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# MANITOBA BUDGET 2008

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<http://www.gov.mb.ca/finance>

**Information available at this site includes:**

- The 2008 Manitoba Budget Address
- Budget 2008
- Budget Papers
  - A The Economy
  - B Supplementary Financial Information
  - C Taxation Adjustments
  - D The Manitoba Advantage
  - E From Research to Innovation
  - F Supporting Manitoba's Children and Families
- Estimates of Expenditure and Revenue for the Fiscal Year Ending March 31, 2009
- Budget in Brief
- Tax News
- Facts for Investors
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**<http://www.gov.mb.ca/finance/index.fr.html> comprennent:**

- Le discours du Budget 2008
- Les avantages du Manitoba (Rapport supplémentaire du Budget)
- À l'appui des enfants et des familles du Manitoba (Rapport supplémentaire du Budget)
- Le Budget des dépenses et des recettes pour l'exercice se terminant le 31 mars 2009
- Budget en bref
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- Fait saillants de l'activité économique
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Printed on recycled paper.

ISSN 1913 - 2492

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## BUDGET 2008

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### Contents

SUMMARY BUDGET 2008/09.....	1
FINANCIAL MANAGEMENT STRATEGY.....	9
PROVINCIAL OUTLOOK.....	19
<b>APPENDICES</b>	
1 MANITOBA SUMMARY FINANCIAL STATISTICS.....	23
2 SUMMARY BUDGET USER'S GUIDE.....	27
3 ENTITIES INCLUDED IN SUMMARY BUDGET (GOVERNMENT REPORTING ENTITY).....	37

### BUDGET PAPERS

- A The Economy
- B Supplementary Financial Information
- C Taxation Adjustments
- D The Manitoba Advantage
- E From Research to Innovation
- F Supporting Manitoba's Children and Families



## ■ FOREWORD

Budget 2008 provides the financial overview of the Government Reporting Entity, which includes Core Government and Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges. 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.

The adoption of a summary budget followed the recommendation of the Office of 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). Over time, quarterly financial reporting will also be transitioned to a summary basis to be consistent with GAAP; this transformation is expected to be complete by the end of 2009/10.

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 2008 includes an updated Financial Management Strategy, which sets out the government's priorities for financial management as well as measurable outcomes for each priority. These outcomes will be reported on in the fall of 2009.

The information provided in this document will help the public assess the fiscal environment and financial status of the Province. It also demonstrates the government's commitment to continued accountability and performance reporting to the public.



# **SUMMARY BUDGET 2008/09**

## SUMMARY BUDGET

For the Fiscal Year Ending March 31, 2009

With Comparative Data for the year ended March 31, 2008

	2008/09 <u>Budget</u>	2007/08 <u>Forecast</u>	2007/08 <u>Budget</u>	Per cent Change 2008/09 Budget from	
				2007/08 <u>Forecast</u>	2007/08 <u>Budget</u>
(Millions of Dollars)					
<b>REVENUE</b>					
Income Taxes	2,611	2,649	2,439	(1.4%)	7.1%
Other Taxes	3,320	3,317	3,249	0.1%	2.2%
Fees and Other Revenue	1,377	1,320	1,215	4.4%	13.4%
Federal Transfers	3,905	3,657	3,687	6.8%	5.9%
Net Income of Government Business Enterprises	668	858	686	(22.1%)	(2.6%)
Sinking Funds and Other Earnings	441	360	381	22.5%	15.7%
<b>TOTAL REVENUE</b>	<u>12,324</u>	<u>12,161</u>	<u>11,657</u>	1.3%	5.7%
<b>EXPENDITURE</b>					
Health and Healthy Living	4,371	4,154	4,050	5.2%	7.9%
Education	3,250	3,107	3,066	4.6%	6.0%
Family Services and Housing	1,331	1,270	1,251	4.8%	6.4%
Community, Economic and Resource Development	1,478	1,413	1,385	4.6%	6.7%
Justice and Other Expenditures	992	1,078	943	(8.0%)	5.2%
Debt Servicing Costs	806	810	787	(0.5%)	2.4%
<b>TOTAL EXPENDITURE</b>	<u>12,227</u>	<u>11,832</u>	<u>11,482</u>	3.3%	6.5%
<b>SUMMARY NET INCOME</b>	<u>96</u>	<u>329</u>	<u>175</u>		

### NOTES:

- The 2007/08 Budget numbers originally presented in the 2007 Budget Address have been restated to be consistent with the current presentation for the Government Reporting Entity.
- Details of Revenue and Expenditure for Fiscal Year 2008/09 and a reconciliation to the amounts reported for Core Government are found in Schedules 1 and 2 (p. 6-7).
- Information on the structure of the Summary Budget may be found in Appendix 2 (p. 27).
- The 2007/08 Forecast is based on the Third Quarter Financial Report.
- Numbers may not add due to rounding.



## ■ SUMMARY BUDGET 2008/09

Budgeted Summary Net Income for the year is \$96 million.

### Revenue

Revenue in 2008/09 is projected to increase slightly over the 2007/08 Forecast, up 1.3% or \$163 million.

Other Taxes are expected to grow by \$3 million reflecting continued growth in retail sales taxes offset by decreases in Corporation Capital Tax due to rate reductions, and to Tobacco Tax and net education property taxes. Fees and Other Revenue will be up \$58 million, while Net Income of Government Business Enterprises is expected to be down by \$190 million. Federal Transfers will increase following steps taken by the federal government to address the fiscal imbalance; the new Equalization formula provides almost \$238 million more; health and social transfers are up \$76 million, while all other federal transfers combined decrease by \$66 million from the 2007/08 forecast. Income Taxes will decrease \$38 million primarily due to tax reduction measures.

### Expenditure

Total expenditure is budgeted to increase \$395 million, up 3.3%, from the 2007/08 Forecast.

The budgeted growth in Health and Healthy Living expenditure is \$217 million, or 5.2 %, from the 2007/08 Forecast. Education-related expenditure is up \$143 million, or 4.6% from the 2007/08 Forecast. Family Services and Housing expenditure is up \$61 million, or 4.8% from the 2007/08 Forecast. Community, Economic and Resource Development expenditure will rise by \$65 million, or 4.6%. Debt Servicing Costs are expected to drop by \$4 million.\*

In Budget 2008, services to people represent 76.3% of spending:

- Health and Healthy Living expenditure makes up 35.8% of total expenditure.
- Education accounts for 26.6% of all expenditure; it includes public schools and post-secondary institutions.
- Family Services and Housing and Justice represent 13.9% of total expenditure.

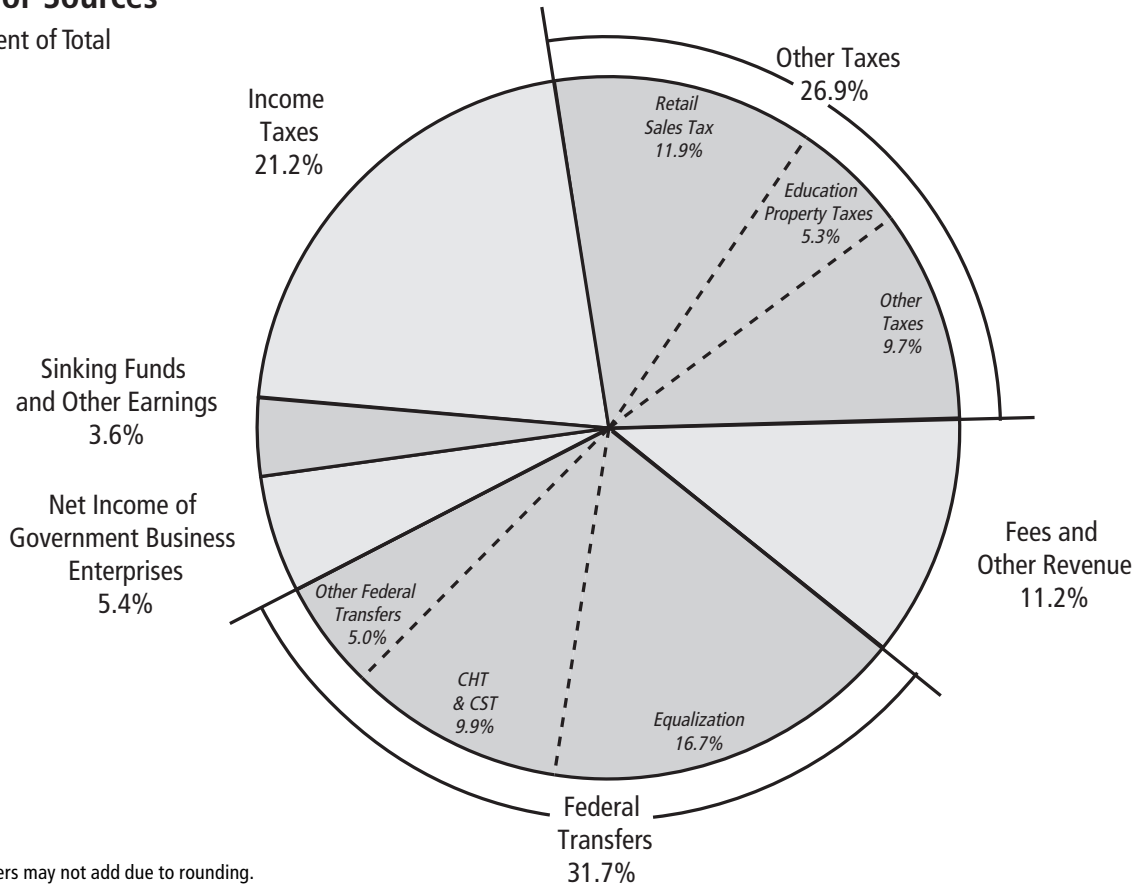
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\* Debt Servicing Costs are forecast to equal 6.5¢ of every dollar of revenue in 2008/09, down 50.8% from 13.2¢ per dollar in 1999/2000.

## Revenue, 2008/09

### Major Sources

Per cent of Total



Numbers may not add due to rounding.

## Revenue Sources

2008/09 and 2007/08

Millions of Dollars

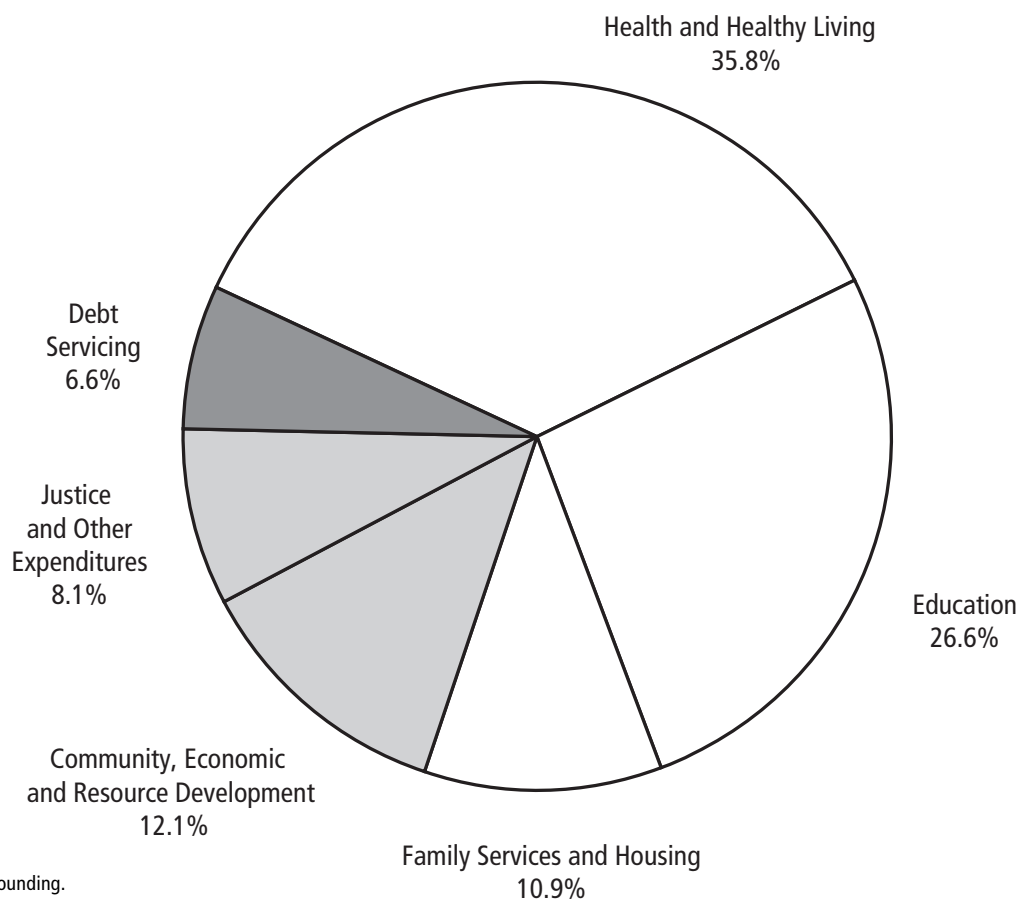
	2008/09 Budget	2007/08 Forecast	Change 2008/09 from 2007/08 Forecast
Income Taxes	2,611	2,649	(38)
Other Taxes	3,320	3,317	3
Fees and Other Revenue	1,377	1,320	58
Federal Transfers	3,905	3,657	248
Net Income of Government Business Enterprises	668	858	(190)
Sinking Funds and Other Earnings	441	360	81
<b>TOTAL REVENUE</b>	<b>12,324</b>	<b>12,161</b>	<b>163</b>

Numbers may not add due to rounding.

## Expenditure, 2008/09

### Major Sectors

Per cent of Total



Numbers may not add due to rounding.

## Expenditure Sectors

2008/09 and 2007/08

Millions of Dollars

	2008/09 Budget	2007/08 Forecast	Change 2008/09 from 2007/08 Forecast
Health and Healthy Living	4,371	4,154	217
Education	3,250	3,107	143
Family Services and Housing	1,331	1,270	61
Community, Economic and Resource Development	1,478	1,413	65
Justice and Other Expenditures	992	1,078	(87)
Debt Servicing Costs	806	810	(4)
<b>Total Expenditure</b>	<b>12,227</b>	<b>11,832</b>	<b>395</b>

Numbers may not add due to rounding.

## Schedule 1

## Summary Revenue Estimate: Details and Reconciliation to Core Government Estimates

Fiscal Year ending March 31, 2009 (in Thousands of Dollars)

Source of Revenue	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
	Revenue Estimates	and Revenue of Other Reporting Entities	
<b>Income Taxes</b>			
Individual Income Tax	2,312,100	-	2,312,100
Corporation Income Tax	299,200	-	299,200
<b>Subtotal: Income Taxes</b>	<b>2,611,300</b>	<b>-</b>	<b>2,611,300</b>
<b>Other Taxes</b>			
Corporation Capital Tax	123,200	-	123,200
Gasoline Tax	137,000	-	137,000
Insurance Corporations Tax	63,500	-	63,500
Land Transfer Tax	43,600	-	43,600
Levy for Health and Education	344,400	-	344,400
Mining Tax	128,000	-	128,000
Motive Fuel Tax	90,100	-	90,100
Retail Sales Tax	1,469,400	-	1,469,400
Tax Administration and Miscellaneous Taxes	79,900	-	79,900
Tobacco Tax	170,000	-	170,000
Other Taxes	17,100	-	17,100
Education Property Taxes	-	654,284	654,284
<b>Subtotal: Other Taxes</b>	<b>2,666,200</b>	<b>654,284</b>	<b>3,320,484</b>
<b>Fees and Other Revenue</b>			
Fines and Costs and Other Legal	44,091	-	44,091
Minerals and Petroleum	9,386	-	9,386
Automobile and Motor Carrier Licences and Fees	106,092	-	106,092
Parks: Forestry and Other Conservation	34,083	-	34,083
Water Power Rentals	105,000	-	105,000
Service Fees and Other Miscellaneous Charges	113,854	793,683	907,537
Revenue Sharing from SOAs	20,995	(20,995)	-
Tuition Fees	-	171,200	171,200
<b>Subtotal: Fees and Other Revenue</b>	<b>433,501</b>	<b>943,888</b>	<b>1,377,389</b>
<b>Federal Transfers</b>			
Equalization	2,063,400	-	2,063,400
Canada Health Transfer (CHT)	845,800	-	845,800
Canada Social Transfer (CST)	378,000	-	378,000
Health Funds	-	-	-
Infrastructure Renewal	50,000	-	50,000
Manitoba Floodway Expansion	75,233	-	75,233
Shared Cost and Other Transfers	199,606	293,460	493,066
<b>Subtotal: Federal Transfers</b>	<b>3,612,039</b>	<b>293,460</b>	<b>3,905,499</b>
<b>Net Income of Government</b>			
<b>Business Enterprises (GBEs)</b>			
Manitoba Liquor Control Commission	227,300	-	227,300
Manitoba Lotteries Corporation	301,200	-	301,200
Manitoba Hydro	-	160,000	160,000
Workers Compensation Board	-	1,214	1,214
Manitoba Public Insurance Corporation	-	(21,790)	(21,790)
<b>Subtotal: Net Income of GBEs</b>	<b>528,500</b>	<b>139,424</b>	<b>667,924</b>
<b>Sinking Funds and Other Earnings</b>	<b>-</b>	<b>440,954</b>	<b>440,954</b>
<b>Total Revenue Estimate</b>	<b>9,851,540</b>	<b>2,472,010</b>	<b>12,323,550</b>

## Schedule 2

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

Fiscal Year ending March 31, 2009 (in Thousands of Dollars)

Sector/Department	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
	Expenditure Estimates	and Expenditures of Other Reporting Entities	
<b>Health and Healthy Living</b>	4,133,022	238,389	4,371,411
<b>Education</b>			
Advanced Education and Literacy	572,335	422,085	994,420
Education, Citizenship and Youth	1,409,138	846,149	2,255,287
<b>Total Education</b>	<u>1,981,473</u>	<u>1,268,234</u>	<u>3,249,707</u>
<b>Family Services and Housing</b>	1,196,763	134,310	1,331,073
<b>Community, Economic and Resource Development</b>			
Aboriginal and Northern Affairs	40,580	248	40,828
Agriculture, Food and Rural Initiatives	217,051	161,710	378,761
Competitiveness, Training and Trade	119,121	6,162	125,283
Conservation	123,076	(241)	122,835
Infrastructure and Transportation	527,011	(97,636)	429,375
Intergovernmental Affairs	260,972	-	260,972
Science, Technology, Energy and Mines	81,060	5,444	86,504
Water Stewardship	33,361	(41)	33,320
<b>Total Community, Economic and Resource Development</b>	<u>1,402,232</u>	<u>75,646</u>	<u>1,477,878</u>
<b>Justice and Other Expenditures</b>			
Legislative Assembly	35,064	(8)	35,056
Executive Council	2,848	-	2,848
Civil Service Commission	6,235	347	6,582
Culture, Heritage, Tourism and Sport	88,172	8,907	97,079
Employee Pensions and Other Costs	79,604	100,500	180,104
Finance	102,899	27,006	129,905
Healthy Child Manitoba	27,180	-	27,180
Justice	347,647	22,943	370,590
Labour and Immigration	49,046	8,817	57,863
Manitoba Seniors and Healthy Aging Secretariat	1,765	-	1,765
Enabling Appropriations	122,095	-	122,095
Other Appropriations	25,500	-	25,500
Less: Year-End Lapse	(65,000)	-	(65,000)
<b>Total Justice and Other Expenditures</b>	<u>823,055</u>	<u>168,512</u>	<u>991,567</u>
<b>Debt Servicing Costs</b>	262,500	543,105	805,605
<b>Total Expenditure Estimate</b>	9,799,045	2,428,196	12,227,241
<b>Subtract: Total Expenditure Estimate (above) from Total Revenue Estimate (Schedule 1)</b>	<u>9,851,540</u>	<u>2,472,010</u>	<u>12,323,550</u>
<b>Net Result for the Year</b>	<u>52,495</u>	<u>43,814</u>	<u>96,309</u>
Transfer to Debt Retirement Fund	(110,495)	110,495	-
Transfer from Fiscal Stabilization Fund	60,000	(60,000)	-
<b>NET INCOME</b>	<u>2,000</u>	<u>94,309</u>	<u>96,309</u>



# **FINANCIAL MANAGEMENT STRATEGY**

## ■ FINANCIAL MANAGEMENT STRATEGY

The Financial Management Strategy (FMS) sets out the government's priorities for financial management, one or more measurable outcomes for each priority area, and objectives for each measurable outcome for the current year and for the future.

The FMS demonstrates the government's commitment to enhancing transparency and accountability. The report on outcomes set for the first FMS, presented in the 2007 Budget, will be available in the fall of 2008.

For 2008/09, the FMS will continue with the five priority areas the government set for 2007/08. These areas, and their related measurable outcomes, are summarized below.

FINANCIAL MANAGEMENT PRIORITY	MEASURABLE OUTCOMES
<b>Transparency, Accountability and Fiscal Discipline</b>	<ul style="list-style-type: none"> <li>• Summary Budgeting and Financial Reporting</li> <li>• Balancing Summary Net Income</li> <li>• Maintaining accountability for Core Government program expenditure and revenue</li> </ul>
<b>Stable and Affordable Government</b>	<ul style="list-style-type: none"> <li>• Credit Ratings</li> <li>• Expenditures as a percentage of Gross Domestic Product (GDP)</li> <li>• Addressing the unfunded pension liability</li> </ul>
<b>Managing Debt</b>	<ul style="list-style-type: none"> <li>• Net Debt to GDP ratio</li> <li>• Debt retirement</li> </ul>
<b>Infrastructure and Capital Asset Renewal</b>	<ul style="list-style-type: none"> <li>• Capital improvements</li> </ul>
<b>Performance Reporting</b>	<ul style="list-style-type: none"> <li>• Implementing key elements of an overall performance reporting framework</li> </ul>



## ■ PRIORITY AREA: TRANSPARENCY, ACCOUNTABILITY AND FISCAL DISCIPLINE

The government is committed to continuing to improve transparency and accountability and maintaining sound financial discipline. This commitment has been evident over the last few years as we have passed a number of major milestones, including: the achievement of fully GAAP compliant Summary Financial Statements as of March 31, 2005; the transition to summary budgeting and reporting in 2007/08; the introduction of a FMS in Budget 2007 and the commitment to having a report on outcomes available in the fall of 2008; the establishment of and adherence to a rigorous general purpose debt repayment regime; and the development of plans to eliminate general purpose debt and pension liabilities.

In the current legislative session, the government will introduce new balanced budget legislation aligned with full transition to summary budgeting and reporting.

### Measurable Outcome: Summary Budgeting and Financial Reporting

Budget 2007 delivered on the commitment the government made in 2005 to make the transition to summary budgeting and reporting in the 2007/08 fiscal year. The Summary Budget presents comprehensive information on how the GRE operates as a whole and what the total cost is of providing programs and services to people in Manitoba. Correspondingly, the year-end financial reporting presented in the Public Accounts 2007/08 will contain audited Financial Statements for the GRE.

In addition, all financial reporting, including quarterly financial reporting, will be transitioned to a summary basis. Over time, quarterly reports will also be made consistent with GAAP. It is anticipated that the Third Quarter Financial Report for 2008/09 will present the new format, and the complete transition to summary quarterly reporting will be in place by the end of 2009/10.

As we move forward in the Summary environment over the longer term, we will continue to refine and improve upon the current presentation of the Summary Budget, Summary Financial Statements and Public Accounts.

### Measurable Outcome: Balancing Summary Net Income

The shift to a Summary Budget presents significant challenges. The GRE is comprised of many organizations over which government does not have direct or day-to-day control. Given the nature of some of the entities in the GRE, the Summary Budget is more volatile than Core Government's budget. Notwithstanding all these changes, the government is committed to continuing to balance Summary Net Income into the future.

Today we are presenting a budget which has a positive balance on a summary basis of \$96 million for 2008/09.

### Measurable Outcome: Maintaining accountability for Core Government program expenditure and revenue

To ensure transparency and accountability, the government continues to report on the allocation of revenues directly under government's control – the Core Government - through the Estimates of Expenditure and Revenue. The government is committed to planning annually for these expenditures to be fully supported by related Core revenue, including funding advanced by the federal government to support multiyear joint federal-provincial priorities. This commitment is again met in the 2008 Budget, as Core revenues are projected to exceed Core expenditures.

A year-end statement of Core Government's revenue and expenditure for 2008/09 will be provided as part of the FMS report, which will be released in the fall of 2009.

## ■ PRIORITY AREA: STABLE AND AFFORDABLE GOVERNMENT

Manitoba continues to have one of the most efficient and cost-effective governments in Canada. Continuous improvements in the way government operates and delivers services help keep Manitoba programs affordable. Providing affordable public services means using public revenues effectively and efficiently to deliver government programs and services. The government is carefully managing expenditures even as demands for services, especially in health care and education, are rising.

### Measurable Outcome: Credit Ratings

Manitoba continues to maintain its reputation for fiscal responsibility. The Province's measured approach to balancing the budget, paying down debt and the pension liability, and dealing with the needs in health care and other program areas has been acknowledged by credit rating agencies. This performance has been reflected in the credit rating upgrades Manitoba received from Moody's Investors Service and Standard & Poor's over the past five years. In November 2006, Standard & Poor's revised its outlook on the Province of Manitoba to positive from stable, and then upgraded the credit rating of the Province in December 2007 from AA-(positive) to AA. This continuous improvement reflects our achievements on gradually declining debt burden, robust financial results and financial liquidity.

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

Credit Rating Agency	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual
DBRS	A(positive)	A(high)	A(high)	A(high)	A(high)	A(high)
Moody's	Aa2	Aa2	Aa2	Aa2	Aa1	Aa1
Standard & Poor's	AA-	AA-	AA-	AA-	AA-(positive)	AA(stable)

■ Represents credit rating improvements from prior years.

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

In addition to the rating improvements above, in 2006 DBRS upgraded the Short-term Debt rating to R-1 mid.

## Measurable Outcome: Expenditures as a percentage of Gross Domestic Product (GDP)

Maintaining a stable and affordable government means managing the growth in spending to meet increasing demands for quality services in areas such as health, education and services for families, while keeping pace with the growth in the provincial economy. An effective measure of appropriate spending is the ratio of total expenditures as a percentage of GDP. This ratio has remained relatively stable over the last four years ranging from 23.5% to 25.0%. Expenditures to GDP ratios are reflected in the following table and as part of Appendix 1, Manitoba Summary Financial Statistics.

	<u>2005/06</u> <u>Actual</u>	<u>2006/07</u> <u>Actual</u>	<u>2007/08</u> <u>Forecast</u>	<u>2008/09</u> <u>Budget</u>	<u>2009/10</u> <u>Projection</u>	<u>2010/11</u> <u>Projection</u>
	Per cent of GDP					
Core Government Programs	19.3	19.0	19.3	18.9	18.7	18.5
Other Reporting Entities	3.7	2.7	3.7	3.7	3.5	3.5
Debt Servicing Costs	2.0	1.9	1.7	1.6	1.6	1.5
Total Expenditures	25.0	23.5	24.7	24.3	23.8	23.5

NOTE:  
Actual numbers for other reporting entities for 2005/06 and 2006/07 do not include public schools as this information is not available in a GAAP format. The percentage reflected for 2005/06 and 2006/07 would increase if public schools information was included.

Numbers may not add due to rounding.

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

## Measurable Outcome: Addressing the unfunded pension liability

Upon coming into office in 1999, the government put into place a plan to retire general purpose debt and to eliminate the government's pension liability.

The 2000 Budget introduced a comprehensive approach to address both debt and pension obligations. The plan provided a formula to allocate the debt and pension obligation funding which is currently set at \$110 million per year. In 2001, we started to pay down the accumulated liability, and in the 2002 Budget we announced our plan to make current service employer pension contributions for new employees. In Budget 2008 we have extended current service employer contributions for all employees.

In 2007, the government took further steps to deal with the unfunded pension liability by funding 75% of the employer's liability relating to the Teachers' Retirement Allowances Fund (TRAF). Budget 2008 continues to address the unfunded pension liability by beginning funding of the Civil Service Superannuation Fund. Borrowing funds to pay down the previously unfunded pension liabilities, without increasing the Province's net debt, is estimated to save the government over \$250 million by 2020.

## ■ PRIORITY AREA: MANAGING DEBT

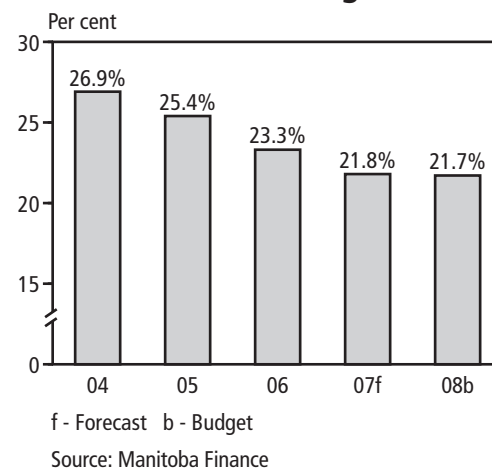
In 2000, the government established a prescribed formula for allocating the debt retirement payment for addressing the general purpose debt and the pension liability. Current legislation requires that funds be set aside each year for this purpose and requires increases to the annual payment at least every five years. In 1999/2000, the amount of debt payment was set at \$75 million. It increased to \$96 million in 2000/01 and again to \$110 million in 2005/06.

### Measurable Outcome: Net Debt to GDP ratio

The Net Debt to GDP ratio is an important indicator of a government's financial position as this highlights the affordability of future government services. The Canadian Institute of Chartered Accountants promotes this indicator as the key for assessing sustainability. Summary net debt represents the difference between the GRE's total liabilities, such as borrowing and financing, less its financial assets\* – it reflects the residual liability that must be financed by future revenues. Net debt may grow in absolute terms from time to time, as needed investments in capital assets – like the Red River Floodway and highway infrastructure – are made. These investments underpin and support Manitoba's economic performance. It is important therefore 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 Net Debt to GDP ratio, lowering the ratio to a projected level of 21.7% in 2008/09 from 31.4% in 1999/2000, while continuously making much needed investments in Manitoba infrastructure. The government is committed to continuing to reduce the Net Debt to GDP ratio over time.

### Net Debt as a Percentage of GDP



\* Financial assets are assets such as cash, investments, loans and accounts receivable that could be readily converted to cash.

## Measurable Outcome: Debt retirement

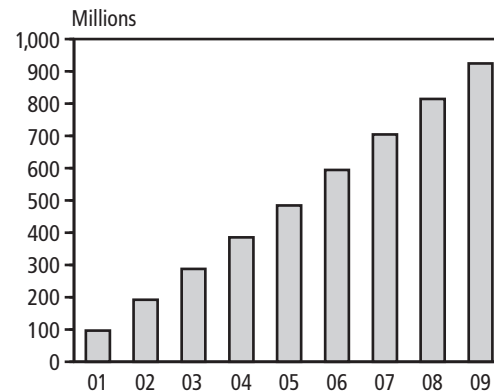
Upon coming into office in 1999, the government established a plan to retire the general purpose debt and to eliminate the pension liability. Over nine years the government has committed \$924 million to debt retirement and to reducing the province's unfunded pension liability.

As noted in the discussion on stable and affordable government, in 2007 the Province made a decision to borrow to fund 75% of the unfunded TRAF pension liability. This decision will result in significant savings over time. Similarly, in 2008 the Province will begin to address the unfunded liability of the Civil Service Superannuation Fund. The funding of pension liabilities has no impact on net debt.

The government has streamlined debt management, which is reflected not only in our debt retirement plan, but also in the fact that debt servicing costs as a percentage of revenue continue to decline. Since 1999/2000 the debt servicing cost rate has declined by over 50%, from 13.2¢ of every dollar of summary revenue collected to a forecasted level of 6.5¢ for 2008/09.

The Manitoba Government is committed to retiring debt with the ultimate goal of eliminating the general purpose debt and the remaining unfunded pension liabilities.

## Cumulative Debt Repayment



Source: Manitoba Finance

## ■ PRIORITY AREA: INFRASTRUCTURE AND CAPITAL ASSET RENEWAL

Provincial infrastructure such as roads, water control structures, parks and other capital assets such as public service buildings, schools and health facilities serve the public good. To meet the needs of today and future generations it is necessary to invest in renewal of the current assets.

Renewal and expansion of these assets has become a growing priority for the government in recent years. The government is aware that the renewal will be costly. It is estimated that the insured or replacement value of these investments is more than \$31 billion.

### Measurable Outcome: Capital improvements

Since coming to office in 1999, the government has invested in public capital assets, such as new or renewed hospitals, colleges, the Red River Floodway, Manitoba's highway system, and Churchill's deepwater seaport.

The Red River Floodway Expansion project, at a total cost of \$665 million, is anticipated to be finished in 2010. This project protects Manitobans from more than \$12 billion in potential damages in the event of a major flood. The government's significant commitments to enhance Manitoba's economic opportunities, through a 10-year, \$4 billion plan to revitalize highways and bridges, started in 2007.

Budget 2008 continues to invest in upgrading Manitoba's highway system and wastewater treatment plants, expanding health facilities across the province, and modernizing our post-secondary institutions. It demonstrates the government's commitment to infrastructure and public asset renewal. Major capital improvements anticipated in 2008/09 include:

	<u>\$ Millions</u>
Roads and Highways (including preservation)	406
Manitoba Floodway Expansion and Water-related Infrastructure	195
Health Facilities	189
Universities, Colleges and Public Schools	150
Assistance to Third Parties	97
Public Service Buildings	83
	<u>1,120</u>

Over the medium and longer term, the government will continue to invest in Manitoba's public capital assets.

## ■ PRIORITY AREA: PERFORMANCE REPORTING

By improving the way government measures and reports to the public on both financial and non-financial performance outcomes, transparency and accountability are enhanced. Outcomes-based reporting provides information on the actual impacts, benefits or changes experienced as a result of a program or government service. Although such reporting would include financial outcomes measures, most would be non-financial in nature.

### **Measurable Outcome: Implementing key elements of an overall performance reporting framework**

Budget 2007 committed to making further progress over the coming years to improve the reporting of performance outcomes, beginning with the development of a comprehensive performance reporting strategy which would include clear principles to guide departmental and Crown organization performance reporting. It also committed over the longer term to a regular means of reporting overall government performance in key areas of non-financial activity.

Significant components of a performance reporting framework are in place or are in development. Since 2005/06, key performance measures have been included in every government department's annual report. A wide range of performance reporting information is also included in the regular annual reports and specialized reports of many entities within the GRE.

The following eight performance reporting principles were recently developed to provide further guidance to departments and key Crown agencies in their performance reporting:

- i. The organization's public purpose is explained.
- ii. The organization's priorities relate to overall government priorities.
- iii. Each organizational priority has objectives and actions to achieve them.
- iv. Measures are developed with outcomes in mind, focussing on a few critical aspects of performance.
- v. Financial and non-financial information is linked.
- vi. The strategic context for the plan and reported results is discussed.
- vii. Performance information looks forward and backward in time.
- viii. Information is clear, relevant, credible and balanced.

As part of the performance reporting strategy, a statement of overall government priorities will be communicated in early 2008/09 for use in the performance planning and reporting activities of departments and Crowns. A report on performance which aligns with overall government priorities will be released in the fall of each year.





# PROVINCIAL OUTLOOK

## Summary Budget Outlook

	2007/08 <u>Forecast</u>	2008/09 <u>Budget</u>	2009/10 <u>Projection</u>	2010/11 <u>Projection</u>	2011/12 <u>Projection</u>
	Millions of Dollars				
<b>REVENUE</b>					
Core Government <sup>1</sup>	9,592	9,852	10,142	10,443	10,801
Net Income of Government Business Enterprises (GBEs):					
Manitoba Liquor Control Commission	218	227	233	240	246
Manitoba Lotteries Corporation	295	301	301	301	301
Manitoba Hydro	309	160	111	121	119
Workers Compensation Board	42	1	2	1	4
Manitoba Public Insurance Corporation	(6)	(22)	0	0	8
<b>Subtotal</b>	<u>858</u>	<u>668</u>	<u>648</u>	<u>663</u>	<u>678</u>
Less: Consolidation Adjustment	(513)	(529)	(534)	(541)	(547)
Net Contribution of GBEs	<u>345</u>	<u>139</u>	<u>113</u>	<u>122</u>	<u>130</u>
Other Reporting Entities	<u>2,224</u>	<u>2,333</u>	<u>2,347</u>	<u>2,383</u>	<u>2,415</u>
<b>TOTAL REVENUE</b>	<u>12,161</u>	<u>12,324</u>	<u>12,602</u>	<u>12,949</u>	<u>13,347</u>
<b>EXPENDITURE</b>					
Core Government Programs and Services	9,490	9,799	10,080	10,369	10,668
Other Reporting Entities	<u>2,342</u>	<u>2,428</u>	<u>2,430</u>	<u>2,487</u>	<u>2,532</u>
<b>TOTAL EXPENDITURE</b>	<u>11,832</u>	<u>12,227</u>	<u>12,510</u>	<u>12,857</u>	<u>13,201</u>
<b>SUMMARY NET INCOME</b>	<u>329</u>	<u>96</u>	<u>92</u>	<u>92</u>	<u>146</u>

Numbers may not add due to rounding.

NOTES:

1 Core Government revenue includes Net income of Manitoba Lotteries Corporation and Manitoba Liquor Control Commission; that income is eliminated in the Consolidation Adjustment.

- Revenue and expenditure projections for GBEs and Other Reporting Entities are based on information provided by the entities.

## Change In Summary Net Debt

Millions of Dollars

	Core Government	Other Reporting Entities	Summary	
			2008/09 Budget	2007/08 Forecast
Net Investment in tangible capital assets	460	126	586	586
Less:				
Net result for the year	2	94	96	557*
<b>Change in Net Debt</b>	<b>458</b>	<b>32</b>	<b>490</b>	<b>29</b>

\* includes Other Comprehensive Income of \$228 million

Net Debt is an important indicator of a government's financial position as it highlights the affordability of future government services. Net Debt may grow in absolute terms from time to time as needed investments in capital assets are made.

Budget 2008 demonstrates the government's commitment to infrastructure and public asset renewal, with investments in hospitals, colleges, the Red River Floodway and Manitoba's highway system. It is important though to measure changes in Net Debt against the growth in the economy, as measured by nominal GDP. The following table illustrates Net Debt, GDP and the ratio of Net Debt to GDP over the last several years.

Fiscal Year	Net Debt	GDP	Net Debt
			as a % of GDP
2003/04 Actual	11,129	37,354	29.8
2004/05 Actual	10,670	39,671	26.9
2005/06 Actual	10,520	41,372	25.4
2006/07 Actual	10,403	44,671	23.3
2007/08 Budget	11,130	45,981	24.2
2007/08 Forecast	10,432	47,832	21.8
2008/09 Budget	10,922	50,367	21.7



# **APPENDIX 1**

## **MANITOBA SUMMARY FINANCIAL STATISTICS**

## Manitoba Summary Financial Statistics (Corrected)<sup>1</sup>

	2008/09 Budget	2007/08 Forecast	2006/07 Actual	2005/06 Actual	2004/05 Actual	2003/04 Actual
(Millions of Dollars)						
<b>SUMMARY FINANCIAL STATEMENTS</b>						
<b>Revenue</b>						
Income Taxes	2,611	2,649	2,441	2,322	2,244	2,091
Other Taxes	3,320	3,317	2,486	2,285	2,219	2,067
Fees and Other Revenue	1,377	1,320	1,520	1,552	1,398	1,316
Federal Transfers	3,905	3,657	3,317	3,103	3,156	2,723
Net Income (Loss) of Government Business Enterprises	668	858	627	958	679	(10)
Sinking Funds and Other Earnings	441	360	529	505	444	473
<b>Total Revenue</b>	<b>12,324</b>	<b>12,161</b>	<b>10,920</b>	<b>10,725</b>	<b>10,140</b>	<b>8,659</b>
<b>Expenditure</b>						
Health and Healthy Living	4,371	4,154	4,005	3,809	3,560	3,410
Education	3,250	3,107	2,396	2,291	2,309	2,220
Family Services and Housing	1,331	1,270	1,142	1,075	1,020	954
Community, Economic and Resource Development	1,478	1,413	1,281	1,526	1,169	1,095
Justice and Other Expenditures	992	1,078	831	820	755	757
Debt Servicing Costs	806	810	835	810	765	799
<b>Total Expenditure</b>	<b>12,227</b>	<b>11,832</b>	<b>10,490</b>	<b>10,331</b>	<b>9,578</b>	<b>9,236</b>
<b>Summary Net Revenue (Expenditure)</b>	<b>96</b>	<b>329</b>	<b>430</b>	<b>394</b>	<b>562</b>	<b>(577)</b>
<b>Provincial Borrowings, Guarantees &amp; Obligations</b>						
General Government Programs	6,349	6,376	6,564	6,583	6,594	6,546
General Government Programs - Pension Liability	2,000	1,500	0	0	0	0
Manitoba Hydro	7,333	6,810	6,636	6,524	6,615	6,649
Other Crown Organizations	1,333	1,261	1,279	1,272	1,340	1,187
Health Facilities	963	866	790	767	739	615
Government Enterprises and Other	81	91	150	163	173	182
Capital Investments	1,415	1,080	749	464	363	321
<b>Subtotal</b>	<b>19,474</b>	<b>17,984</b>	<b>16,168</b>	<b>15,773</b>	<b>15,824</b>	<b>15,500</b>
<b>Other Obligations</b>						
Pension Liability	4,611	4,394	4,159	3,967	3,761	3,571
Pension Asset Fund	(2,925)	(2,258)	(699)	(537)	(382)	(267)
<b>Net Pension Liability</b>	<b>1,686</b>	<b>2,136</b>	<b>3,460</b>	<b>3,430</b>	<b>3,379</b>	<b>3,304</b>
Debt incurred for and repayable by the Manitoba Hydro- Electric Board and Manitoba Lotteries Corporation	(6,898)	(6,723)	(6,163)	(6,276)	(6,215)	(5,937)
Education and Health Debt held by Government Enterprises	389	359	383	339	324	296
Other Debt of Crown Organizations	367	367	221	243	173	270
<b>Subtotal</b>	<b>(4,456)</b>	<b>(3,861)</b>	<b>(2,099)</b>	<b>(2,264)</b>	<b>(2,339)</b>	<b>(2,067)</b>
<b>Total Provincial Borrowings, Guarantees &amp; Obligations</b>	<b>15,018</b>	<b>14,123</b>	<b>14,069</b>	<b>13,509</b>	<b>13,485</b>	<b>13,433</b>
<b>Adjustments to arrive at Summary Net Debt</b>						
Guarantees	(367)	(367)	(675)	(491)	(660)	(923)
Net Financial Assets	(3,729)	(3,324)	(2,991)	(2,498)	(2,155)	(1,381)
<b>Summary Net Debt</b>	<b>10,922</b>	<b>10,432</b>	<b>10,403</b>	<b>10,520</b>	<b>10,670</b>	<b>11,129</b>
<b>Summary Net Debt as percentage of GDP</b>	<b>21.7</b>	<b>21.8</b>	<b>23.3</b>	<b>25.4</b>	<b>26.9</b>	<b>29.8</b>

Numbers may not add due to rounding.

### NOTES:

<sup>1</sup> The 2008 Manitoba Budget and Budget Papers book as printed contained an error in the calculation of Other Taxes for fiscal year 2006/07. The value of Other Taxes was overstated by \$100 million, leading to an overstatement of \$100 million in the Total Revenue and Summary Net Revenue (Expenditure) presentations for 2006/07. Consequently, a total of eleven statistical ratios for 2006/07 on page 25 were affected. All affected numbers on pages 24 and 25 have been corrected.

- Actual numbers for summary expenditures for 2006/07 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 information was included.
- The 2007/08 Forecast is based on the Third Quarter Financial Report.

## Manitoba Summary Financial Statistics (Corrected)<sup>1</sup>

	2008/09 Budget	2007/08 Forecast	2006/07 Actual	2005/06 Actual	2004/05 Actual	2003/04 Actual
(Percentage Change)						
<b>Annual Change</b>						
Income Taxes	(1.4)	8.5	5.1	3.5	7.3	11.3
Other Taxes <sup>2</sup>	0.1	33.4	8.8	3.0	7.4	4.7
Fees and Other Revenue	4.4	(13.2)	(2.1)	11.0	6.2	4.5
Federal Transfers	6.8	10.2	6.9	(1.7)	15.9	12.9
Total Revenue	1.3	11.4	1.8	5.8	17.1	2.0
Health and Healthy Living	5.2	3.7	5.2	7.0	4.4	11.4
Education	4.6	29.7	4.6	(0.8)	4.0	3.2
Debt Servicing Costs	(0.5)	(3.0)	3.0	5.9	(4.3)	(7.6)
Total Expenditure	3.3	12.8	1.5	7.9	3.7	5.3
Summary Net Debt	4.7	0.3	(1.1)	(1.4)	(4.1)	7.5
(Per cent)						
<b>Per cent of GDP</b>						
Income Taxes	5.2	5.5	5.5	5.6	5.7	5.6
Other Taxes <sup>2</sup>	6.6	6.9	5.6	5.5	5.6	5.5
Fees and Other Revenue	2.7	2.8	3.4	3.8	3.5	3.5
Federal Transfers	7.8	7.6	7.4	7.5	8.0	7.3
Total Revenue	24.5	25.4	24.4	25.9	25.6	23.2
Health and Healthy Living	8.7	8.7	9.0	9.2	9.0	9.1
Education	6.5	6.5	5.4	5.5	5.8	5.9
Debt Servicing Costs	1.6	1.7	1.9	2.0	1.9	2.1
Total Expenditure	24.3	24.7	23.5	25.0	24.1	24.7
Summary Net Debt	21.7	21.8	23.3	25.4	26.9	29.8
<b>Per cent of Revenue</b>						
Income Taxes	21.2	21.8	22.4	21.7	22.1	24.1
Other Taxes <sup>2</sup>	26.9	27.3	22.8	21.3	21.9	23.9
Fees and Other Revenue	11.2	10.9	13.9	14.5	13.8	15.2
Federal Transfers	31.7	30.1	30.4	28.9	31.1	31.4
Net Income (Loss) of						
Government Business Enterprises	5.4	7.1	5.7	8.9	6.7	(0.1)
Sinking Funds and Other Earnings	3.6	3.0	4.8	4.7	4.4	5.5
(Dollars)						
<b>Dollars Per Capita</b>						
Total Revenue	10,315	10,247	9,265	9,133	8,661	7,452
Total Expenditure	10,234	9,970	8,900	8,797	8,181	7,948
Debt Servicing Costs	675	683	709	691	655	688
Summary Net Debt	9,142	8,790	8,826	8,958	9,114	9,577
<b>Memorandum Items</b>						
Population (000's) *	1,194.6	1,186.7	1,178.5	1,174.2	1,170.6	1,161.9
GDP at Market Prices	50,367	47,832	44,671	41,372	39,671	37,354

Source: Manitoba Finance

\* official population July 1

<sup>1</sup> The 2008 Manitoba Budget and Budget Papers book as printed contained an error in the calculation of Other Taxes for fiscal year 2006/07. The value of Other Taxes was overstated by \$100 million, leading to an overstatement of \$100 million in the Total Revenue and Summary Net Revenue (Expenditure) presentations for 2006/07. Consequently, a total of eleven statistical ratios for 2006/07 on page 25 were affected. All affected numbers on pages 24 and 25 have been corrected.

<sup>2</sup> Other Taxes for 2006/07 and earlier do not include property taxes charged by public school divisions.





# **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 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.

In the Summary Budget, 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;
- Net Income of Government Business Enterprises (GBEs) – this source is mainly attributable to Manitoba Lotteries and to the 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 Other Reporting Entities. For Core Government Estimates purposes investment revenue is netted against debt servicing costs.

In the Summary Budget, 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 Department of Health, 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 – includes additional funding for teachers' pensions and programs funded by other sources;
- Family Services and Housing – includes all costs related to social service and housing programs;
- Community, Economic and Resource Development – includes expenditures related to infrastructure and other government services such as Agriculture, Conservation and Water Stewardship;
- Justice and Other Expenditures – includes costs for Justice services and costs related to services such as Finance, Culture, Heritage, Tourism and Sport, and Employee Pensions and Other Costs;
- Debt Servicing – contains the cost of interest and related expenses including funding for the Teachers' Retirement Allowances Fund (TRAF), the Civil Service Superannuation Fund, 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.

Summary Net Income 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.

<b>SUMMARY BUDGET</b>			
For the Fiscal Year Ending March 31, 2009			
With Comparative Data for the year ended March 31, 2008			
Millions of Dollars			
	<u>2008/09</u>	<u>2007/08</u>	<u>2007/08</u>
	<u>Budget</u>	<u>Forecast</u>	<u>Budget</u>
<b>REVENUE</b>			
Income Taxes	2,611	2,649	2,439
Other Taxes	3,320	3,317	3,249
Fees and Other Revenue	1,377	1,320	1,215
Federal Transfers	3,905	3,657	3,687
Net Income of Government Business Enterprises	668	858	686
Sinking Funds and Other Earnings	<u>441</u>	<u>360</u>	<u>381</u>
<b>TOTAL REVENUE</b>	<b><u>12,324</u></b>	<b><u>12,161</u></b>	<b><u>11,657</u></b>
<b>EXPENDITURE</b>			
Health and Healthy Living	4,371	4,154	4,050
Education	3,250	3,107	3,066
Family Services and Housing	1,331	1,270	1,251
Community, Economic and Resource Development	1,478	1,413	1,385
Justice and Other Expenditures	992	1,078	943
Debt Servicing	<u>806</u>	<u>810</u>	<u>787</u>
<b>TOTAL EXPENDITURE</b>	<b><u>12,227</u></b>	<b><u>11,832</u></b>	<b><u>11,482</u></b>
<b>SUMMARY NET INCOME</b>	<b><u>96</u></b>	<b><u>329</u></b>	<b><u>175</u></b>

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, Citizenship and Youth, Advanced Education and Literacy, and K-12 public schools, colleges and universities

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

The revenue and expenditure of Other Reporting Entities 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 that differ from Core Government's. In those cases data for the closest fiscal year-end date to Core Government's own year-end date is used.

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

Schedule I – 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, 2009 (in Thousands of Dollars)			
Source of Revenue	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
	Revenue Estimates	and Revenue of Other Reporting Entities	
<b>Income Taxes</b>			
Individual Income Tax	2,312,100	-	2,312,100
Corporation Income Tax	299,200	-	299,200
<b>Subtotal: Income Taxes</b>	<b>2,611,300</b>	<b>-</b>	<b>2,611,300</b>
<b>Other Taxes</b>			
Corporation Capital Tax	123,200	-	123,200
Gasoline Tax	137,000	-	137,000
Insurance Corporations Tax	63,500	-	63,500
Land Transfer Tax	43,600	-	43,600
Levy for Health and Education	344,400	-	344,400
Mining Tax	128,000	-	128,000
Motive Fuel Tax	90,100	-	90,100
Retail Sales Tax	1,469,400	-	1,469,400
Tax Administration and Miscellaneous Taxes	79,900	-	79,900
Tobacco Tax	170,000	-	170,000
Other Taxes	17,100	-	17,100
Education Property Taxes	-	654,284	654,284
<b>Subtotal: Other Taxes</b>	<b>2,666,200</b>	<b>654,284</b>	<b>3,320,484</b>
<b>Fees and Other Revenue</b>			
Fines and Costs and Other Legal	44,091	-	44,091
Minerals and Petroleum	9,386	-	9,386
Automobile and Motor Carrier Licences and Fees	106,092	-	106,092
Parks: Forestry and Other Conservation	34,083	-	34,083
Water Power Rentals	105,000	-	105,000
Service Fees and Other Miscellaneous Charges	113,854	793,683	907,537
Revenue Sharing from SOAs	20,995	(20,995)	-
Tuition Fees	-	171,200	171,200
<b>Subtotal: Fees and Other Revenue</b>	<b>433,501</b>	<b>943,888</b>	<b>1,377,389</b>
<b>Federal Transfers</b>			
Equalization	2,063,400	-	2,063,400
Canada Health Transfer (CHT)	845,800	-	845,800
Canada Social Transfer (CST)	378,000	-	378,000
Health Funds	-	-	-
Infrastructure Renewal	50,000	-	50,000
Manitoba Floodway Expansion	75,233	-	75,233
Shared Cost and Other Transfers	199,606	293,460	493,066
<b>Subtotal: Federal Transfers</b>	<b>3,612,039</b>	<b>293,460</b>	<b>3,905,499</b>
<b>Net Income of Government Business Enterprises (GBEs)</b>			
Manitoba Liquor Control Commission	227,300	-	227,300
Manitoba Lotteries Corporation	301,200	-	301,200
Manitoba Hydro	-	160,000	160,000
Workers Compensation Board	-	1,214	1,214
Manitoba Public Insurance Corporation	-	(21,790)	(21,790)
<b>Subtotal: Net Income of GBEs</b>	<b>528,500</b>	<b>139,424</b>	<b>667,924</b>
<b>Sinking Funds and Other Earnings</b>			
	-	440,954	440,954
<b>Total Revenue Estimate</b>	<b>9,851,540</b>	<b>2,472,010</b>	<b>12,323,550</b>

Category headings match those in the Summary Budget

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

The revenue and expenditure of Other Reporting Entities 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 that differ from Core Government's. In those cases data for the closest fiscal year-end date to Core Government's own year-end date is 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, 2009 (in Thousands of Dollars)			
	CORE GOVERNMENT	CONSOLIDATION IMPACTS	SUMMARY
Sector/Department	Expenditure Estimates	and Expenditures of Other Reporting Entities	
Health and Healthy Living	4,133,022	238,389	4,371,411
Education			
Advanced Education and Literacy	572,335	422,085	994,420
Education, Citizenship and Youth	1,409,138	846,149	2,255,287
<b>Total Education</b>	<b>1,981,473</b>	<b>1,268,234</b>	<b>3,249,707</b>
Family Services and Housing	1,196,763	134,310	1,331,073
Community, Economic and Resource Development			
Aboriginal and Northern Affairs	40,580	248	40,828
Agriculture, Food and Rural Initiatives	217,051	161,710	378,761
Competitiveness, Training and Trade	119,121	6,162	125,283
Conservation	123,076	(241)	122,835
Infrastructure and Transportation	527,011	(97,636)	429,375
Intergovernmental Affairs	260,972	-	260,972
Science, Technology, Energy and Mines	81,060	5,444	86,504
Water Stewardship	33,361	(41)	33,320
<b>Total Community, Economic and Resource Development</b>	<b>1,402,232</b>	<b>75,646</b>	<b>1,477,878</b>
Justice and Other Expenditures			
Legislative Assembly	35,064	(8)	35,056
Executive Council	2,848	-	2,848
Civil Service Commission	6,235	347	6,582
Culture, Heritage, Tourism and Sport	88,172	8,907	97,079
Employee Pensions and Other Costs	79,604	100,500	180,104
Finance	102,899	27,006	129,905
Healthy Child Manitoba	27,180	-	27,180
Justice	347,647	22,943	370,590
Labour and Immigration	49,046	8,817	57,863
Manitoba Seniors and Healthy Aging Secretariat	1,765	-	1,765
Enabling Appropriations	122,095	-	122,095
Other Appropriations	25,500	-	25,500
Less: Year-End Lapse	(65,000)	-	(65,000)
<b>Total Justice and Other Expenditures</b>	<b>823,055</b>	<b>168,512</b>	<b>991,567</b>
Debt Servicing Costs	262,500	543,105	805,605
<b>Total Expenditure Estimate</b>	<b>9,799,045</b>	<b>2,428,196</b>	<b>12,227,241</b>
Subtract: Total Expenditure Estimate (above) from Total Revenue Estimate (Schedule 1)	9,851,540	2,472,010	12,323,550
<b>Net Result for the Year</b>	<b>52,495</b>	<b>43,814</b>	<b>96,309</b>
Transfer to Debt Retirement Fund	(110,495)	110,495	-
Transfer from Fiscal Stabilization Fund	60,000	(60,000)	-
<b>NET INCOME</b>	<b>2,000</b>	<b>94,309</b>	<b>96,309</b>

The revenue and expenditure of Other Reporting Entities 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 that differ from Core Government's. In those cases data for the closest fiscal year-end date to Core Government's own year-end date is 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 2008/09?

**A** A listing of all the entities in the Government Reporting Entity (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 the additional revenues and expenses of universities and health authorities, for example, are now reported in the provincial budget, will that change the government's relationship with those institutions?

**A** The government does not intend, or have the statutory authority, to manage the day-to-day operations of these entities. The normal governance relationships between the government and these entities, and between the entities and their Boards and stakeholders, are not affected by the Summary Budget process, other than that the entities must provide financial information on a regular basis.

**Q5** As Manitoba's Budget is now presented for the GRE, will the government use the revenues of other reporting entities to pay for Core Government operations?

**A** In the same way that the transition to a Summary Budget does not affect the governance relationships between other reporting entities and government, it also does not change the way in which Core Government operations will be funded. Under the Summary Budget, only revenue from those Crown entities that has 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 pay for Core Government operations.

**Q6** 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 is acting on the recommendations of the Office of the Auditor General for Manitoba. Generally Accepted Accounting Principles 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. The Manitoba Government is presenting its Summary Budget in the same general format as its year-end financial reports to make it easier to compare plans and results.

**Q7** 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.

**Q8** 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.

**Q9** 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 (e.g. a government grant is counted as an expenditure of Core Government and is eliminated from the revenue of the other reporting entity).



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

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

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

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

**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 water control structures.

**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.

**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 (e.g. 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:** Gains and losses on the changes in fair market value of financial assets held as available for sale by Other Reporting Entities. When the assets are sold, the Reporting Entity will recognize a gain or loss in net income.

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

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

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

**Public Sector Accounting Board (PSAB):** A board 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 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**

Manitoba Health and Healthy Living  
Addictions Foundation of Manitoba  
CancerCare Manitoba  
Diagnostic Services of Manitoba Inc.  
Manitoba Adolescent Treatment Centre Inc.  
Manitoba Health Research Council  
Manitoba Health Services Insurance Plan  
Manitoba Hospital Capital Financing Authority  
Regional Health Authorities (including controlled organizations)  
    Assiniboine Regional Health Authority Inc.  
    Brandon Regional Health Authority Inc.  
    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.

## **EDUCATION**

### **Advanced Education and Literacy**

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

### **Education, Citizenship and Youth**

Manitoba Education, Citizenship and Youth  
Manitoba Text Book Bureau  
Public Schools Finance Board  
Public School Divisions

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## **FAMILY SERVICES AND HOUSING**

Manitoba Family Services and Housing  
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  
Manitoba Housing and Renewal Corporation

## **COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT**

### **Aboriginal and Northern Affairs**

Manitoba Aboriginal and Northern Affairs  
Communities Economic Development Fund

### **Agriculture, Food and Rural Initiatives**

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

### **Competitiveness, Training and Trade**

Manitoba Competitiveness, Training and Trade  
Manitoba Development Corporation  
Manitoba Opportunities Fund Ltd.  
Manitoba Trade and Investment Corporation

### **Conservation**

Manitoba Conservation  
Manitoba Habitat Heritage Corporation  
Pineland Forest Nursery  
Tire Stewardship Board

### **Infrastructure and Transportation**

Manitoba Infrastructure and Transportation  
Crown Lands and Property Agency  
Fleet Vehicles Agency  
Manitoba Floodway Authority  
Manitoba Trucking Productivity Improvement Fund  
Manitoba Water Services Board  
Materials Distribution Agency

**Intergovernmental Affairs**

Manitoba Intergovernmental Affairs

**Science, Technology, Energy and Mines**

Manitoba Science, Technology, Energy and Mines

Abandonment Reserve Fund

Economic Innovation and Technology Council

Green Manitoba Eco Solutions

Industrial Technology Centre

Manitoba Education, Research and Learning Information Networks (MERLIN)

Mining Community Reserve

Mining Rehabilitation Reserve

Quarry Rehabilitation Reserve

**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, Tourism and Sport**

Manitoba Culture, Heritage, Tourism and Sport

Centre culturel franco-manitobain

Manitoba Arts Council

Manitoba Boxing Commission

Manitoba Centennial Centre Corporation

Manitoba Community Services Council Inc.

Manitoba Film and Sound Recording Development Corporation

Sport Manitoba Inc.

Travel Manitoba

Venture Manitoba Tours Ltd.

**Employee Pensions and Other Costs**

Pension Assets Fund

**Finance**

Manitoba Finance  
Board of Administration under the Embalmers and Funeral Directors Act  
Companies Office  
Crown Corporations Council  
Insurance Council of Manitoba  
Land Titles Assurance Fund  
Manitoba Securities Commission  
Special Operating Agencies Financing Authority  
The Property Registry  
Vital Statistics Agency

**Healthy Child Manitoba**

Healthy Child Manitoba Office

**Justice**

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

**Labour and Immigration**

Manitoba Labour and Immigration  
Office of the Fire Commissioner

**Manitoba Seniors and Healthy Aging Secretariat**

Manitoba Seniors and Healthy Aging Secretariat

**GOVERNMENT BUSINESS ENTERPRISES**

Leaf Rapids Town Properties Ltd.  
Manitoba Hazardous Waste Management Corporation  
Manitoba Hydro-Electric Board  
Manitoba Liquor Control Commission  
Manitoba Lotteries Corporation  
Manitoba Product Stewardship Corporation  
Manitoba Public Insurance Corporation  
Workers Compensation Board

**SPECIAL ACCOUNTS, not attached to Sector or Department**

Debt Retirement  
Fiscal Stabilization