
MANITOBA BUDGET 2010

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Information available at this site includes:

- The 2010 Manitoba Budget Address
- Budget 2010
- Budget Papers
 - A The Economic Review and Outlook
 - Building Manitoba's Capacity for Innovation
 - B Supplementary Financial Information
 - C Taxation Adjustments
 - The Manitoba Advantage
 - D An Update on Improved Infrastructure and Fiscally Sound Economic Stimulus
- Manitoba's Five-Year Economic Plan
- Estimates of Expenditure and Revenue for the Fiscal Year Ending March 31, 2011
- Tax News
- Facts for Investors
- Financial Reports
- Economic Highlights
- Economic Statistics

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- Discours du Budget 2010 du Manitoba
- Budget 2010
- Renforcer la capacité d'innover du Manitoba
- Les avantages du Manitoba
- Le point sur l'amélioration de l'infrastructure et la stimulation responsable de l'économie
- Budget des dépenses et des recettes pour l'exercice se terminant le 31 mars 2011
- Bulletin de nouvelles fiscales
- Renseignements à l'intention des investisseurs
- Rapports financiers
- Points saillants de l'économie du Manitoba
- Statistiques économiques

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BUDGET 2010

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■ FORWARD

Budget 2010 provides the financial overview of the Government Reporting Entity (GRE), which includes Core Government and Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges. The adoption of a Summary Budget in 2007/08 followed the recommendation of the Office of the Auditor General. Manitoba's Summary Budget aligns with the accounting standards set by the Public Sector Accounting Board and fully reflects Generally Accepted Accounting Principles (GAAP). A Summary Budget presents a complete picture of how the provincial government and the other related entities operate as a whole and what the total cost is of providing services and programs to people in Manitoba.

To ensure transparency and accountability, Schedules 1 and 2 in this Budget present information on Core Government estimates of expenditure and revenue reconciled to the Summary Budget.

Budget 2010 includes an updated Financial Management Strategy (FMS), which sets out our Government's priorities for financial management as well as measurable outcomes for each priority. These outcomes will be reported on in the fall of 2011.

The information provided in this document will help the public assess the fiscal environment and financial status of the Province.

SUMMARY BUDGET 2010/11

SUMMARY BUDGET

For the Fiscal Year Ending March 31, 2011

With Comparative Data for the Year Ending March 31, 2010

	2010/11 Budget	2009/10 Forecast	2009/10 Budget	Per cent Change 2010/11 Budget from	
				2009/10 Forecast	2009/10 Budget
REVENUE SOURCE					
Income Taxes	2,667	2,654	2,689	0.5%	(0.8%)
Other Taxes	3,385	3,248	3,197	4.2%	5.9%
Fees and Other Revenue	1,635	1,621	1,593	0.9%	2.6%
Federal Transfers	4,126	4,072	4,103	1.3%	0.6%
Net Income of Government Business Enterprises	699	687	816	1.7%	(14.3%)
Sinking Funds and Other Earnings	208	220	246	(5.5%)	(15.4%)
TOTAL REVENUE	12,720	12,502	12,644	1.7%	0.6%
EXPENDITURE SECTORS					
Health and Healthy Living	5,085	4,851	4,731	4.8%	7.5%
Education	3,420	3,240	3,228	5.6%	5.9%
Family Services and Consumer Affairs	1,326	1,321	1,235	0.4%	7.4%
Community, Economic and Resource Development	1,819	1,834	1,765	(0.8%)	3.1%
Justice and Other Expenditures	848	1,072	871	(20.9%)	(2.6%)
Debt Servicing Costs	767	739	766	3.8%	0.1%
TOTAL EXPENDITURE	13,265	13,057	12,596	1.6%	5.3%
NET INCOME (LOSS)	(545)	(555)	48		

NOTES:

- The 2009/10 Budget numbers originally presented in the 2009 Budget Address and the 2009/10 forecast from the Third Quarter Financial Report have been restated to be consistent with the 2010/11 presentation for the Government Reporting Entity.
- Details of Expenditure and Revenue for Fiscal Year 2010/11, and a reconciliation to the amounts reported for Core Government are found in Schedules 1 and 2.
- Information on the structure of the Summary Budget is provided in Appendix 2.
- Numbers may not add due to rounding.

■ SUMMARY BUDGET 2010/11

Revenue

Revenue in 2010/11 is projected to increase \$218 million from the 2009/10 Forecast.

Incomes Taxes are projected to increase by \$13 million, with a \$25 million increase in Individual Income Tax offset by a decrease of \$11 million in Corporation Income Tax. Budget 2010 projects a \$137 million, or 4.2%, increase in Other Taxes reflecting continued growth in retail sales taxes, and an \$18 million increase in tobacco tax while Corporations Taxes are forecast to decrease by \$23 million, due to a reduction in Corporation Capital Tax. Fees and Other Revenue is projected to increase \$14 million, or 0.9%. Net Income of Government Business Enterprises (GBEs) is projected to increase \$12 million, or 1.7%. Federal Transfers are projected to increase \$54 million, or 1.3%.

Expenditure

Total expenditure is budgeted to increase \$208 million, or 1.6%, from the 2009/10 Forecast.

The growth in Health and Healthy Living expenditure is \$234 million, or 4.8%. Education-related expenditure is increasing by \$180 million, or 5.6%. Family Services and Consumer Affairs is up \$5 million, or 0.4%. Community, Economic and Resource Development expenditure will decline by \$15 million, or 0.8%. The Department of Justice remains unchanged from the 2009/10 Forecast. Overall, the Justice and Other Expenditures sector will decrease by \$224 million (including year-end lapse), primarily due to the one-time emergency expenditures in 2009/10. Debt Servicing Costs are expected to increase by \$28 million.¹

In Budget 2010, services to people represent 79% of spending.

- Health and Healthy Living expenditure makes up 38.3% of total expenditure.
- Education accounts for 25.8% of all expenditure; it includes public schools and post-secondary institutions.
- The Departments of Family Services and Consumer Affairs, Housing and Community Development, and Justice represent 14.9% of total expenditure.

¹ Debt Servicing Costs are forecast to equal 6.0¢ of every dollar of revenue in 2010/11, down 54.5% from 13.2¢ per dollar in 1999/2000.

Schedule 1

Summary Revenue Estimate: Details and Reconciliation to Core Government Estimates

Fiscal Year ending March 31, 2011 (in Thousands of Dollars)

Source of Revenue	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
	Revenue Estimate	and Revenue of Other Reporting Entities	
Income Taxes			
Individual Income Tax	2,420,500	-	2,420,500
Corporation Income Tax	246,900	-	246,900
Subtotal: Income Taxes	2,667,400	-	2,667,400
Other Taxes			
Corporations Taxes	196,200	-	196,200
Gasoline Tax	141,300	-	141,300
Land Transfer Tax	51,000	-	51,000
Levy for Health and Education	377,650	(96,058)	281,592
Mining Tax	6,000	-	6,000
Motive Fuel Tax	88,600	-	88,600
Retail Sales Tax	1,668,600	-	1,668,600
Tobacco Tax	225,000	-	225,000
Other Taxes	10,948	-	10,948
Education Property Taxes	-	715,844	715,844
Subtotal: Other Taxes	2,765,298	619,786	3,385,084
Fees and Other Revenue			
Fines and Costs and Other Legal	50,190	-	50,190
Minerals and Petroleum	12,261	-	12,261
Automobile and Motor Carrier Licences and Fees	118,026	-	118,026
Parks: Forestry and Other Conservation	30,144	-	30,144
Water Power Rentals	110,000	-	110,000
Service Fees and Other Miscellaneous Charges	128,509	993,736	1,122,245
Revenue Sharing from SOAs	25,430	(25,430)	-
Tuition Fees	-	192,138	192,138
Subtotal: Fees and Other Revenue	474,560	1,160,444	1,635,004
Federal Transfers			
Equalization	2,001,500	-	2,001,500
Canada Health Transfer (CHT)	953,358	-	953,358
Canada Social Transfer (CST)	404,698	-	404,698
Health Funds	9,038	-	9,038
Infrastructure Renewal	150,822	-	150,822
Manitoba Floodway Expansion	39,869	-	39,869
Shared Cost and Other Transfers	191,610	374,610	566,220
Subtotal: Federal Transfers	3,750,895	374,610	4,125,505
Net Income of Government Business Enterprises (GBEs)			
Manitoba Liquor Control Commission	246,800	-	246,800
Manitoba Lotteries Corporation	312,700	-	312,700
Manitoba Hydro	-	113,000	113,000
Workers Compensation Board	-	1,436	1,436
Manitoba Public Insurance Corporation	-	25,051	25,051
Subtotal: Net Income of GBEs	559,500	139,487	698,987
Sinking Funds and Other Earnings	-	207,634	207,634
Total Revenue Estimate	10,217,653	2,501,961	12,719,614

Schedule 2

Summary Expenditure Estimate: Details, Reconciliation to Core Government Estimates and Summary Budget Result

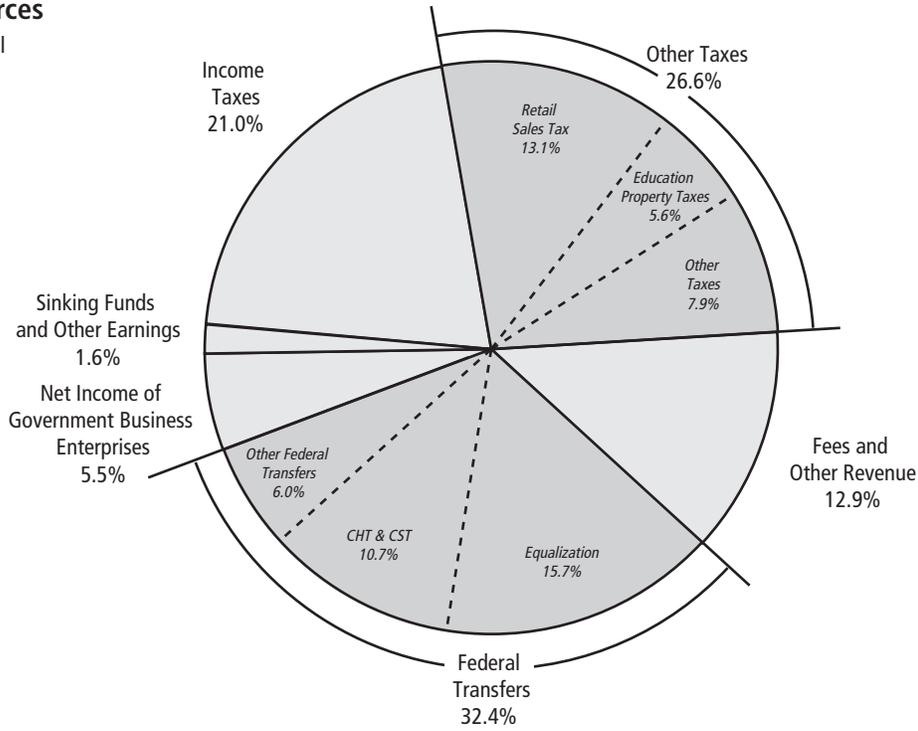
Fiscal Year ending March 31, 2011 (in Thousands of Dollars)

Sector/Department	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
	Expenditure Estimate	and Expenditures of Other Reporting Entities	
Health and Healthy Living			
Health	4,652,827	355,635	5,008,462
Healthy Living, Youth and Seniors	76,577	-	76,577
Total Health and Healthy Living	<u>4,729,404</u>	<u>355,635</u>	<u>5,085,039</u>
Education			
Advanced Education and Literacy	627,005	481,163	1,108,168
Education	1,506,799	804,423	2,311,222
Total Education	<u>2,133,804</u>	<u>1,285,586</u>	<u>3,419,390</u>
Family Services and Consumer Affairs	1,305,442	20,861	1,326,303
Community, Economic and Resource Development			
Aboriginal and Northern Affairs	36,866	597	37,463
Agriculture, Food and Rural Initiatives	215,518	178,284	393,802
Conservation	123,246	15,527	138,773
Entrepreneurship, Training and Trade	144,598	6,502	151,100
Housing and Community Development	72,345	153,866	226,211
Infrastructure and Transportation	614,213	(117,323)	496,890
Innovation, Energy and Mines	72,793	13,547	86,340
Local Government	255,790	(398)	255,392
Water Stewardship	33,436	(324)	33,112
Total Community, Economic and Resource Development	<u>1,568,805</u>	<u>250,278</u>	<u>1,819,083</u>
Justice and Other Expenditures			
Legislative Assembly	39,006	(283)	38,723
Less: Members' Salary Adjustments	(264)	-	(264)
Executive Council	2,841	(50)	2,791
Civil Service Commission	20,480	158	20,638
Culture, Heritage and Tourism	63,359	7,315	70,674
Employee Pensions and Other Costs	18,060	58,040	76,100
Finance	88,759	3,735	92,494
Justice	402,166	17,801	419,967
Labour and Immigration	58,064	8,467	66,531
Sport	11,919	1,242	13,161
Enabling Appropriations	81,796	-	81,796
Other Appropriations	30,151	-	30,151
Less: Year-End Lapse	(65,000)	-	(65,000)
Total Justice and Other Expenditures	<u>751,337</u>	<u>96,425</u>	<u>847,762</u>
Debt Servicing Costs	265,785	500,817	766,602
Total Expenditure Estimate	10,754,577	2,509,602	13,264,179
Subtract: Total Expenditure Estimate (above) from Total Revenue Estimate (Schedule 1)	<u>10,217,653</u>	<u>2,501,961</u>	<u>12,719,614</u>
Net Result for the Year	<u>(536,924)</u>	<u>(7,641)</u>	<u>(544,565)</u>
Transfer from Fiscal Stabilization Account	38,490	(38,490)	-
NET INCOME (LOSS)	<u>(498,434)</u>	<u>(46,131)</u>	<u>(544,565)</u>

Revenue, 2010/11

Major Sources

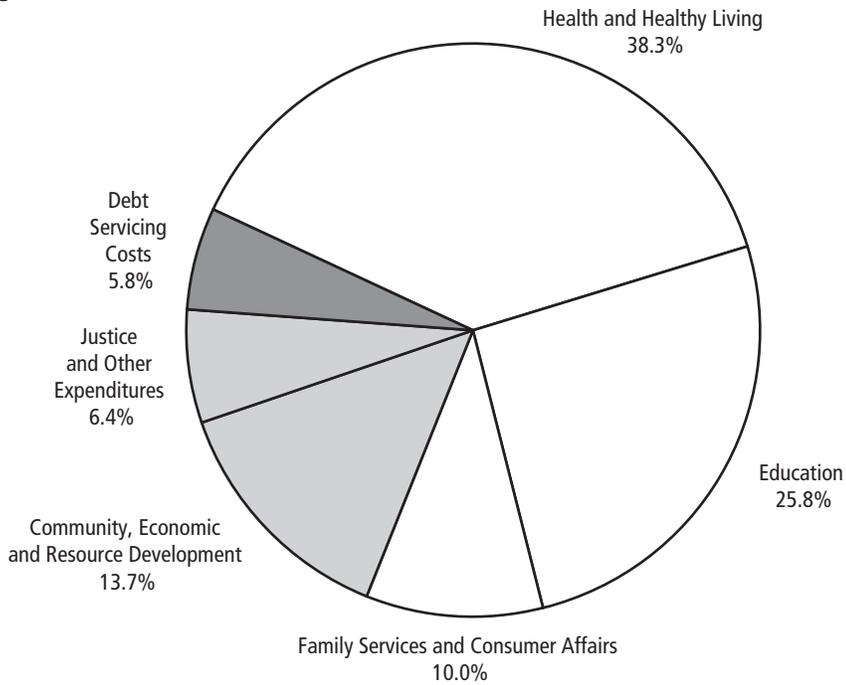
Per cent of Total



Expenditure, 2010/11

Major Sectors

Per cent of Total



FINANCIAL MANAGEMENT STRATEGY

■ FINANCIAL MANAGEMENT PRIORITIES

The FMS sets out the Government's priorities for financial management. It includes five main priority areas with one or more measurable outcomes. Each measurable outcome includes objectives for the current year and for future years.

The FMS demonstrates the Government's commitment to enhancing financial accountability. The report on outcomes for the FMS presented in the 2009 Budget will be available in the fall of 2010.

For 2010/11, the FMS continues to focus on the priority areas identified in prior years and reflects the implementation of Manitoba's Five-Year Economic Plan.

FINANCIAL MANAGEMENT PRIORITY	MEASURABLE OUTCOMES
Transparency, Accountability and Fiscal Discipline	<ul style="list-style-type: none"> • Summary Net Income • Maintaining Accountability for Core Government Expenditure and Revenue
Stable and Affordable Government	<ul style="list-style-type: none"> • Credit Ratings • Expenditures as a Percentage of Gross Domestic Product (GDP) • Strengthening the Management of Public Resources
Managing Debt	<ul style="list-style-type: none"> • Debt Retirement • Net Debt to GDP Ratio
Infrastructure and Capital Asset Renewal	<ul style="list-style-type: none"> • Capital Investments
Performance Measurement	<ul style="list-style-type: none"> • Continued Development of Performance Measurement Capacity

■ PRIORITY AREA – TRANSPARENCY, ACCOUNTABILITY AND FISCAL DISCIPLINE

Government has implemented a number of measures to ensure financial accountability and maintain fiscal discipline, including:

- implementing GAAP compliant summary financial statements as of March 31, 2005;
- transitioning to summary budgeting and reporting in 2007/08 to present comprehensive information on the total cost of providing programs and services to Manitobans and how the GRE operates as a whole;
- publishing an FMS as part of the annual budget and a report on outcomes within six months of the end of the fiscal year;
- completing the transition of quarterly financial reporting to a summary basis in 2009/10, consistent with GAAP and as provided in the Budget and Public Accounts;
- establishing and implementing plans to eliminate general purpose debt and pension liabilities; and
- extending the employer's share of current service contributions to all employees.

The commitment to transparency, accountability and fiscal discipline continues with the implementation of Manitoba's Five-Year Economic Plan in Budget 2010.

Measurable Outcome – Summary Net Income

Governments around the world have been affected by the market downturn, the worst global recession since the end of the Second World War. Many governments are facing budget shortfalls as they work to stimulate the economy and manage expenditures. Manitoba is no different.

While Manitoba's economy has been one of the strongest in Canada, there are financial pressures on the Province and no quick solutions to the issues we face.

Budget 2010 focusses on continued economic stimulus and job creation, protecting key services and responsible management of public funds. This is part of Manitoba's Five-Year Economic Plan to return to surplus by:

- investing in vital front-line services by continuing to improve health care, education and training, policing and supports for families;
- stimulating economic growth by upgrading needed infrastructure to create jobs, and investing in innovation to secure a prosperous future;
- managing Government spending strategically to ensure Manitobans' priorities come first;
- restoring balance and returning to surplus by Budget 2014; and
- maintaining affordability to keep Manitoba one of the best places to live, work and raise a family.

As indicated in the table which follows, the plan projects a return to surplus in five years based on managing spending and modest revenue growth, combined with an expected recovery of the Manitoba economy.

Manitoba's Five-Year Economic Plan

	2009/10 Forecast	Five-Year Plan				
		2010/11 Budget	2011/12 Projection	2012/13 Projection	2013/14 Projection	2014/15 Projection
(Millions of Dollars)						
REVENUE						
Core Government	10,042	10,218	10,514	10,736	11,151	11,708
Other Reporting Entities*	2,460	2,502	2,605	2,675	2,746	2,743
TOTAL REVENUE	<u>12,502</u>	<u>12,720</u>	<u>13,119</u>	<u>13,411</u>	<u>13,897</u>	<u>14,451</u>
EXPENDITURE						
Core Government Programs and Services	10,644	10,755	11,037	11,156	11,372	11,598
Other Reporting Entities*	2,413	2,510	2,530	2,600	2,671	2,668
TOTAL EXPENDITURE	<u>13,057</u>	<u>13,265</u>	<u>13,567</u>	<u>13,756</u>	<u>14,043</u>	<u>14,266</u>
SUMMARY NET INCOME (LOSS)	<u>(555)</u>	<u>(545)</u>	<u>(448)</u>	<u>(345)</u>	<u>(146)</u>	<u>185</u>

* includes consolidation adjustments

The Plan assumes GRE revenue will rise by a 3.2% average annually from 2010/11 to 2014/15 while GRE expenditure are forecast to increase by an annual average of 1.8% during the same period.

Core Government revenue is forecast to rise by an average of 3.5% annually and Core Government expenditure will grow by an annual average of 1.9% during the five-year period.

Core Government revenue projections are consistent with forecasts of economic growth in the short to medium term. The gradual strengthening of the international economy will boost Manitoba output in 2010 and 2011. Major economic forecasts suggest that by 2012 or 2013, the national and provincial economies will return to an expansion phase of the business cycle. Beginning in 2013/14 own-source revenue projections are based on recent average increases over 2003/04 to 2008/09.

The Manitoba Government is committed to balancing summary net income over the longer term, but has chosen not to make short-term decisions. Instead, a plan has been developed to maintain our strong economic base and return our Province to surplus by 2014/15. Measures include:

- strategic management and prioritization of expenditures;
- managing salary costs;
- reducing discretionary operating costs;
- reallocating funds currently used to cost-share one-time stimulus projects to other provincial priorities in future years;
- moving more slowly than planned in delivering new initiatives;
- reducing ministerial salary levels by 20%;
- not increasing salaries for members of the Legislative Assembly, their staff and senior Government officials for the next two years;

- continuing to find new ways to foster innovative, cost-effective services; and
- using funds set aside in the Fiscal Stabilization Account to retire a portion of the debt and interest expense associated with the Core Government operating shortfalls during the economic recovery period.

Continuing to meet the requirements of balanced budget legislation in today's environment would require deep cuts to public services, tax increases and the cancellation of stimulus investments.

Our responsible plan to restore balance over five years includes amendments to legislation including balanced budget legislation that would:

- require the budget shortfall to be eliminated over four years and a return to surplus in year five of the plan;
- keep the legal requirement to have balanced budgets into the future;
- exceed the debt payment requirements under the current legislation;
- retain restrictions that prohibit increases to major taxes without a referendum; and
- reduce ministerial salaries and freeze pay for members of the Legislative Assembly.

An annual financial management strategy and a report on outcomes will continue to be published as required by the current legislation. In addition, in-year financial reporting will provide updates on the progress made in achieving our economic recovery plan.

Measurable Outcome – Maintaining Accountability for Core Government Expenditure and Revenue

Legislation requires Government to include a summary of Core Government expenditure and projected revenue as part of the FMS. This is consistent with the main estimates of expenditure and revenue for the fiscal year.

While core expenditure exceed core revenue in Budget 2010, our five-year economic plan shows this reversing by Budget 2014. The projection includes allocations from the Fiscal Stabilization Account for funding from the federal government for health wait-times and ecoTrust funding as well as for incremental debt servicing costs resulting from the Core Government shortfall.

Core Government Expenditure and Revenue, 2010/11

	\$ Millions
Revenue	10,218
Expenditure	10,755
	<u>(537)</u>
Transfer from Fiscal Stabilization Account	
Wait-time Reduction Programming	25
ecoTrust	8
Debt Servicing Costs	6
Net Result	<u><u>(498)</u></u>

Year-end information on Core Government revenue and expenditure for 2010/11 will be provided as part of the FMS report on outcomes, scheduled to be released in the fall of 2011.

■ PRIORITY AREA – STABLE AND AFFORDABLE GOVERNMENT

Manitoba's Government continues to be one of the most cost-effective governments in Canada. Keeping programs affordable is done by continuing to improve the way Government operates and delivers services.

Manitoba uses public revenues effectively and efficiently to deliver affordable Government programs and services. Manitoba's per capita spending growth over the last decade has been the second lowest of all provincial governments. The most recent data for 2008/09 show that our per capita spending is fourth lowest in Canada.

In this challenging economic climate, the Government will continue to carefully manage programs and services within existing resources.

Measurable Outcome – Credit Ratings

Manitoba continues to maintain its reputation for fiscal responsibility. The Province's measured approach to paying down debt and the pension liability, while dealing with the needs in health care and other program areas, has been positively acknowledged by credit rating agencies.

This is reflected in the credit rating upgrades Manitoba received from Moody's Investors Service and Standard & Poor's through 2007, and through the reaffirmations of Manitoba's credit quality by rating agencies in 2008 and 2009.

During this period of international economic and financial instability, Manitoba's stable and diversified economy, strong financial position and commitment to responsible financial management will help ensure a steady credit outlook in 2010. The credit rating agencies are aware of the challenging economic conditions facing all Canadian provinces. Our five-year plan includes a plan to repay debt while restoring balance. The implementation of the economic recovery plan is expected to result in credit ratings remaining unchanged for 2010.

The Manitoba Government remains committed to maintaining fiscal responsibility to achieve stable or improving credit ratings into the future.

Credit Rating Agency	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Projected
DBRS	A(high)						
Moody's	Aa2	Aa2	Aa2	Aa1	Aa1	Aa1	Aa1
Standard & Poor's	AA-	AA-	AA-	AA-(positive)	AA	AA	AA

NOTE: As at March 31 (end of fiscal year)

Measurable Outcome – Expenditures as a Percentage of Gross Domestic Product (GDP)

Maintaining stable and affordable government means managing the growth in spending to meet increasing demands for quality services in areas such as health, education and training. An effective measure of appropriate spending is the ratio of total expenditure as a percentage of GDP. This ratio has remained relatively stable over the last four years and is expected to remain within this range for Budget 2010.

Expenditure to GDP ratios are reflected in the following table and as part of Appendix 1, Summary Financial Statistics.

	<u>2005/06</u> <u>Actual</u>	<u>2006/07</u> <u>Actual</u>	<u>2007/08</u> <u>Actual</u>	<u>2008/09</u> <u>Actual</u>	<u>2009/10</u> <u>Forecast</u>	<u>2010/11</u> <u>Budget</u>	<u>2011/12</u> <u>Projection</u>
Core Government Programs	19.1%	18.6%	18.5%	19.2%	20.5%	19.9%	19.4%
Other Reporting Entities	3.7%	3.9%	4.1%	3.7%	4.0%	4.1%	4.0%
Debt Servicing Costs	2.1%	1.8%	1.8%	1.6%	1.5%	1.5%	1.5%
Total Expenditures	24.9%	24.2%	24.3%	24.5%	26.0%	25.4%	24.9%

The Manitoba Government's objective is to maintain a stable or declining ratio over the longer term.

Measurable Outcome – Strengthening the Management of Public Resources

Sound management and use of public resources are key to making government more effective. Government has made sure that public spending remains under control and that tax dollars are used effectively and efficiently.

For Budget 2010, general salary and discretionary operating costs were carefully reviewed by departments to absorb as many price and volume increases as possible while managing vacancies. As a result, half of the departments in Core Government will see a budget decrease in 2010/11. Overall, general salary costs have been held flat in 2010/11 compared to the 2009/10 voted authority and discretionary operating expenditures are 1.2% lower in Budget 2010 compared to Budget 2009.

The Government has also implemented reforms with other reporting entities to better manage public resources, capitalize on synergies and enhance regional capabilities, expertise and talent.

The Government supports continuous internal review and reform to provide Manitobans with affordable, innovative and effective public service operations, programs and services. The Government will continue to emphasize reforms that improve efficiency, accountability and transparency, three important goals of modern government.

■ PRIORITY AREA – MANAGING DEBT

In the last decade, Government has implemented many specific initiatives to ensure sound fiscal management. These include:

- addressing the unfunded pension liability;
- funding the employer's share of current service pension entitlements; and
- ensuring all capital investments are amortized and all related costs are fully reflected in annual appropriations for Core Government.

Since 1999, the Government has contributed almost \$1 billion to the debt retirement account to address general purpose debt and pension obligations. Budget 2010 includes a further addition of \$180 million for the CSSF. Borrowing funds to pay down the previously unfunded pension liability is a sound fiscal decision, as over the longer term, the cost of borrowing is less than the actuarially determined expected rate of return on the plan assets and the rate of growth in the pension liability. In addition, Budget 2010 includes \$142 million in Core Government expenditures for the employer's share of current service pension obligations.

Based on projections, Core Government will have a total of \$5.1 billion in capital asset investments as of March 31, 2010, and \$1.9 billion of related debt will have been retired through accumulated amortization. The balance will be repaid over the remaining useful life of these assets.

The debt retirement schedule is consistent with the period of amortization which reflects the service life of those assets. A total of \$155 million for amortization of capital investment has been included in Core Government for 2010/11.

Measurable Outcome – Debt Retirement

In the last decade, Government established and implemented a balanced plan to retire the general purpose debt and to eliminate the pension liability.

Direct action has been taken to address the unfunded pension liability. This includes putting part of the annual debt retirement payment toward pension obligations, as well as funding the employer's share of current service entitlements for all employees. Both of these steps are important to ensure sound fiscal management.

Significant provincial investments in infrastructure spending allowed the Government to take advantage of the federal government's one-time infrastructure stimulus initiatives. While these investments support the economy through job creation and training opportunities there is an impact on the net debt.

However, asset costs are amortized over a set period that represents the useful life of the asset as required by GAAP. These set periods result in regular payment of the debt. The end result is increased infrastructure investment for Manitobans while spreading the cost of those assets over their useful life, a strategy which includes a plan to pay the debt.

Manitoba's Five-Year Economic Plan includes using an estimated \$600 million of the funds set aside in the FSA to fund amortization repayments and the interest expense on borrowings needed to fund the operating shortfall during this period of recovery.

Existing funds in the Debt Retirement Account will be used immediately to repay \$145 million of debt. In addition, by the time the Government returns to a surplus position in Budget 2014, a further \$440 million of the new debt will have been retired, an amount which exceeds what the current legislation would have required.

With a return to surplus position in Budget 2014, scheduled debt payments for general purpose debt from current resources will resume.

Under the five-year plan, approximately 30% of the new debt incurred as a result of the economic downturn will have been repaid by the time Manitoba returns to a surplus position. Funds prepaid by the federal government will continue to be transferred from the FSA for specific programs.

The Government continues to streamline debt management. This is reflected not only in the debt retirement plan, but also in the fact that debt servicing costs as a percentage of revenue has declined. Since 1999/2000, the debt servicing cost rate has dropped by 54.5%, from 13.2¢ of every dollar of summary revenue collected to a forecasted level of 6.0¢ in Budget 2010.

The Government's continuing focus on plans to retire debt is based on the ultimate goal of eliminating the general purpose debt and the remaining unfunded pension liabilities. Although the impact of the global economic downturn has meant slower timelines, the Government remains committed to reducing debt over time.

Measurable Outcome – Net Debt to GDP Ratio

Net debt is an important indicator of a government's financial position, as this highlights how government services will remain affordable in the future.

Summary net debt is financial assets (such as cash or investments) minus total liabilities (such as loans or financing). It is the remaining liability that must be financed by future revenues.

Net debt may grow from time to time, as needed investments in capital assets – like the Manitoba Floodway, highway infrastructure and economic stimulus investments – are made. These forward-looking investments help support Manitoba's economy.

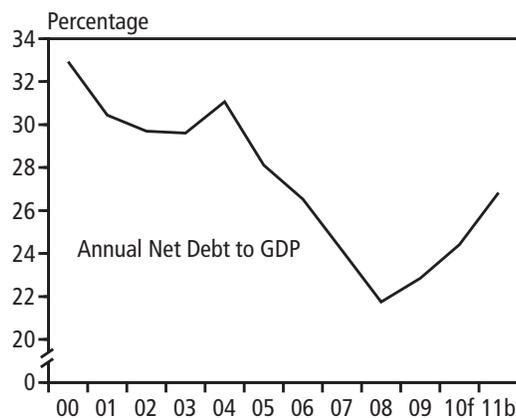
Therefore, it is important to measure changes in net debt against the growth of the economy, as measured by the nominal GDP.

Over the last several years, the Manitoba Government has seen a substantial downward trend in the net debt to GDP ratio, lowering the ratio to a projected level of 24.4% in 2009/10 from 32.9% in 1999/2000, while continuously making much needed investments in Manitoba infrastructure.

In February 2010, Moody's acknowledged that all Canadian provinces will likely experience a brief increase in the net debt to GDP levels given the investment in stimulus infrastructure and tightening of revenues.

Manitoba's ratio will likely rise as the Government makes needed investments. As a result of the Government's projected investment of \$1.3 billion in infrastructure and capital asset renewal projects in 2009/10, and \$1.8 billion in 2010/11 to create jobs and stimulate the economy, the net debt to GDP ratio is forecast to increase to 26.8% in Budget 2010. The five-year plan projects the return to a downward trend as the Government remains committed to reducing the net debt to GDP ratio over the longer term.

Manitoba Net Debt to GDP Ratio



f - Forecast b - Budgeted

Note: Dates are for the fiscal year ending March 31

Source: Manitoba Finance

■ PRIORITY AREA – INFRASTRUCTURE AND CAPITAL ASSET RENEWAL

Building and upgrading Manitoba's infrastructure has been a priority for the Government since 1999. The Government reinforced this priority by announcing a four-year, \$4.7 billion infrastructure plan in November 2008 to fund key infrastructure projects that create jobs and training opportunities across the province.

Measurable Outcome – Capital Investments

Based on principles of sound financial management, Manitoba has been able to increase the assets of the province while maintaining a manageable level of debt. Since 2000, the Government has invested \$7.3 billion in public capital assets, including \$2.7 billion for new or renewed hospitals, universities, colleges and public schools, \$2.6 billion to upgrade Manitoba's roads and highways and \$2.0 billion for the Manitoba Floodway, the modernization and improvement of social housing, improving public service buildings, parks and camping infrastructure.

It is estimated that the insured or replacement value of these investments is more than \$36 billion.

Budget 2010 provides the resources to continue upgrading Manitoba's roads and highways, wastewater treatment plants, health facilities across the province, building and restoring much needed social housing and modernizing our schools and post-secondary institutions.

To continue this trend, major capital expenditure cash flow anticipated in 2010/11 includes:

	\$ Millions
Roads and Highways (including preservation)	590
Universities, Colleges and Public Schools	271
Health Facilities	283
Manitoba Floodway Expansion and Water Related Infrastructure	101
Housing (including third-party contributions)	281
Assistance to Third Parties	137
Public Service Buildings	119
Parks and Campground Infrastructure	16
	<u>1,798</u>

Manitoba's commitment to infrastructure investments and renewal of existing assets, while maintaining a fiscally responsible approach to budgeting and debt management, will continue to deliver benefits to Manitobans.

■ PRIORITY AREA – PERFORMANCE MEASUREMENT

Improving the way government measures both financial and non-financial performance outcomes enhances both transparency and accountability. Outcomes-based reporting provides information on the actual impacts, benefits or changes experienced as a result of a program or government service.

The 2009 FMS confirmed the eight principles which guide measurement and reporting for Government departments and major Crown corporations:

1. The organization's public purpose is explained.
2. The organization's priorities relate to overall Government priorities.
3. Each organizational priority has objectives and actions to achieve them.
4. Measures are developed with outcomes in mind, focussing on a few critical aspects of performance.
5. Financial and non-financial information are linked.
6. The strategic context for the plan and reported results is discussed.
7. Performance information looks forward and backward in time.
8. Information is clear, relevant, credible and balanced.

Measurable Outcome – Continued Development of Performance Measurement Capacity

Manitoba is committed to continuing progress on the measurement of performance outcomes.

Key performance measures will continue to be included in every Government department's annual report. Performance reporting information is also included in the annual reports, and various specialized reports, of many other entities in the GRE.

In 2010/11, Manitoba will continue to develop performance measurement practices to strengthen management of department resources. There will be an increased emphasis on the use of performance measurement to support management decision making. Training courses and workshops will be strengthened to provide staff with more tools to develop and use performance measures more effectively. Work will also continue on the development of a community of practice to provide opportunities for collaboration and peer review of performance measurement activities across departments.

APPENDIX 1

MANITOBA SUMMARY FINANCIAL STATISTICS

Manitoba Summary Financial Statistics

	2010/11 Budget	2009/10 Forecast	2008/09 Actual	2007/08 Actual	2006/07 Actual	2005/06 Actual
(Millions of Dollars)						
SUMMARY FINANCIAL STATEMENTS						
Revenue						
Income Taxes	2,667	2,654	2,841	2,652	2,441	2,322
Other Taxes	3,385	3,248	3,252	3,198	3,043	2,228
Fees and Other Revenue	1,635	1,621	1,757	1,628	1,502	1,710
Federal Transfers	4,126	4,072	3,866	3,597	3,320	3,103
Net Income of Government Business Enterprises	699	687	807	947	627	959
Sinking Funds and Other Earnings	208	220	296	384	423	406
Total Revenue	12,720	12,502	12,819	12,406	11,356	10,728
Expenditure						
Health and Healthy Living	5,085	4,851	4,593	4,235	3,960	3,813
Education	3,420	3,240	3,104	3,179	2,906	2,275
Family Services and Consumer Affairs	1,326	1,321	1,196	1,098	1,032	972
Community, Economic and Resource Development	1,819	1,834	1,752	1,579	1,433	1,674
Justice and Other General Expenditures	848	1,072	874	893	747	740
Debt Servicing Costs	767	739	830	864	793	860
Total Expenditure	13,265	13,057	12,349	11,848	10,871	10,334
Net Income (Loss)	(545)	(555)	470	558	485	394
Provincial Borrowings, Guarantees & Obligations						
General Government Programs	7,093	6,824	6,321	6,383	6,564	6,583
General Government Programs - Pension Liability	2,355	2,175	1,850	1,500	0	0
Manitoba Hydro	8,574	7,856	7,575	6,796	6,636	6,524
Other Crown Organizations	1,587	1,487	1,341	1,269	1,279	1,272
Health Facilities	1,182	958	831	833	790	767
Government Enterprises and Other	58	68	78	92	150	163
Capital Investments	2,571	1,847	1,411	1,084	749	464
Subtotal	23,420	21,215	19,407	17,957	16,168	15,773
Other Obligations						
Pension Liability	6,565	6,373	6,150	5,881	5,652	5,091
Pension Asset	(4,777)	(4,560)	(4,147)	(3,653)	(2,159)	(1,628)
Net Pension Liability	1,788	1,813	2,003	2,228	3,493	3,463
Debt incurred for and repayable by The Manitoba Hydro- Electric Board and The Manitoba Lotteries Corporation	(8,564)	(7,761)	(7,349)	(6,629)	(6,163)	(6,276)
Education and Health Debt held by Government Enterprises	466	436	406	416	383	339
Other Debt of Crown Organizations	397	397	405	413	233	253
Subtotal	(5,913)	(5,115)	(4,535)	(3,572)	(2,054)	(2,221)
Total Summary Borrowings, Guarantees and Obligations	17,507	16,100	14,872	14,385	14,114	13,552
Adjustments to arrive at Summary Net Debt						
Guarantees	(170)	(255)	(402)	(352)	(675)	(491)
Net Financial Assets	(3,342)	(3,592)	(2,972)	(3,434)	(2,582)	(2,053)
Summary Net Debt	13,995	12,253	11,498	10,599	10,857	11,008
Summary Net Debt as percentage of GDP	26.8	24.4	22.8	21.8	24.1	26.5

Numbers may not add due to rounding.

NOTES:

- Actual numbers for summary expenditures for 2005/06 and earlier do not include public schools as this information is not available in a GAAP format. The above results and the statistics associated with these results would change if public schools were included.
- The 2009/10 Forecast has been restated from the Third Quarter Financial Report, to be consistent with Budget 2010 presentation.
- Revenue and Expenditure numbers for 2008/09 and earlier have been restated to be consistent with the current presentation for the Government Reporting Entity.

Manitoba Summary Financial Statistics

	2010/11 Budget	2009/10 Forecast	2008/09 Actual	2007/08 Actual	2006/07 Actual	2005/06 Actual
	(Percentage Change)					
Annual Change						
Income Taxes	0.5	(6.6)	7.1	8.6	5.1	3.5
Other Taxes ¹	4.2	(0.1)	1.7	5.1	36.6	3.1
Fees and Other Revenue	0.9	(7.7)	7.9	8.4	(12.2)	18.8
Federal Transfers	1.3	5.3	7.5	8.3	7.0	(1.7)
Total Revenue	1.7	(2.5)	3.3	9.2	5.9	5.7
Health and Healthy Living	4.8	5.6	8.5	6.9	3.9	7.0
Education	5.6	4.4	(2.4)	9.4	27.7	(0.8)
Debt Servicing Costs	3.8	(11.0)	(3.9)	9.0	(7.8)	5.1
Total Expenditure	1.6	5.7	4.2	9.0	5.2	7.8
Summary Net Debt	14.2	6.6	8.5	(2.4)	(1.4)	2.7
	(Per cent)					
Per cent of GDP						
Income Taxes	5.1	5.3	5.6	5.4	5.4	5.6
Other Taxes ¹	6.5	6.5	6.5	6.6	6.8	5.4
Fees and Other Revenue	3.1	3.2	3.5	3.3	3.3	4.1
Federal Transfers	7.9	8.1	7.7	7.4	7.4	7.5
Total Revenue	24.4	24.9	25.5	25.5	25.3	25.8
Health and Healthy Living	9.7	9.7	9.1	8.7	8.8	9.2
Education	6.6	6.5	6.2	6.5	6.5	5.5
Debt Servicing Costs	1.5	1.5	1.6	1.8	1.8	2.1
Total Expenditure	25.4	26.0	24.5	24.3	24.2	24.9
Summary Net Debt	26.8	24.4	22.8	21.8	24.1	26.5
	(Dollars)					
Dollars Per Capita						
Total Revenue	10,306	10,231	10,628	10,391	9,591	9,105
Total Expenditure	10,748	10,685	10,239	9,924	9,182	8,770
Debt Servicing Costs	621	605	688	724	670	730
Summary Net Debt	11,339	10,027	9,533	8,878	9,170	9,342
Memorandum Items						
Population (000's)*	1,234.2	1,222.0	1,206.1	1,193.9	1,184.0	1,178.3
GDP at Market Prices	52,158	50,200	50,324	48,727	44,957	41,512

Source: Manitoba Finance

¹ Other Taxes for 2005/06 and earlier do not include property taxes charged by public school divisions.

* official population July 1

APPENDIX 2

SUMMARY BUDGET USER'S GUIDE

■ INTRODUCTION

This document guides readers through the format of the Manitoba Budget. It includes three components: a general explanation of the structure of the Summary Budget, Annotated Summary Budget and Schedules, and a list of Frequently Asked Questions.

Schedule 1 (Summary Revenue Estimate) and Schedule 2 (Summary Expenditure Estimate) consolidate the Estimates of Expenditure and Revenue of Core Government with high-level projections of expenses and revenues of the Other Reporting Entities (OREs) of the GRE to produce the Summary Budget.

Although the additional revenues and expenses of entities such as universities, public schools and government business enterprises are now included in the Summary Budget, the existing relationship between the Government and the related entities does not change. Governance of these organizations and their relationships with Government are not affected by the Summary Budget process.

■ STRUCTURE OF THE SUMMARY BUDGET

The Summary Budget presents a high-level overview of revenue and expenditure of the entire GRE.

Revenue is reported under six categories.

- Income Taxes – are entirely revenue of Core Government;
- Other Taxes – includes the Retail Sales Tax and all of the other tax revenues of Core Government, as well as property taxes levied to support school funding;
- Fees and Other Revenue – includes fees such as automobile licences, park and forestry fees, and fees collected by Crown organizations such as fees for non-insured health services and rental revenue for Manitoba Housing and Renewal Corporation (MHRC). Tuition fees collected by universities and colleges are also included in this category;
- Federal Transfers – Equalization, Canada Health Transfer, Canada Social Transfer, and other grants and transfers are mostly received by Core Government, although some federal funds are provided directly to entities not included in Core Government, such as housing subsidies to MHRC, insurance premiums for agriculture programs and grants for public education. Federal transfers include funding from the federal government for economic stimulus related to infrastructure and labour market development/training initiatives;
- Net Income of GBEs – This represents the net income of all GBEs. This income is added to the summary financial statements on a modified equity basis and includes the income of Manitoba Lotteries and Manitoba Liquor Control Commission whose net income continues to be recorded as revenue of Core Government;
- Sinking Funds and Other Earnings – these are interest and other investment earnings on sinking funds and other investments held by Core Government and OREs. For Core Government estimates purposes, investment revenue is netted against debt servicing costs.

Expenditure has been classified by major sectors. See Appendix 3 for a list of the entities in the GRE.

- Health and Healthy Living – represents all health-related expenditures including the activities of the Departments of Health, and Healthy Living, Youth and Seniors, all Regional Health Authorities, hospitals and other health-related entities in the GRE;
- Education – represents costs associated with all primary, secondary and post-secondary education, including the operations of universities and colleges, and includes the activities of the Departments of Advanced Education and Literacy, and Education. Also includes additional funding for teachers' pensions and programs funded by other sources;

- Family Services and Consumer Affairs – includes all costs related to social service and consumer programs, including the activities of the Department of Family Services and Consumer Affairs;
- Community, Economic and Resource Development – includes expenditures related to infrastructure and other government services, including the activities of the Departments of Aboriginal and Northern Affairs; Agriculture, Food and Rural Initiatives; Conservation; Entrepreneurship, Training and Trade; Housing and Community Development; Infrastructure and Transportation; Innovation, Energy and Mines; Local Government; and Water Stewardship;
- Justice and Other Expenditures – includes costs for Justice services and the activities of the Legislative Assembly; Executive Council; Civil Service Commission; Department of Culture, Heritage and Tourism; Employee Pensions and Other Costs; Department of Finance; Department of Labour and Immigration; Sport and Enabling and Other Appropriations; also includes Core Government year-end lapse;
- Debt Servicing – contains the cost of interest and related expenses for the Teachers' Retirement Allowances Fund (TRAF), the Civil Service Superannuation Fund (CSSF), capital funding, and general purpose borrowings associated with all provincial summary borrowings, excluding debt servicing costs for debt incurred and repayable by Manitoba Hydro and Manitoba Lotteries. Debt servicing costs related to those borrowings are reflected in the net income of GBEs.

Net Income (Loss) is the “bottom line” – the result after Expenditure is subtracted from Revenue. This represents the GRE's financial result for the fiscal year.

■ ANNOTATED SUMMARY BUDGET

The Summary Budget includes the revenue and expenditure of the entities in the GRE. Amounts are adjusted on consolidation to avoid counting the same revenue or expenditure twice.

SUMMARY BUDGET			
For the Fiscal Year Ending March 31, 2011			
With Comparative Data for the year ending March 31, 2010			
	2010/11	2009/10	2009/10
	<u>Budget</u>	<u>Forecast</u>	<u>Budget</u>
REVENUE SOURCE			
Income Taxes	2,667	2,654	2,689
Other Taxes	3,385	3,248	3,197
Fees and Other Revenue	1,635	1,621	1,593
Federal Transfers	4,126	4,072	4,103
Net Income of Government Business Enterprises	699	687	816
Sinking Funds and Other Earnings	208	220	246
TOTAL REVENUE	<u>12,720</u>	<u>12,502</u>	<u>12,644</u>
EXPENDITURE SECTORS			
Health and Healthy Living	5,085	4,851	4,731
Education	3,420	3,240	3,228
Family Services and Consumer Affairs	1,326	1,321	1,235
Community, Economic and Resource Development	1,819	1,834	1,765
Justice and Other Expenditures	848	1,072	871
Debt Servicing Costs	767	739	766
TOTAL EXPENDITURE	<u>13,265</u>	<u>13,057</u>	<u>12,596</u>
NET INCOME (LOSS)	<u>(545)</u>	<u>(555)</u>	<u>48</u>

includes school property taxes

includes university and college tuition fees

Most Federal Transfers are received by Core Government but some Entities also receive Federal Transfers or cost-shared payments directly.

includes all expenditures of Departments of Education, Advanced Education and Literacy, and K-12 public schools, colleges and universities

This includes all health-related expenditures of the Departments of Health and Healthy Living, Youth and Seniors, hospitals, Regional Health Authorities and other health-related entities.

The revenue and expenditure of OREs are projections based on data obtained from the entities and may not represent final board-approved budget data from those entities. Many reporting entities have fiscal years and budget cycles different than Core Government. In those cases, data for the closest fiscal year-end date to Core Government's own year-end date are used.

■ ANNOTATED SUMMARY REVENUE ESTIMATE: DETAILS AND RECONCILIATION TO CORE GOVERNMENT ESTIMATES

Schedule 1 – groups individual revenue sources under six categories, showing the contributions of Core Government and the impact of consolidating Core Government and Other Reporting Entities.

Schedule 1			
Summary Revenue Estimate: Details and Reconciliation to Core Government Estimates			
Fiscal Year ending March 31, 2011 (in Thousands of Dollars)			
Source of Revenue	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
	Revenue Estimate	and Revenue of Other Reporting Entities	
Income Taxes			
Individual Income Tax	2,420,500	-	2,420,500
Corporation Income Tax	246,900	-	246,900
Subtotal: Income Taxes	2,667,400	-	2,667,400
Other Taxes			
Corporations Taxes	196,200	-	196,200
Gasoline Tax	141,300	-	141,300
Land Transfer Tax	51,000	-	51,000
Levy for Health and Education	377,650	(96,058)	281,592
Mining Tax	6,000	-	6,000
Motive Fuel Tax	88,600	-	88,600
Retail Sales Tax	1,668,600	-	1,668,600
Tobacco Tax	225,000	-	225,000
Other Taxes	10,948	-	10,948
Education Property Taxes	-	715,844	715,844
Subtotal: Other Taxes	2,765,298	619,786	3,385,084
Fees and Other Revenue			
Fines and Costs and Other Legal	50,190	-	50,190
Minerals and Petroleum	12,261	-	12,261
Automobile and Motor Carrier Licences and Fees	118,026	-	118,026
Parks: Forestry and Other Conservation	30,144	-	30,144
Water Power Rentals	110,000	-	110,000
Service Fees and Other Miscellaneous Charges	128,509	993,736	1,122,245
Revenue Sharing from SOAs	25,430	(25,430)	-
Tuition Fees	-	192,138	192,138
Subtotal: Fees and Other Revenue	474,560	1,160,444	1,635,004
Federal Transfers			
Equalization	2,001,500	-	2,001,500
Canada Health Transfer (CHT)	953,358	-	953,358
Canada Social Transfer (CST)	404,698	-	404,698
Health Funds	9,038	-	9,038
Infrastructure Renewal	150,822	-	150,822
Manitoba Floodway Expansion	39,869	-	39,869
Shared Cost and Other Transfers	191,610	374,610	566,220
Subtotal: Federal Transfers	3,750,895	374,610	4,125,505
Net Income of Government Business Enterprises (GBEs)			
Manitoba Liquor Control Commission	246,800	-	246,800
Manitoba Lotteries Corporation	312,700	-	312,700
Manitoba Hydro	-	113,000	113,000
Workers Compensation Board	-	1,436	1,436
Manitoba Public Insurance Corporation	-	25,051	25,051
Subtotal: Net Income of GBEs	559,500	139,487	698,987
Sinking Funds and Other Earnings			
	-	207,634	207,634
Total Revenue Estimate	10,217,653	2,501,961	12,719,614

Category headings match those in the Summary Budget

Similar types of revenue may be received by Core Government and Reporting Entities (ex. Service Fees and Shared-Cost Transfers).

The revenue and expenditure of OREs are projections based on data obtained from the entities and may not represent final board-approved budget data from those entities. Many reporting entities have fiscal years and budget cycles different than Core Government. In those cases, data for the closest fiscal year-end date to Core Government's own year-end date are used.

■ ANNOTATED SUMMARY EXPENDITURE ESTIMATE: DETAILS, RECONCILIATION TO CORE GOVERNMENT ESTIMATES AND SUMMARY BUDGET RESULT

Schedule 2 – groups expenditures in six sectors. It shows Core Government Expenditure Estimates, Consolidation Impacts to avoid double counting of expenditures, and the additional expenditure of Other Reporting Entities, which is not financed by Core Government.

Schedule 2			
Summary Expenditure Estimate: Details, Reconciliation to Core Government Estimates and Summary Budget Result			
Fiscal Year ending March 31, 2011 (in Thousands of Dollars)			
	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
Sector/Department	Expenditure Estimate	and Expenditures of Other Reporting Entities	
Health and Healthy Living			
Health	4,652,827	355,635	5,008,462
Healthy Living, Youth and Seniors	76,577	-	76,577
Total Health and Healthy Living	4,729,404	355,635	5,085,039
Education			
Advanced Education and Literacy	627,005	481,163	1,108,168
Education	1,506,799	804,423	2,311,222
Total Education	2,133,804	1,285,586	3,419,390
Family Services and Consumer Affairs	1,305,442	20,861	1,326,303
Community, Economic and Resource Development			
Aboriginal and Northern Affairs	36,866	597	37,463
Agriculture, Food and Rural Initiatives	215,518	178,284	393,802
Conservation	123,246	15,527	138,773
Entrepreneurship, Training and Trade	144,598	6,502	151,100
Housing and Community Development	72,345	153,866	226,211
Infrastructure and Transportation	614,213	(117,323)	496,890
Innovation, Energy and Mines	72,793	13,547	86,340
Local Government	255,790	(398)	255,392
Water Stewardship	33,436	(324)	33,112
Total Community, Economic and Resource Development	1,568,805	250,278	1,819,083
Justice and Other Expenditures			
Legislative Assembly	39,006	(283)	38,723
Less: Members' salary adjustments	(264)	-	(264)
Executive Council	2,841	(50)	2,791
Civil Service Commission	20,480	158	20,638
Culture, Heritage and Tourism	63,359	7,315	70,674
Employee Pensions and Other Costs	18,060	58,040	76,100
Finance	88,759	3,735	92,494
Justice	402,166	17,801	419,967
Labour and Immigration	58,064	8,467	66,531
Sport	11,919	1,242	13,161
Enabling Appropriations	81,796	-	81,796
Other Appropriations	30,151	-	30,151
Less: Year-End Lapse	(65,000)	-	(65,000)
Total Justice and Other Expenditures	751,337	96,425	847,762
Debt Servicing Costs	265,785	500,817	766,602
Total Expenditure Estimate	10,754,577	2,509,602	13,264,179
Subtract: Total Expenditure Estimate (above) from Total Revenue Estimate (Schedule 1)	10,217,653	2,501,961	12,719,614
Net Result for the Year	(536,924)	(7,641)	(544,565)
Transfer from Fiscal Stabilization Account	38,490	(38,490)	-
NET INCOME (LOSS)	(498,434)	(46,131)	(544,565)

The revenue and expenditure of OREs are projections based on data obtained from the entities and may not represent final board-approved budget data from those entities. Many reporting entities have fiscal years and budget cycles different than Core Government. In those cases, data for the closest fiscal year-end date to Core Government's own year-end date are used.

■ FREQUENTLY ASKED QUESTIONS

Q1 What is a Summary Budget?

A A Summary Budget is a comprehensive picture of Core Government expenditure and revenue together with high-level projections for the operations of Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges.

It is called a Summary Budget because the revenue and expenditure of general program and departmental operations of the Government – the services of government usually associated with the Legislature – and the additional functions that are indirectly controlled by the Provincial Government, such as public schools and universities, are consolidated.

For example, public school expenditures paid for by school division property taxes and provincial support payments are shown together in one sum. This approach allows taxpayers to see the total cost of providing public school services.

Q2 How can I tell how much the Government raises as revenue and plans to spend on Core Government programs and services?

A Details of Core Government expenditure and revenue are presented in the Estimates of Expenditure and Revenue tabled in the Legislature. The Summary Budget and the Estimates both contain reconciliation schedules (Schedule 1 for Revenue, Schedule 2 for Expenditure), to help the reader move between the Summary Budget and the Estimates.

Q3 What entities are included in the Summary Budget and where can I get more information about their plans for 2010/11?

A A listing of all the entities in the GRE is included in the Summary Budget as Appendix 3. The Summary Budget combines the Estimates of Expenditure and Revenue for Core Government with high-level projections for other reporting entities. Questions about financial information of other reporting entities should be directed to the appropriate entity.

Q4 As Manitoba's Budget is presented for the GRE, will the Government use the revenues of other reporting entities to pay for Core Government operations?

A A Summary Budget does not change the way in which Core Government operations are funded. Under the Summary Budget, only revenue from those Crown entities that have traditionally been used to support Government programs and services (Manitoba Lotteries Corporation, Manitoba Liquor Control Commission and the Special Operating Agencies established by Government) will continue to be used to support Core Government operations.

Q5 If the Government is not controlling the other reporting entities directly, why does the Government combine their revenue and expenses with its own in the Summary Budget?

A The Manitoba Government acted on the recommendations of the Office of the Auditor General for Manitoba. GAAP and the Public Sector Accounting Board standards for senior Canadian governments require provincial, territorial and federal governments to prepare their annual financial statements on this basis.

Q6 How do Core Government and Summary expenses differ?

A Core Government expenses reflect the departmental expenditure estimates of the Manitoba Government that are presented and approved by the Legislative Assembly. These expenditures include grants to other reporting entities. The summary expenditures include incremental expenses of other reporting entities that are financed from sources other than Core Government. The summary total reflects the total cost of the service provided, under the various sectors, that are financed by Core Government and the other reporting entities.

Q7 How does the Summary Budget treat pension liabilities?

A The pension liability is recorded in full in the Summary Financial Statements and therefore changes in this liability are reflected in the Summary Budget. The pension expenses include amounts that are funded through the appropriations of Core Government as well as summary adjustments for actuarially determined increases in the value of the outstanding pension liability. Pension expenses related to Teachers' Retirement Allowances Fund are included in the Education sector.

Q8 What is meant by Consolidation Impacts?

A Consolidation Impacts are adjustments needed to bring the revenue and expenditure of the other reporting entities into the Summary Budget. They include adjustments needed to present the information on a consistent basis and to eliminate transactions between entities in the GRE, to avoid duplicating revenues and expenses in the summary result (ex. a government grant is counted as an expenditure of Core Government and is eliminated from the revenue of the ORE).

Q9 What is Other Comprehensive Income (OCI) and how does it impact the Province's Summary results?

A OCI applies to certain OREs, and represents unrealized gains or losses in fair market value of financial instruments, such as investments held for sale or debt held in a foreign currency. Changes in OCI are based upon "mark-to-market" variances at year end and therefore are a one-day snapshot of the change in value when compared to the same day in the previous year. Because OCI represents an unrealized gain or loss, it does not impact an OREs annual operating results, and therefore, does not impact the Province's Summary Net Income. However, OCI does impact the balance sheet, and therefore will impact the Province's Net Debt and Net Debt to GDP.

When the underlying investments are sold, or when the foreign held debt is retired, OCI gains or losses are realized, which will correspondingly impact an OREs net income and therefore the Province's Summary Net Income.

■ GLOSSARY OF KEY TERMS

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 OREs into the Summary Budget, and to eliminate transactions between entities to avoid duplication of revenue and expense (ex. a government grant is counted as an expenditure of Core Government and is eliminated from the revenue of the ORE).

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

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

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

Fair Market Value: Represents the value obtainable for an asset, financial or non-financial, if disposed of on the open market.

Federal Recoveries and Transfers: Revenues that are either received or receivable from the federal government.

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 Canadian Institute of Chartered Accountants.

General Purpose Debt: General program borrowings including any provincial securities that are not self-sustaining, or are not associated with the acquisition of capital assets.

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

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

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

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

Infrastructure Assets: A subset of tangible capital assets that are used by the general public, such as parks, highways and bridges.

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 regard to their relative credit worthiness.

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

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

Obligations: Long-term, non-interest-bearing liabilities of the Province, which may or may not carry specific repayment terms.

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

Pension Assets Fund: Financial assets that are set aside to provide for the orderly retirement of the Government’s pension obligations.

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

Public Sector Accounting Board (PSAB): A board established under The Institute of Chartered Accountants responsible for setting accounting standards for the public sector based upon GAAP.

Replacement Value of Assets: Represents the cost of replacing capital assets at current values.

Sinking Funds: Funds that are readily convertible to cash and set aside to provide for the orderly retirement of borrowings as they become due.

Summary Budget: Includes revenue forecasts and expenditure estimates for Core Government as well as high-level projections for the entities directly or indirectly controlled by Government, as prescribed by the PSAB.

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.

APPENDIX 3
ENTITIES INCLUDED IN SUMMARY BUDGET
(GOVERNMENT REPORTING ENTITY)

HEALTH AND HEALTHY LIVING

Health

Manitoba Health
CancerCare Manitoba
Diagnostic Services of Manitoba Inc.
Manitoba Health Research Council
Manitoba Health Services Insurance Plan
Manitoba Hospital Capital Financing Authority
Not-for-Profit Personal Care Homes
St. Amant Centre
Regional Health Authorities (including controlled organizations)
 Assiniboine Regional Health Authority
 Brandon Regional Health Authority
 Burntwood Regional Health Authority Inc.
 Churchill Regional Health Authority Inc.
 Interlake Regional Health Authority Inc.
 NOR-MAN Regional Health Authority Inc.
 North Eastman Health Association Inc.
 Parkland Regional Health Authority Inc.
 Regional Health Authority – Central Manitoba Inc.
 South Eastman Health/Santé Sud-Est Inc.
 Winnipeg Regional Health Authority
Rehabilitation Centre for Children Inc.

Healthy Living, Youth and Seniors

Manitoba Healthy Living, Youth and Seniors
Addictions Foundation of Manitoba

EDUCATION

Advanced Education and Literacy

Manitoba Advanced Education and Literacy
Council on Post-Secondary Education
Assiniboine Community College
Brandon University
Le Collège universitaire de Saint-Boniface
Red River College
University College of the North
University of Manitoba
University of Winnipeg

Education

Manitoba Education
Manitoba Text Book Bureau
Public Schools Finance Board
Public School Divisions

FAMILY SERVICES AND CONSUMER AFFAIRS

Manitoba Family Services and Consumer Affairs
First Nations of Northern Manitoba Child and Family Services Authority
First Nations of Southern Manitoba Child and Family Services Authority
General Child and Family Services Authority
Métis Child and Family Services Authority
Board of Administration Under the Embalmers and Funeral Directors Act
Companies Office
Insurance Council of Manitoba
Land Titles Assurance Fund
The Property Registry
Vital Statistics Agency

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT**Aboriginal and Northern Affairs**

Manitoba Aboriginal and Northern Affairs
The Communities Economic Development Fund

Agriculture, Food and Rural Initiatives

Manitoba Agriculture, Food and Rural Initiatives
Farm Machinery and Equipment Act Fund
Food Development Centre
Horse Racing Commission
Manitoba Agricultural Services Corporation
Veterinary Science Scholarship Fund

Conservation

Manitoba Conservation
Manitoba Habitat Heritage Corporation
Pineland Forest Nursery
Tire Stewardship Board
Green Manitoba Eco Solutions
Manitoba Hazardous Waste Management Corporation
Manitoba Product Stewardship Corporation
Waste Reduction and Recycling Support Fund

Entrepreneurship, Training and Trade

Manitoba Entrepreneurship, Training and Trade
Manitoba Trade and Investment Corporation
Manitoba Development Corporation
Manitoba Opportunities Fund

Housing and Community Development

Manitoba Housing and Community Development
Manitoba Housing and Renewal Corporation
Manitoba Community Services Council Inc.

Co-operative Loans and Loans Guarantee Board
Co-operative Promotion Board

Infrastructure and Transportation

Manitoba Infrastructure and Transportation
Crown Lands and Property Agency
Manitoba Floodway and East Side Road Authority
Manitoba Trucking Productivity Improvement Fund
Manitoba Water Services Board
Materials Distribution Agency
Vehicle and Equipment Management Agency
Leaf Rapids Town Properties Ltd.

Innovation, Energy and Mines

Manitoba Innovation, Energy and Mines
Abandonment Reserve Fund
Mining Community Reserve
Manitoba Gaming Control Commission
Mining Rehabilitation Reserve
Quarry Rehabilitation Reserve
Economic Innovation and Technology Council
Industrial Technology Centre
Manitoba Education, Research and Learning Information Networks
Ethanol Fund

Local Government

Manitoba Local Government
Community Revitalization Fund

Water Stewardship

Manitoba Water Stewardship

JUSTICE AND OTHER EXPENDITURES

Legislative Assembly

Legislative Assembly

Executive Council

Executive Council

Civil Service Commission

Civil Service Commission
Organization and Staff Development

Culture, Heritage and Tourism

Manitoba Culture, Heritage and Tourism
Le Centre culturel franco-Manitobain
Manitoba Arts Council

Manitoba Centennial Centre Corporation
Manitoba Film and Sound Recording Development Corporation
Travel Manitoba
Venture Manitoba Tours Ltd.

Employee Pensions and Other Costs

Pension Assets Fund

Finance

Manitoba Finance
Crown Corporations Council
Manitoba Securities Commission

Justice

Manitoba Justice
Helen Betty Osborne Foundation
Legal Aid Services Society of Manitoba
The Public Trustee
Manitoba Law Reform Commission
Civil Legal Services
Victims Assistance Fund

Labour and Immigration

Manitoba Labour and Immigration
Office of the Fire Commissioner
Workplace Safety Public Education Fund

Sport

Manitoba Sport
Manitoba Boxing Commission
Sport Manitoba

GOVERNMENT BUSINESS ENTERPRISES

Manitoba Hydro-Electric Board
Manitoba Liquor Control Commission
Manitoba Lotteries Corporation
Manitoba Public Insurance Corporation
Workers Compensation Board

SPECIAL ACCOUNTS, not attached to Sector or Department

Debt Retirement
Fiscal Stabilization

