAILLANTS 2016-2017

Les faits saillants résument les éléments clés des états financiers sommaires pour l'exercice financier 2016-2017 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 afférentes 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 augmenté modérément à 1,9 % en 2016, par rapport à une croissance de 1,8 % en 2015.
- Le gouvernement a enregistré une perte nette de 764 millions de dollars, soit 147 millions de moins que prévu dans le Budget de 2016.
- Les résultats de 2016-2017 comprenaient des recettes de 15 723 millions de dollars, qui ont servi à couvrir des dépenses de programmes de 15 557 millions de dollars et à assumer des frais de la dette publique établis à 930 millions de dollars.
- Les frais de la dette publique en pourcentage des recettes pour 2016-2017 sont de 5,9 %, ce qui représente une légère augmentation par rapport au taux de 5,7 % en 2015-2016.
- Les investissements en nouvelles immobilisations corporelles se sont chiffrés à 1 389 millions de dollars pendant l'exercice.

- Net debt is \$22,693 million at March 31, 2017, up \$1,322 million from March 31, 2016. Net debt to GDP increased to 33.7% from 32.5% at March 31, 2016. The ratio of net debt to total revenues has increased to 144.3% from 142.0% at March 31, 2016.
- La dette nette s'élevait à 22 693 millions de dollars au 31 mars 2017, soit une hausse de 1 322 millions de dollars par rapport au 31 mars 2016. Le ratio de la dette nette au PIB a augmenté, passant de 32,5 % au 31 mars 2016 à 33,7 %. Le ratio de la dette nette aux recettes totales est passé de 142 % au 31 mars 2016 à 144,3 %.
- The accumulated deficit is \$9,400 million at March 31, 2017, an increase of \$650 million from March 31, 2016. The accumulated deficit to GDP ratio was 14.0%, up from 13.3% at March 31, 2016.
- Le déficit accumulé s'établissait à 9 400 millions de dollars au 31 mars 2017, en augmentation de 650 millions de dollars par rapport au 31 mars 2016. Le ratio entre le déficit accumulé et le PIB a augmenté pour se situer à 14 %, contre 13,3 % au 31 mars 2016.

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 2016/17 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 2016-2017

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 \$56,343 million in 2011/12 to \$67,298 million in 2016/17 or by 19.4% during the five-year period. During this period, the annual consumer price index fluctuated between 1.2% and 2.2%.

Graph 1 shows that the net debt to GDP ratio at March 31, 2017 was 33.7%, compared to 32.5% in the previous year. The increase in net debt in 2016/17 is primarily related to investments in tangible capital assets, including infrastructure spending, as well as operating loss. Continued investment in transportation infrastructure, health facilities, post-secondary education facilities, and public housing has resulted in capital expenditures similar to those seen in 2015/16.

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 56 343 millions de dollars en 2011-2012 à 67 298 millions de dollars en 2016-2017, ce qui représente une croissance de 19,4 % sur la période de cinq ans. Pendant cette période, l'indice annuel des prix à la consommation a oscillé entre 1,2 % et 2,2 %.

Le diagramme 1 montre que le ratio entre la dette nette et le PIB était de 33,7 % au 31 mars 2017, contre 32,5 % à la fin de l'exercice précédent. L'augmentation de la dette nette en 2016-2017 est principalement liée aux investissements en immobilisations corporelles, y compris les dépenses en infrastructure, ainsi que la perte d'exploitation. 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 2015-2016.

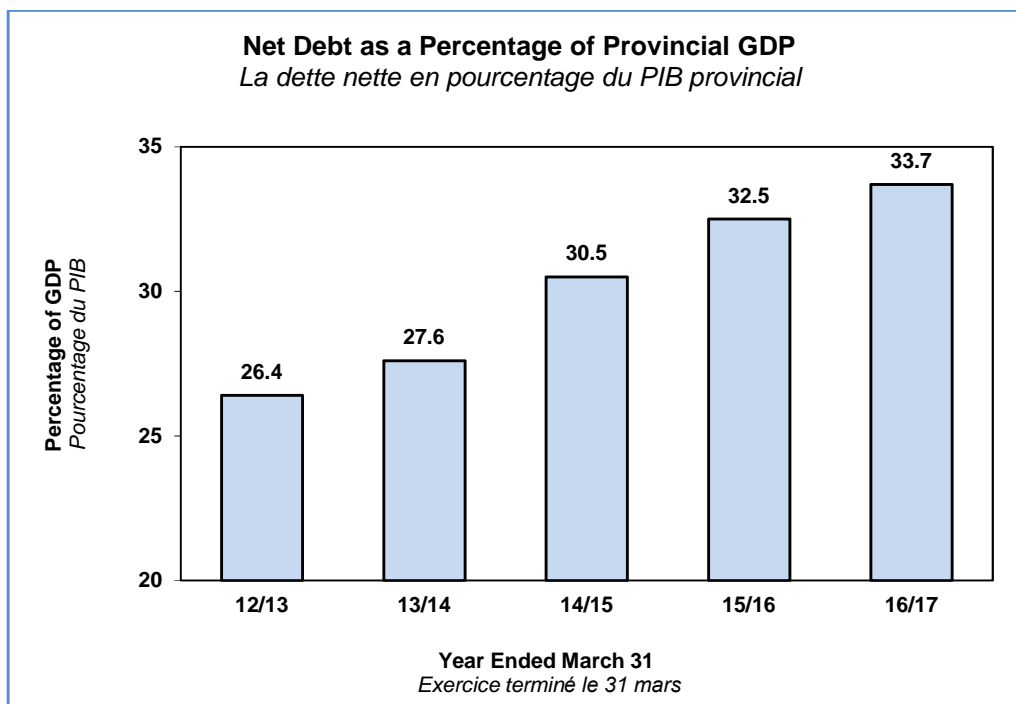
Net debt for 2016/17 included a gain in other comprehensive income (OCI) of \$114 million, recorded by government business enterprises (GBEs). OCI represents unrealized gains or losses calculated at a point in time and can have a significant impact on the measurement of net debt. OCI is measured as the 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.

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.

La dette nette pour 2016-2017 comprenait au niveau des autres éléments du résultat étendu un profit de 114 millions de dollars enregistré 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.

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-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.

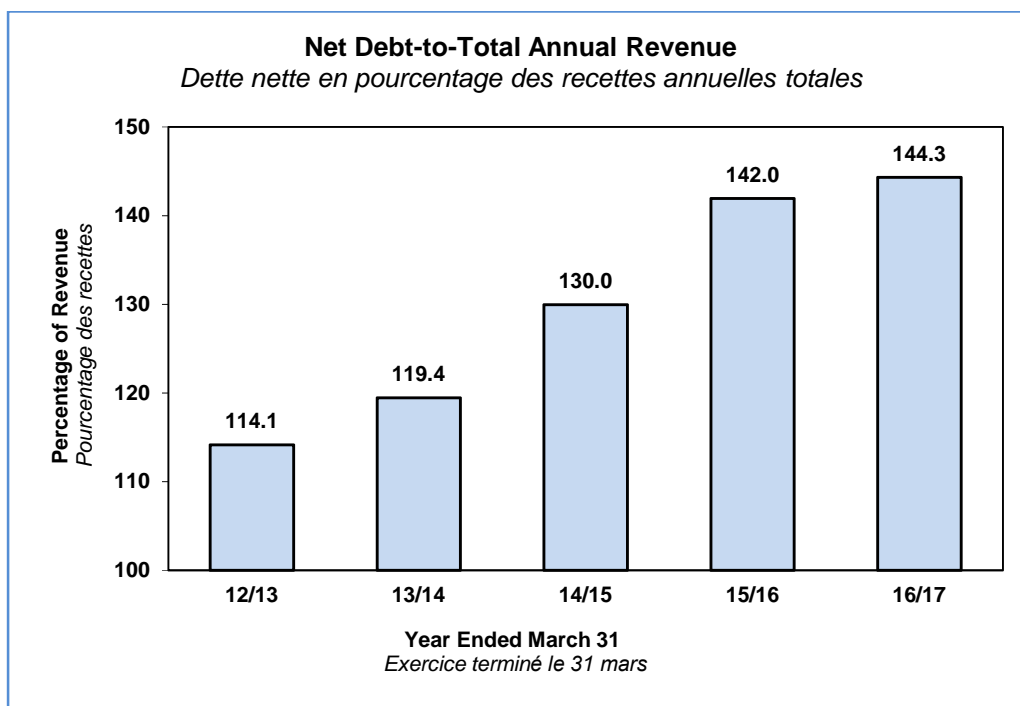
Since 2012/13, net debt-to-total annual revenue has increased from 114.1% to 144.3%, reflecting the impact of the economic downturn and increased investments in tangible capital assets. Graph 2 shows the historical trend of net debt to annual revenues.

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 2012-2013, le ratio entre la dette nette et les recettes annuelles totales est passé de 114,1 % à 144,3 %, 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



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 gain of \$114 million was recognized for 2016/17 (2015/16 - \$43 million loss).

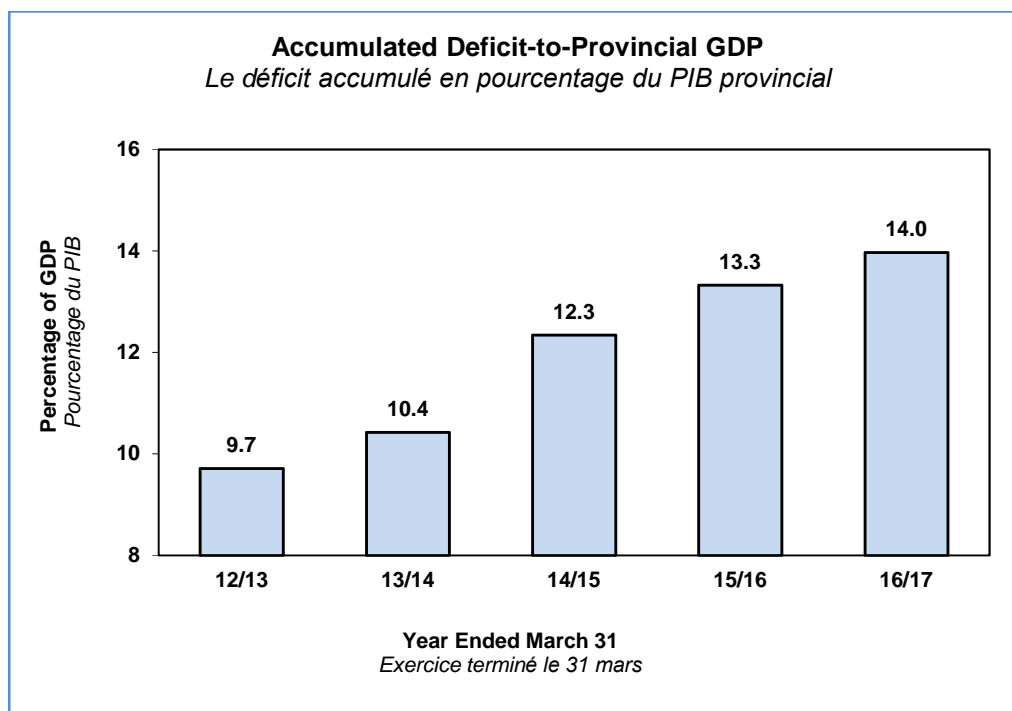
The accumulated deficit as at March 31, 2017 increased \$3,591 million from 2012/13. Increases are primarily due to the operating losses incurred, and partially due to Manitoba Hydro's adoption of IFRS on April 1, 2015, with a transition date of April 1, 2014. This transition to IFRS resulted in an increase in the Government's accumulated deficit and net debt of \$610 million. Graph 3 shows the trend in accumulated deficit to provincial GDP since 2012/13.

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 2016-2017, des profits de 114 millions de dollars ont été inscrits au titre des autres éléments du résultat étendu (contre 43 millions de dollars de pertes en 2015-2016).

Au 31 mars 2017, le déficit accumulé avait augmenté de 3 591 millions de dollars par rapport à 2012-2013. Cette augmentation a été principalement due aux pertes d'exploitation subies, et en partie due 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 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 2012-2013.

Graph 3/Diagramme 3



Annual Net Income (Loss)

Manitoba incurred a net loss for the year ended March 31, 2017 of \$764 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 2017 une perte nette de 764 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*

	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
	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>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>	<i>2012-2013</i>
	(\$ millions)/(en millions de dollars)				
Revenue and Expense Items <i>Éléments des recettes et des dépenses</i>					
Revenue <i>Recettes</i>	15,723	15,054	14,963	14,414	13,812
Total Expenses <i>Dépenses totales</i>	16,487	15,893	15,393	14,936	14,372
Summary Net Income (Loss) <i>Recettes (pertes) nettes sommaires</i>	(764)	(839)	(430)	(522)	(560)
Annual Net Income (Loss) to Provincial GDP <i>Recettes (pertes) nettes en pourcentage du PIB provincial</i>	(1.1%)	(1.3%)	(0.7%)	(0.8%)	(0.9%)

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.

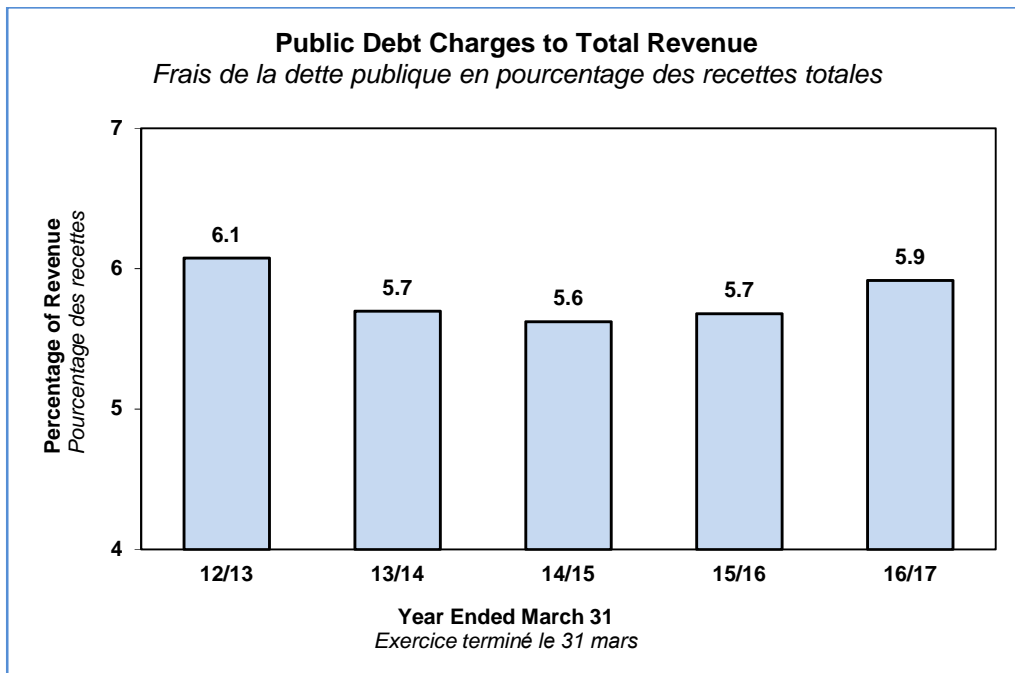
Graph 4 shows that in 2012/13, the Government used 6.1 cents of every dollar of revenue to pay interest. In 2016/17, 5.9 cents of every dollar of revenue was used.

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 2012-2013, le gouvernement utilisait 6,1 cents par dollar de recettes pour assumer les frais d'intérêt. En 2016-2017, seulement 5,9 cents par dollar de recettes étaient utilisés aux mêmes fins.

Graph 4/Diagramme 4



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 2012/13, Government's own-source revenue has been steadily increasing. 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 \$59,802 million in 2012/13 to \$67,298 million in 2016/17 or 12.5%. The rate of own-source revenues increased steadily in relation to the economy representing 15.3% of GDP in 2012/13 versus 16.3% in 2016/17. Own-source revenues increased by \$443 million or 4.2% from \$10,521 million in 2015/16 to \$10,964 million in 2016/17. The main contributors to the increase from prior year are:

- Income taxes, which increased \$181 million, or 4.8%.
- Fees and other revenue increased by \$114 million, or 5.0%.
- Retail sales tax, which increased \$32 million, or 1.4%.
- Education property tax increased by \$82 million, or 11.5%.

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.

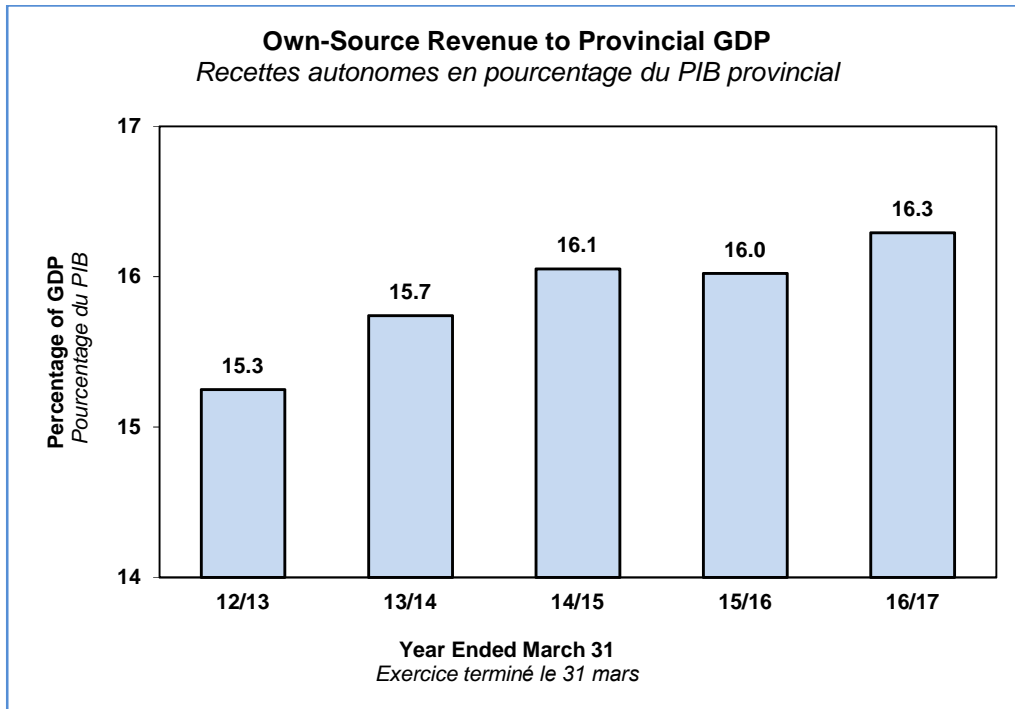
Depuis 2012-2013, les recettes autonomes du gouvernement sont en constante augmentation. Cela indique que le gouvernement n'a pas changé de manière significative ses exigences sur l'économie de la province au cours de cette période.

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 59 802 millions de dollars en 2012-2013 à 67 298 millions de dollars en 2016-2017, enregistrant un bond de 12,5 %. Le pourcentage des recettes autonomes par rapport à l'économie est en constante augmentation, passant de 15,3 % du PIB en 2012-2013 à 16,3 % en 2016-2017. Les recettes autonomes ont augmenté de 443 millions de dollars (4,2 %) et sont passées de 10 521 millions de dollars en 2015-2016 à 10 964 millions de dollars en 2016-2017. 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 181 millions de dollars, soit de 4,8 %;
- les droits et autres recettes, qui ont augmenté de 114 millions de dollars, soit de 5 %;
- la taxe sur les ventes au détail, qui s'est accrue de 32 millions de dollars, soit de 1,4 %;
- l'impôt foncier pour l'éducation qui s'est accru de 82 millions de dollars, soit de 11,5 %.

Graph 5/Diagramme 5



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 public capital assets such as new or renewed hospitals,

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 investit dans les immobilisations publiques, comme la

universities and colleges, and Manitoba's highway system. In 2016/17, the Government invested \$1,389 million in new tangible capital assets. There were \$48 million in disposals or write downs and the net book value of all tangible capital assets was reduced by \$669 million in annual amortization. The Government's tangible capital assets had a net book value of \$13,158 million at March 31, 2017 (\$12,486 million at March 31, 2016).

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 \$1,262 million from \$20,821 million in 2015/16 to \$22,083 million in 2016/17. Total additions to capital assets in 2016/17 were \$1,389 million (2015/16 - \$1,702 million). The total cost of assets under construction, including infrastructure, as at March 31, 2017 was \$1,613 million (2015/16 - \$1,600 million). Assets under construction are not amortized until they are put into service. The \$1,389 million in additions includes \$506 million for buildings and leasehold improvements and \$570 million for other infrastructure, such as road grading and surfacing and a number of bridge and structure projects.

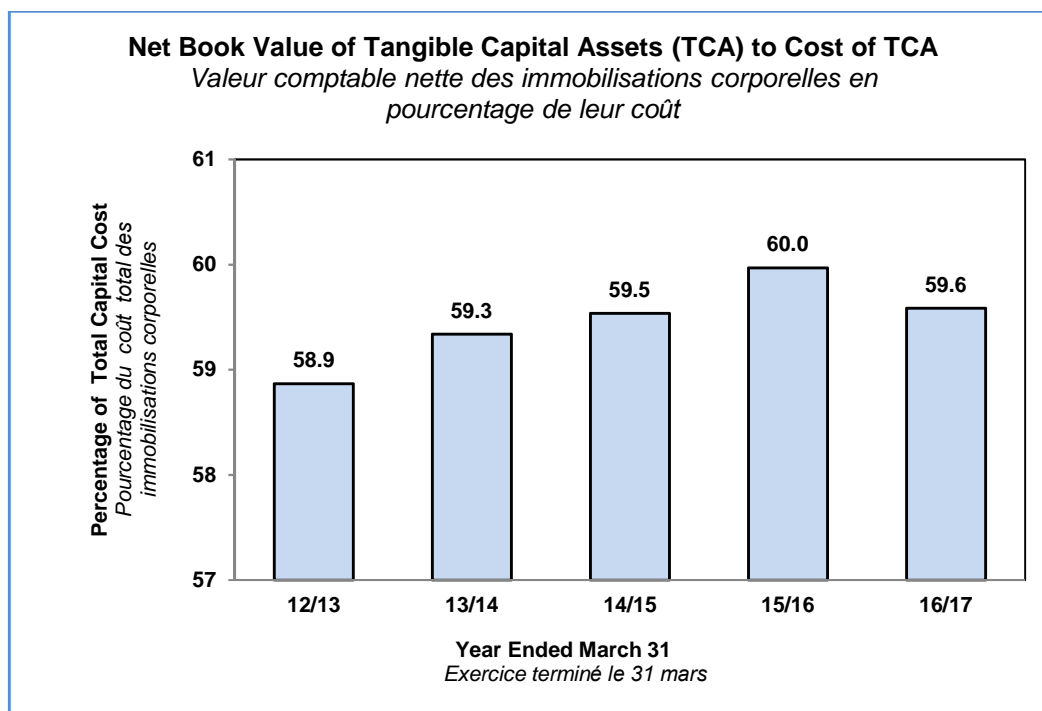
rénovation ou la construction d'hôpitaux, d'universités et de collèges, et dans le réseau routier du Manitoba. En 2016-2017, le gouvernement a investi 1 389 millions de dollars dans de nouvelles immobilisations corporelles. Les immobilisations cédées ou dévaluées ont atteint 48 millions de dollars, et la valeur nette comptable de l'ensemble des immobilisations corporelles a été réduite de 669 millions de dollars en amortissement annuel. La valeur comptable nette des immobilisations corporelles du gouvernement s'élevait à 13 158 millions de dollars le 31 mars 2017 (contre 12 486 millions de dollars au 31 mars 2016).

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 1 262 millions de dollars, passant de 20 821 millions de dollars en 2015-2016 à 22 083 millions de dollars en 2016-2017. Le total des acquisitions d'immobilisations en 2016-2017 était de 1 389 millions de dollars (contre 1 702 millions de dollars en 2015-2016). Pour l'exercice terminé le 31 mars 2017, le coût global des immobilisations en construction, y compris l'infrastructure, était de 1 613 millions de dollars (contre 1 600 millions de dollars en 2015-2016). L'amortissement des immobilisations en construction ne débute qu'à partir de leur mise en service. Les 1 389 millions de dollars d'acquisitions comprennent 506 millions pour la construction de bâtiments et des améliorations locatives, ainsi que 570 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



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 do 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 26.3% of total revenues in 2016/17, up slightly from 25.4% in 2015/16. 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 \$1,736 million in Equalization payments in 2016/17. Equalization accounted for about 11.0% of total 2016/17 summary provincial revenues.

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

Manitoba received \$1,798 million in combined CHT and CST revenues in 2016/17, or about 11.4% 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.

Historically, 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 CHT escalator will fall from 6.0% to the rate of growth of a three year moving average of nominal GDP, with a guaranteed minimum growth rate of three per cent per year.

Les recettes provenant des transferts du gouvernement fédéral

Les transferts du gouvernement du Canada constituent une source de revenus importante pour le Manitoba, représentant 26,3 % du total des recettes en 2016-2017 (une légère hausse par rapport aux 25,4 % de 2015-2016). 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 2016-2017, le Manitoba a reçu 1 736 millions de dollars en paiements de péréquation. Les paiements de péréquation représentaient environ 11 % du total des recettes sommaires provinciales en 2016-2017.

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 2016-2017, le Manitoba a reçu 1 798 millions de dollars en paiements combinés du TCS et du TCPS, soit environ 11,4 % 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.

Historiquement, ces transferts, assortis de leurs facteurs de progression annuelle, ont contribué 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 du TCS baissera, passant de 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.

The CST is legislated to grow by 3% per cent per year and accounts for only a minor portion of Manitoba's total spending on social programs while the CHT covers less than a quarter of the Province's healthcare costs. As of 2015/16, both the CST and CHT are allocated on an equal per capita basis, leaving Equalization as 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 \$308 million in 2016/17 due to a \$209 million increase in funding from shared-cost arrangements and a \$101 million increase in Canada Health and Social transfers, offset by a \$2 million decline in Equalization. Shared-cost agreements include programs such as infrastructure renewal funding, disaster financial assistance (DFA) and shared agricultural programs.

Conformément à la loi, le TCPS augmentera de 3 % par année et ne compte que pour une faible part des dépenses totales du Manitoba en matière de programmes sociaux tandis que le TCS couvre moins du quart des coûts de soins de santé de la Province. Depuis 2015-2016, le TCPS et le TCS sont calculés selon un montant égal par habitant, ce qui laisse la péréquation comme 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 2016-2017, le total des transferts du gouvernement fédéral a augmenté de 308 millions de dollars en raison d'une augmentation de 209 millions de dollars du financement versés dans le cadre des ententes relatives aux frais partagés et d'une augmentation de 101 millions de dollars des transferts en matière de santé et de programmes sociaux, compensées par une baisse de 2 millions de dollars des paiements de péréquation. 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 (AFCC).

Federal Transfers to Total Revenue

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

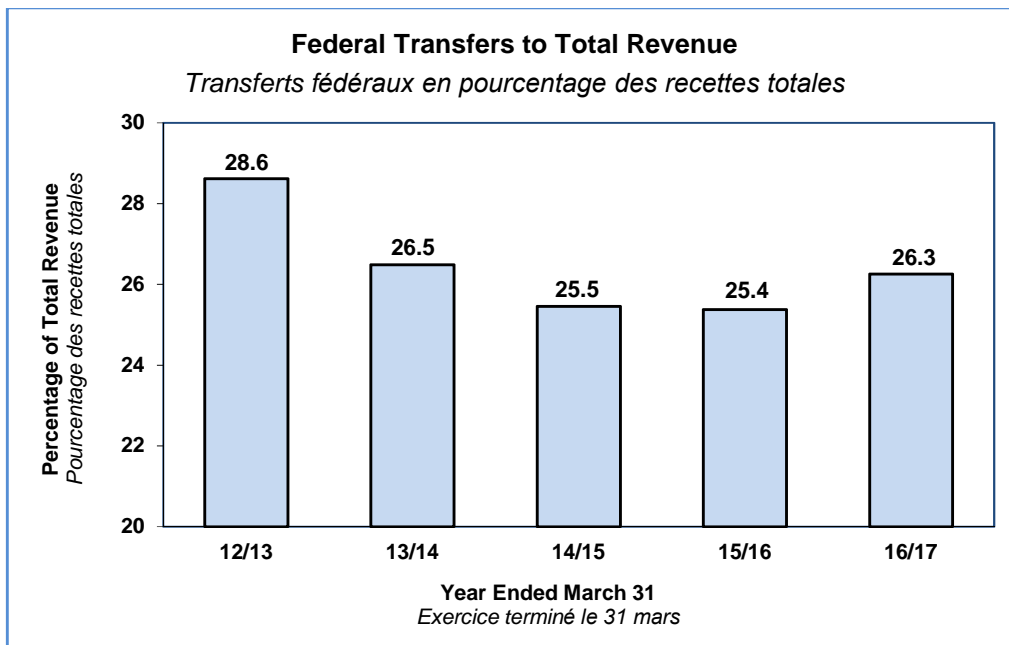
Graph 7 shows the ratio of federal transfers to total provincial revenue has decreased from 2012/13 to 2016/17. This decrease indicates the Province is relying less on federal transfers for revenue to fund programs and services demonstrating Manitoba's gradually decreasing vulnerability to changes in federal transfer support. The increase on the ratio from 25.4 in 2015/16 to 26.3 in 2016/17 is mainly attributed to one-time DFA funding from the 2014 flood and heavy rains events.

Les transferts fédéraux en pourcentage des recettes totales

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

Le diagramme 7 montre que le ratio des transferts fédéraux au total des recettes provinciales a diminué entre 2012-2013 et 2016-2017. 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. L'augmentation du ratio de 25,4 en 2015/16 à 26,3 en 2016/17 est principalement attribuable au financement exceptionnel de DFA par rapport aux événements de 2014 et des pluies abondantes.

Graph 7/Diagramme 7



Foreign Currency Debt Risk

The Province's foreign currency debt risk for 2016/17 is zero because foreign exchange risk is considered to be fully hedged through the use of derivative instruments such as swaps and forward foreign exchange contracts. 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, 2017 is \$11,884 million (2015/16 - \$9,878 million). The portion held by the

La dette en devises

Le risque lié à la dette en devises de la Province pour 2016-2017 est nul, car le risque de change est considéré comme entièrement couvert par l'usage d'instruments dérivés, comme les swaps et les contrats de change à terme. 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 2017 était de 11 884 millions de dollars, contre

Province is fully hedged. The portion held by Manitoba Hydro is managed through a long-term natural hedge between U.S. dollar cash flows.

9 878 millions de dollars en 2015-2016. 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 the liabilities related to contaminated sites.
- 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;
- l'identification et la quantification du passif lié aux lieux contaminés;
- 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

	2016/2017		2015/2016	Variance/Écart	
	Budget <i>Budget de</i> 2016-2017	Actual <i>Chiffres</i> <i>réels de</i> 2016-2017	Actual <i>Chiffres</i> <i>réels de</i> 2015-2016	2016/2017 vs 2015/2016 Actual <i>Chiffres</i> <i>réels de</i> 2016-2017 et de 2015-2016	2016/2017 Actual to Budget <i>Chiffres</i> <i>réels</i> de 2016-2017
(\$ millions)/(en millions de dollars)					
REVENUE/RECETTES					
Income Taxes <i>Impôts</i>	3,868	3,958	3,777	181	90
Other Taxes <i>Autres taxes</i>	4,396	4,396	4,250	146	-
Fees and Other Revenue <i>Droits et autres recettes</i>	2,235	2,383	2,269	114	148
Sinking Funds and Other Earnings <i>Fonds d'amortissement et autres revenus</i>	209	227	225	2	18
Total Own-Source Revenue <i>Total des recettes autonomes</i>	10,708	10,964	10,521	443	256
Government Business Enterprises <i>Entreprises publiques</i>	674	631	713	(82)	(43)
Federal Government Transfers <i>Transferts fédéraux</i>	4,108	4,128	3,820	308	20
Total Revenue <i>Recettes totales</i>	15,490	15,723	15,054	669	233
EXPENSES/DEPENSES					
Health <i>Santé</i>	6,497	6,546	6,237	309	49
Education <i>Éducation</i>	4,297	4,237	4,138	99	(60)
Families <i>Des familles</i>	2,036	2,027	1,938	89	(9)
Community, Economic and Resource Development <i>Développement des communautés, de l'économie et des ressources</i>	1,535	1,429	1,423	6	(106)
Justice and Other Expenditures <i>Justice et autres dépenses</i>	1,275	1,318	1,302	16	43
Debt Servicing <i>Service de la dette</i>	911	930	855	75	19
Total Expenses <i>Dépenses totales</i>	16,551	16,487	15,893	594	(64)
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>	(911)	(764)	(839)	75	147

* 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 \$764 million, which is \$147 million lower than the budgeted net loss of \$911 million. In 2016/17, total revenues were \$15,723 million and total expenses were \$16,487 million.

À la fin de l'exercice, la Province affichait une perte nette de 764 millions de dollars, soit 147 millions de dollars de moins que les pertes nettes de 911 millions de dollars prévues dans le budget. En 2016-2017, les recettes totales ont atteint 15 723 millions de dollars, et les dépenses totales se sont élevées à 16 487 millions de dollars.

The most significant factors causing the variances from budget are:

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

- An increase of \$90 million in income taxes mainly due to higher than anticipated individual income tax which is partially offset by lower corporation income tax.
 - An increase of \$148 million in fees and other revenue primarily due to volume increases and higher than anticipated recovery of prior years' expenditures.
 - \$18 million higher than estimated investment returns on sinking funds.
 - A decrease of \$43 million in net income from GBEs primarily due to lower than budgeted results for Manitoba Public Insurance Corporation (MPIC). In 2016/17 MPIC incurred higher claims costs largely resulting from actuarial adjustments which negatively affected the claims reserves.
 - A \$20 million increase in federal transfers mainly due to higher than anticipated Canada Health and Social Transfers and other shared cost recoveries.
 - An increase of \$49 million in Health expenses over budgeted levels due to staffing health services through the use of overtime, through the use of additional staffing for complex or heavy cases and/or caseloads, and due to the use of agency staffing in situations where recruitment has not been successful.
 - A decrease of \$60 million in Education expenses relating to one-time accounting adjustments, as well as under expenditures in departmental programming and reduced operating expenditures in public schools and post-secondary institutions, partially offset by the establishment of a provision on the loan to finance Investors Group Field.
- une augmentation de 90 millions de dollars des impôts sur le revenu liée principalement à des impôts sur le revenu des particuliers plus élevés que prévus, qui sont partiellement compensés par des impôts sur les bénéfices des sociétés plus faibles;
 - une augmentation de 148 millions de dollars en droits et autres recettes principalement attribuable à une augmentation de volume et à un recouvrement de dépenses antérieures plus important que prévu;
 - des rendements des investissements sur les fonds d'amortissement supérieurs de 18 millions de dollars à ce qui avait été estimé;
 - une diminution de 43 millions de dollars du bénéfice net des entreprises publiques principalement en raison de résultats plus faibles que prévu au budget pour la Société d'assurance publique du Manitoba. En 2016-2017, la Société d'assurance publique du Manitoba a fait face à des coûts d'indemnisation plus élevés qui découlaient largement de rajustements actuariels ayant entraîné des effets négatifs sur les réserves pour sinistres restant à payer;
 - une augmentation de 20 millions de dollars des transferts fédéraux causée principalement par des transferts canadiens en matière de santé et de programmes sociaux plus élevés que prévus et d'autres recouvrements de coûts partagés;
 - une augmentation de 49 millions de dollars des dépenses de santé par rapport aux niveaux budgétisés en raison de la dotation en personnel des services de santé grâce à l'utilisation d'heures supplémentaires, l'utilisation de personnel supplémentaire pour les cas complexes ou lourds et le nombre de cas, et de l'utilisation du personnel de l'agence dans les situations où le recrutement n'a pas été réussi.
 - une diminution de 60 millions de dollars des dépenses d'éducation liées à des ajustements comptables ponctuels, ainsi qu'une réduction des dépenses ministérielles et de fonctionnement aux écoles publiques et postsecondaires, compensée en partie par la provision sur le prêt pour Investors Group Field.

- A decrease in Community, Economic and Resource Development (CERD) expenses of \$106 million mainly due to lower than anticipated agricultural insurance indemnities of \$96 million and lower expenditures in various programs administered by Manitoba Agricultural Services Corporation.
- An increase of \$43 million in Justice and Other Expenditures mainly due to an increase to existing provisions for costs associated with long standing flood issues in four First Nations communities.

- une diminution de 106 millions de dollars des dépenses consacrées au développement des communautés, de l'économie et des ressources principalement en raison d'indemnités d'assurance agricole plus faibles que prévu (96 millions de dollars) et de dépenses plus faibles dans divers programmes administrés par la Société des services agricoles du Manitoba;
- une augmentation de 43 millions de dollars en dépenses de justice et autres dépenses principalement en raison de l'augmentation des provisions existantes pour les coûts associés aux problèmes d'inondation de longue date dans quatre collectivités des Premières nations.

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.

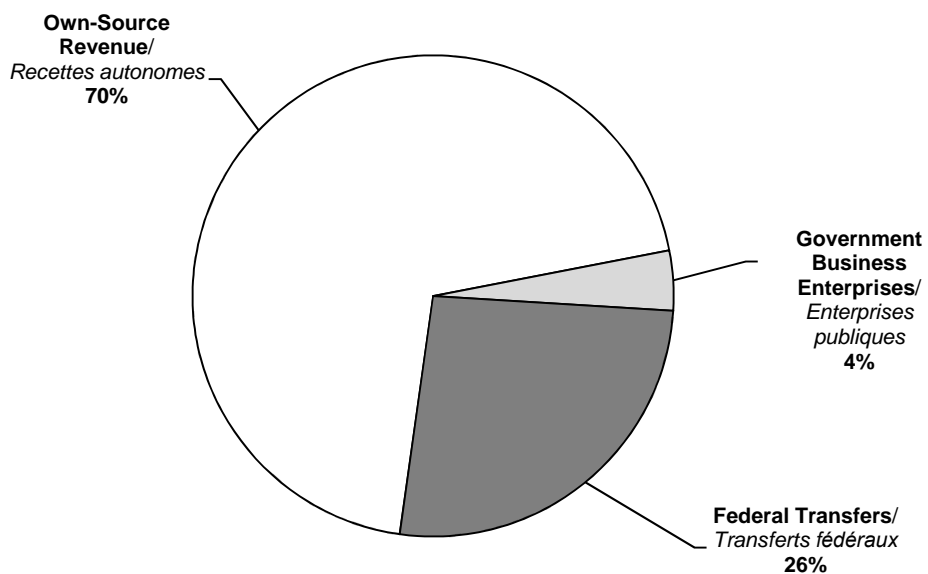
Revenue Trend Analysis by Source Analyse de l'évolution des recettes par source

Revenue Source <i>Source de recettes</i>	2016/2017 Actual <i>Chiffres réels de 2016-2017</i>	2015/2016 Actual <i>Chiffres réels de 2015-2016</i>	2014/2015 Actual <i>Chiffres réels de 2014-2015</i>	2013/2014 Actual <i>Chiffres réels de 2013-2014</i>	2012/2013 Actual <i>Chiffres réels de 2012-2013</i>
	(\$ millions)/(en millions de dollars)				
Income Taxes <i>Impôts</i>	3,958	3,777	3,679	3,446	3,302
Retail Sales Tax <i>Taxe sur les ventes au détail</i>	2,301	2,269	2,205	2,028	1,767
Fuel Taxes <i>Taxes sur les carburants</i>	336	332	334	329	332
Levy for Health and Education <i>Impôt destiné à l'enseignement et aux services de santé</i>	343	333	321	315	296
Education Property Tax <i>Impôts fonciers en matière d'éducation</i>	793	711	663	634	578
Other Taxes <i>Autres taxes</i>	623	605	579	617	590
Fees and Other Revenue <i>Droits et autres recettes</i>	2,383	2,269	2,215	2,233	2,043
Federal Transfers <i>Transferts fédéraux</i>	4,128	3,820	3,809	3,818	3,953
Net Income from Government Business Enterprises <i>Bénéfice nets des entreprises publiques</i>	631	713	921	783	739
Sinking Fund and Other Investment Earnings <i>Fonds d'amortissement et autres revenus de placement</i>	227	225	237	211	212
Total Revenue <i>Recettes totales</i>	15,723	15,054	14,963	14,414	13,812

The following chart illustrates the Government's main revenue sources for 2016/17.

Le tableau suivant illustre les principales sources de recettes du gouvernement pour 2016-2017.

Sources of Revenue for the Year Ended March 31, 2017
Sources de recettes pour l'exercice terminé le 31 mars 2017



Total revenue in 2016/17 was \$15,723 million, an increase of 4.4% from 2015/16.

Les recettes totales en 2016-2017 ont atteint 15 723 millions de dollars, ce qui représente une hausse de 4,4 % par rapport à 2015-2016.

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 Dépenses par fonction	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
	Actual Chiffres réels de 2016-2017	Actual Chiffres réels de 2015-2016	Actual Chiffres réels de 2014-2015	Actual Chiffres réels de 2013-2014	Actual Chiffres réels de 2012-2013
Health Santé	6,546	6,237	5,976	5,703	5,451
Education Éducation	4,237	4,138	3,994	3,930	3,732
Families Des familles	2,027	1,938	1,809	1,723	1,680
Community, Economic and Resource Development Développement des communautés, de l'économie et des ressources	1,429	1,423	1,452	1,371	1,396
Justice and Other Expenditures Justice et autres dépenses	1,318	1,302	1,321	1,388	1,274
Debt Servicing Service de la dette	930	855	841	821	839
Total Expenses by Function Dépenses totales par fonction	16,487	15,893	15,393	14,936	14,372

Total expenses were \$16,487 million in 2016/17, an increase of 3.7% from 2015/16. The major changes are due to the following:

- 5.0% increase in Health expenses primarily due to costs for wages related to direct health service provision and inflationary price and volume increases to health programs in Regional Health Authorities.
- 2.4% increase in Education expenses reflects higher costs for direct educator support of youth (K-12) education, as well as increased expenses related to establishing a provision on the loan to finance Investors Group Field.

Les dépenses totales en 2016-2017 s'élevaient à 16 487 millions de dollars, soit une augmentation de 3,7 % par rapport à 2015-2016. Les principales évolutions sont attribuables aux éléments suivants :

- une hausse de 5 % des dépenses de santé principalement due à la charge salariale liée à la prestation directe de services de santé ainsi qu'aux hausses de prix attribuables à l'inflation et aux augmentations de volume dans les programmes de santé dans les offices régionaux de la santé;
- l'augmentation de 2,4% les dépenses d'éducation reflète des coûts plus élevés pour l'éducation directe pour les élèves de la maternelle à la 12e année, ainsi que l'augmentation des dépenses liées à l'établissement d'une provision sur le prêt pour Investors Group Field.

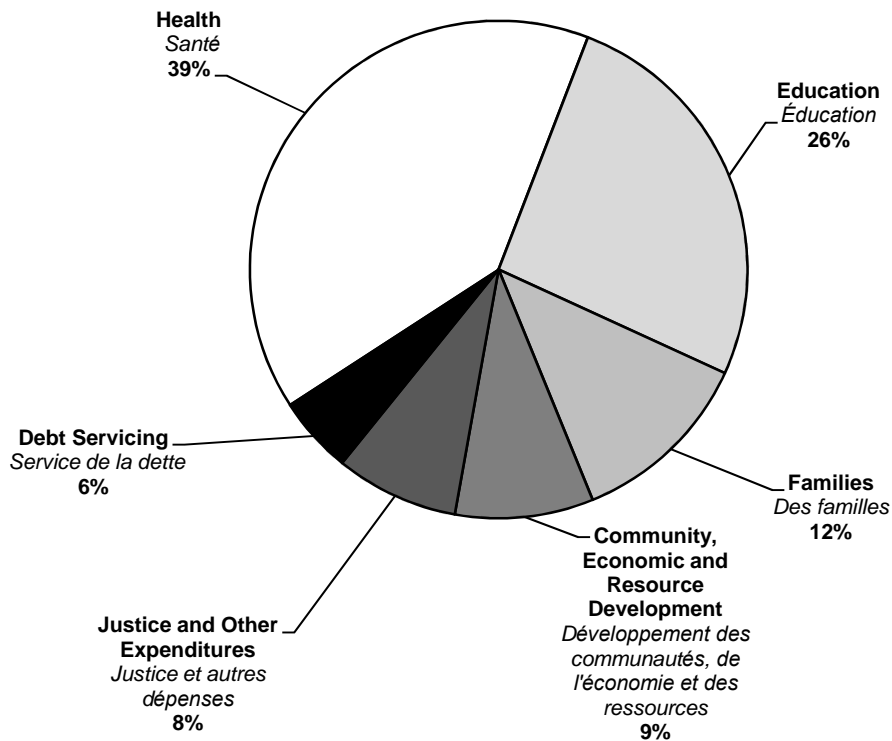
- 4.6% increase in Families expenses primarily due to increased demands for front line services, including supports to employment, income and rental assistance recipients and vulnerable persons.
- 8.8% increase in Debt Servicing expenses largely due to increased borrowing requirements.

- une augmentation de 4,6 % des dépenses pour les familles principalement en raison d'une hausse des demandes de services de première ligne, y compris du soutien aux personnes vulnérables et aux prestataires de l'Aide à l'emploi, au revenu et au loyer;
- une augmentation de 8,8 % relativement aux frais de service de la dette découlant en grande partie des exigences accrues en matière d'emprunts.

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 families components comprise 77.0% of the total operating expenses.

Les secteurs de la santé, de l'éducation et des familles représentent 77 % des dépenses totales de fonctionnement.

Program expenses, which represent total expenses less the cost of servicing debt, increased 3.5% from 2015/16, primarily as a result of increases in the Health, Education and Families sectors. In 2016/17, total expenses to GDP amounted to 24.5% (2015/16 - 24.2%) while program expenses to GDP amounted to 23.1% (2015/16 - 22.9%) of GDP.

Les dépenses de programmes, soit les dépenses totales moins les frais de service de la dette, ont augmenté de 3,5 % par rapport à 2015-2016, principalement dans les secteurs de la santé, de l'éducation et des familles. En 2016-2017, les dépenses totales représentaient 24,5 % du PIB (contre 24,2 % en 2015-2016), alors que les dépenses de programmes représentaient 23,1 % du PIB (contre 22,9 % en 2015-2016).

Total expenses as a percentage of total revenues was 104.9% in 2016/17. An expense ratio of more than 100.0% means that expenses have exceeded revenues, resulting in a deficit.

Les dépenses totales en pourcentage des recettes totales étaient de 104,9 % en 2016-2017. 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>	2016/2017 <i>Actual</i> <i>Chiffres</i> <i>réels de</i> <i>2016-2017</i>	2015/2016 <i>Actual</i> <i>Chiffres</i> <i>réels de</i> <i>2015-2016</i>	2014/2015 <i>Actual</i> <i>Chiffres</i> <i>réels de</i> <i>2014-2015</i>	2013/2014 <i>Actual</i> <i>Chiffres</i> <i>réels de</i> <i>2013-2014</i>	2012/2013 <i>Actual</i> <i>Chiffres</i> <i>réels de</i> <i>2012-2013</i>
	(\$ millions)/(en millions de dollars)				
Personnel Services <i>Services de personnel</i>	8,040	7,816	7,512	7,275	6,975
Grants/Transfer Payments <i>Subventions et paiements de transfert</i>	2,369	2,209	2,235	2,039	1,890
Transportation <i>Transport</i>	150	153	138	169	161
Communications <i>Communications</i>	81	74	74	73	72
Supplies and Services <i>Fournitures et services</i>	1,943	1,826	1,792	1,687	1,807
Social Assistance Related <i>Aide sociale</i>	1,490	1,433	1,368	1,250	1,309
Other Operating <i>Autres dépenses de fonctionnement</i>	721	788	749	980	731
Debt Servicing <i>Service de la dette</i>	930	855	841	821	839
Minor Capital <i>Dépenses en capital secondaires</i>	94	115	89	88	77
Amortization <i>Amortissement des immobilisations</i>	669	624	595	554	511
Total Expenses by Type <i>Dépenses totales par catégorie</i>	16,487	15,893	15,393	14,936	14,372

Overall spending by type remained consistent from 2015/16. Personnel services, the Province's largest expense, as a percentage of total expenses decreased slightly to 48.8% (2015/16 - 49.2%), supplies and services increased to 11.8% (2015/16 - 11.5%) and grants/transfer payments increased to 14.4% (2015/16 - 13.9%).

Le total des dépenses par catégorie est demeuré stable par rapport à 2015-2016. En pourcentage des recettes totales, les services de personnel, qui constituent le principal poste de dépenses du gouvernement, ont diminué légèrement à 48,8 % (contre 49,2 % en 2015-2016), les fournitures et services ont augmenté à 11,8 % (contre 11,5 % en 2015-2016) et les subventions et

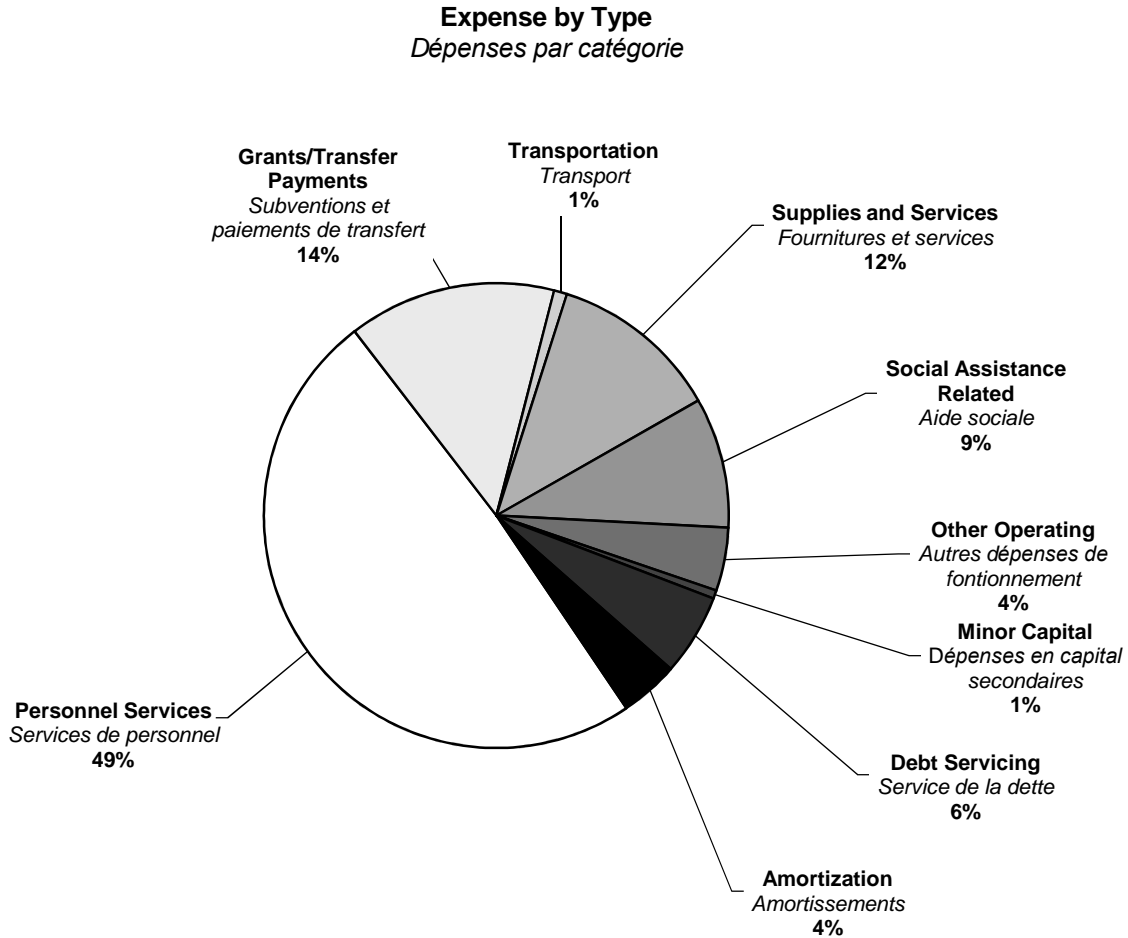
paiements de transfert ont augmenté à 14,4 % (contre 13,9 % en 2015-2016).

Debt servicing costs were \$930 million (2015/16 - \$855 million) as at March 31, 2017, an increase of 8.8%.

Les frais de service de la dette ont atteint 930 millions de dollars au 31 mars 2017, contre 855 millions de dollars en 2015-2016, ce qui représente une hausse de 8,8 %.

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

	2016/2017 Actual Chiffres réels de 2016-2017	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
Financial Assets <i>Actifs financiers</i>					
	(\$ millions)/(en millions de dollars)				
Cash, Cash Equivalents, Short-Term Investments <i>Trésorerie, équivalents de trésorerie, placements à court terme</i>	2,783	2,415	1,983	1,600	1,293
Temporary Investments <i>Placements temporaires</i>	376	194	215	202	229
Accounts Receivable and Advances <i>Créances et avances</i>	1,734	1,576	1,642	1,548	1,661
Inventories <i>Stocks</i>	67	83	79	75	74
Portfolio Investments <i>Placements de portefeuille</i>	1,461	1,567	1,841	2,293	2,466
Loan and Advances <i>Prêts et avances</i>	1,458	1,447	1,251	1,145	1,096
Equity in Government Business Enterprises <i>Valeur des entreprises publiques</i>	3,440	3,281	3,194	3,820	3,766
Equity in Government Business Partnerships <i>Valuer des partenariats commerciaux publics</i>	19	19	19	19	19
Total Financial Assets <i>Total des actifs financiers</i>	11,338	10,582	10,224	10,702	10,604

Financial assets increased by \$756 million, or 7.1%, from 2015/16, overall. Portfolio investments decreased by \$106 million, or 6.8%, from 2015/16. This was offset by an increase in cash and temporary investments of \$550 million, or 21.1%. Equity in GBEs represents 30.3% of the 2016/17 financial assets, a slight decrease of 0.7% from 31.0% in 2015/16.

Les actifs financiers ont augmenté de 756 millions de dollars, soit de 7,1 %, depuis 2015-2016, globalement. Les placements de portefeuille ont baissé de 106 millions de dollars, soit de 6,8 %, depuis 2015-2016. Cette baisse a été compensée par une augmentation de 550 millions de dollars (21,1 %) de la trésorerie et des placements temporaires. L'actif net des entreprises publiques représentait 30,3 % des actifs financiers en 2016-2017, soit une légère baisse de 0,7 % par rapport à 2015-2016 (31 %).

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

	2016/2017 Actual Chiffres réels de 2016-2017	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
Liabilities <i>Passifs</i>					
	(\$ millions)/(en millions de dollars)				
Borrowings <i>Emprunts</i>	27,397	25,415	23,241	21,930	20,772
Accounts Payable and Accrued Liabilities <i>Créditeurs et charges à payer</i>	3,661	3,780	3,766	3,540	3,343
Deferred Revenues <i>Recettes différées</i>	396	385	399	393	407
Pension Liability <i>Obligation découlant des régimes de retraite</i>	2,557	2,354	2,245	2,038	1,828
Other Liabilities <i>Autres obligations</i>	20	19	19	18	20
Total Liabilities <i>Total des passifs</i>	34,031	31,953	29,670	27,919	26,370

The 2016/17 total liabilities increased \$2,078 million or 6.5% from 2015/16. Borrowings have increased \$1,982 million or 7.8% from 2015/16. The pension liability increased by \$203 million or 8.6% from 2015/16. Accounts payable and accrued liabilities have decreased \$119 million or 3.1% and restricted inflows, referred to as deferred revenue, experienced a slight increase of \$11 million or 2.9%.

Pension Liability

The Government uses a diversified, conservative investment approach to mitigate the risks in the market volatility on pension assets. 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

Le total des passifs de 2016-2017 s'est accru de 2 078 millions de dollars par rapport à 2015-2016, ce qui représente une hausse de 6,5 %. Les emprunts ont augmenté de 1 982 millions de dollars, soit de 7,8 % par rapport à 2015-2016. L'obligation découlant des régimes de retraite a augmenté de 203 millions de dollars (8,6 %) par rapport à 2015-2016. Les créditeurs et les charges à payer ont diminué de 119 millions de dollars (3,1 %) tandis que les rentrées soumises à restrictions, inscrites comme des recettes différées, ont augmenté légèrement de 11 millions de dollars (2,9 %).

Obligation découlant des régimes de retraite

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 ainsi protéger l'actif des régimes de retraite. La valeur de l'actif des régimes est déterminée à l'aide d'une méthode de moyenne mobile de la juste valeur. Selon cette méthode, la juste valeur est le fondement, et tout surplus (ou manque à gagner) relatif au rendement du capital investi supérieur (ou inférieur) au taux attendu à long terme est amorti sur une période de cinq ans. Lorsque

expected average remaining service life of the related employee group. This method of accounting for the accrued benefit obligation and pension assets is consistent with Canadian public sector accounting standards and allows the Government to smooth gains and losses over several years.

l'expérience réelle diffère des estimations actuarielles, tant en ce qui concerne les obligations au titre des prestations constituées que les actifs des régimes, la différence est amortie sur la durée résiduelle moyenne d'activité du groupe de salariés liés. Cette méthode de comptabilité pour l'obligation au titre des prestations constituées ainsi que pour les actifs des régimes est conforme aux normes comptables canadiennes pour le secteur public et permet au gouvernement de lisser les gains et les pertes sur plusieurs années.

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.

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.

Net debt for 2015/16, as previously reported, was \$21,433 and increased to \$22,693 as at March 31, 2017.

La dette nette de 2015-2016, comme cela était indiqué précédemment, était de 21 433 millions de dollars et a augmenté à 22 693 millions de dollars en date du 31 mars 2017.

The main reasons for the 2016/17 increase in net debt were:

Les principales raisons de l'augmentation de la dette nette pour 2016-2017 étaient les suivantes :

- The 2016/17 operating loss of \$764 million.
- Net TCA acquisitions of \$672 million.

- la perte d'exploitation de 764 millions de dollars en 2016-2017;
- les acquisitions nettes d'immobilisations corporelles de 672 millions de dollars;

The accumulated deficit has increased by \$3,591 million, or 61.8%, from four years ago, mainly as a result of operating losses incurred 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 accumulated deficit and net debt of \$610 million. In 2016/17, the accumulated deficit increased by \$650 million, or 7.4%, from 2015/16.

Le déficit accumulé a augmenté de 3 591 millions de dollars, soit de 61,8 %, par rapport à il y a quatre ans, principalement en raison des pertes d'exploitation subies et de 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 déficit accumulé du gouvernement et une dette nette de 610 millions de dollars. En 2016-2017, le déficit accumulé a augmenté de 650 millions de dollars (7,4 %) 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

Net Debt and Accumulated Deficit <i>Dette nette et déficit accumulé</i>	2016/2017 Actual <i>Chiffres réels de</i> <i>2016-2017</i>	2015/2016 Actual <i>Chiffres réels de</i> <i>2015-2016</i>	2014/2015 Actual <i>Chiffres réels de</i> <i>2014-2015</i>	2013/2014 Actual <i>Chiffres réels de</i> <i>2013-2014</i>	2012/2013 Actual <i>Chiffres réels de</i> <i>2012-2013</i>
	<i>(\$ millions)/(en millions de dollars)</i>				
Financial Assets <i>Actifs financiers</i>	11,338	10,582	10,224	10,702	10,604
Less: Liabilities <i>Moins : les passifs</i>	(34,031)	(31,953)	(29,670)	(27,919)	(26,370)
Total Net Debt <i>Total de la dette nette</i>	(22,693)	(21,371)	(19,446)	(17,217)	(15,766)
Non-Financial Assets <i>Actifs non financiers</i>	13,293	12,621	11,578	10,719	9,957
Total Accumulated Deficit <i>Total du déficit accumulé</i>	(9,400)	(8,750)	(7,868)	(6,498)	(5,809)

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

	2016/2017 Actual Chiffres réels de 2016-2017	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
Non-financial Assets <i>Actifs non financiers</i>					
Tangible capital assets <i>Immobilisations corporelles</i>	13,158	12,486	11,461	10,599	9,842
Prepaid expenses <i>Charges payées d'avance</i>	58	59	58	58	60
Inventories <i>Stocks</i>	77	76	59	62	55
Total non-financial Assets <i>Total des actifs non financiers</i>	13,293	12,621	11,578	10,719	9,957

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.

At March 31, 2017, non-financial assets were \$672 million higher, or 5.3%, than 2015/16. The majority of Government's non-financial assets are tangible capital assets. Tangible capital asset additions were \$1,389 million for 2016/17 (2015/16 - \$1,702 million). Additions include investments in health and education facilities and other infrastructure.

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.

En date du 31 mars 2017, les actifs non financiers présentaient une hausse de 672 millions de dollars, soit 5,3 %, par rapport à 2015-2016. La plus grande partie des actifs non financiers du gouvernement sont des immobilisations corporelles. Les acquisitions d'immobilisations corporelles totalisaient 1 389 millions de dollars en 2016-2017 (contre 1 702 millions de dollars en 2015-2016). Ces acquisitions comprennent des investissements dans l'infrastructure ainsi que des établissements de santé et d'éducation, ainsi que l'infrastructure.

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

	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
	Actual	Actual	Actual	Actual	Actual
	<i>Chiffres</i>	<i>Chiffres</i>	<i>Chiffres</i>	<i>Chiffres</i>	<i>Chiffres</i>
	<i>réels de</i>	<i>réels de</i>	<i>réels de</i>	<i>réels de</i>	<i>réels de</i>
	<i>2016-2017</i>	<i>2015-2016</i>	<i>2014-2015</i>	<i>2013-2014</i>	<i>2012-2013</i>
	<i>(\$ millions)/(en millions de dollars)</i>				
Land					
<i>Terrains</i>	304	289	264	251	233
Building and Leasehold Improvements					
<i>Immeubles et améliorations locatives</i>	5,456	5,155	4,855	4,488	4,072
Vehicles and Equipment					
<i>Véhicules et équipement</i>	767	804	797	807	788
Computer Hardware and Software					
<i>Matériel informatique et logiciels</i>	333	330	267	308	306
Assets Under Construction					
<i>Actifs en construction</i>	1,275	1,229	1,105	994	975
Infrastructure					
<i>Infrastructure</i>	5,023	4,679	4,173	3,751	3,468
Total Tangible Capital Assets					
<i>Total des immobilisations corporelles</i>	13,158	12,486	11,461	10,599	9,842

Government capitalizes the gross cost of its tangible capital assets. Recoveries from other governments related to capital projects 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 \$13,158 million at the end of 2016/17 (2015/16 - \$12,486 million). Buildings and leasehold improvements include provincially-owned schools, health facilities, and public service buildings. Infrastructure assets include roads, water control structures and parks.

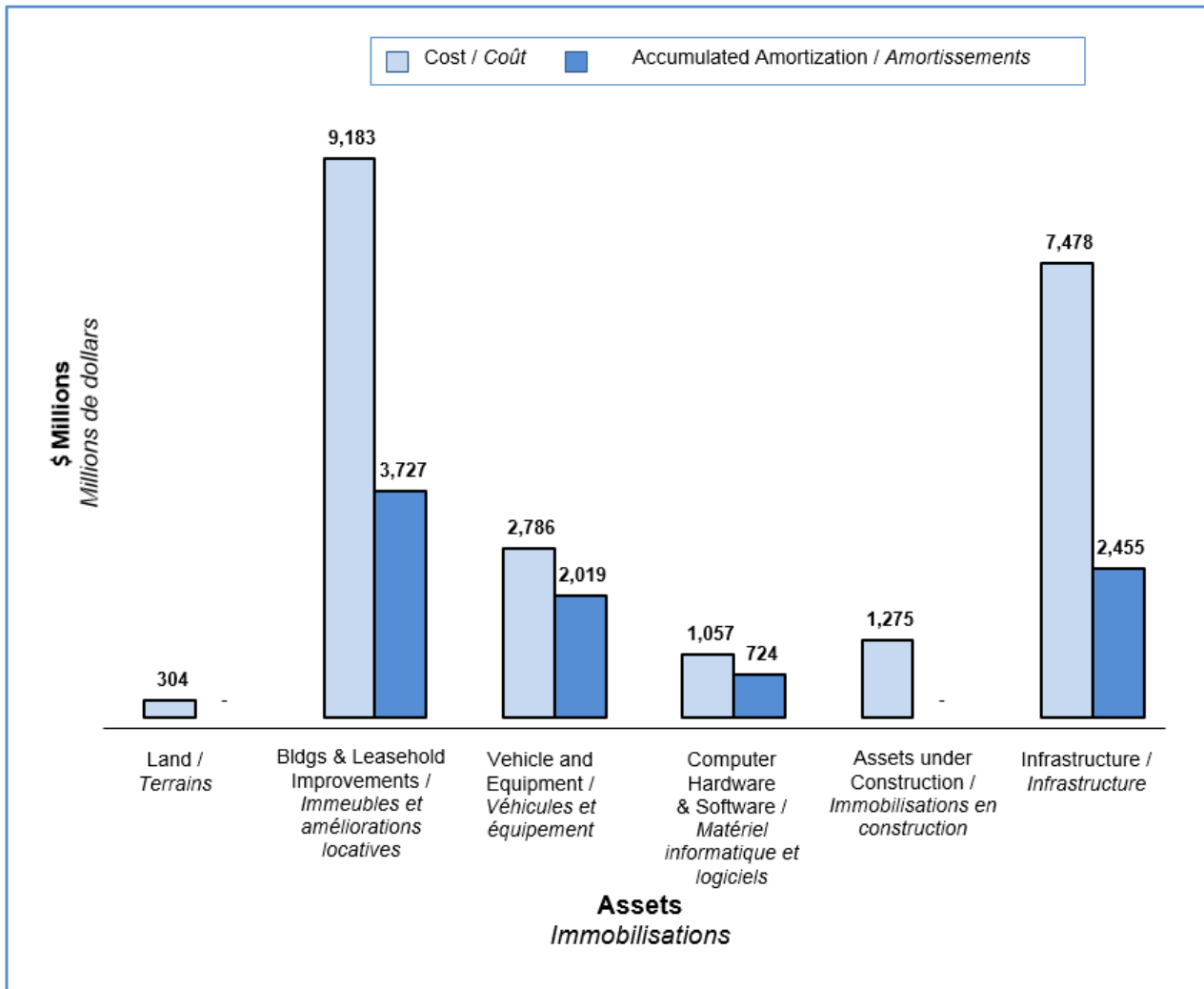
Le gouvernement comptabilise à l'actif le coût brut de ses immobilisations corporelles. Les sommes liées aux projets d'immobilisation et récupérées d'autres administrations sont inscrites comme des recettes au cours de l'exercice où les immobilisations sont achetées ou construites. Les terres de la Couronne 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 13 158 millions de dollars à la fin de 2016-2017 (12 486 millions de dollars en 2015-2016). 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 \$16,719 million in 2012/13 to \$22,083 million in 2016/17, 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, 2017.

Le coût total des immobilisations corporelles s'accroît également de façon constante. Il est passé de 16 719 millions en 2012-2013 à 22 083 millions en 2016-2017, 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 2017.

Tangible Capital Assets as at March 31, 2017
Immobilisations corporelles au 31 mars 2017



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.

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.

Government Business Enterprises (GBEs): A government 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 Business Partnership (GBP): A government partnership 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.

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

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 Comptables professionnels agréés du Canada.

Entreprise publique : organisme public qui est investi 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.

Partenariat commercial public : partenariat gouvernemental qui est investi des pouvoirs financiers et administratifs nécessaires pour mener des activités commerciales. Il vend des biens ou offre des services à des particuliers ou à des organismes non compris dans le périmètre comptable du gouvernement, et il peut poursuivre ses activités au moyen de ses recettes.

Government Component: An integral part of government such as a department or fund. It is not a separate entity with the power to contract in its own name and that can sue and be sued.

Government Organization: Any organization controlled by a government that is a separate entity with the power to contract in its own name and that can sue and be sued. Government organizations include public sector organizations such as regional health authorities, school divisions, universities and colleges.

Government Partnership: A contractual arrangement between the government and other partners cooperate toward clearly defined common goals, make a financial investment in the partnership, have shared control of the decision on an ongoing basis, and share on an equitable basis the risks and benefits of the partnership.

Government Reporting Entity (GRE): Includes Core Government, government organizations, government business entities and government partnerships.

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.

Composante d'un gouvernement : partie intégrante d'un gouvernement, telle qu'un ministère ou un fonds, qui ne constitue pas une entité distincte ayant le pouvoir de passer des contrats en son propre nom et d'ester en justice.

Organisme public : organisme contrôlé par un gouvernement, qui constitue une entité distincte ayant le pouvoir de passer des contrats en son propre nom et d'ester en justice. Les organismes publics incluent les offices régionaux de la santé, les divisions scolaires, les universités et les collèges.

Partenariat gouvernemental : accord contractuel en vertu duquel le gouvernement et des partenaires coopèrent vers des buts communs clairement définis, font un investissement financier dans le partenariat, ont le contrôle partagé des décisions de façon continue, et partagent équitablement les risques et les avantages du partenariat.

Périmètre comptable du gouvernement : inclut les opérations fondamentales du gouvernement, les organismes publics, les entreprises publiques et les entités commerciales publiques et les partenariats gouvernementaux.

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, principalement des entreprises publiques. De telles garanties sont fournies pour les obligations d'épargne Hydro Bonds du Manitoba.

Rapport dette nette-produit intérieur brut : 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 du gouvernement moins ses actifs financiers. Les agences de notation et autres analystes s'en servent couramment pour évaluer la situation et la conjoncture financières d'un gouvernement et l'évolution de sa solvabilité.

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 inventaires qui ne sont pas normalement convertis en liquidités.

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-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 (OREs): Entities in the GRE such as government organizations, government business entities, and government partnerships. OREs include 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 government 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.

Autres éléments du résultat étendu : prise en compte des gains ou des pertes non réalisés calculés selon la juste valeur marchande de l'instrument financier, par exemple, un investissement susceptible de vente ou d'échange 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 sans but 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 organismes publics, les entreprises publiques et les partenariats gouvernementaux. Les autres entités comptables incluent 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. Les opérations fondamentales du gouvernement en sont exclues.

Obligation découlant des régimes de retraite : valeur actuarielle de l'obligation non réglée découlant des régimes de retraite du gouvernement et des organismes publics. 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.

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, 2017

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Finance

Office of the Provincial Comptroller

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, 2017, 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 5, 2017



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, 2017, 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, 2017, 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 5, 2017
Winnipeg, Manitoba

Norm Ricard, CPA, CA
Auditor General

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

SCHEDULE	(\$ millions)	
	2017	2016 Restated
FINANCIAL ASSETS		
	Cash and cash equivalents.....	2,783 2,415
	Temporary investments (Note 2).....	376 194
1	Amounts receivable.....	1,734 1,576
	Inventories for resale.....	67 83
	Portfolio investments (Note 3).....	1,461 1,567
2	Loans and advances.....	1,458 1,447
3	Equity in government business enterprises (Note 4).....	3,440 3,281
	Equity in government business partnerships (Note 5).....	19 19
	Total Financial Assets	<u>11,338</u> <u>10,582</u>
LIABILITIES		
4	Borrowings.....	27,397 25,415
5	Accounts payable, accrued charges, provisions and unearned revenue.....	4,077 4,184
6	Pension liability (Note 6).....	<u>2,557</u> <u>2,354</u>
	Total Liabilities	<u>34,031</u> <u>31,953</u>
	NET DEBT	<u>(22,693)</u> <u>(21,371)</u>
NON-FINANCIAL ASSETS		
	Inventories held for use.....	77 76
	Prepaid expenses.....	58 59
7	Tangible capital assets.....	<u>13,158</u> <u>12,486</u>
	Total Non-Financial Assets	<u>13,293</u> <u>12,621</u>
	ACCUMULATED DEFICIT	<u>(9,400)</u> <u>(8,750)</u>
	Contingencies (Note 7)	
	Contractual Obligations (Note 8)	

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, 2017

	(\$ millions)		
	2017	2016	
	Budget Restated	Actual	Actual Restated
REVENUE			
Income taxes:			
Corporation income tax.....	529	459	516
Individual income tax.....	3,339	3,499	3,261
Other taxes:			
Retail sales tax.....	2,328	2,301	2,269
Fuel taxes.....	332	336	332
Levy for health and education.....	345	343	333
Education property tax.....	793	793	711
Other taxes.....	598	623	605
Fees and other revenue.....	2,235	2,383	2,269
Federal transfers:			
Equalization.....	1,736	1,736	1,738
Canada Health and Canada Social Transfers.....	1,786	1,798	1,697
Shared cost and other.....	586	594	385
Net income from government business enterprises (Schedule 3).....	674	631	713
Sinking funds and other investment earnings.....	209	227	225
Total Revenue (Schedule 9).....	15,490	15,723	15,054
EXPENSES			
Health.....	6,497	6,546	6,237
Education	4,297	4,237	4,138
Families.....	2,036	2,027	1,938
Community, Economic and Resource Development.....	1,535	1,429	1,423
Justice and Other Expenditures.....	1,275	1,318	1,302
Debt Servicing (Note 9).....	911	930	855
Total Expenses (Schedule 9).....	16,551	16,487	15,893
In - Year Adjustment/Lapse*.....	(150)	-	-
NET LOSS FOR THE YEAR	(911)	(764)	(839)

* Note: Adjustments/Lapse was budgeted as an unallocated increase in revenue and/or a decrease in expense sectors listed
 Actual results are reflected within the revenue and expense items above.

The 2016/17 budget has been restated on the same basis as the actual 2016/17 results for comparative purposes.
 Please refer to Schedule 10 for further details.

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, 2017

	(\$ millions)	
	2017 Actual	2016 Actual Restated
Opening accumulated deficit, as previously reported.....	(8,812)	(7,923)
Change in accounting policy (Note 1D(vii)).....	19	19
Adjustments to accumulated deficit (Note 16).....	<u>43</u>	<u>36</u>
Opening accumulated deficit , as restated.....	(8,750)	(7,868)
Other comprehensive income (loss) (Schedule 3).....	114	(43)
Net loss for the year.....	<u>(764)</u>	<u>(839)</u>
Closing accumulated deficit.....	<u><u>(9,400)</u></u>	<u><u>(8,750)</u></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, 2017

	(\$ millions)		
	Budget	2017 Actual	2016 Actual Restated
Net loss for the year.....	(911)	(764)	(839)
Tangible capital assets (Schedule 7)			
Acquisition of tangible capital assets.....	(1,517)	(1,389)	(1,702)
Amortization of tangible capital assets.....	674	669	624
Disposal of tangible capital assets.....	-	48	53
Net acquisition of tangible capital assets.....	<u>(843)</u>	<u>(672)</u>	<u>(1,025)</u>
Other Non-Financial Assets			
Decrease (Increase) in inventories.....	-	(1)	(17)
Decrease (Increase) in prepaid expenses.....	-	1	(1)
Net acquisition of other non-financial assets	<u>-</u>	<u>-</u>	<u>(18)</u>
Other comprehensive income (loss) (Schedule 3).....	-	114	(43)
(Increase) in Net Debt.....	<u>(1,754)</u>	<u>(1,322)</u>	<u>(1,925)</u>
Net Debt, beginning of year, as previously reported.....	(21,395)	(21,433)	(19,501)
Changes in accounting policy (Note 1D(vii)).....	-	19	19
Adjustments to accumulated deficit (Note 16).....	<u>-</u>	<u>43</u>	<u>36</u>
Net Debt, beginning of year, as restated.....	<u>(21,395)</u>	<u>(21,371)</u>	<u>(19,446)</u>
Net Debt, end of year.....	<u><u>(23,149)</u></u>	<u><u>(22,693)</u></u>	<u><u>(21,371)</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, 2017

	(\$ millions)	
	2017	2016 Restated
Cash and cash equivalents provided by (used in)		
Operating Activities		
Net loss for the year.....	(764)	(839)
Changes in non-cash items:		
Temporary investments.....	(182)	21
Amounts receivable.....	(198)	83
Valuation allowance.....	97	(20)
Inventories.....	15	(21)
Prepays.....	1	(1)
Accounts payable, accrued charges, provisions and deferrals.....	(107)	-
Pension liability.....	203	109
Amortization of foreign currency fluctuation.....	5	6
Amortization of debt discount.....	(21)	(62)
Unamortized losses on derivative contracts.....	5	11
Loss on disposal of tangible capital assets.....	48	53
Amortization of tangible capital assets.....	669	624
	<u>(229)</u>	<u>(36)</u>
Other comprehensive income (loss) (Schedule 3).....	114	(43)
Changes in equity in government business enterprises (Schedule 3).....	(159)	(87)
Cash provided by operating activities	<u>(274)</u>	<u>(166)</u>
Capital Activities		
Acquisition of tangible capital assets.....	<u>(1,389)</u>	<u>(1,702)</u>
Cash used in capital activities	<u>(1,389)</u>	<u>(1,702)</u>
Investing Activities		
Investments purchased.....	(3,304)	(2,856)
Investments sold or matured.....	1,386	1,035
Cash used in investing activities	<u>(1,918)</u>	<u>(1,821)</u>
Financing Activities		
Debt issued.....	6,681	6,495
Debt redeemed.....	(2,732)	(2,374)
Cash provided by financing activities	<u>3,949</u>	<u>4,121</u>
Increase in cash and cash equivalents	368	432
Cash and cash equivalents, beginning of year.....	<u>2,415</u>	<u>1,983</u>
Cash and cash equivalents, end of year.....	<u><u>2,783</u></u>	<u><u>2,415</u></u>
Supplementary information:		
Interest received.....	<u>225</u>	<u>221</u>
Interest paid.....	<u>949</u>	<u>888</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, 2017

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 government components, government organizations (GOs), government business enterprises (GBEs) and government business partnerships (GBPs) 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 or under the shared control of 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

GOs, with the exception of GBEs and GBPs, 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 the GOs 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.

The characteristics of a GBP are similar to a GBE except the organization is a partnership under shared control, rather than a government organization under the control of the Province. GBPs are accounted for in the summary financial statements using the modified equity method. The Province accrues its share of the GBP's net income or losses, and other net equity changes, without adjusting the GBP's accounting policies to a basis consistent with that of the GRE. The Province's share of the assets, liabilities and results of operations for its GBPs are presented in Note 5 to the summary financial statements.

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 6. 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 the 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 artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Library materials are also not recognized as tangible capital assets.

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

In previous fiscal years the Province recorded its investment in North Portage Development Corporation (NPDC) as a portfolio investment using the cost method. Effective April 1, 2016 the Province is accounting for its investment in NPDC as a government's business partnership. The change in the accounting policy for NPDC decreased the Government's opening accumulated deficit and net debt by \$19 million (2016 - \$19 million). There was no impact on the statement of revenue and expenses due to the net results of NPDC during the year.

(viii) Classification by Sector

The Province reports operational results under the following sectors; health, education, families, 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 families 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. The sector also contains the management and administration of housing policies and benefits for low to moderate income renters and homeowners.

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 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)	
	2017	2016
Temporary investments	376	194

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)	
	2017	2016
Sinking funds	1,104	1,227
Other investments	348	325
Unamortized termination losses on derivative contracts	9	15
	1,461	1,567

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, 2017, the market value of portfolio investments was \$1,507 million (2016 - \$1,580 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)			
	2017		2016	
	Book Value	Fair Value	Book Value	Fair Value
Government of Canada, direct and guaranteed	58	59	8	8
Provincial, direct and guaranteed	949	925	1,111	1,108
Municipal	93	93	99	99
Corporate	4	4	9	9
	1,104	1,081	1,227	1,224

Investment revenue earned on sinking funds during the year was \$32 million (2016 - \$40 million).

The sinking funds are allocated as follows:

	(\$ millions)	
	2017	2016
Sinking funds	1,107	1,233
Less: Uninvested portion of sinking funds held in cash and cash equivalents	(3)	(6)
Total sinking funds held in portfolio investments	1,104	1,227

3. PORTFOLIO INVESTMENTS (Continued)

Other Investments

	(\$ millions)	
	2017	2016
Guaranteed investment certificates	28	21
Bonds – Government of Canada, provincial and municipal	64	75
Bonds – Corporate	71	75
Equity investments	154	129
Investments in real estate	31	25
	348	325

As at March 31, 2017 the market value of other investments was \$426 million (2016 - \$356 million). Other investments earned \$14 million during the year (2016 - \$15 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, 2017
Manitoba Liquor and Lotteries Corporation	- March 31, 2017
Manitoba Public Insurance Corporation	- February 28, 2017
Workers Compensation Board of Manitoba	- December 31, 2016
Deposit Guarantee Corporation of Manitoba	- December 31, 2016

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)	
	2017	2016
Restricted Equity in Government Business Enterprises:		
Deposit Guarantee Corporation of Manitoba	286	269
Manitoba Hydro-Electric Board	2,190	2,052
Manitoba Public Insurance Corporation	345	378
Workers Compensation Board of Manitoba	602	565
	3,423	3,264
Unrestricted Equity in Government Business Enterprises:		
Manitoba Liquor and Lotteries Corporation	5	5
Manitoba Public Insurance Corporation	12	12
	17	17
Equity in Government Business Enterprises	3,440	3,281

5. EQUITY IN GOVERNMENT BUSINESS PARTNERSHIPS

North Portage Development Corporation (NPDC) is a government partnership that is owned equally by the Government of Canada, the Province of Manitoba and The City of Winnipeg. The mission of NPDC is to act as a catalyst, encouraging activities for people in the downtown through public and private partnerships and to work to ensure financial self-sufficiency. NPDC is responsible for the continuing renewal and stewardship of two sites in Winnipeg's downtown: the North Portage area and The Forks. NPDC is involved in certain business and core activities regarding the ownership, development and management of its two sites that include land investment properties and public amenities.

The Province's share of the equity at March 31, 2017 is \$19 million (2016 - \$19 million). The Province's share of the operating results for the year ended March 31, 2017 was \$ nil (2016 - \$ nil) and is included in fees and other revenues.

The condensed supplementary financial information of NPDC is as follows:

	(\$millions)	
	2017	2016
Property, plant and equipment and investment in properties and infrastructure enhancements	73	73
Short-term investments and other assets	9	11
	82	84
Deferred contributions from shareholders	11	13
Long-term mortgage	10	10
Current and other liabilities	4	4
	25	27
Net equity	57	57
	82	84
Comprehensive income		
Revenues	13	12
Expenses	11	10
Operating income before amortization	2	2
Amortization	(2)	(2)
Net (loss) income for the year	-	-

6. 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, 2017, the pension liability for the Civil Service Superannuation Plan was \$871 million (2016 - \$827 million) and the pension liability for the Teachers' Pension Plan was \$1,551 million (2016 - \$1,434 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 Healthcare 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 \$166 million (2016 - \$151 million). At December 31, 2016 the Plan had an excess of net assets available for benefits over pension obligations of \$255 million (December 31, 2015 - \$212 million).

As at March 31, 2017, the total pension liability being reflected in the summary financial statements was \$2,557 million (2016 - \$2,354 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.

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.

6. PENSION PLANS (Continued)

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, 2016 audited financial statements of CSSF. At December 31, 2016, 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 \$986 million (2015 - \$700 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. 83.1% of teacher's contributions are used to fund basic benefits and 16.9% 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 the 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, 2016 audited financial statements of Teachers' Retirement Allowances Fund (Fund). At December 31, 2016, after accounting for provincial pension assets held in trust, the Fund had an estimated accrued net obligation of \$1,307 million (2015 - \$1,281 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.

6. PENSION PLANS (Continued)

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 6A.

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.

(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 Families.

The lifetime pension calculation equals 1.4% of the member's highest average pensionable earnings up to the CPP maximum and 2.0% of any excess earnings multiplied by pensionable service. The lifetime pension is subject to an overall maximum of the member's number of years of contributory service, multiplied by the lesser of \$1,722 or such greater amount permitted under the Income Tax Act; and 2% of the member's highest average indexed compensation in any 3 overlapping periods of 12 consecutive months. 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.

6. PENSION PLANS (Continued)

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 2013 funding valuation indicated that the University of Manitoba Pension Plan (1993) was in a funding deficiency position. The University is funding over fifteen years until the going concern deficit is eliminated. An annual additional payment for fiscal 2017 of \$5 million was made (2016 - \$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 the year.

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 at 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 2017 was \$4 million (2016 - \$4 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 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 2015 the Plan had a going-concern deficiency of \$23 million, which the University is addressing by making annual deficiency payments of \$3 million until the deficiency is eliminated.

6. PENSION PLANS (Continued)

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.

The plan will continue to be subject to the going concern funding provisions of the Manitoba Pension Benefits Act and Regulations. The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. The funding deficit of \$5 million will be funded over a maximum of 15 years. The existing funding deficit will be funded over 10 years.

(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. As a result, employer contributions equal approximately 112.4% of employee contributions.

6. PENSION PLANS (Continued)**(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.

7. CONTINGENCIES

A. Contingent Liabilities

i) Legal Actions

The Government has been named in various legal actions. No provision has been made at March 31, 2017 in the accounts where the final results are uncertain, or where the results are likely but the amount of the liability cannot be reasonably estimated.

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 \$36 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, 2017, 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 710,053 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. In recognition of future mitigation payments, Manitoba Hydro has recorded a liability of \$209 million (2016 - \$215 million). In addition, Manitoba Hydro has recognized a provision of \$56 million (2016 - \$23 million) for certain mitigation related obligations arising from ongoing adverse effects of past hydro-electric development. There are other mitigation issues, the outcomes of which are not determinable at this time.

7. 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	2017	2016
Canadian Museum for Human Rights	25	10	16
Manitoba Agricultural Services Corporation (Note 7B.i)	-	78	84
Manitoba Grow Bonds	-	3	3
Manitoba Housing and Renewal Corporation (Note 7B.ii)	20	9	10
Manitoba Student Aid Program	20	-	-
Triple B Stadium Inc. (Note 7B.iii)	35	17	6
Other	20	6	7
Total guarantees outstanding		123	126

A provision for future losses on guarantees in the amount of \$20 million (2016 - \$19 million) has been recorded in the accounts.

Note 7B.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.

Note 7B.ii) 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, 2017 outstanding guarantees under this authority totalled \$9 million (2016 - \$10 million).

7. CONTINGENCIES (Continued)

Note 7B.iii) Triple B Stadium Inc.

Triple B Stadium Inc. (Triple B) is a for-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The members of Triple B are the City of Winnipeg, the University of Manitoba and the Winnipeg Football Club.

The Government has guaranteed up to \$35.3 million of the indebtedness of Triple B to a third party lender. At March 31, 2017 the outstanding guarantee under this authority was \$17 million (2016 - \$6 million).

C. Government Business Enterprise Guarantees

As at March 31, 2017, Manitoba Hydro has outstanding Manitoba HydroBonds and Manitoba Hydro-Electric Board Bonds amounting to \$152 million (2016 - \$171 million). These bonds carry fixed and variable coupon rates that range from 1.10% to 10.00%. Manitoba HydroBonds are redeemable at the option of the holder. The Government guarantees \$87 million (2016 - \$106 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, 2017 totalled \$313 million (2016 - \$368 million) and do not have specific maturity dates. Letters of credit in the amount of \$74 million (2016 - \$68 million) have been issued for construction and energy related transactions with maturities until 2049.

The Deposit Guarantee Corporation of Manitoba has guaranteed \$26 billion in credit union deposits at the end of December 31, 2016 (December 31, 2015 - \$25 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.

8. 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)	2018	2019	2020	2021	2022	2023 and beyond	Total
Government organizations and components	627	382	316	264	238	440	2,267
Government Business Enterprises	11	10	9	8	7	45	90
Total	<u>638</u>	<u>392</u>	<u>325</u>	<u>272</u>	<u>245</u>	<u>485</u>	<u>2,357</u>

Other significant obligations not included in the table are:

Government Organizations

Government organizations have entered into contractual arrangements related to construction projects totalling \$411 million (2016 - \$516 million).

8. CONTRACTUAL OBLIGATIONS (Continued)

Government Business Enterprise Contractual Obligations

Manitoba Hydro has energy purchase commitments of \$1,419 million (2016 - \$1,454 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 \$3,334 million (2016 - \$3,511 million).

Manitoba Liquor and Lotteries Corporation has purchase commitments of \$36 million (2016 - \$21 million) related to the casino and retail liquor store construction projects.

Workers Compensation Board had contractual agreements of \$13 million in 2016 to contribute further funding to specific investment projects from their existing investment portfolio or from available cash. In 2017, WCB has no such contractual agreements.

9. DEBT SERVICING

Debt servicing costs of \$930 million (2016 - \$855 million) are net of interest recoveries from GBEs of \$702 million (2016 - \$642 million), interest on provincial debt held as investments of \$14 million (2016 - \$13 million) and includes \$47 million (2016 - \$36 million) representing interest expense of government organizations. GBEs debt servicing costs of \$656 million (2016 - \$632 million) are reported in Schedule 3.

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, 2017 amounts held in trust were as follows:

	(\$ millions)	
	2017	2016
Fiduciary Trusts	669	642
Custodial Trusts	144	142
Estates and Trusts under Administration	263	244
	1,076	1,028

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. 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 \$16 million (2016 - \$21 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.

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, 2017 was 90% at fixed rates and 10% at floating rates (2016 – 92% at fixed rates and 8% at floating rates). A one percent (100 basis points) movement in interest rates on the 10% floating rate debt for an entire year would increase/decrease debt servicing costs, net of recoveries, by \$26 million (2016 - \$20 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, 2017 the Government has a gross credit risk exposure related to derivatives of \$310 million (2016 - \$372 million).

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

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)			
	2017		2016	
	Notional Value	Fair Value	Notional Value	Fair Value
Interest rate and cross currency swaps	<u>46,180</u>	<u>(671)</u>	<u>42,230</u>	<u>(1,079)</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

MPIC holds \$757 million (2016 - \$797 million) of Provincial bonds and debentures with maturities ranging from 2018 to 2052 and interest rates ranging from 3.00% to 7.13%.

12. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES (Continued)

C. Water Power Rentals

Water power rental fees charged to Manitoba Hydro, in the amount of \$122 million (2016 - \$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 \$136 million (2016 - \$122 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 \$29 million (2016 - \$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 (2016 - \$24 million) and motor vehicle registration fees totalling \$186 million (2016 - \$183 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, 2016 was \$9 million (December 31, 2015 - \$9 million).

Manitoba Liquor and Lotteries Corporation provided \$8 million in funding to the Addictions Foundation of Manitoba for the year ended March 31, 2017 (2016 - \$7 million) for addictions and problem gambling services programs. In addition, the Corporation provided \$5 million (2016 - \$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.

Manitoba Hydro paid the Government \$84 million (2016 - \$73 million) for corporation capital tax. MPIC paid the Government \$34 million (2016 - \$33 million) for insurance premium tax.

GBEs paid the Government a combined total of \$20 million (2016 - \$19 million) for Health and Post-Secondary Education Tax Levy.

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)	
	2017	2016
Severance	458	440
Long term disability income plan	39	35
Workers compensation claims	41	36
	538	511

The severance liability is valued using discount rates that range from 3.1% to 6.5% and salary increase rates which range from 2.75% to 4.59%. Unamortized actuarial gains and losses are amortized over EARSL. Periods range from 4 to 15 years. As of March 31, 2017, net unamortized losses were \$0.

The long term disability income plan is valued using a discount rate of 3.8%. Actuarial gains and losses are recognized as income as they occur. Workers compensation claims are recognized based on an actuarial valuation prepared for the Workers Compensation Board. The December 31, 2016 valuation was prepared using a discount rate of 5.75% and a salary increase rate of 3.25%. Actuarial gains and losses are recognized as income as they occur.

14. EXPENSES IN EXCESS OF LEGISLATIVE AUTHORITY

The budget estimates presented on the Consolidated Statement of Revenue and Expense, excludes \$48 million in special warrants related to the Core Government. The original budget estimate amounts plus the \$48 million in special warrants become 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, 2017:

Part A – Operating Expense:

	(\$ millions)
Families	7
Infrastructure	9
Other Appropriations	54

15. LIABILITY FOR CONTAMINATED SITES

	(\$ millions)	
	2017	2016
Liability for contaminated sites	281	290

As of March 31, 2017 the Province has identified 417 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 24 years. Expenditures of \$62 million for the future operation of the water treatment plants have been discounted at 3.73% over the next 24 years.

15. LIABILITY FOR CONTAMINATED SITES (Continued)

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, 2017.

16. ADJUSTMENTS TO ACCUMULATED DEFICIT

A. Correction of Deferred Revenue

During the year it was noted that recognition of certain revenue was incorrectly deferred resulting in an understatement of federal transfers – shared cost and other. The correction of this misstatement has resulted in a decrease in the opening accumulated deficit and net debt of \$20 million (2016 - \$20 million).

B. Adjustment to Borrowings

A correction was made to adjust certain borrowings of a controlled entity which should have been eliminated upon consolidation. This has resulted in a decrease in the opening accumulated deficit and net debt of \$23 million (2016 - \$16 million) and a reduction of \$7 million in net loss in 2016.

The combined effect of these adjustments is a decrease in the opening accumulated deficit and net debt of \$43 million (2016 - \$36 million) and a reduction of \$7 million in net loss in 2016.

17. COMPARATIVE FIGURES

On May 3, 2016, the Government announced organizational changes that resulted in responsibility for certain functions being transferred between departments. As a result, certain 2016 financial statement balances have also been reclassified to be presented on the same basis as the 2017 results.

SCHEDULE 1

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF AMOUNTS RECEIVABLE
 As at March 31, 2017

	(\$ millions)	
	2017	2016
TAXATION:		
Income taxes.....	228	216
Retail sales tax.....	246	236
Other taxes.....	132	126
	<u>606</u>	<u>578</u>
 GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Government of Canada shared cost programs/agreements.....	627	494
Other.....	397	387
	<u>1,024</u>	<u>881</u>
 OTHER:		
Health and social services.....	130	169
Government business enterprises.....	25	12
Sundry departmental revenue.....	93	105
Other.....	159	94
	<u>407</u>	<u>380</u>
	2,037	1,839
Less: Allowances.....	<u>303</u>	<u>263</u>
Total Amounts Receivable.....	<u><u>1,734</u></u>	<u><u>1,576</u></u>

SCHEDULE 2

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF LOANS AND ADVANCES
 As at March 31, 2017

	(\$ millions)	
	2017	2016
GOVERNMENT BUSINESS ENTERPRISES:		
Manitoba Hydro-Electric Board.....	16,341	14,436
Manitoba Liquor and Lotteries Corporation.....	421	414
	16,762	14,850
Less: Debt incurred for and repayable by the Manitoba Hydro-Electric Board.....	16,341	14,436
	421	414
OTHER:		
Loans and mortgages - Note a.....	872	823
Stadium loan - Note b.....	138	135
Manitoba student loans - Note c.....	113	104
Family services agencies - Note d.....	31	31
Other.....	1	1
	1,155	1,094
TOTAL LOANS AND ADVANCES	1,576	1,508
Less: Valuation allowance.....	118	61
NET LOANS AND ADVANCES	1,458	1,447

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 0% to 10.50%; or
- ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 1.07% and the highest set at 4.23% as at March 31, 2017.

Note a

i) Agricultural direct lending and special assistance program mortgages, due in varying annual amounts to the year 2046, bearing interest at rates ranging from 2.63% to 9.00%.	661	584
ii) Housing direct lending and special assistance program mortgages, due in varying annual amounts to the year 2053, bearing interest at rates ranging from 0.0% to 14.25%.	106	115
iii) Business development assistance loans, due in varying annual amounts to the year 2040, bearing interest at rates ranging from 0.0% to 7.38%.	73	92
iv) Northern business development and fishing industry assistance loans, due in varying annual amounts to the year 2030, bearing interest at rates ranging from 3.95% to 8.77%.	32	32
	872	823

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, interest-free and not repayable until 6 months past the completion of studies, due 114 to 174 months after that time.

Note d Advances to provide family services agencies with 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, 2017

	(\$ millions)			TOTAL	TOTAL
	UTILITY	INSURANCE	FINANCE	2017	2016
CHANGES IN EQUITY					
Results from Operations:					
Revenues from operations.....	2,344	1,616	1,424	5,384	5,221
Expenses: From operations.....	1,628	1,642	827	4,097	3,876
Debt servicing.....	645	-	11	656	632
Total expenses.....	2,273	1,642	838	4,753	4,508
Net income (loss).....	71	(26)	586	631	713
Other comprehensive income (loss).....	67	47	-	114	(43)
Total comprehensive income.....	138	21	586	745	670
Transfers to the Government.....	-	-	(586)	(586)	(583)
Net increase in equity in government business enterprises.....	138	21	-	159	87
FINANCIAL POSITION					
Assets:					
Cash and temporary investments.....	646	103	33	782	1,046
Amounts receivable.....	385	473	50	908	854
Portfolio investments: Due from Government and government organizations....	-	834	-	834	815
Due from others.....	-	3,732	-	3,732	3,627
Capital assets.....	19,757	143	404	20,304	17,736
Other assets.....	1,550	263	68	1,881	1,572
Total assets.....	22,338	5,548	555	28,441	25,650
Liabilities:					
Accounts payable, accrued liabilities and deferred revenue.....	3,000	800	130	3,930	3,353
Long-term debt: Owing to Government.....	16,341	-	420	16,761	14,850
Other borrowings, discounts and deferred transaction costs...	97	64	-	161	153
Net pension obligations (assets).....	540	432	-	972	983
Future cost of existing claims.....	-	3,007	-	3,007	2,890
Total liabilities.....	19,978	4,303	550	24,831	22,229
Equity:					
Non-controlling interests.....	170	-	-	170	140
Equity in government business enterprises.....	2,190	1,245	5	3,440	3,281
Total equity.....	2,360	1,245	5	3,610	3,421
Total liabilities and equity.....	22,338	5,548	555	28,441	25,650
EQUITY COMPRISED OF:					
Retained earnings.....	2,899	1,211	5	4,115	4,070
Accumulated other comprehensive income (loss).....	(709)	34	-	(675)	(789)
Equity in government business enterprises.....	2,190	1,245	5	3,440	3,281

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, 2017

(\$ 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	2017	2016 Restated
2017.....	-	-	-	-	-	-	4,335
2018.....	2,440	-	-	34	1,625	4,099	2,474
2019.....	2,139	533	-	65	-	2,737	2,721
2020.....	2,364	666	15	20	-	3,065	2,406
2021.....	3,521	-	-	2	-	3,523	3,528
2022.....	1,562	400	-	-	-	1,962	1,389
2017-2022.....	<u>12,026</u>	<u>1,599</u>	<u>15</u>	<u>121</u>	<u>1,625</u>	<u>15,386</u>	<u>16,853</u>
2023-2027.....	9,605	-	-	17	-	9,622	6,784
2028-2037.....	3,979	-	-	-	-	3,979	2,944
2038-2065.....	13,523	-	477	-	-	14,000	12,532
2023-2065.....	<u>27,107</u>	<u>-</u>	<u>477</u>	<u>17</u>	<u>-</u>	<u>27,601</u>	<u>22,260</u>
2018-2053 Government Organizations.....	628	-	-	292	-	920	899
Lines of Credit.....	-	-	-	377	-	377	382
Total borrowings.....	<u>39,761</u>	<u>1,599</u>	<u>492</u>	<u>807</u>	<u>1,625</u>	<u>44,284</u>	<u>40,394</u>
Reduced by:							
Debt incurred for and repayable by the Manitoba Hydro-Electric Board.....						(16,341)	(14,436)
Unamortized debt issue costs.....						(285)	(264)
Unamortized foreign currency fluctuation.....						(16)	(21)
Unamortized gains and losses on derivative contracts.....						274	269
Province of Manitoba debt issues held as investments in sinking funds and cash and cash equivalents.....						-	-
						<u>(519)</u>	<u>(527)</u>
						<u>27,397</u>	<u>25,415</u>

	March 31/17 Cdn \$ Valuation (See Notes)	March 31/16 Cdn \$ Valuation (See Notes)
Borrowings payable in:		
Canadian dollars	32,400	30,516
Foreign issues hedged to Canadian dollars	10,285	8,261
U.S. dollars	933	1,617
Issues hedged to U.S. dollars	666	-
Total borrowings	<u>44,284</u>	<u>40,394</u>

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 0.69% and the highest set at 4.23% as at March 31, 2017.
- iii) Floating U.S. - U.S. Dollar London Interbank Offering Rate (LIBOR) setting - USD floating exposure is NIL at March 31, 2017.

SCHEDULE 5

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCOUNTS PAYABLE,
ACCRUED CHARGES, PROVISIONS AND UNEARNED REVENUE
 As at March 31, 2017

	(\$ millions)	
	2017	2016
		Restated
ACCOUNTS PAYABLE	1,382	1,434
ACCRUED CHARGES:		
Interest.....	199	207
Disaster financial assistance.....	237	270
Liability for contaminated sites (Note 15).....	281	290
Salaries and benefits.....	874	905
Employee future benefits (Note 13).....	538	511
Other.....	150	163
	2,279	2,346
PROVISION FOR FUTURE LOSSES (Note 7)	20	19
UNEARNED REVENUE	396	385
Total Accounts Payable, Accrued Charges, Provisions and Unearned Revenue	4,077	4,184

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY
As at March 31, 2017

SCHEDULE 6

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans (Note A)	Public School Division Plans (Note A)	Other Plans (Note A)	(\$ millions)	
						Total 2017	Total 2016
ACCRUED BENEFIT OBLIGATION							
Obligation at beginning of year.....	2,848	3,796	1,488	492	136	8,760	8,394
Current service costs.....	91	95	64	21	3	274	266
Interest cost on benefit obligation.....	169	234	80	30	5	518	499
Change in actuarial (gains) losses and reserves.....	19	-	4	2	1	26	94
Plan amendment.....	-	-	-	-	-	-	-
Benefits paid.....	(166)	(192)	(123)	(27)	(6)	(514)	(493)
Obligation at end of year.....	<u>2,961</u>	<u>3,933</u>	<u>1,513</u>	<u>518</u>	<u>139</u>	<u>9,064</u>	<u>8,760</u>
PLAN ASSETS							
Plan assets at beginning of year.....	2,098	2,214	1,385	489	52	6,238	6,118
Employer contributions.....	108	114	42	14	5	283	254
Employee contributions.....	-	-	29	12	-	41	39
Transfer of plan assets.....	-	-	-	-	-	-	4
Plan asset contributions.....	-	-	-	-	-	-	100
Benefits paid.....	(166)	(192)	(123)	(27)	(5)	(513)	(493)
Expected return on plan assets.....	117	132	69	30	2	350	335
Experience gains (losses).....	25	97	55	9	1	187	(119)
Market value of plan assets.....	<u>2,182</u>	<u>2,365</u>	<u>1,457</u>	<u>527</u>	<u>55</u>	<u>6,586</u>	<u>6,238</u>
Deferred investment losses (gains).....	(78)	(95)	(78)	(10)	(3)	(264)	(278)
Market related value of plan assets.....	<u>2,104</u>	<u>2,270</u>	<u>1,379</u>	<u>517</u>	<u>52</u>	<u>6,322</u>	<u>5,960</u>
PENSION LIABILITY							
Plan deficit (surplus).....	857	1,663	134	1	87	2,742	2,800
Unamortized actuarial gains (losses).....	14	(112)	(65)	(26)	(13)	(202)	(458)
Surplus adjustments (Note B).....	-	-	-	10	7	17	12
Pension liability.....	<u>871</u>	<u>1,551</u>	<u>69</u>	<u>(15)</u>	<u>81</u>	<u>2,557</u>	<u>2,354</u>
PENSION EXPENSE							
Defined benefit pension plan expense:							
Current service cost.....	91	95	64	21	3	274	266
Interest cost on benefit obligation.....	169	234	80	30	5	518	499
Return on plan assets.....	(117)	(132)	(69)	(30)	(2)	(350)	(335)
Employee contributions.....	-	-	(29)	(12)	-	(41)	(39)
Amortization of actuarial (gains) losses.....	9	35	29	5	2	80	63
Plan amendment.....	-	-	-	-	-	-	-
Change in surplus adjustments.....	-	-	-	2	2	4	4
Defined benefit pension plan expense.....	<u>152</u>	<u>232</u>	<u>75</u>	<u>16</u>	<u>10</u>	<u>485</u>	<u>458</u>
Defined contribution pension plan expense.....	<u>-</u>	<u>-</u>	<u>5</u>	<u>18</u>	<u>166</u>	<u>189</u>	<u>173</u>

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY
As at March 31, 2017

SCHEDULE 6
(cont'd)

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans	Public School Division Plans	Other Plans	Total 2017	Total 2016
MEMBER DATA							
Defined benefit pension plan							
Number of active and deferred members.....	22,500	23,200	5,900	4,700	300	56,600	56,900
Number of pensioners.....	15,400	14,600	1,900	1,800	300	34,000	32,400
Total number of plan members.....	<u>37,900</u>	<u>37,800</u>	<u>7,800</u>	<u>6,500</u>	<u>600</u>	<u>90,600</u>	<u>89,300</u>

ACTUARIAL ASSUMPTIONS

Discount rate on accrued benefits.....	6.00%	6.25%	5.50% - 5.95%	5.00% - 5.75%	3.80% - 5.50%
Expected long-term rate of return.....	6.00%	6.25%	5.50% - 5.90%	5.00% - 5.75%	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%	3.00% - 3.95%	3.00% - 3.75%	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-15	14.0
- Teachers' Retirement Allowance Plan.....	Jan-15	11.9
- University of Manitoba Pension Plans.....	Dec-15	9.0
- University of Winnipeg Pension Plan.....	Dec-15	6.7
- Brandon University Retirement Plan.....	Dec-15	8.6
- Winnipeg School Division Pension Fund for Employees Other than Teachers.....	Dec-16	11.0
- Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division.....	Dec-15	12.0
- Retirement Plan for Employees of Frontier School Division.....	Dec-15	15.0
- School District of Mystery Lake.....	Jun-16	17.5
- 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, 2017
(\$ 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	2017	2016
Cost											
Opening cost.....	289	8,667	2,714	994	1,229	462	5,442	653	371	20,821	19,250
Add:											
Additions during the year.....	16	506	121	64	112	25	318	23	204	1,389	1,702
Less:											
Disposals and write downs.....	(1)	(30)	(45)	(7)	(23)	-	-	-	(21)	(127)	(131)
Settlements and reclassifications...	-	40	(4)	6	(43)	16	140	61	(216)	-	-
Closing cost.....	304	9,183	2,786	1,057	1,275	503	5,900	737	338	22,083	20,821
Accumulated amortization											
Opening accumulated amortization...	-	3,512	1,910	664	-	77	2,066	106	-	8,335	7,789
Add:											
Amortization.....	-	246	150	67	-	7	188	11	-	669	624
Less:											
Accumulated amortization on disposals and write downs.....	-	(31)	(41)	(7)	-	-	-	-	-	(79)	(78)
Closing accumulated amortization.....	-	3,727	2,019	724	-	84	2,254	117	-	8,925	8,335
Net Book Value of Tangible Capital Assets.....	304	5,456	767	333	1,275	419	3,646	620	338	13,158	12,486

During the year, the Province capitalized \$7 million of interest relating to assets under construction (2016 - \$8 million).

SCHEDULE 8

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

HEALTH

Manitoba Health, Seniors and Active Living
 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 Training
 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

FAMILIES

Manitoba Families
 First Nations of Northern Manitoba Child and Family Services Authority
 Southern First Nations Network of Care
 General Child and Family Services Authority
 Manitoba Housing and Renewal Corporation
 Métis Child and Family Services Authority

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT

Manitoba Agriculture
 Manitoba Growth, Enterprise and Trade
 Manitoba Indigenous and Municipal Relations
 Manitoba Infrastructure
 Manitoba Sustainable Development
 Abandonment Reserve Fund

SCHEDULE 8
(cont'd)

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT, cont'd

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.*
 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
 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 Opportunities Fund Ltd.
 Manitoba Potash Corporation
 Manitoba Trucking Productivity Improvement Fund
 Manitoba Water Services Board
 Mining Community Reserve
 Mining Rehabilitation Reserve Fund
 North Portage Development Corporation**
 Office of the Fire Commissioner
 Pineland Forest Nursery
 Quarry Rehabilitation Reserve Fund
 Research Manitoba
 Travel Manitoba
 Venture Manitoba Tours Ltd.
 Veterinary Science Scholarship Fund
 Waste Reduction and Recycling Support Fund
 Workplace and Safety and Health Public Education Fund

JUSTICE AND OTHER EXPENDITURES

Legislative Assembly
 Executive Council
 Civil Service Commission
 Manitoba Finance
 Manitoba Justice
 Manitoba Sport, Culture and Heritage

**SCHEDULE 8
(cont'd)**

JUSTICE AND OTHER EXPENDITURES, cont'd

Crown Corporations Council
 Financial Literacy Fund
 Funeral Board of Manitoba
 Helen Betty Osborne Memorial Foundation
 Insurance Council of Manitoba
 Land Titles Assurance Fund
 Le Centre culturel franco-manitobain
 Leaf Rapids Town Properties Ltd.
 Legal Aid Manitoba
 Liquor and Gaming Authority of 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 Financial Services Agency
 Manitoba Law Reform Commission
 Materials Distribution Agency
 Pension Assets Fund
 Special Operating Agencies Financing Authority
 Sport Manitoba Inc.
 The Public Guardian and Trustee of Manitoba
 Vehicle and Equipment Management Agency
 Victims Assistance Fund
 Vital Statistics Agency

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

Fiscal Stabilization Account

Note:

*Economic Development Winnipeg Inc. is a government partnership.

**North Portage Development Corporation is a government business partnership.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR
For the Year Ended March 31, 2017
(\$ millions)

SCHEDULE 9

	Health		Education		Families		Community, Economic and Resource Development	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	-	-	-	-	-	-
Other taxes.....	-	-	833	744	-	-	-	13
Fees and other revenue.....	589	559	727	709	213	181	656	638
Federal transfers.....	1,329	1,249	203	116	67	67	121	170
Contributions from entities within the Government Reporting Entity.....	70	67	49	70	-	1	-	-
Sinking funds and other investment earnings.....	1	-	31	32	-	1	6	9
TOTAL REVENUE	1,989	1,875	1,843	1,671	280	250	783	830
EXPENSE								
Personnel services.....	3,696	3,540	3,068	2,990	231	223	342	339
Grants/Transfer payments.....	1,476	1,366	135	156	336	345	578	577
Transportation.....	70	65	33	32	5	4	23	22
Communication.....	16	17	25	26	5	5	20	16
Supplies and services.....	947	727	440	436	162	163	157	167
Social assistance related.....	-	-	79	97	1,279	1,196	132	154
Other operating.....	210	397	253	207	31	38	93	79
Debt servicing.....	49	47	174	153	45	43	215	198
Minor capital.....	12	19	72	76	1	1	3	6
Amortization.....	188	171	154	147	43	39	214	196
TOTAL EXPENSE	6,664	6,349	4,433	4,320	2,138	2,057	1,777	1,754
NET INCOME (LOSS) FOR THE YEAR	(4,675)	(4,474)	(2,590)	(2,649)	(1,858)	(1,807)	(994)	(924)

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR
For the Year Ended March 31, 2017
(\$ millions)

SCHEDULE 9
(cont'd)

	Justice and Other Expenditures		General Government (Note a)		Adjustments (Note b)		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	3,958	3,777	-	-	3,958	3,777
Other taxes.....	-	-	3,603	3,526	(40)	(33)	4,396	4,250
Fees and other revenue.....	321	304	4	1	(127)	(123)	2,383	2,269
Federal transfers.....	19	19	2,390	2,198	(1)	1	4,128	3,820
Contributions from entities within the Government Reporting Entity.....	-	1	654	731	(142)	(157)	631	713
Sinking funds and other investment earnings.....	191	177	(2)	6	-	-	227	225
TOTAL REVENUE	531	501	10,607	10,239	(310)	(312)	15,723	15,054
EXPENSE								
Personnel services.....	633	646	5	9	65	69	8,040	7,816
Grants/Transfer payments.....	86	93	26	48	(268)	(376)	2,369	2,209
Transportation.....	13	13	6	16	-	1	150	153
Communication.....	15	10	1	-	(1)	-	81	74
Supplies and services.....	308	290	6	11	(77)	32	1,943	1,826
Social assistance related.....	-	1	-	-	-	(15)	1,490	1,433
Other operating.....	83	81	80	11	(29)	(25)	721	788
Debt servicing.....	447	414	-	-	-	-	930	855
Minor capital.....	5	12	1	1	-	-	94	115
Amortization.....	65	62	5	7	-	2	669	624
TOTAL EXPENSE	1,655	1,622	130	103	(310)	(312)	16,487	15,893
NET INCOME (LOSS) FOR THE YEAR	(1,124)	(1,121)	10,477	10,136	-	-	(764)	(839)

Note a: The general government category includes revenue from sources that cannot be attributed to a particular sector. It also includes federal revenues and expenses related to emergency services and disaster assistance.

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

SCHEDULE 10

**SUMMARY FINANCIAL STATEMENTS
RESTATED BUDGET**

For the Year Ended March 31, 2017

(\$ millions)

Net Income (Loss) Printed Estimates	<u>(911)</u>
Revenue Restatements	
Restatement to correct an accounting error in deriving the budgeted amounts for Education property tax. Offsetting increase in Education expenses results in no effect on the net loss.	
Education property tax	260
Restatement to reclassify interest earned on loans by government organizations that are in the business of providing loans from other investment earnings to fees and other revenue resulting in no effect on total revenues or net loss.	
Fees and other revenue	(36)
Sinking funds and other investment earnings	<u>36</u>
Total Revenue Restatements	<u>260</u>
Less: Expense Restatements	
Restatement to correct an accounting error in deriving the budgeted amounts for Education expenses. Offsetting increase in Education property tax results in no effect on the net loss.	
Education	260
Restatement due to organizational changes that resulted in transfers of certain functions between departments that do not impact net loss:	
Education	(24)
Community, Economic and Resource Development	31
Justice and Other Expenditures	(44)
Debt Servicing	<u>37</u>
Total Expense Restatements	<u>260</u>
Net Income (Loss) Restated	<u><u>(911)</u></u>

OTHER FINANCIAL REPORTS

FOR THE YEAR ENDED

March 31, 2017



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, 2017 (“the statement”). The statement has been prepared by management based on section 65(1)(b) of *The Financial Administration Act*.

Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with Note 2 to the statement 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, 2017 is prepared, in all material respects, in accordance with Note 2 to the statement.

Restriction of Use

The statement is prepared to assist the Province to meet the requirements of Section 65(1)(b) 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 5, 2017
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, 2017**

	(\$ thousands)	
	2017	2016
Transfer to Core Government operations	-	(105,010)
Account Balance, beginning of year	<u>114,523</u>	<u>219,533</u>
Account Balance, end of year	<u><u>114,523</u></u>	<u><u>114,523</u></u>

**FISCAL STABILIZATION ACCOUNT
NOTES TO STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2017**

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)(b) 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.

**FISCAL STABILIZATION ACCOUNT
SCHEDULE OF SUPPLEMENTARY INFORMATION
(Unaudited)
For the Year Ended March 31, 2017**

	(\$ thousands)	
	2017	2016
Account Balance, beginning of year	114,523	219,533
- Transfer for general purpose debt reduction	-	(105,010)
- Transfer to Core Government - allocated to general purposes	-	-
	114,523	-
Account Balance, end of year	114,523	114,523