

Manitoba Finance

Annual Report
2004 - 2005

To His Honour
John Harvard
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2005.

Respectfully submitted,

Honourable Greg Selinger
Minister of Finance



Manitoba

À son Honneur
L'honorable John Harvard
Lieutenant-gouverneur du Manitoba

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2005.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger



Manitoba



Deputy Minister of Finance

Room 109
Legislative Building
Winnipeg, MB R3C 0V8

Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2005.

Respectfully submitted,

Ewald Boschmann
Deputy Minister of Finance

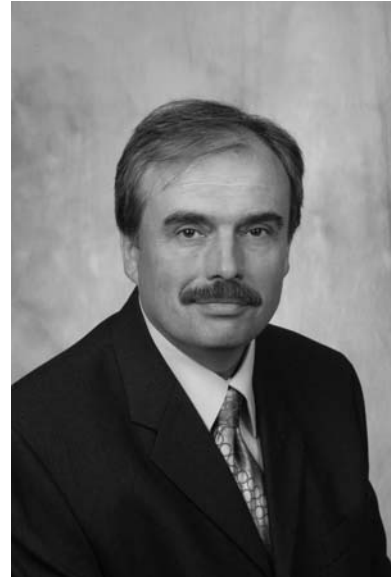


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PREFACE/PRÉFACE

The overall responsibilities of the Minister and the department include:

- preparing the annual Provincial Budget;
- management and control of government expenditures and revenues and the evaluation of government programs;
- providing policy direction on matters relating to financial management and administration and ensuring appropriate government-wide management practices and systems;
- ensuring accountability for the delivery of government programs;
- management and administration of the Consolidated Fund, which includes maintaining the provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;
- managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;
- analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;
- advising on fiscal and other economic policies and measures including taxation;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- representing the province in negotiations and participating in meetings related to finance, taxation and economic development;
- managing the province's financial assets and liabilities;
- insuring government assets and managing risk; and

Les responsabilités globales du ministre et du ministère consistent à :

- préparer le budget annuel provincial;
- gérer et contrôler les dépenses et les recettes du gouvernement et évaluer les programmes gouvernementaux;
- établir des directives en matière de gestion et d'administration financière et garantir des pratiques et des mécanismes de gestion appropriés pour l'ensemble du gouvernement;
- garantir l'obligation de rendre compte en ce qui concerne la mise en œuvre des programmes gouvernementaux;
- gérer et administrer le Trésor, ce qui signifie notamment : maintenir les systèmes de comptabilité et de rapport de la province, préparer les comptes publics annuels et les autres rapports qui montrent la situation financière du gouvernement;
- gérer les besoins quotidiens de trésorerie, la dette publique, l'investissement de l'argent public, ainsi que les prêts, les avances et les garanties offerts par le gouvernement;
- analyser et évaluer la situation économique et les perspectives du Manitoba en collaboration avec les autres ministères, lorsqu'il y a lieu;
- donner des conseils sur les politiques et mesures fiscales et économiques, y compris les taxes;
- donner des conseils sur les politiques concernant les relations fiscales et économiques entre le fédéral et la province;
- représenter la province lors des négociations et participer aux réunions portant sur les finances, les taxes et le développement économique;
- gérer l'actif et le passif de la province;
- garantir l'actif du gouvernement et gérer les risques;

fostering business and consumer confidence in the marketplace and administering a regulatory framework that contributes to a competitive Manitoba economy.

Through its efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

The departmental organization structure appears in the chart on page 16. The department is comprised of six operating divisions, as well as the French Language Services Secretariat and the Treasury Board Secretariat.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. The Executive Support area of the division includes the Deputy Minister of Finance and provides advice to the Minister on all policy and program matters related to the department. Executive Support also co-ordinates and administers the activities of the department to meet the policy objectives of government.

The division also co-ordinates the department's financial, administrative and human resource functions and includes the Tax Appeal Commission and the Insurance and Risk Management Branch. The Insurance and Risk Management Branch provides centralized insurance and risk management services to government departments and agencies, including most Crown corporations.

The French Language Services (FLS) Secretariat advises the government, and the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS policy in general.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division also assists in the financing of municipalities, schools and hospitals and ensures that such financing is arranged.

The Comptroller Division is responsible for establishing and fostering a corporate

favoriser la confiance des entreprises et des consommateurs envers le marché et administrer un cadre législatif qui contribue à la compétitivité de l'économie manitobaine.

Grâce à ses efforts, le ministère gère les risques stratégiques, financiers et d'exploitation au niveau de l'organisation, de façon à obtenir le meilleur rendement possible des dépenses effectuées par le gouvernement et des revenus qu'il possède et perçoit.

La structure de l'organisation du ministère est représentée dans un graphique en page 16. Le ministère est constitué de six divisions opérationnelles, auxquelles il faut ajouter le Secrétariat des services en langue française et le Secrétariat du Conseil du Trésor.

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Le cabinet du ministre et le bureau du sous-ministre conseillent le ministre sur toutes les politiques et tous les programmes liés au ministère. De plus, le cabinet du ministre et le bureau du sous-ministre coordonnent et administrent les activités mises en œuvre par le ministère afin d'atteindre les objectifs du gouvernement en matière de politiques.

La Division gère les ressources humaines du ministère et coordonne ses fonctions financières et administratives. Elle regroupe aussi la Commission d'appel des impôts et des taxes ainsi que la Direction de l'assurance et de la gestion des risques. Cette dernière fournit des services centralisés d'assurance et de gestion des risques aux organismes et ministères gouvernementaux, y compris la plupart des sociétés de la Couronne.

Le Secrétariat des services en langue française (SLF) conseille le gouvernement, en particulier le ministre responsable des services en langue française, au sujet de l'élaboration et de la mise en œuvre des services gouvernementaux en français, ainsi que sur toutes les questions liées à la politique des services en langue française en général.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère et administre également les programmes d'emprunt et les investissements des sociétés de la Couronne et des organismes gouvernementaux. La Division de la trésorerie participe au financement des municipalités, des écoles et des hôpitaux, et elle s'assure que les modalités de ce financement sont déterminées.

comptrollership function across government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements.

The Taxation Division is responsible for efficiently and effectively administering the Provincial Taxation Acts and ensuring proper revenues are collected as provided in the Acts. This includes the administration, collection, processing and reporting of taxation revenues, as well as the provision of tax expertise to government, businesses collecting taxes and taxpayers. The division also investigates and audits taxpayers to ensure compliance.

The Federal-Provincial Relations and Research Division provides research and technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations.

The division also administers fiscal arrangements and tax collection agreements with the federal government, administers tax credit programs with the federal government and municipalities, and provides government-wide analytical support to inter-departmental working groups.

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities and provides representation of government and department management in all labour relations and compensation activities within the civil service.

The Secretariat is headed by a Deputy Minister who acts as Secretary to Treasury Board.

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This

La Division du contrôleur est chargée d'établir et de développer une fonction de contrôle pour l'ensemble du gouvernement. Celle-ci inclut l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui apportent un soutien en ce qui concerne la prise de décision aux niveaux législatif et gouvernemental, l'efficacité de la prestation des services et les exigences liées à l'obligation de rendre compte. La Division est chargée d'établir et de contrôler les systèmes de débours pour payer les employés et les autres prestataires des fonds gouvernementaux.

La Division des taxes est chargée de mettre en application de façon complète et efficace des lois provinciales sur les taxes et les impôts, et de faire en sorte que les recettes prévues soient perçues conformément aux dispositions des lois. Cela inclut l'administration, la perception, le traitement et la communication des recettes fiscales, ainsi que des conseils prodigués au gouvernement, aux entreprises qui perçoivent des taxes et aux contribuables. La Division effectue aussi des enquêtes et des vérifications auprès des contribuables pour s'assurer que les lois fiscales sont bien respectées.

La Division des relations fédérales-provinciales et de la recherche apporte une aide en terme de recherche, de technique et d'analyse sur les questions économiques et fiscales (tant nationales que provinciales) et sur les relations intergouvernementales de nature financière. La Division veille à l'application des arrangements fiscaux et des ententes de perception fiscale avec le gouvernement fédéral. Elle administre les programmes de crédits d'impôts avec le gouvernement fédéral et les municipalités. Elle aide aussi les groupes de travail interministériels dans le domaine de l'analyse, pour l'ensemble du gouvernement.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant ainsi d'exercer leurs responsabilités dans la gestion des dépenses. Le Secrétariat agit en tant que représentant du gouvernement et du ministère dans toutes les relations de travail et toutes les activités de compensation au sein de la fonction publique. L'organisme est placé sous la responsabilité d'un sous-ministre qui agit à titre de secrétaire du Conseil du Trésor.

La Division de la consommation et des corporations facilite la résolution des conflits entre consommateurs et entreprises, ainsi qu'entre locataires et locateurs. La Division veille également à l'application des lois et des règlements qui touchent les aspects suivants: la constitution en corporation et l'enregistrement des entreprises; la délivrance de permis aux corporations de fiducie, aux corporations de prêt, aux credit unions et aux caisses populaires; la délivrance de permis aux

formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

The department also encompasses the Vital Statistics Agency, Manitoba Securities Commission, The Property Registry and the Companies Office. These Special Operating Agencies prepare and present their own annual reports and are not included in this document.

compagnies et aux particuliers qui vendent des valeurs mobilières, des biens immobiliers ou des contrats d'assurance, ou qui s'occupent de réunir des fonds; la réglementation relative aux services publics. La Division maintient des registres d'état civil et les registres des droits sur des biens réels et personnels.

La division du texte de ce rapport reflète la structure des crédits du ministère utilisée dans le Budget des dépenses du Manitoba. Ce formatage facilite la recherche croisée entre les deux documents. Seuls le paiement net des crédits d'impôt, la Direction de l'assurance et de la gestion des risques, et la dette publique sont formatés autrement. Ces secteurs ont été inclus à l'intérieur des divisions chargées de leur administration.

Le ministère englobe également le Bureau de l'état civil, la Commission des valeurs mobilières du Manitoba, l'Office d'enregistrement des titres et des instruments et l'Office des compagnies. Ces organismes de service spécial préparent et présentent leurs propres rapports annuels et ne sont pas compris dans le présent document.

STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
	<hr/>
The Balanced Budget, Debt Repayment and Taxpayer Accountability Act	B 5
The Business Names Registration Act	B 110
The Business Practices Act	B120
The Cemeteries Act	C 30
The Title to Certain Lands Act (R.S.M. 1990, c. 259)	-
The Change of Name Act	C 50
The Charities Endorsement Act	C 60
The Commodity Futures Act	C 152
The Condominium Act	C 170
The Consumer Protection Act	C 200
The Cooperatives Act	C 223
The Corporations Act	C 225
The Corporation Capital Tax Act	C 226
The Credit Unions and Caisses Populaires Act	C 301
The Crown Corporations Public Review and Accountability Act	C 336
The Electronic Commerce and Information Act (Part 5)	E 55
The Embalmers and Funeral Directors Act	E 70
The Energy Rate Stabilization Act	E 115
The Manitoba Evidence Act (Parts II and III)	E 150
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Manitoba Foundation Act	F 155
The Prearranged Funeral Services Act	F 200
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Professional Home Economists Act	H 70
The Hospital Capital Financing Authority Act	H 125
The Housing and Renewal Corporation Act [clause 44(k)]	H 160
The Hudson's Bay Company Land Register Act	H 170
The Income Tax Act (except sections 7.5 to 7.10)	I 10
The Insurance Act	I 40
The Insurance Corporations Tax Act	I 50
The Manitoba Investment Pool Authority Act	I 100
The Landlord and Tenant Act	L 70
The Life Leases Act	L 130
The Marriage Act	M 50
The Manitoba Hydro Act	H 190
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Mortgage Act (Part III)	M 200
The Mortgage Dealers Act	M 210
The Motive Fuel Tax Act	M 220

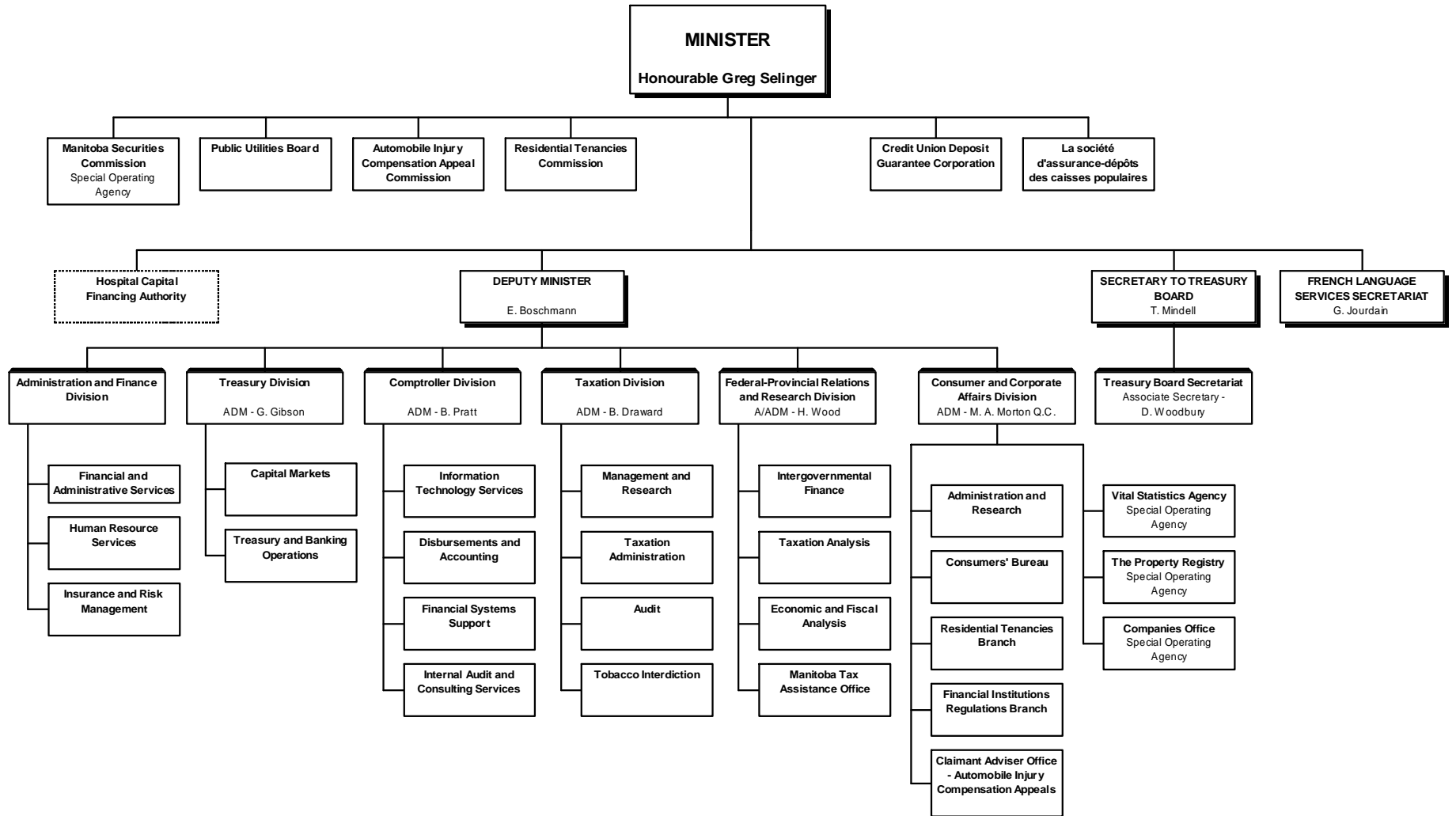
STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Pari-Mutuel Levy Act	P 12
The Partnership Act	P 30
The Personal Investigations Act	P 34
The Personal Property Security Act	P 35
The Property Tax and Insulation Assistance Act (Parts I to IV and Part V.1, and section 1 and Part VI as they relate to subjects covered under Parts I to IV and Part V.1)	P 143
The Public Officers Act	P 230
The Public Utilities Board Act	P 280
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Real Estate Brokers Act	R 20
The Real Property Act	R 30
The Registry Act	R 50
The Religious Societies' Lands Act	R 70
The Residential Tenancies Act	R 119
The Retail Sales Tax Act	R 130
The Revenue Act	R 150
The Succession Duty Act (S.M. 1988-89, c. 42)	-
The Securities Act	S 50
The Special Survey Act	S 190
The Suitors' Moneys Act	S 220
The Surveys Act (Part I)	S 240
The Tax Appeals Commission Act	T 3
The Provincial - Municipal Tax Sharing Act	T 5
The Tobacco Tax Act	T 80
The Trade Practices Inquiry Act	T 110
The Vital Statistics Act	V 60

and:

Bedding, Upholstered and Stuffed Articles
Regulation (Manitoba Regulation 333/88R)
under The Public Health Act

Manitoba Finance Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized co-ordination of financial, administrative and human resource functions as well as the Tax Appeal Commission and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, co-ordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)			\$ (000s)	
Minister's Salary	28.9	1.00	29.4	(0.5)	
Total Sub-Appropriation	28.9	1.00	29.4	(0.5)	

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)			\$ (000s)	
Salaries and Employee Benefits	610.5	7.00	552.8	57.7	
Other Expenditures	112.9		90.7	22.2	
Total Sub-Appropriation	723.4	7.00	643.5	79.9	

Financial and Administrative Services

The Financial and Administrative Services branch is responsible for ensuring appropriate management of and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include co-ordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. In addition, the branch co-ordinates the department's records management program including all matters pertaining to the *Freedom of Information and Protection of Privacy Act* and administers the department's parking program.

1 (c) Financial and Administrative Services

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)			\$ (000s)	
Salaries and Employee Benefits	309.7	6.00	323.6	(13.9)	
Other Expenditures	55.6		70.9	(15.3)	
Total Sub-Appropriation	365.3	6.00	394.5	(29.2)	

Tax Appeals Commission

The *Tax Appeals Commission Act* provides for the appointment of one or more commissioners for the purpose of dealing with notices of objection filed by taxpayers who disagree with assessments under *The Retail Sales Tax Act*, *The Corporation Capital Tax Act*, *The Mining Tax Act* and *The Health and Post Secondary Education Tax Levy Act* or under the other Taxation Division Statutes as assigned by the Minister of Finance. The Tax Appeals Commission provides taxpayers with an objective review of the taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the commission and results for 2004/2005 are as follows:

Outstanding appeals, March 31, 2004	24
Appeals received in 2004/2005	<u>11</u>
	35
Disposition of Appeals in 2004/2005	
Partially Denied	1
Denied	13
Assigned by Minister	3
Upheld	<u>1</u>
	18
Outstanding appeals, March 31, 2005	<u>17</u>

1 (d) Tax Appeals Commission

Expenditures by Sub-Appropriation	Actual 2004-2005 \$(000s)	Estimate 2004-2005 FTEs	Variance Over/(Under) \$(000s)	Expl. No.
Tax Appeals Commission	17.5		19.1	(1.6)
Total Sub-Appropriation	17.5		19.1	(1.6)

Human Resource Services

The branch provides human resource services to departmental management and staff of the Departments of Finance and its Special Operating Agencies (SOAs), Culture Heritage and Tourism, Energy Science and Technology, Industry, Economic Development and Mines and the Office of the Auditor General in accordance with *The Civil Service Act*, Manitoba Government Employees' Union (MGEU) Master Agreement, Manitoba Labour Laws and Workplace Health and Safety Legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. These departments also share resources for the branch management, training and development, renewal planning, occupational health and safety, and employment equity program development.

Specific activities of Human Resource Services during 2004/2005 that related to Manitoba Finance included:

Employment Equity

The branch continues to co-ordinate the implementation of government-wide policies and initiatives.

Four designated groups have been identified as under-represented and include women in non-traditional occupations, Aboriginal people, people with disabilities and visible minorities. The long-range goal is to have the Manitoba Civil Service reflect the diversity of the province in all job classifications, taking into account relevant labour force data.

The Employment Equity Committee has developed a strategic plan to help the department meet these goals.

Employment Equity Statistics as at Fiscal Year End

	2001/2002 Actual (%)	2002/2003 Actual (%)	2003/2004 Actual (%)	2004/2005 Actual (%)
Aboriginal	2.4	2.9	3.5	5.3
Women	56.2	59.5	59.3	60.8
Persons with Disability	3.1	3.2	2.7	3.3
Visible Minority	6.5	5.6	5.4	6.7

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 960 employees and board members. Maintained comprehensive attendance and payroll information on the corporate human resource/payroll system (SAP). Provided counselling and information on 66 appointments, 27 retirements, 2 death benefits, and 5 long term disability claims to employees and their family members.

Recruitment and Selection

Sixty-two competitions were held to fill 60 regular, 14 temporary, and 2 acting status vacancies. Seventy-two positions were filled through various direct appointments including short-term acting status.

The Financial Management Development Program (FMDP), co-sponsored by the Civil Service Commission and Manitoba Finance, is a three-year internship program for recent university/diploma graduates eligible to enroll in the Certified General Accountants (CGA) or Certified Management Accountants (CMA) program of professional studies. FMDP combines on-the-job training, classroom instruction and one-on-one coaching, along with challenging job placements in a variety of public sector work settings. The program began as a recruitment initiative to address the vacancy rates for key financial management and audit positions in government. Upon completion of the program, interns will be eligible to successfully compete for financial management career opportunities in the civil service. Three interns commenced employment with the program in September 2004.

Position Classification

Prepared detailed classification analysis on 35 reclassification requests under delegated and non-delegated authority.

Labour Relations

Consulted with departmental management/supervisory personnel, employees and the MGEU in the resolution of numerous labour relations' issues, which included the filing of 8 formal grievances.

Staff and Organizational Development

Staff Development: Approximately 164 staff of Manitoba Finance attended learning events. Topics covered include Succession Planning, Performance Management, Competency Based Management, Conflict Resolution, Diversity, Managerial Communication and Coping with Stress.

Organizational Development: The branch continues to provide consultation and facilitation in the areas of Renewal Planning, specifically in the areas of Diversity Action Planning and Succession.

Occupational Health and Safety

One accident/injury claim was reported which accounted for no lost work days.

1 (f) Human Resource Services

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	2004-2005	Over/(Under)	
	\$(000s)		\$(000s)	\$(000s)	
Salaries and Employee Benefits	505.2	9.00	522.8	(17.6)	
Other Expenditures	24.3		89.3	(65.0)	1
Total Sub-Appropriation	529.5	9.00	612.1	(82.6)	

1. *Under expenditure is due to higher cost recoveries from SOAs for human resource services provided and a rationalization of general operating expenditures.*

Insurance and Risk Management

The Insurance and Risk Management branch establishes central Risk Management Policy for the Government of Manitoba and provides Insurance and Risk Management services to Manitoba's departments and agencies, including some Crown corporations.

The branch assists departments and agencies in identifying and assessing the risks with programs and projects, and promotes the taking of reasonable risks. The branch establishes and maintains commercial and self insurance programs, and reviews contracts for fair and effective risk transfer. The branch administers insurance claims and advises on insurance-related legislation.

Risk Management branch works with Manitoba departments and agencies to maximize opportunities for new initiatives, provide services and deliver programs, with a minimum of disruption and unexpected cost.

In 2004/2005, the branch drafted an organization wide Risk Management Policy and Framework which is currently under review by departments and agencies.

Risk Identification and Evaluation

Branch personnel assisted Manitoba Health in the review of the Canadian Blood Services Insurance program and the Manitoba Institute of Patient Safety.

Input was provided to Transportation and Government Services in their consideration of future plans for the Central Power House.

Fire inspection services were reviewed with the Office of the Fire Commissioner, a risk assessment was conducted at Oak Hammock Marsh and risk and insurance requirements were evaluated for the Hydrogen Bus project.

The branch assisted in determining fire code requirements for yurts for Manitoba Conservation and initiated a risk assessment for compliance field staff in Manitoba Finance.

Assistance was provided to Culture, Heritage and Tourism in their review of the Occupiers' Liability Act for recreational trails.

Risk Control

Loss control personnel from Manitoba's Insurance Consortium carried out site inspections during the 2004/2005 fiscal year, and reports were provided to facility management. Some of the locations included Manitoba Lotteries facilities, Robert Fletcher Building, Red River College downtown campus and the Woodsworth Building.

Risk Transfer

The Insurance and Risk Management branch reviewed contracts for insurance, bonding and indemnity provisions, working with client departments and agencies and Civil Legal Services to promote appropriate transfer of risk in government contracts.

The branch initiated a review of Manitoba's indemnity policy for third party contracts, and assisted with defining risk management consultant requirements for the Manitoba Floodway Authority.

The branch assisted departments and agencies in obtaining proper "Proof of Insurance" from third party contractors and suppliers, and provided Certificates of Insurance to third parties on behalf of Manitoba departments and Agencies.

Risk Financing

The Insurance and Risk Management branch administers insurance purchasing, conducts insurance surveys and examines alternative risk financing options on behalf of departments and agencies.

Generally, costs for Manitoba's property and casualty insurance moderated in 2004/2005, while insurance policy terms and conditions improved in some areas such as on property located in the U.S. and reporting of replacement cost values.

Insurance premiums (including brokerage fees) paid by departments and agencies during 2004/2005 fiscal year were \$2.25 million for departments and \$2.23 million for agencies. This represented an overall decrease of 2% compared to the previous year. Cost increases in some areas were more than offset by reductions with the property insurance.

A project was undertaken to establish a self-insurance fund for government departments.

Agencies Self-Insurance Fund

During the 2004/2005 fiscal year, the Agency Self-Insurance Fund collected \$4.0 million in premiums from agencies, an increase of 14% from the previous year. Claim payments from the fund were approximately \$2.6 million and estimated claim costs for newly reported claims were \$3.9 million for property and \$317,176 for liability. Taking deductibles and commercial insurance payments into account, reserves for expected payments for claims incurred during 2004/2005 were \$2.6 million.

Department Property Claims

In the 2004/2005 fiscal year, 210 incidents involving damage to government department property, at an estimated cost of \$1,803,088 were reported to this branch. In comparison to 2003/2004 fiscal year, the reserved costs for reported incidents increased by 34%, which was still 18% below the three year average. The number of reported claims was 10% less than 2003/2004 fiscal year. One large property loss was paid this year, valued over \$250,000, but several successful recoveries from responsible parties and insurers were also obtained.

Department Liability Claims

During 2004/2005, 229 new liability incidents were reported with initial reserves and payouts totalling \$520,088. This represented a 20% increase in the number of reported incidents, but only a 9% increase of the total liability reserves over the previous three year average. A number of liability claims were closed this year, including several older incidents with significant reserves. Total payouts by the Departments were \$224,926. Contributions from responsible third parties or insurers helped reduce this figure.

Department Adjusting Costs

Adjusting costs billed for department claims increased by 18% to \$27,934 in the 2004/2005 fiscal year. However, approximately 33% of the total adjusting fees billed were generated by one incident.

The number of liability claims closed during 2004/2005 fiscal year increased significantly from 68 (in 2003/2004) to 130 and the number of property claims closed during the 2004/2005 fiscal year fell from 93 (in 2003/2004) to 75.

The Manager of Department Claims is working closely with departments to increase awareness in risk management and to encourage prompt reporting of all incidents.

Agency Property Claims

In the 2004/2005 fiscal year, there were 437 incidents involving damage to agency property, at an estimated cost of \$3,887,758. This involved a 44.2% increase in the number of reported incidents while the quantum of reported damage increased by 14.3%. There is a 30% greater increase in frequency of claims compared to severity. There were two large losses this year, one reserved at \$500,000 and one reserved at \$750,000. Increased building and transportation costs, particularly in rural areas, have also resulted in increased claims costs.

Agency Liability Claims

During this same period, 209 new liability incidents were reported with initial reserves totalling \$317,176. This represented a decrease of 22.6% in the frequency of reported incidents, and a decrease of approximately 10.5% in the total reserves compared to 2003/2004 reserves of \$354,313.

Agency Adjusting Costs

Adjusting costs of \$201,330 for agency claims reflect an increase of 52.9% compared to 2003/2004. The increased number of property claims has contributed to adjuster activity and costs. With increased awareness of mould issues, adjusters are assigned to most losses involving water damage while in the past adjuster involvement was not always required. Once agencies become more knowledgeable about cleanup procedures, the current level of adjuster involvement is expected to decrease.

In January 2005, the adjuster rate schedule was updated to include increased mileage allowance due to rising gas costs. As well, reduction to the photo charges was implemented due to the increased usage of digital cameras which do not require expensive film processing.

Other Claims Activities

The services of the Department Claims Manager, charged at a reduced rate, have been utilized to attend losses requiring minimal adjuster involvement in an effort to reduce adjusting costs.

Intentional Damage Compensation Plan

Branch personnel monitor the administration of the Foster Parents Intentional Damage Compensation Plan for Department of Family Services and Housing.

A total of 132 claims were settled in 2004/2005 at a cost of \$97,860 plus administrative costs of \$17,156. This represented a slight decrease in claim frequency which resulted in reduced settlement costs and a 15% reduction in claim administration costs for the fiscal year.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005 FTEs	2004-2005 \$(000s)	Variance	Expl. No.
	2004-2005 \$(000s)			Over/(Under) \$(000s)	
Salaries and Employee Benefits	309.7	5.20	326.7	(17.0)	
Other Expenditures	55.0		58.7	(3.7)	
Insurance Premiums	2,253.0		3,166.0	(913.0)	1
Less: Recoverable from Other Appropriations	(2,253.0)		(3,166.0)	913.0	1
Total Sub-Appropriation	364.7	5.20	385.4	(20.7)	

1. *Under expenditure is due to deferral of the establishment of the Self-Insurance Fund.*

French Language Services Secretariat

The French Language Services (FLS) Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services in particular, on the development of government services in the French language and on matters relating to the FLS policy in general.

The FLS Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS policy in a manner consistent with the concept of *active offer* and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The FLS Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province.

During 2004/2005, the FLS Secretariat and its team of facilitators:

- Coordinated, for Manitoba, the inclusion of projects to be funded in 2004/2005 under the one-year extension of the Canada-Manitoba General Agreement on the Promotion of Official Languages - a cost sharing agreement with the federal government.
- Coordinated, for Manitoba, the inclusion of projects to be funded in 2004/2005 under the Agreement for Cooperation and Exchange Between the Governments of Québec and Manitoba and under the French-language services component of the Memorandum of Understanding (MOU) on Interprovincial Cooperation Between the Governments of Manitoba and New Brunswick.
- Participated in a preparatory mission to Alsace (France) in October 2004 with Manitoba Trade and Investment and the Economic Development Council for Manitoba Bilingual Municipalities (CDEM) to pursue activities of cooperation flowing from the MOU on Cooperation Between the Département du Bas-Rhin and the Province of Manitoba.
- Participated in the trade mission to Alsace (France) in early March 2005 with Premier Gary Doer, the Minister responsible for FLS and representatives of Intergovernmental Affairs and Trade, Industry, Economic Development and Mines and CDEM resulting in the following priority areas being identified: Environment and Global Warming; Youth (youth mobility and youth at risk); and Persons with disabilities.
- Coordinated promotional campaigns specific to every Bilingual Service Centre (BSC) with the publication of brochures, flyers and posters as well as the organization of outreach activities in the different communities.
- Added services such as immigration, justice and housing to existing BSCs. Provided training to all staff at the BSCs.
- Participated in the Access Centre Working Group and identified potential provincial partners for the next three BSCs in St. Laurent, Ste. Anne and St. Vital.
- Continued the planning process for implementation of pilot projects in St. Boniface and St. Pierre-Jolys for the delivery, in both English and French, of a full range of services pertaining to the administration of justice. Priority was given to the establishment of the circuit court accompanied by a full time generalist position in St. Pierre-Jolys. Participated in the advisory committee established to deal with matters relating to the delivery of RCMP services in both official languages.
- Provided guidance and assistance to administrative bodies and pursued the review and/or development of FLS plans. Chaired the Advisory Committee on French Language Social Services for the development of FLS plans of designated social services agencies and other related issues.
- Acted as a resource for the *Communauté en Santé* board, which the Government of Manitoba designated in October 2004 as the official representative of the Francophone community in the areas of health and social services.
- Chaired the Recruitment and Retention of Bilingual Manitoba Government Employees Committee. Chaired or provided logistical support for advisory committees/working groups on FLS in the areas of justice, tourism and economic development.
- Participated in national meetings of senior officials on French Language services. With the Minister responsible for FLS, participated in the Ministerial Conference on Francophone Affairs that was held in Moncton on October 14 and 15, 2004.

- Coordinated 161 registrations for French language training from government employees primarily in designated positions and offices including a pilot project for staff of Family Services and Housing, a training opportunity in Brandon and the upgrading of skills via the Internet.
- Organized FLS forums/meetings with representatives of government departments and the Franco-Manitoba community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.
- Dealt with 26 complaints, as well as various issues raised by the public regarding FLS.
- Prepared the draft *Report on French Language Services 2003-2004*.

1 (e) French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 2004-2005	Estimate 2004-2005		Variance Over/(Under)	Expl. No.
	\$(000s)	FTEs	\$(000s)	\$(000s)	
Salaries and Employee Benefits	536.7	10.00	557.2	(20.5)	
Other Expenditures	332.9		520.3	(187.4)	1
Total Sub-Appropriation	869.6	10.00	1,077.5	(207.9)	

1. *Under expenditure results from operating cost reductions as well as deferred/delayed construction of additional Bilingual Service Centres.*

TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to-day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies while at the same time obtaining information about the state of world financial markets and financial products and opportunities available to the province.

To more effectively deal with technological and financial market complexities and risks, the division operates the following committees:

The Capital Markets Committee

- Meets weekly to review world capital markets, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
- Determines appropriate investment, borrowing and risk management strategies.

The Risk Committee

- Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties, exposure limits, reviews documentation standards for financial agreements, and assesses the risks related to investment classes and transactions. Responsible for the risk oversight function of the division ensuring that policies, processes, procedures and controls are properly documented and that they are consistently communicated to staff and understood by everyone responsible for their implementation and monitoring.

The Information Technology Planning Committee

- Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.
- Monitored the continuing progress of the division's Treasury Management System upgrade.

The Executive Management Committee

- Meets to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

In July 2003, Treasury Division began the reorganization into a front/middle/back office structure. The result is the amalgamation of all trading activities into the Capital Markets Branch, and within the new Treasury and Banking Operations Branch, the development of a segregated middle office known as Risk Management and Banking and the back office as Treasury Services.

Administration

The Administration function has two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- contact with the world financial community;
- provision of management and financial advisory services to government departments, agencies and investment funds; and
- reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration					
Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)		\$ (000s)	\$ (000s)	
Salaries and Employee Benefits	114.1	2.00	116.2	(2.1)	
Other Expenditures	98.7		102.2	(3.5)	
Total Sub-Appropriation	212.8	2.00	218.4	(5.6)	

Capital Markets

The Capital Markets branch has nine staff positions for the performance of the following major functions:

- managing the long-term borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- developing and maintaining the debt management program of the government;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- establish strategies and manage sinking funds and other long-term investment accounts of the province, Crown corporations and government agencies aggregating approximately \$6.6 billion;
- managing the government's monetary resources;
- managing the short-term investment and borrowing programs for the government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated \$2,657 million in 2004/2005. This included \$1,498 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of the Province of Manitoba's direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2005 (using March 31, 2005 foreign exchange rates for conversion of foreign issues) was \$15.95 billion (\$15.68 billion at March 31, 2004) of which \$6.59 billion (\$6.55 billion at March 31, 2004) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Three major reports and filing documents were prepared for regulatory agencies in Japan, Europe and the United States.

The branch also co-ordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Debt Management

The Capital Markets branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2005, 10% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (18% at March 31, 2004) and 100% was payable in Canadian dollars (100% at March 31, 2004).

Long-Term Investments

Loans and Equity Investments

The Capital Markets branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2004/2005, \$673.7 million was invested and \$173.9 million of principal was repaid. At March 31, 2005 the aggregate amount of advances and equity investments outstanding was \$8.3 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Markets branch. At March 31, 2005, sinking funds related to the direct and guaranteed debt of the province amounted to \$4.5 billion, down 10.0% from \$5.0 billion at March 31, 2004. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled \$1.4 billion at February 28, 2005. The Capital Markets branch determines the cash flows of these funds for investment purposes.

Money Management

The Capital Markets branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2004/2005, the Money Management program was involved in managing the cash flow for over \$15 billion of transactions processed through the accounts of the government.

Short-Term Investment and Borrowing

Monitoring and management of the government's cash flow during 2004/2005 resulted in the branch arranging over 1,000 short-term money market transactions aggregating approximately \$41 billion of investment purchases and \$350 million of investment sales. The branch also arranged for the issue of \$1.395 billion of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to approximately \$32.2 million while interest paid on the promissory notes issued was approximately \$1.7 million.

Trust Administration

Over 140 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately \$1.2 billion in 2004/2005. Approximately 3,100 trust deposit receipts were issued in 2004/2005 and 4,100 payments processed by the

branch in respect to these deposits. Interest paid on these trust accounts was in excess of \$27.1 million.

Other Responsibilities

The Capital Markets branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority which assists operators of hospitals to finance their capital expenditures and for funding Health facilities directly.

The branch managed the eighth Manitoba Builder Bond campaign which raised \$223 million.

2 (b) Capital Markets

Expenditures by Sub-Appropriation	Actual 2004-2005 \$(000s)	Estimate 2004-2005 FTEs	Estimate 2004-2005 \$(000s)	Variance Over/(Under) \$(000s)	Expl. No.
Salaries and Employee Benefits	545.8	9.00	536.6	9.2	
Other Expenditures	50.5		65.4	(14.9)	
Total Sub-Appropriation	596.3	9.00	602.0	(5.7)	

Treasury and Banking Operations

Risk Management and Banking

The Risk Management and Banking office has six staff positions for the performance of these major functions:

- monitoring and reporting on the division's market, credit, operational and liquidity risks ensuring safeguards are in place to protect the financial assets and liabilities of the government;
- responsible for the risk oversight function ensuring policies are in place and operating effectively in order to allow the division to meet its strategic objectives while managing risks;
- responsible for the administration and controllership activities related to the province's Risk Management program;
- ongoing development and maintenance of divisional policies and procedures;
- co-ordination, preparation, revision and analysis of Public Debt and Treasury Division expenditure estimates; and
- managing the banking operations of the government.

Risk Management

The ultimate purpose of developing a segregated Middle office is to efficiently and effectively monitor the division's risk management practices and financial exposures such as Mark to Market, performance measurement, and credit monitoring on \$7 billion of investments, \$20 billion of debt, and \$25 billion in financial risk management contracts.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies, evaluates requests for new bank accounts and maintains existing accounts. The branch also negotiates contracts for banking and armoured car services for the province.

The branch maintained a central index of approximately 650 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province. These accounts include the Manitoba Public Insurance agents' accounts.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments and Special Operating Agencies, surveying their needs to consider appropriate applications.

The branch will continue to partner with other areas of government in the application of emerging technology.

Treasury Services

The Treasury Services office has eight staff positions for the performance of the following major functions:

- service and administer the public debt of the province;
- service and safekeep the short and long-term investments of the province and certain Crown corporations and government agencies;
- service and administer the province's Financial Risk Management program; and
- maintain a Treasury Payments system for the division.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately \$20 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, and C.P.P. debentures, all payable in Canadian dollars, as well as 14 debenture issues payable in U.S. dollars, 1 debenture issue payable in Swiss Francs, 1 debenture issue payable in Australian dollars, 1 debenture issue payable in Euros and 2 debenture issues payable in Japanese Yen. In servicing this debt, the branch administered approximately 300 derivative agreements whereby, among other things, all the Swiss Franc, Australian Dollar and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the short-term debt obligations of the province required the administration of \$1.3 billion in treasury bills and \$1.395 billion in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and The University of Manitoba. The aggregate value of these long-term investments was approximately \$6.0 billion.

In servicing these investments the branch processed purchases aggregating \$5.8 billion, sales and maturities of \$5.4 billion and gross income of \$376 million. The branch administered approximately 175 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian dollars.

Servicing short-term investments for the province required the processing and safekeeping of approximately 2,000 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately \$80 billion.

In order to meet its responsibilities in servicing the province's debt and investments, the branch operates a payment system for the division. During 2004/2005, 288 cheques were issued with a total value of \$67 million, electronically authorized 2,500 transfers totalling \$12 billion, and issued 20 wire payment instructions through

our principal bank totalling \$126 million.

The Treasury and Banking Operations branch is responsible for co-ordinating the preparation of Public Debt expenditure estimates and analyses.

2 (c) Treasury and Banking Operations

Expenditures by Sub-Appropriation	Actual 2004-2005 \$(000s)	Estimate 2004-2005 FTEs	Estimate 2004-2005 \$(000s)	Variance Over/(Under) \$(000s)	Expl. No.
Salaries and Employee Benefits	700.8	14.00	774.9	(74.1)	
Other Expenditures	89.6		91.2	(1.6)	
Total Sub-Appropriation	790.4	14.00	866.1	(75.7)	

Public Debt (Statutory)

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

The following table sets forth certain information as to the funded debt of the province as well as debt issues for general provincial programs (all net of sinking funds) as at March 31 for the years 2001 through 2005, including per capita data based upon population at July of the preceding calendar year.

	2001	As at March 31,			
		2002	2003	2004	2005
Net General Provincial Program Debt (millions) ¹	\$6,798	\$6,651	\$6,650	\$6,867	\$6,957
Per Capita	\$5,927	\$5,778	\$5,753	\$5,910	\$5,946
<i>As a Percent of Gross Domestic Product</i>	<i>19.9%</i>	<i>18.9%</i>	<i>18.0%</i>	<i>18.0%</i>	<i>17.3%</i>
Net Cost of Servicing General Provincial Program Debt (millions)	\$511	\$414	\$321	\$311	\$241
As a Percent of Provincial Revenue	7.5%	6.1%	4.5%	4.2%	2.9%

Notes:

1. *Unhedged foreign currency obligations are stated at the Canadian dollar equivalent using the exchange rates in effect on March 31 each year. Includes Capital Investments.*

11 Public Debt (Statutory)

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005 \$(000s)	FTEs	\$(000s)	Over/(Under) \$(000s)	
Interest on:					
the Public Debt of Manitoba and related expenses	1,055,695.1		1,070,584.9	(14,889.8)	
departments' capital assets	80,469.8		84,833.6	(4,363.8)	
Trust and Special Funds	27,095.7		28,000.0	(904.3)	
Sub-total	1,163,260.6		1,183,418.5	(20,157.9)	
Less: Interest and Other Charges to be received from:					
Sinking Fund Investments	(218,877.6)		(216,295.0)	(2,582.6)	
Manitoba Hydro	(502,101.7)		(523,117.3)	21,015.6	
Manitoba Housing and Renewal Corporation	(29,687.4)		(30,205.6)	518.2	
Manitoba Agricultural Credit Corporation	(20,626.6)		(19,566.0)	(1,060.6)	
Other Government Agencies	(11,881.8)		(11,710.4)	(171.4)	
Other Loans and Investments	(59,073.5)		(59,009.1)	(64.4)	
Other Appropriations	(80,469.8)		(84,833.6)	4,363.8	
Sub-total	(922,718.4)		(944,737.0)	22,018.6	
Total Sub-Appropriation	240,542.2		238,681.5	1,860.7	

COMPTROLLER DIVISION

The division's role is to establish and foster a corporate Comptrollership function for the Manitoba government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and co-ordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, four branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Financial Systems Support; and
- Internal Audit and Consulting Services.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office					
Expenditures by Sub-Appropriation	Actual 2004-2005	Estimate 2004-2005	Variance Over/(Under)	Expl. No.	
	\$(000s)	FTEs	\$(000s)	\$(000s)	
Salaries and Employee Benefits	155.1	2.00	155.2	(0.1)	
Other Expenditures	36.0		28.7	7.3	1
Total Sub-Appropriation	191.1	2.00	183.9	7.2	

1. *Over expenditure is essentially due to increased legal costs.*

Information Technology Services

The Information Technology Services branch provides efficient, effective and technologically sound information systems that effectively support Manitoba Finance with the exception of Treasury Board Secretariat and Consumer and Corporate Affairs.

The branch has 6.85 staff positions for the performance of the following major functions:

- leadership and co-ordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 2004/2005, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's Revenue Accounting and Collection systems;
- the Comptroller Division's historical and several non-SAP financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems;
- the Tax Assistance Office's Homeowner Tax Assistance Audit system; and
- the Manitoba Finance Intranet site.

In addition, the branch supported the following major corporate initiatives:

- enhancement of the new Integrated Taxation System;
- technological support to Treasury Division; and
- development of an integrated processing system for the Farmland School Tax Rebate program.

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005 FTEs	Variance Over/(Under)	Expl. No.
	2004-2005 \$(000s)			
Salaries and Employee Benefits	479.1	6.85	503.7	(24.6)
Other Expenditures	63.2		72.4	(9.2)
Total Sub-Appropriation	542.3	6.85	576.1	(33.8)

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 417,276 direct deposits and issued 1,296 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 473,139 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments. Approximately 50,000 of this total were direct deposit payments to vendors.

Processing and collection of amounts owing to the government for shared-cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established timetables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with *The Financial Administration Act*. The summary financial statements of the government represented by Volume 1 of Public Accounts and the more detailed financial statements, schedules and reports of the consolidated fund represented by Volumes 2 and 3 of the Public Accounts, were all released September 30, 2004. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on June 6, 2005.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)		\$ (000s)	\$ (000s)	
Salaries and Employee Benefits	2,165.9	39.00	2,185.1	(19.2)	
Other Expenditures	859.5		887.1	(27.6)	
Less: Recoverable from Other Appropriations	(502.3)		(503.6)	1.3	
Total Sub-Appropriation	2,523.1	39.00	2,568.6	(45.5)	

Financial Systems Support

The Financial Systems Support branch supports the core business requirements of the government by providing leadership and financial systems expertise to departments and central agencies in the implementation of redesigned business processes in the areas of financial, cost and budget management, payroll and benefits, organizational restructuring, policy and legislated changes.

In partnership with client departments and other corporate organizations, the branch:

- manages, configures and tests systems improvements and enhancements, specific to or affecting the government-wide integrated finance/procurement and human resource/payroll management system (SAP);
- provides analysis and advice to departments on the design of program specific financial and management systems, specifically as it impacts government-wide results; and
- participates in government-wide initiatives in support of the Comptroller's legislative mandate of evaluating accounting and financial management systems throughout government.

In 2004/2005, 117 system changes and projects were jointly managed and successfully deployed. Projects and system changes included reports, interfaces, configuration and customization. Of these, 32 were to resolve end-user problems and minor enhancements, 53 were mandatory changes as a result of collective agreement changes, policy and legislation and 32 were significant enhancements to SAP and department-specific systems and process improvements.

Significant initiatives undertaken in 2004/2005 included:

- working with Family Services and Housing on enhancing the various payment interfaces from Samin, Infact, etc. into and out of SAP;
- in partnership with Internal Audit and Consulting Services and several divisions of Family Services and Housing, reviewed and recommended changes to the 3rd party agency reporting requirements;
- assisting Manitoba Justice with a streamlined process for processing, monitoring and accounting for refunds on the provincial traffic ticket initiative;
- working closely with Federal-Provincial Relations and Research to design a manageable and auditable payment process for the Farmland School Tax Rebate program;
- streamlined accounting and billing processes by the Fleet Vehicle Agency to departments;
- assisting Manitoba Conservation in the processing of refunds for prior year fees;
- working with Disbursements and Accounting (Finance), Transportation and Government Services (TGS), Conservation and Water Stewardship on implementing accounting processes and system changes for Capitalization on Infrastructure, Interest, etc.;
- working with Labour Relations on several initiatives including system changes as a result of collective agreement updates and changes, enhancements to the volunteer reduced workweek program and reporting efforts, and implementation of several new benefit plan and pension changes;
- working closely with TGS and Manitoba Public Insurance Corporation (MPI) to transition employees from the civil service to MPI; and
- improving reporting controls and tools between payroll and financial reports for departments.

3 (d) Financial Systems Support

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)			\$ (000s)	
Salaries and Employee Benefits	1,014.9	13.00	1,023.1	(8.2)	
Other Expenditures	67.2		127.4	(60.2)	1
Total Sub-Appropriation	1,082.1	13.00	1,150.5	(68.4)	

1. Under expenditure is due to deferral of SAP upgrade and payroll testing and reduced in-house training costs.

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 2004/2005 include:

- completion of 49 audits during the year (2003/2004: 50), based on assignments greater than 100 hours;
- Annual reports, summarizing the audit activities for the year and the audit plan for the upcoming year, were prepared for each department;
- internal assessment of audit processes;
- participation in the Institute of Internal Auditors and Information System Audit and Control Association boards and activities; and
- leadership in the Financial Management Development Program.

3 (e) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)		\$ (000s)	\$ (000s)	
Salaries and Employee Benefits	1,705.3	24.50	1,731.6	(26.3)	
Other Expenditures	184.9		209.6	(24.7)	
Total Sub-Appropriation	1,890.2	24.50	1,941.2	(51.0)	

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Revenue Act, Part 1
The Tobacco Tax Act
 The continuing phase-out of the *Manitoba Succession Duty and Gift Tax Acts*

Actual revenues for the 2004/2005 fiscal year under the Taxation Acts noted above as well as for the Mining Claim Tax and Environmental Protection Tax, were \$2,135,251,500 which fell short of estimated revenues by \$26,250,800.

The major variances from the estimate are as follows:

- Corporation Capital Tax revenues exceeded the estimate by \$12,350,600 resulting from higher taxable capital reported by corporations and increased corporate profits.
- Health and Post Secondary Education Tax Levy revenues exceeded the estimate by \$6,219,600 due to increased employment in the trucking and construction industries.
- Mining Tax revenues fell short of the estimate by \$16,403,800 resulting from higher than estimated capital expenditure deductions and reduced processing of minerals mined in Manitoba.
- Retail Sales Tax revenues fell short of the estimate by \$28,871,000 due to lower than projected economic growth resulting from poor weather impacting hospitality, seasonal and agricultural businesses, continued impact of the BSE crisis and reduced automobile sales.

Taxation Division

Comparative Statement of Actual Revenues (\$000s)

For Fiscal Years Ending March 2001 to March 2005

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Corporation Capital Tax	124,182.5	132,431.6	139,340.1	139,049.1	165,850.6
Gasoline Tax	156,877.1	156,590.1	161,118.3	161,856.2	154,087.3
Levy for Health and Education	238,785.3	244,415.8	257,281.8	267,816.7	287,019.5
Succession Duty and Gift Tax	39.7	358.9	142.2	7.9	114.5
Mining Claim Lease Tax	71.0	71.2	71.1	71.3	71.0
Mining Tax	45,443.1	9,357.1	17,541.1	21,895.0	40,826.2
Motive Fuel Tax	66,670.5	66,281.0	70,131.9	71,308.0	80,780.8
Retail Sales Tax	932,782.9	965,559.8	1,006,583.5	1,064,239.4	1,125,429.4
Revenue Act, Part I	67,981.0	65,923.8	71,071.8	71,193.1	74,359.7
Tobacco Tax	121,478.6	138,301.9	180,508.6	190,289.2	203,465.5
Environmental Protection Tax	3,036.9	3,399.6	3,212.7	3,237.6	3,247.0
Total	1,757,348.6	1,782,690.8	1,907,003.1	1,990,963.5	2,135,251.5

Management and Research

The Management and Research branch ensures the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information and interpretations to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and provide options to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to co-ordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year include the following:

- provided the Minister of Finance and the Deputy Minister with options for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the government and implemented the changes as directed;
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- developed and implemented new taxation policy and administration procedures and informed Taxation Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liaised with Canada Revenue Agency (CRA) and other jurisdictions on co-operative information exchanges, joint compliance initiatives and other taxation administration and management issues;
- continued participation in the Integrated Tax System project to enhance public services;
- developed additional bilingual forms and information bulletins on the Taxation Division website;
- participated in the development of the department's business plan; and
- researched and developed the consolidation of the administrative and compliance provisions of the eight tax statutes.

The results obtained during 2004/2005 include:

- revenues collected as imposed by the taxation acts;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;
- official communications were prepared in a timely manner;

- key information bulletins developed and/or updated and made available on the internet;
- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and efficiently controlled and utilized; and
- taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005	Variance	Expl.
	2004-2005			
	\$(000s)	FTEs	\$(000s)	\$(000s)
Salaries and Employee Benefits	1,226.7	19.50	1,254.0	(27.3)
Other Expenditures	162.4		175.9	(13.5)
Total Sub-Appropriation	1,389.1	19.50	1,429.9	(40.8)

Taxation Administration

The Taxation Administration branch facilitates the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and provides information to taxpayers.

The staffing complement for the 2004/2005 fiscal year was 75 staff positions. The branch is production-oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of \$2.1 billion in tax revenues annually from the Taxation Acts administered by the Taxation Division, as well as *The Mining Claim Tax* and *The Environmental Protection Tax*.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- providing an effective and efficient tax gathering system;
- training and development of staff;
- ensuring tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- promote essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:

- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collection of outstanding tax arrears and delinquent tax returns were actioned with a view to minimizing losses;
- ensured taxation data bases were promptly updated and accurately reflected the current status for each taxpayer;
- ensured remittance forms were produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensured refunds of tax were accurate and were produced with a minimum of delay;
- ensured fuel sampling was conducted to provide compliance with legislation;
- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the Acts;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;

- recorded and transmitted to the Tire Stewardship Board on a monthly basis, the tire levy collected on behalf of the board; and
- participated in the integrated taxation systems project working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 2004/2005 include:

- proper recording and collection of taxes imposed by the Acts;
- maintenance of an effective and efficient tax-gathering system; and
- taxpayers and the general public provided with information necessary to comply with the statutes.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. Exemptions are provided for basic groceries, children's clothing and footwear up to \$150 per item, prescription drugs, farm implements, books, toll free line charges, commercially operated aircraft, custom developed software and custom computer programming, sanitary napkins and for certain other items.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on an employer's total annual gross remuneration paid to their employees. Employers whose total annual gross remuneration paid to their employees is less than \$1,000,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds \$1,000,000 but is less than \$2,000,000 pay tax on the portion over \$1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds \$2,000,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act levies a tax on the paid up capital of a corporation. Paid up capital is generally represented by capital stock, surpluses, reserves, loans and indebtedness of the corporation. A \$5 million deduction is provided for corporations or a group of associated corporations. The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of \$10,000,000. Banks, trust and loan companies are taxed based on their shareholder equity and subordinated debt at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, gasohol, aviation gasoline and propane subject to certain exemptions (dyed fuel used for farming, fishing, trapping, logging and the cargo component of international aircraft flights).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under *The Gasoline Tax Act*, subject to certain exemptions (dyed fuel used for farming, fishing, trapping, logging, segments of the mining industry, domestic home heating and international ocean going vessels). The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a tax return which accounts for all jurisdictions travelled. The branch is responsible for verifying the returns and either issue recovery notices or refunds to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

Part I of The Revenue Act

This Act imposes a 7% tax (before GST) on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for qualified manufacturing and mining is 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations.

Operational Results

Operational results for the 2004/2005 fiscal year include 48,870 registered vendors, collectors and deputy collectors and 301,684 returns generated per annum.

The Administration branch also processed 14,963 refunds (representing \$57,746,000) and chargeback's (representing \$1,543,000).

As at March 31, 2005, there were service stations operating on 61 Reserves and 159 retailers who had entered into an agreement with the province to provide tax-free fuel to Status Natives. A total of \$6,235,000 representing 1,814 claims was disbursed under this program during the 2004/2005 fiscal year for both diesel and gasoline fuel.

In the 2004/2005 fiscal year, the Manitoba government continued to negotiate agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2005 there were 59 Indian Bands who had entered into agreements. A total of \$18,823,000 representing 1,298 claims was disbursed under this program during the fiscal year.

Collections

The Collections and Field Services section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. The section accomplishes the above by telephone contact, enforcement action, visits, examination of records, fuel sampling programs and the review of bulk fuel plant operations.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$(000s)	Over/(Under)	
	\$(000s)			\$(000s)	
Salaries and Employee Benefits	3,146.9	75.00	3,317.8	(170.9)	
Other Expenditures	2,910.2		3,149.0	(238.8)	
Total Sub-Appropriation	6,057.1	75.00	6,466.8	(409.7)	

AUDIT

The Audit branch ensures that all taxes administered by the Taxation Division are remitted to the province through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** is responsible for conducting audits of taxpayers under various taxation statutes administered by the Taxation Division

- **Audit Review** is responsible for the quality review of audit files, workload development, file selection, taxpayer appeals and the development of audit policies and procedures
- **Investigations** is responsible for gathering evidence, the investigation of violations and the laying of charges under the taxation statutes administered by the Taxation Division and
- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba and provides taxpayer information services for areas outside Winnipeg

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the taxation statutes are detected;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the taxation statutes; and
- develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year include the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- participated in the Integrated Taxation Systems project aimed at improving public services through streamlined processes and the use of technology:
 - participated in the implementation of the new tax administration system including extensive on-going training of staff; and
 - continued development and implementation of a computerized audit module to integrate audit information with the new tax administration system, improve audit selection effectiveness, and improve the Management Reporting System to aid management and staff in controlling, monitoring and evaluating results achieved in the audit and audit review sections;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- participated in the development of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of laptop computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Revenue Agency, Canada Border Services Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems for First Nations people;
- as part of the Canadian Fuel Tax project:
 - participated in a steering committee for the project - which is working on common definitions, forms, fuel marking standards, legislation, co-operation at border points, etc.; and
 - participated in the Enforcement Committee – which is endeavouring to establish protocols between jurisdictions and the industry for the exchange of intelligence information for enforcement on a national basis and to identify operational audit and enforcement best practices to detect fuel tax evasions;
- as part of the Canadian Tobacco Tax Steering Committee participated in the steering committee and sub-projects – which is working to establish a mechanism through which all jurisdictions can share best practices, promote communication of ideas and propose alternative solutions to common problems related to the administration of Tobacco Taxes;
- participated in the national Marking and Stamping Committee for Tobacco enforcement to develop, in concert with industry and other government, secure methods of marking tobacco products;
- participated in the Departmental Renewal Committee and undertook renewal initiatives in the Audit branch;

- conducted audits of tire vendors on behalf of the Tire Stewardship Board;
- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt dyed fuel;
- conducted audits of taxpayers using computer-assisted audit techniques and software;
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- continued training staff in IFTA audit programs, computer software and hardware, continued conducting IFTA audits and roadside enforcement of IFTA provisions;
- developed and implemented audit programs for the International Registration Program (IRP) and Pro-Rate Vehicle Tax (PVT), trained staff and conducted IRP and PVT audits;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax, Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 2004/2005 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- responded to taxpayer queries in a timely manner; and
- policies and procedures developed and/or updated.

Audit

Completed refunds	384
Completed files	1,460
Audit recoveries	\$ 31,962,555

Investigations

Completed files	316
Charges	241
Convictions	185
Fines	\$ 155,347
Recoveries	\$ 669,857

Audit Review

Audit files reviewed	511
Reviewed Notices of Assessments	84
Appeals reviewed (In progress 30; Completed 16)	46

4 (c) Audit

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005	Variance	Expl.
	2004-2005			
	\$(000s)	FTEs	\$(000s)	
Salaries and Employee Benefits	5,439.7	90.00	5,463.0	(23.3)
Other Expenditures	940.3		1,067.8	(127.5)
Total Sub-Appropriation	6,380.0	90.00	6,530.8	(150.8)

Tobacco Interdiction

The Tobacco Interdiction program protects the revenues of the government under *The Tobacco Tax Act*. This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group and the hiring of investigators and auditors on a casual/term basis specifically for this program.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP, Canada Revenue Agency (CRA), Canada Border Services Agency (CBSA) and Winnipeg Police Service of contraband tobacco violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to co-ordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the government and implemented the changes as directed;
- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, CBSA, RCMP, Ontario Provincial Police, Brandon Police Service, Kenora Police Force, Department of Homeland Security - U.S. Customs and Border Protection and Department of Justice - U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives;
- liaised with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;
- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 2004/2005 include:

- maintained an effective tax gathering system which protects revenues under *The Tobacco Tax Act*;
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction *

Completed files		109
Charges		8
Convictions		5
Fines	\$	2,700
Recoveries	\$	36,874

* In addition, staff in the Audit branch are also involved in Tobacco Interdiction investigative duties.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)		\$ (000s)	\$ (000s)	
Salaries and Employee Benefits	489.3	10.00	650.4	(161.1)	1
Other Expenditures	186.5		251.5	(65.0)	2
Total Sub-Appropriation	675.8	10.00	901.9	(226.1)	

1. Under expenditure is due to reduced overtime costs and position vacancies.
2. Under expenditure is due to savings resulting from position vacancies and general operating cost reductions.

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the division is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The division's senior staff consists of an Assistant Deputy Minister, the directors of the three branches and the assistant director of the Taxation Analysis branch.

The division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs;
- to administer fiscal arrangements and tax collection agreements with the federal government and to administer tax credit programs with the federal government and municipalities; and
- to provide government-wide analytical support to inter-departmental working groups, task forces, etc.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the government with research and technical support with respect to national and provincial fiscal and economic matters and intergovernmental financial relations, and to fulfill the department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- co-ordinating the development during each budget process and throughout the year of the province's Medium-Term Revenue Forecast;
- serving as the principal administrative unit of the province for *The Income Tax Act (Manitoba)*, *The Federal-Provincial Fiscal Arrangements Act* and the Tax Collection Agreement with the federal government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the province in various meetings and committees;
- co-ordinating the fiscal and taxation analysis necessary for the Minister and Cabinet to develop the Budget and co-ordinating the production of the Budget and related documents; and
- administering tax credit programs with the federal government and municipalities.

Intergovernmental Finance

The Intergovernmental Finance branch includes five staff positions.

The branch director and staff undertake ongoing analysis and interpretation of intergovernmental fiscal transfers in respect of personal and corporate income tax collections, federal financing for health, higher education and social programs, equalization, fiscal stabilization and some aspects of provincial/local government fiscal arrangements.

Total provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 2004/2005 included: \$1,699.5 million in equalization payments; \$992.3 million in cash payments for social programs; and \$2.3 million in other unconditional subsidies.

The branch director and staff represent the province at Federal-Provincial and inter-provincial meetings and on working groups on fiscal data, fiscal arrangements and other Finance issues. In addition, the branch also provides support to the Federal-Provincial Relations Secretariat of the Executive Council and participates with other ministries and participants in various intergovernmental working groups.

Revenue from Federal-Provincial Fiscal Arrangements (\$000s) For Fiscal Years Ending March 2001 to March 2005

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Income Taxes					
Individual Income Tax	1,756,646.5	1,658,961.6	1,636,187.1	1,720,369.7	1,787,271.8
Corporation Income Tax	444,127.5	306,381.0	160,512.8	289,104.5	374,178.9
Sub Total	2,200,774.0	1,965,342.6	1,796,699.9	2,009,474.2	2,161,450.7
Federal Transfers					
Equalization	1,339,236.0	1,399,151.0	1,337,625.0	1,413,790.0	1,699,483.8
Social Transfers:					
- Canada Health and Social Transfer	545,810.0	685,235.8	755,985.0	753,587.0	992,315.2
- Federal Health/CHST Supplement	92,207.0	-	-	163,882.5	-
Other Transfers	2,247.7	2,315.6	2,247.3	2,272.1	2,283.6
Sub Total	1,979,500.7	2,086,702.4	2,095,857.3	2,333,531.6	2,694,082.6
Total from Fiscal Arrangements	4,180,274.7	4,052,045.0	3,892,557.2	4,343,005.8	4,855,533.3

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes four staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch director and staff represent the province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides inter-departmental co-ordination of economic analysis through the Inter-departmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It co-ordinates the multi-year fiscal projections including the Medium-Term Revenue Forecast, by working closely with staff of the Intergovernmental Finance and Taxation Analysis branches. The branch also monitors the federal government's fiscal situation and prospects.

An important and ongoing task of the branch is to prepare major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba.

Taxation Analysis

The Taxation Analysis branch has eight staff positions assigned with a further eight staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets and legislation of the province and, for income taxes, through the Federal-Provincial Tax Collection Agreement.

The branch is responsible for analyzing the fiscal and economic effects of federal tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

Total provincial revenue from income taxes administered by the branch in 2004/2005 amounted to \$1,787.3 million in individual income tax and \$374.2 million in corporation income tax.

The branch supervises the Tax Assistance Office and the several programs administered in that office. These include the Manitoba Tax Credit programs and several programs related to Manitoba personal income tax. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office also provides information and assistance to Manitobans in completing the provincial portion of their income tax returns.

Net Tax Credit Payments

10 Net Tax Credit Payments					
Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$(000s)	Over/(Under)	
	\$(000s)		\$(000s)	\$(000s)	
Manitoba Education Property Tax Credit	185,480.7		179,400.2	6,080.5	
Personal Tax Credit	49,618.9		48,220.2	1,398.7	
Pensioners' School Tax Assistance	2,488.5		3,263.9	(775.4)	
Political Contribution Tax Credit	594.9		538.0	56.9	
Environmentally Sensitive Areas Tax Credit	4.0		100.0	(96.0)	
Federal Administration Fee	870.6		875.0	(4.4)	
Manitoba Learning Tax Credit	125.0			125.0	
Farmland School Tax Rebate	12,930.6			12,930.6	
Less: Recoverable from Education, Citizenship and Youth:					
Manitoba Education Property Tax Credit	(185,480.7)		(179,400.2)	(6,080.5)	
Pensioners' School Tax Assistance	(2,488.5)		(3,263.9)	775.4	
Farmland School Tax Rebate	(12,930.6)			(12,930.6)	
Less: Recoverable from Advanced Education and Training:					
Manitoba Learning Tax Credit	(125.0)			(125.0)	
Total Sub-Appropriation	51,088.4		49,733.2	1,355.2	1

1. *Net over expenditure is primarily due to final prior year adjustments based on actual income tax returns processed for the 2004 taxation year and reflects the implementation of the Farmland School Tax Rebate program that was recovered from Education, Citizenship and Youth.*

Administrative Unit

This unit, with a staff of three, provides administrative support, word processing, library and filing services, budget and cash flow analysis and research support to the Assistant Deputy Minister and the branches of the division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.
- The division's financial status is closely monitored proactively and issues are brought to the attention of the Assistant Deputy Minister as necessary.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$(000s)	Over/(Under)	
	\$(000s)		\$(000s)	\$(000s)	
Salaries and Employee Benefits	1,522.6	21.25	1,599.2	(76.6)	
Other Expenditures	943.9		597.8	346.1	1
Total Sub-Appropriation	2,466.5	21.25	2,197.0	269.5	

1. *Over expenditure is due to the administration costs associated with the implementation of the Farmland School Tax Rebate program and the costs associated with producing a second provincial budget.*

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba Income Tax and tax credit programs for residents of Manitoba;
- administering all elements of the Manitoba Education Property Tax Credit Advance program;
- enforcing the provisions of the legislation governing Manitoba Income Tax and Manitoba tax credit programs including recovery of ineligible claims;
- administering Tax Rebate Discounting;
- administering the Riparian Tax Credit program;
- administering elements of the Cooperative Education Tax Credit program; and
- administering the 2004 Farmland School Tax Rebate program.

The major activities include:

- providing information to taxpayers claiming any of the above programs and administering these programs with Canada Revenue Agency;
- responding to enquiries and processing benefit applications; and
- contacting individuals to recover ineligible amounts claimed under Manitoba Income Tax and Tax Credit legislation.

Results:

Residents of Manitoba receive benefits to which they are entitled under the *Manitoba Income Tax Act*.

5 (b) Manitoba Tax Assistance Office					
Expenditures by Sub-Appropriation	Actual 2004-2005 \$(000s)	Estimate 2004-2005 FTEs	Estimate 2004-2005 \$(000s)	Variance Over/(Under) \$(000s)	Expl. No.
Salaries and Employee Benefits	294.7	8.00	291.5	3.2	
Other Expenditures	128.6		132.2	(3.6)	
Total Sub-Appropriation	423.3	8.00	423.7	(0.4)	

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to Treasury Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and co-ordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- co-ordinating expenditure management, continuous improvement, planning and program performance measurement processes for government;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service as well as providing specialized consulting services respecting labour relations and compensation matters within the public sector; and
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies.

The 2004/2005 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2004 Manitoba Budget on April 19, 2004.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and co-ordinates the annual estimates process and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

The three analytical units are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies.

They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Expenditure Management and Continuous Improvement

This unit is responsible for co-ordinating a range of expenditure management and internal service improvement processes and projects. Activities include managing the Priorities and Strategies Overview component of the annual estimates process, co-ordinating program reviews of selected program areas, and co-ordinating performance reporting activities.

The unit also includes the Administrative Policy Office which develops, interprets and evaluates government-wide administrative policies, which are communicated in the General Manual of Administration (GMA).

Results

The Priorities and Strategies Overview component of the annual estimates process was revised during 2004/2005, including the development of a program review process. A clustered approach to sharing administration and finance resources between departments was implemented, and an initiative to restructure information and communications technology services was undertaken. The GMA was made more accessible to staff through an on-line version.

Co-ordination of Special Operating Agencies

The *Special Operating Agencies Financing Authority Act* received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and achieve cost-savings for government. The Coordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential SOA candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992/1993, Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. The complement of SOAs has reached seventeen, representing over \$134 million in business for government. The SOAs continue to provide cost effective services for government and other clients. Further information on the operation of the SOAs is provided in the Annual Report for the Special Operating Agencies Financing Authority and for each SOA.

Labour Relations

Compensation Services

Compensation Services provided a complete range of services related to administration of the province's job classification program, employee benefits programs and compensation research to support the collective bargaining process and human resource policy development. Service is provided to Treasury Board, Government negotiators, human resource practitioners and department managers. Service is also provided to external public sector organizations requiring advice, information or interpretation of civil service compensation policies and practices. The Branch represents government in negotiations with employee representatives to amend the Civil Service Superannuation Plan, the Public Service Group Insurance Plan and the Teachers Pension Plan.

Results

Support in the form of research and costing of bargaining proposals was provided to negotiation services related to the negotiation and implementation of various collective agreements.

Improvements to the Public Service Group Insurance Plan were implemented.

Compensation and benefits information databases were maintained and expanded, and information exchanged with a variety of local and national employers. A number of policies were updated to reflect current compensation policy and practice within the organization.

A total of 1,140 classification assessments were completed including implementation of 10 new or updated classification series. Classification delegation audits were completed for scheduled government departments and classification training was presented to managers and human resource practitioners.

The Long-Term Disability Information System was transferred to an SAP configured format.

Benefits Administration

The Benefits Administration branch is responsible for providing central administrative services for government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and human resource policies. Benefit programs include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drugs, Extended Health, Long-Term Disability (LTD) and the Health Spending Account. The branch also provides advice to government departments and other public sector organizations with respect to the application of benefits programs.

Workers Compensation Board (WCB) costs from government departments and agencies are managed through Benefits Administration branch. Financial information for statutory benefit and insurance programs including Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education, is compiled through the branch. Additionally, the branch is responsible for co-ordinating the budgeting and financial reporting activities related to Employee Pensions, benefits and other salary related costs.

Results

The branch provided administrative support and disability management services for LTD plan recipients and monitored accommodation issues related to redeployment of employees on medical grounds. During the 2004/2005 fiscal year 38 employees who had been on LTD were returned to work. As of March 31, 2005, 330 individuals were in receipt of LTD benefits.

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides upon request labour relations services to Crown corporations and government-funded agencies.

Results

The branch concluded the negotiation of a number of collective agreements that had expired in 2003/2004 including agreements with the Professional Institute of the Public Service representing engineers employed by the province and the Manitoba Association of Crown Attorneys. Agreements were also reached on behalf of the Agricultural Credit Corporation, the Manitoba Crop Insurance Corporation and Red River, Assiniboine and Keewatin colleges. In addition, the branch negotiated the terms and conditions of a number of agreements respecting the transfer of employees between employer jurisdictions including the transition of approximately 300 civil servants from Manitoba Transportation and Government Services to Manitoba Public Insurance and the transition of approximately 1,000 employees of Winnipeg Child and Family Services into the civil service.

Contract Administration

Negotiation Services provides support and guidance to management concerning the implementation and interpretation of collective agreements. Services include providing counsel on proposed actions concerning labour relations issues in the workplace. As part of this responsibility, the branch co-ordinates grievance and arbitration activities on behalf of government and conducts training sessions for managers and human resources officers regarding their roles in managing under a collective agreement.

Results

The branch successfully represented the Government and some Crown agencies before boards of arbitration concerning several rights issues involving both contract interpretation as well as discipline and dismissal matters. In addition, staff managed the interests of the province before the Manitoba Human Rights Commission on a number of human rights cases. The branch also represented the Government in an interest arbitration concerning Corrections workers and in a mediated settlement of the Manitoba Association of Crown Attorneys collective agreement. Throughout the year, staff conducted a series of training sessions for line managers and human resource professionals on the topics of "Grievance Handling and Managing Under a Collective Agreement".

7 Treasury Board Secretariat	Actual	Estimate 2004-2005	Variance	Expl.
Expenditures by Sub-Appropriation	2004-2005	2004-2005	Over/(Under)	No.
	\$(000s)	FTEs	\$(000s)	
Salaries and Employee Benefits	4,412.1	66.60	4,486.2	(74.1)
Other Expenditures	846.2		809.8	36.4
Total Sub-Appropriation	5,258.3	66.60	5,296.0	(37.7)

CONSUMER AND CORPORATE AFFAIRS DIVISION

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

The division has four Special Operating Agencies - Companies Office, Manitoba Securities Commission, The Property Registry and Vital Statistics Agency. These agencies issue their own annual reports, therefore information from these agencies is not provided in this document.

Administration and Research

Administration and Research is comprised of three programs; the Assistant Deputy Minister's office, Research and Planning, and Administrative Services and Information Technology Support. All three programs provide support to the Consumer and Corporate Affairs Division.

Mandate

- Provides overall direction to the Consumer and Corporate Affairs Division
- Assesses the need for new or amended legislation and co-ordinates the development of legislation and other responses to marketplace problems
- Investigates marketplace issues and assesses alternative responses to them
- Provides support for the division's financial systems, information technology activities and budget processes

Results

- Issued a discussion paper through the Consumer's Bureau seeking comments from consumer organizations, the business sector and the general public on possible improvements to cost of credit disclosure requirements under *The Consumer Protection Act*, including extending the requirements to mortgages. After analysis of the results of the consultation, proposed cost of credit disclosure amendments were prepared. Bill 24, *The Consumer Protection Amendment Act (Cost of Credit Disclosure and Miscellaneous Amendments)* was introduced late in 2004/05.
- Consulted with the Landlord and Tenant Advisory Committee and the Professional Property Managers Association on potential amendments to *The Residential Tenancies Act* to facilitate the improvement of the province's rental housing stock through unit and distressed property rehabilitation provisions as well as provisions allowing a tenant to claim compensation for unreasonable delay in making requested repairs and to make the Act more responsive to the needs of landlords and tenants.
- Consulted with a working group representing landlords, tenants, lenders, developers and other life lease stakeholders regarding issues under *The Life Leases Act*. Developed changes to improve communications between landlords and tenants, increase financial information provided to tenants and require faster refunds of entrance fees. Bill 20, *The Life Leases Amendment Act* received first reading late in 2004/05.
- Recommended amendments to *The Condominium Act* after consultation with a number of condominium developers, lawyers, unit owners and other condominium stakeholders. The changes clarify the cooling-off period, require developers to provide construction documents to condominium boards and make other improvements to the Act.
- Continued work toward reform of securities regulation with Manitoba signing a Provincial/Territorial Memorandum of Understanding on securities regulation on September 30, 2004 and development of plans to implement a Passport System in August 2005. A Passport System will give issuers and registrants a single window of access to capital markets in participating provinces/territories.
- Amendments to *The Manitoba Public Insurance Corporation Act* were passed enabling the establishment of a Claimant Adviser Office to advise and assist claimants with an appeal to the Automobile Injury Compensation Appeal Commission. Staff were hired and trained and office space obtained in preparation for the opening of the office in the spring of 2005.

- Bill 7 - *The Personal Investigations Amendment Act* was developed and introduced in response to concerns expressed by business and consumers.
- Developed a proposal for regulation of the payday loans industry.
- Discussed views on the concept of exempting RRSPs from creditors with lawyers, accountants, lenders, business organizations and others.
- Provided information on a wide range of topics including studies advocating exemption of RRSPs from creditors, housing starts, rental housing vacancy rates and rents in other Canadian cities, a CMHC Life Leases Housing Study, arbitrations and other activities of the CAMVAP program, Ontario's review of its Tenant Protection Act, gasoline prices in Winnipeg and other Canadian cities.
- Managed Consumer and Corporate Affairs Division program responsibilities within budget.

8 (a) Administration and Research

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005 FTEs	2004-2005 \$(000s)	Variance	Expl. No.
	2004-2005 \$(000s)			Over/(Under) \$(000s)	
Salaries and Employee Benefits	903.8	16.78	954.7	(50.9)	
Other Expenditures	246.2		273.2	(27.0)	
Less: Recoverable from Other Appropriations	(210.0)		(190.0)	(20.0)	
Total Sub-Appropriation	940.0	16.78	1,037.9	(97.9)	

Consumers' Bureau

The Consumers' Bureau provides programs in support of Manitoba consumers and businesses, and:

- licenses/registers/grants certifications or authorizations to vendors and individual sellers engaged in direct selling; collection agencies and collectors; hearing aid dealers; charities fundraising in Manitoba; and manufacturers or renovators of stuffed articles;
- provides a medium for the mediation and investigation of consumer complaints;
- takes action as appropriate concerning prosecution of offenders under the statutes administered;
- identifies problems and issues in the marketplace and makes recommendations to amend legislation under its mandate as required;
- informs and educates consumers, businesses, service groups, consumer groups and student organizations regarding their rights and responsibilities as well as potential risks in the marketplace; and
- consults with other departments, agencies and organizations in Manitoba, Canada and internationally on current issues.

The Consumers' Bureau administers the following statutes:

- *The Business Practices Act*
- *The Consumer Protection Act*
- *The Personal Investigations Act*
- The Bedding, Upholstered and Stuffed Articles Regulation of *The Public Health Act*
- *The Charities Endorsement Act*
- *The Hearing Aid Act*
- Part III of *The Mortgage Act* (Reverse Mortgage Loans)

In the administration of the statutes stated above, the bureau operates in five main areas:

- Dispute resolution/mediation
- Licensing and registration
- Special investigations
- Information/education
- Administration/legislative review

While each program represents a group of activities with a common objective, all staff are involved in all areas. As an example, all staff provide information/education to clients. Similarly, all staff offer input and effort resulting in recommendations to make changes to legislation.

Dispute Resolution/Mediation

The dispute resolution/mediation program provides an important tool in monitoring the marketplace. Problems are often reported to the Consumers' Bureau in the form of complaints or inquiries. In response, the bureau mediates complaints involving retail transactions of goods or services, financing contracts, collection practices, advertising and credit reporting.

Dispute resolution/mediation officers consider the rights and responsibilities of both sides of transactions, as well as relevant legislation, when attempting to bring parties to an agreement. Dispute resolution/mediation may include bureau assistance to consumers and businesses in making claims against the bonds of licensed vendors or collection agents. This may arise after a business failure or in situations where vendors or collection agents do not comply with the requirements of *The Consumer Protection Act*.

In addition to legislation administered by the bureau, officers must have knowledge of other statutes such as *The Garage Keepers Act*, *The Builders' Liens Act*, *The Repair Shops Act* and *The Sale of Goods Act*, that may be used in the dispute resolution/mediation process.

In 2004/2005, the Consumers' Bureau handled 30,954 telephone and e-mail inquiries from consumers and businesses requesting assistance. Disputes are often resolved over the phone or through e-mail by staff without necessitating a formal written complaint being submitted to the bureau. During the same period, 1,712 clients came to the bureau in person to request assistance or to initiate a formal complaint. Due to improvements to the bureau's website, substantial increases in the numbers of individuals accessing the site have been noted in recent years. In 2004/2005 there were over 50,000 visits to the website, an increase of approximately 14,000 visits over the previous year.

The number of complaints registered with the bureau varies from year to year. In 2004/2005, 1,497* formal written complaints were handled. Automotive and financial complaints registered the highest numbers during 2004/2005. The Consumers' Bureau obtained cash settlements or adjustments for consumers totaling \$328,144.41. The Consumers' Bureau has a good record of success in resolving disputes and strives to maintain a high standard through fair and accurate application of knowledge of contracts, relevant legislation and skill in conflict resolution.

Consumer Services Officers handling complaints may identify breaches of consumer protection statutes such as unfair business practices in consumer transactions or misleading advertising. Through the dispute resolution/mediation process, it is usually possible to bring a business into compliance with legislation.

When compliance with statutes is not obtained, or where frequent statutory breaches have been identified, referral is made to the special investigation process of the bureau.

* This total includes 244 complaint files carried over from 2003/2004.

ANALYSIS OF COMPLAINTS

COMPLAINT TYPE	2004/2005	2003/2004
AUTOMOTIVE	251	311
HOME IMPROVEMENTS	246	222
FINANCIAL	243	283
PERSONAL EFFECTS AND SERVICES		
Hardware and Software	78	124
Personal Services	26	30
Personal Effects	14	62
Mover/Storage	19	17
Personal Improvement	55	41
Other	0	0
HOME FURNISHINGS AND ACCESSORIES		
Home Furnishings and Accessories	69	96
Home Entertainment	10	14
Other ¹	45	23
MAIL ORDER AND SUBSCRIPTIONS	38	75
TRAVEL ²	62	27
OTHER		
Telemarketing	3	3
Charities	25	19
Utilities	0	0
Other ³	313	798
TOTAL	1,497*	2,145

*Most of the decrease in the total number of complaints registered in 2004/2005 is attributed to 496 less “Nigerian-type scam” complaints than 2003/2004. Last year’s total number of complaints was unusually high due to 651 “Nigerian-type scam” complaints.

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1. Includes: Professional services, jewelry, dry cleaners, photography, musical instruments/lessons, restaurants, schools.
 2. Increase due to Jetsgo airline failure.
 3. Includes: Food sales, entertainment, coupon books, lotteries, prizes, hobby products, towing companies, parking facilities, mobile homes and residential dwellings. The category includes 155 complaints/inquiries regarding “Nigerian-type Scam”.

Licensing and Registration

The Consumer Protection Act regulates vendors and direct sellers, collection agents and collectors through licensing and bonding requirements. Under *The Consumer Protection Act*, consumers who enter into contracts as a result of a direct sale have a 10-day cancellation right. There are other cancellation rights of up to one year provided to consumers where vendors have not complied with certain requirements specified in the Act.

Bonds are required under the licensing requirements of the Act for vendors engaged in direct sales and collection agencies. Where companies fail or refuse to honour obligations to consumers, the bonds provide fair and effective recourse.

Licences, Registrations and Authorizations

TYPE	2004/2005	2003/2004
Collection Agent	68	78
Vendors	177	181
Direct Seller	1,777	1,758
Hearing Aid Dealers	49	42
Bedding and Upholstery	1,671	1,628
Collectors	2,526	2,410
Charities Authorized	234	199
TOTAL:	6,502	6,296

Special Investigations

A level playing field in the marketplace for consumers and businesses is a goal of the bureau. The Consumers' Bureau is often successful in obtaining voluntary compliance with its statutes through dispute resolution/mediation. There are instances where investigations of breaches of the various acts are necessary. Following investigation, some matters are referred to the Justice department for prosecution or other court action as appropriate. The Crown may also seek redress in court for consumers who have been victimized. As alternatives to prosecution, investigations may result in obtaining assurance of voluntary compliance, orders to freeze assets, or injunctions prohibiting certain actions.

In 2004/2005, a total of 22 charges were laid against individuals and companies for breaches of consumer protection statutes. This included 19 charges of committing unfair business practices under *The Business Practices Act*, one charge under section 64 of *The Consumer Protection Act* as a result of a vendor failing to provide a consumer with a refund within 15 days after cancellation of the contract and two charges of direct selling without a license under section 75 of *The Consumer Protection Act*.

There was one guilty plea to a breach of section 75 of *The Consumer Protection Act* and one charge under *The Business Practices Act* was stayed. Fines, costs and surcharges assessed were \$3,750 and restitution in the amount of \$2,500 was ordered.

The Special Investigations unit maintains a close working relationship with departments and agencies of all three levels of government. As well, investigations benefit from the ongoing support and exchange of information with Industry Canada, the Winnipeg Police Service, Brandon Police Department, RCMP and Project Phonebusters. The Consumers' Bureau was instrumental in 2004/2005 in identifying a number of possible offenses to other enforcement authorities, which resulted in charges under the *Criminal Code* and investigations under the *Competition Act*.

By effective investigations of breaches of statutes and prompt application to the court, the bureau protects consumers from unfair business practices and ensures a healthier marketplace for businesses to compete fairly.

In 2004/2005, continued participation by federal, provincial and territorial consumer protection authorities in the electronic sharing of information through the Canshare database resulted in the early identification of a variety of “scams”. However, the Canshare program has now been discontinued and alternative methods of sharing information are being implemented.

Information/Education

Consumers' Bureau staff provided 23 presentations to more than 325 Manitobans. Presentations were held for a number of English Second Language classes at Red River College, the Consumer Issues class at the University of Manitoba and students at Gordon Bell High School. Presentations were also given to groups at the Salvation Army through the New Canadians program, at the Multicultural Family Centre, Vasa Lund Estates, Winnipeg Public Library, St. James Rotary Club and Department of Defense. A presentation on Identity Theft was made at a Service Quality Partners Luncheon where there were 100 participants. A number of Community Legal Education Association groups also received presentations.

Presentations in the rural areas included ones made to the City of Brandon Licensing Branch and to the Royal Manitoba Winter Fair Board in Brandon, as well as to seniors at the Seniors Health Fair in Victoria Beach and the Seniors Community Day in Pilot Mound.

The bureau had booths set up at Information Fairs for seniors held in Lorette, Ste. Anne and St. Jean Baptiste and at the Seniors Community Day in Pilot Mound where approximately 300 people in total were in attendance.

The Consumers' Bureau, in partnership with the Manitoba Seniors' Directorate, RCMP, Winnipeg Police Service, Manitoba Public Insurance, Residential Tenancies Branch, Vital Statistics, the Centre for the Financial Services OmbudsNetwork, Manitoba Securities Commission, Competition Bureau and Addictions Foundation of Manitoba, completed a consumer tips calendar for distribution to consumers. It features a different consumer topic each month and provides tips and information on a variety of subjects including teaching children about money, rebates, coupons and cashable vouchers, ways to avoid moving if you are a renter, rent increases, immobilizers for vehicles, what to do with financial complaints, work-at-home fraud, gambling problems, planning a funeral, internet banking and shopping on-line, Neighbourhood Watch and door-to-door selling and canvassing. 30,000 copies of the calendar were distributed to various seniors' organizations and consumer groups as well as individual consumers.

The Consumers' Bureau regularly receives calls from the media about specific consumer problems or marketplace issues. In 2004/2005, the number of media inquiries increased substantially from 22 in 2003/2004 to a total of 40. Senior bureau staff participate in television, radio and print interviews in response to media inquiries and utilize these opportunities to communicate information to consumers and businesses about their rights and responsibilities.

News releases continued to be used as a proactive measure and in 2004/2005, more than twice as many releases were issued than in 2003/2004. The releases contained timely information about certain problems being encountered and current issues in the marketplace. They informed consumers and businesses of their rights and responsibilities and offered information on steps to take to prevent problems.

A total of 16 news releases or advisories were issued in 2004/2005. General information releases were issued on the topics of home renovations, rebates, prepaid services, rights and obligations when making in-store and on-line purchases, purchasing travel services, charitable contributions, purchasing investment software, advice with regards to the closure of an airline and an announcement of the consumer tips calendar. A release was also done in partnership with Manitoba Water Stewardship regarding the purchasing of water treatment equipment. A release was issued advising of a discussion paper on the cost of credit disclosure and requesting input from stakeholders on proposed changes. Additional releases were issued advising of proposed amendments to legislation regarding credit reporting under *The Personal Investigations Act* and advising of proposed amendments to the cost of credit disclosure requirements under *The Consumer Protection Act* and *The Mortgage Act*.

Contacts are maintained and issues discussed by bureau staff with the Better Business Bureau, the Direct Sellers Association, the Consumers Association of Canada, the Manitoba Motor Dealers Association, the Association of Fundraising Professionals, various municipal, provincial and federal government organizations and law enforcement authorities.

Administration/Legislative Review

The administration/legislative review program effectively manages the internal operation of the Consumers' Bureau, including the management of financial and human resources within the branch. All staff participate in the business planning, policy reviews and legislative reviews of the Acts administered.

A new Bedding, Other Upholstered and Stuffed Articles Regulation came into force in 2004/2005. This fulfills Manitoba's commitment to harmonize this area of legislation under the Agreement of Internal Trade.

A Cost of Credit Disclosure discussion paper that was developed in 2003/2004 was released publicly by the Consumers' Bureau in 2004/2005. Consumer organizations, the business sector and the general public were asked to provide their comments on possible cost of credit disclosure amendments to *The Consumer Protection Act* and *The Mortgage Act*.

The results of the cost of credit disclosure consultation were analyzed and proposed cost of credit disclosure amendments were drafted. The Bill was introduced in the House and received first reading.

Based on concerns expressed by business and consumers, amendments were proposed to *The Personal Investigations Act*. The proposed amendments were drafted and received second reading in 2004/2005.

Senior Consumers' Bureau staff participate in the federal, provincial and territorial Consumer Measures Committee (CMC). The CMC provides a forum for national cooperation to improve the marketplace for Canadian consumers by harmonization of laws, regulations and practices, and through actions to raise public awareness.

8 (b) Consumers' Bureau					
Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)		\$ (000s)	\$ (000s)	
Salaries and Employee Benefits	949.1	18.50	944.7	4.4	
Other Expenditures	217.6		242.3	(24.7)	
Grants	111.7		88.7	23.0	1
Total Sub-Appropriation	1,278.4	18.50	1,275.7	2.7	

1. Over expenditure is due to an incremental one-time grant to the Consumers' Association of Canada (Manitoba).

Residential Tenancies Branch

The Residential Tenancies Branch:

- provides information to landlords, tenants and others on *The Residential Tenancies Act*, *The Life Leases Act* and *The Condominium Act*;
- investigates complaints of non-compliance with the legislation;
- mediates disputes between landlords and tenants;
- makes decisions on disputes between landlords and tenants about:
 - security deposits
 - repairs
 - terms and conditions of a tenancy agreement or life lease

- the right to continue in occupancy, including termination for non-payment of rent and noise and disturbance
- claims for compensation
- privacy
- non payment of utilities
- life lease entrance fees
- makes decisions on landlords' applications for rent increases above the guideline and tenants' objections to any rent increases.

The branch administers:

- *The Residential Tenancies Act*
- *The Life Leases Act*
- *The Condominium Act*

Information/Education

Telephone Calls/Interviews

The branch's Winnipeg office has an Interactive Voice Response System (IVRS). Callers have the option of:

- speaking to a Client Service Officer;
- listening to recorded information segments about rent increases, security deposits, landlord and tenant responsibilities and repairs;
- having fact sheet information automatically faxed to them;
- calculating the interest payable on a security deposit;
- adding their name to the mailing list for the Branch's newsletter;
- listening to recorded information on the branch's location and hours of business.

The IVR system handled 72,309 phone calls in the 2004/2005 fiscal year; approximately 48,775 of the callers chose to speak to a Client Service Officer. Staff in Brandon and Thompson answered an additional 6,095 calls from clients. These figures do not include calls to the branch about specific files. During the fiscal year, 9,200 people came to branch offices to request information or to file a formal complaint.

Website

The Residential Tenancies Branch's website @ www.residentialtenancies.mb.ca provides answers to several frequently asked questions. The information is available in English and French. Landlords and tenants can download the most commonly used residential tenancy forms. The website also has an automated security deposit interest calculation feature. The website includes the branch's Policies and Procedures Guidebook and links to *The Residential Tenancies Act* and *The Life Leases Act*. The website had 55,672 visits (logons) from April 1, 2004 to March 31, 2005.

Rent Status

Anyone who is considering the purchase of a rental property can apply to the Residential Tenancies Branch for a rent status report. A rent status report provides information on a property's rent history and can alert people to potential rent increase problems. The application and authorization forms can be downloaded from the website. In 2004/2005, the branch received and processed 151 applications for rent status reports. These applications involved 186 buildings with 4,187 rental units.

Orders System

The Residential Tenancies' Orders System is also available online. The orders system provides information on the orders the branch issues, except for rent regulation orders. Clients can access the system by:

- paying an annual subscription fee of \$250 and receiving a password; or
- paying a fee to search online at the branch; there is a \$5 charge for each 30 minute search.

Users can search the system by landlord or tenant name or by the address of a residential complex.

Policies and Procedures Guidebook

The branch has a Policies and Procedures Guidebook, available in both English and French, to assist landlords, tenants and staff. The guidebook provides guidance on those areas not specifically dealt with in *The Residential Tenancies Act*. It also sets out the procedures for how the branch handles most of the issues landlords and tenants refer to the branch. The guidebook has 13 sections on topics such as security deposits, rent regulation, mediation, hearings and repairs. The branch offered copies of the guidebook to various landlord and tenant organizations and to all major libraries in other provinces as well as to our universities and colleges. The guidebook is available on the branch's website.

Speaking Engagements

In 2004/2005, staff of the Residential Tenancies Branch gave 26 presentations to 403 tenant participants and 11 presentations to 102 landlord participants. The branch also did 17 presentations for student groups. These sessions involved 321 participants, including law and social work students as well as mature Aboriginal students. The branch also did nine presentations for 346 service providers (e.g. Employment and Income Assistance employees). The branch had information booths at the Rotary Club's Career Symposium, the Manitoba Bar Association's Law Day Open House, The University of Manitoba's "Market Days" and the Professional Property Managers Association's "Suite Living". Staff had the opportunity to speak with over 800 people at these displays.

Branch Newsletter

In 2004, the branch introduced its quarterly newsletter, "Open Doors". The newsletter provides information on changes to the legislation or branch procedures and includes articles on topics of interest to landlords and tenants (e.g. security deposit claims, rent increases, smoke alarms, privacy). Anyone interested in receiving the newsletter can add their name to the mailing list by calling the branch or visiting the branch's website. The branch has approximately 1,750 people on its mailing list. Clients can choose to receive the newsletter by mail, e-mail or fax. The newsletter is also available on the website.

Parts 1 - 8 of *The Residential Tenancies Act*

CASE LOAD

<u>Category</u>	<u>2004/2005</u>	<u>2003/2004</u>
Life Leases	4	5
Security Deposits	834	870
Claims (1)	1,356	1,598
Repairs	828	838
Notices to Vacate	366	413
Non-payment of Utilities	151	257
Tenancy Agreements	88	278
Failure of Landlord/Tenant to Meet Obligations (2)	268	171 (2)
Orders of Possession	1,685	1,894
Others (3)	<u>359</u>	<u>526</u>
Files Opened (4)	5,939	6,850
Files Closed (4)	5,894 (5)	6,756 (5)

- (1) The claims category involves cases mediated or heard by the branch. These cases include claims for compensation filed by landlords against tenants and tenants against landlords.
- (2) This category includes disputes over locks and doors, privacy, seizure of tenant's property, non-payment of rent, disturbance, withholding of services, unauthorized charges or fees.
- (3) This category includes disputes involving assignment and subletting, mobile homes, entitlement to collect rent, change of landlord and abandonment of rental unit. Amendments to the abandonment provisions of *The Residential Tenancies Act* in October 2004 significantly reduced the number of cases opened in this category.
- (4) This total includes Winnipeg, Brandon and Thompson offices, but does not include rent regulation files.
- (5) These figures include files carried over from the previous fiscal year which were processed during the reporting period.

Part 9 of *The Residential Tenancies Act*

CASE LOAD

<u>Category</u>	<u>2004/2005</u>	<u>2003/2004</u>
Landlord Application for Rent Increase Above the Guideline (1)	335	369
Application for Laundry Increase	14	20
Application for Approval of a Rehabilitation Scheme (2)	36	32
Application for Tenant Requested Improvement	22	21
Application for Withdrawal of Service	10	12
Rent Increase for New Tenants—S.132	20	59
Tenant Objection to Guideline, or less, Rent Increase	93	92
Unauthorized Rent Increases(3)	<u>429</u>	<u>725</u>
Total Files Opened (4)	959	1,330
Total Files Closed (4)	845 (5)	1,046 (5)

- (1) The rent increase guideline for 2004 and 2005 was 1.5%.
- (2) Two of these applications were for residential complexes in Thompson.
- (3) There was a significant reduction in the number of unauthorized rent increase cases during the 2004/2005 fiscal year. As the branch processes applications for above guideline increases, it also resolves any outstanding unauthorized rent increase issues as part of the application review. This reduces the need for opening separate unauthorized rent increase cases.
- (4) This total includes Winnipeg, Brandon and Thompson offices.
- (5) These figures include files carried over from the previous fiscal year which were processed during the reporting period.

Note:

The figures shown here may differ from those in the annual report on the administration of *The Residential Tenancies Act*. This difference results from using figures based on the calendar year versus the fiscal year.

Performance Standards

The Residential Tenancies Branch has performance targets for processing cases that go to a hearing. The branch holds hearings to consider claims for compensation and applications for orders of possession.

The target for issuing decisions on orders of possession is within three working days of the hearing date. During the 2004/2005 fiscal year, the branch's average time for issuing decisions on orders of possession was two working days.

The performance target for issuing claim decisions is within ten working days of the hearing date. During the 2004/2005 fiscal year, the branch's average time for issuing decisions on claims was approximately 39 working days. The following factors affected performance:

- some hearing officers were participating in the branch's reengineering project in addition to their hearing officer duties; this resulted in delays in issuing decisions for the hearings they took and also increased the workload for the remaining officers;
- the branch experienced staff turnover in the Mediation/Adjudication Unit; new staff had to be trained for hearing officer duties and it took some time for them to reach capacity; and
- many claims were more complex and lengthier in nature, resulting in longer hearings and longer time to write the decisions.

The branch also has performance targets for issuing decisions on applications for rent increase above the guideline. The target is to issue a decision within 90 days or three months of the date the branch receives the application. In 2004/2005, the branch received 335 applications for rent increase above the guideline. These applications covered 20,055 rental units. In the previous fiscal year the branch received 369 applications representing 19,028 rental units. The number received in 2004/2005 was well in excess of the number of applications the branch usually receives. During the five year period prior to 2001/2002, the branch received between 90 and 110 applications per year.

While the branch was not able to achieve its processing target for many of the applications received in 2004/2005, it was able to process approximately 42% of the applications within 4 months of receipt. The delays in processing the remaining applications were due to the following:

- the number of applications for approval of a rehabilitation scheme continued to increase. The branch received 17 applications in 2002/2003, 32 applications in 2003/2004 and 36 applications in 2004/2005. Processing these applications is a very time consuming process that involves extensive investigation, on-site inspections and a minimum of two hearings. The branch had to assign an officer to work almost exclusively on these applications;
- some rent regulation officers were participating in the branch's reengineering project in addition to their rent regulation duties; this resulted in delays in issuing decisions for the rent increase applications and also increased the workload for the remaining officers; and
- the branch experienced staff turnover in the Rent Regulation Unit; new staff had to be trained to process applications and it took some time for them to reach capacity.

Safety Net Program

The Safety Net Program's main purpose is to help people with special needs that are being evicted. These include the mentally and physically handicapped, the elderly and infirm, single parents or families with children. The safety net program may also be used when the Health department placards a building or there is some other unsafe living condition.

When the branch issues an order of possession, a safety net officer reviews the file. If the officer believes the tenant has special needs, the officer contacts the tenants to make sure they understand the order of possession and they know where to go to for assistance. In some cases, the officer might contact an appropriate social services agency. For example, if the tenant is a single parent on social assistance, the safety net officer might contact the tenant's worker to notify them and to make sure the tenant will receive moving expenses and temporary accommodation, if necessary.

The safety net officer has contacts with mental health workers, Employment and Income Assistance, the City of Winnipeg and Provincial Health Department, the City of Winnipeg Police Department's Community Relations and Community Credit Counselling Services.

8 (c) Residential Tenancies Branch

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005 \$(000s)	FTEs	\$(000s)	Over/(Under) \$(000s)	
Salaries and Employee Benefits	2,908.4	55.50	2,913.8	(5.4)	
Other Expenditures	719.8		731.6	(11.8)	
Total Sub-Appropriation	3,628.2	55.50	3,645.4	(17.2)	

Financial Institutions Regulations Branch

The Financial Institutions Regulations Branch has been in existence since April 2000 resulting from the amalgamation of the Insurance and Trust, Cooperatives and Credit Union Regulation branches.

The mandate of the branch is to:

- provide a legislative and regulatory framework that promotes the orderly growth and development of cooperatives, credit unions and caisses populaires, and the insurance industry in Manitoba;
- protect the public while facilitating the transaction of the business of insurance;
- regulate and license private insurance companies;
- license hail insurance agents, hail insurance adjusters and accident and baggage insurance agents. Oversee the Insurance Council of Manitoba in its role to license and supervise the activities of all other insurance agents and adjusters;
- issue business authorizations to trust and loan corporations to do business in Manitoba;
- provide a legislative and regulatory framework to safeguard the funds gathered from the public and ensure the prudent investment of those funds;
- protect members of cooperatives, credit unions and caisses populaires through the administration of *The Cooperatives Act*, *The Credit Unions and Caisses Populaires Act* and corresponding regulations;
- monitor the financial and operational performance of the Credit Union Deposit Guarantee Corporation, La Société d'assurance-dépôts des Caisses Populaires, The Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba;
- maintain a registry for cooperatives, credit unions and caisses populaires, assist with the incorporation of such entities and provide advice on statutory matters including issuing securities to members; and
- review existing legislation and recommend changes where appropriate.

The Financial Institutions Regulation Branch administers the following statutes:

- *The Cooperatives Act*
- *The Credit Unions and Caisses Populaires Act*
- Part XXIV of *The Corporations Act* (Trust and Loan Corporations)
- *The Insurance Act*
- *The Insurance Corporations Tax Act*, and
- *The Marine Insurance Act*.

In addition, the tax under the regulations of *The Fires Prevention and Emergency Response Act* is collected on behalf of the Fire Commissioners Office.

To accomplish its mandate the branch engaged in the following activities:

Inquiries

- Answered more than 7,800 inquiries of a general nature about financial institutions, financial services and cooperatives.
- Answered questions from financial institutions and cooperatives on the legislative and regulatory

requirements in Manitoba.

- Responded to inquiries and complaints from consumers and members.
- Mediated disputes between consumers and insurance companies and between members and their cooperative, credit union or caisses populaire resulting in 135 complaint files processed.

Monitoring of Financial Institutions

- Assessed the financial performance and operational programs of Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba Inc.
- Assessed the adequacy of controls for lending and other risks in the credit union and caisses populaires systems.
- Assessed the financial performance and the effectiveness of the programs carried out by The Credit Union Deposit Guarantee Corporation and La Société d'assurance-dépôts des caisses populaires.
- Inspected for solvency the 6 Manitoba insurers, in partnership with the Office of the Superintendent of Financial Institutions Canada.
- Prepared the Annual Report on insurance companies required by *The Insurance Act*.
- Reviewed the annual returns from 51 federal and extra-provincial trust and loan corporations operating in Manitoba and reviewed areas of concern with the primary regulators from the incorporating jurisdictions.

Licensing and Business Authorizations

- Licensed insurance companies for the transaction of the business of insurance in Manitoba.
- Licensed hail insurance agents, accident and baggage insurance agents and hail adjusters.
- Reviewed and approved 5 amended business authorizations for federal and extra-provincial trust and loan corporations operating in Manitoba.

Incorporation

- Assisted in the incorporation process of new cooperatives, as well as in amending the articles of incorporation and by-laws of cooperatives.
- Assisted in the amending of the articles and by-laws of credit unions and caisses populaires.
- Developed information kits and model bylaws for different types of cooperatives.

Other

- Monitored the regulatory activities of the Insurance Council of Manitoba. The Insurance Council of Manitoba has delegated responsibility for setting entry level standards, examinations and licensing of insurance agents, brokers and adjusters and for reviewing and investigating the conduct of these persons and taking disciplinary action as required.
- Arranged and assisted the Tribunal hearings for terminations of memberships of members of housing cooperatives.
- Maintained a central registry for the orderly filing of all documents required under *The Credit Unions and Caisses Populaires Act* and *The Cooperatives Act*.
- Recommended amendments to *The Credit Unions and Caisses Populaires Act* regulations.
- Continued the consultation to recommend amendments to *The Insurance Act*.
- Collected the premium tax under *The Insurance Corporations Tax Act*.
- Collected the tax under *The Fires Prevention and Emergency Response Act*.

Client Services

Monitored stakeholders' satisfaction by surveying each insurance company and one of every three consumers that came into contact with the branch as a result of our mediation role. The result was a satisfaction rate of 75%.

Trust and Loan Corporations

As at March 31, 2005 there were 51 federal and extra-provincial trust and loan corporations operating in Manitoba.

Credit Unions/Caisses Populaires

Following are the consolidated statistics from the credit union and caisses populaires systems operating in Manitoba at December 31:

Credit Unions	2004	2003
Total Assets	\$9.1 billion	\$8.3 billion
Total Deposits	\$8.5 billion	\$7.7 billion
Total Loans	\$7.4 billion	\$6.7 billion
Members	502,000	492,000
No. of credit unions/locations	57/177	57/175

Caisses Populaires	2004	2003
Total Assets	\$584 million	\$552 million
Total Deposits	\$539 million	\$510 million
Total Loans	\$485 million	\$464 million
Members	30,804	30,282
Number of caisses/locations	7/28	7/29

Cooperatives

As at March 31, 2005 there were 364 cooperatives with over 292,000 active members operating in Manitoba categorized as follows:

Classification of Cooperatives	2004/2005	2003/2004
Housing	58	56
Consumer	59	58
Day-care	43	45
Community Service	25	26
Utility	45	43
Marketing	34	39
Recreational and community clubs	29	30
Farmers Markets	9	9
Agriculture/Producer	18	16
Cattle Feeders	11	11
Employment	15	15
Fishing	10	9
Communications and Transportation	8	7
TOTAL	364	364

During 2004/2005, 19 new cooperatives were incorporated or revived while 19 cooperatives were dissolved or eliminated through discontinuance.

Insurance

A summary of insurance related activities include:

ACTIVITY REPORT		
DESCRIPTION	2004/2005	2003/2004
Telephone Enquiries Received	7,738	7,880
Complaint Files Processed	122	135
Public Relations Engagement	2	3
TOTAL	7,862	8,018

Summary comparisons of licensing and complaint activities performed by the branch and Insurance Council of Manitoba are as follows:

LICENSING OF INSURANCE COMPANIES		
DESCRIPTION	2004/2005	2003/2004
Federal	215	212
Provincial	43	44
TOTAL	258	256

LICENCES ISSUED BY SUPERINTENDENT OF INSURANCE OFFICE		
DESCRIPTION	2004/2005	2003/2004
Hail Agents	340	367
Accident and Baggage Agents	574	494
Miscellaneous Agents	4	4
Agents Sub-Total	918	865
Hail Adjusters	70	75
Special Brokers Licences	6	6
TOTAL	994	946

LICENCES ISSUED BY INSURANCE COUNCIL OF MANITOBA		
DESCRIPTION	2004/2005	2003/2004
Life Agents	2,251	2,368
General Agents	2,745	2,548
Accident and Sickness Agents	1,504	1,512
Automobile Agents	5	7
Agents Sub-Total	6,505	6,435
Adjusters	69	70
Assistant Adjusters	4	7
Adjusters Sub-Total	73	77
TOTAL	6,578	6,512

LICENCES CANCELLED, SUSPENDED, REVOKED OR REFUSED BY INSURANCE COUNCIL OF MANITOBA		
DESCRIPTION	2004/2005	2003/2004
Agent Licences Cancelled	*38	27
Agent Licences Suspended	0	1
Agent Licences Revoked	1	2
Agent Licences Refused	2	10
Suspension, fines and costs	1	2
Suspension and costs	1	4
Fines and costs	7	7
TOTAL	50	53

* 38 cancelled due to failure to complete level of upgrading.

INSURANCE AGENT AND ADJUSTER LICENCING EXAMINATIONS BY INSURANCE COUNCIL OF MANITOBA						
	WRITTEN		PASSED		FAILED	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
Life	410	457	301	311	109	146
General	33	56	8	13	25	43
Accident & Sickness	15	24	14	15	1	9
Agents Sub-Total	458	537	323	339	135	198
Adjuster	4	8	3	6	1	2
TOTAL	462	545	326	345	136	200

ANALYSIS OF COMPLAINTS - PART ONE

DESCRIPTION	LIFE		ACCIDENT & SICKNESS		ANNUITIES – RRSPs		PERSONAL LINES/ TENANTS and HOMEOWNERS		COMMERCIAL LINES	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
Claims	2	1	15	18	0	1	22	17	2	7
Application Rejected/ Renewal Refused	2	0	0	3	0	0	5	6	1	0
Premium Payments	8	13	8	1	0	1	5	6	3	2
Replacements	0	1	0	0	0	0	0	0	0	0
Selling Tactics	9	3	0	0	1	1	0	3	0	2
Sales Promotion	3		0		0		0		0	
Rebating	0		0		0		0		1	
Miscellaneous	3	3	0	2	0	0	2	0	0	0
Totals	27	21	23	24	1	3	34	32	7	11

ANALYSIS OF COMPLAINTS - PART TWO

DESCRIPTION	HAIL		TRAVEL		FARM		MISCELLANEOUS LINES – LIVESTOCK, BAGGAGE, WARRANTIES, EXTENDED AUTO COVERAGE ETC.	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
Claims	0	0	3	3	0	0	2	4
Application Rejected/ Renewal Refused	0	0	0	0	0	1	0	0
Selling Tactics	1	1	0	0	0	0	2	1
Sales Promotion	0	0	0	0	0	0	1	0
Miscellaneous	0	0	0	0	0	0	21	34
Totals	1	1	3	3	0	1	26	39

COMPLAINT STATISTICS - INSURANCE COUNCIL OF MANITOBA		
DESCRIPTION	2004/2005	2003/2004
Number of Complaints Opened	92	118
Number of Complaints Dealt With	95	126
Number of Complaints Outstanding at March 31/05	32	35
NEW COMPLAINTS PER COUNCIL		
DESCRIPTION	2004/2005	2003/2004
ADJUSTERS COUNCIL	8	5
GENERAL COUNCIL	18	38
LIFE COUNCIL	66	75

8 (d) Financial Institutions Regulations Branch

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$(000s)	Over/(Under)	
	\$(000s)		\$(000s)	\$(000s)	
Salaries and Employee Benefits	688.6	11.50	752.4	(63.8)	
Other Expenditures	161.2		262.0	(100.8)	1
Total Sub-Appropriation	849.8	11.50	1,014.4	(164.6)	

1. Under expenditure is due to lower professional fees as well as reduced travel and related costs for the Office of Superintendent of Financial Institutions as a result of fewer on-site solvency reviews of Manitoba incorporated insurance corporations in 2004-2005.

Claimant Adviser Office – Automobile Injury Compensation Appeals

General

The Claimant Adviser Office (CAO) was established by amendment to the *Manitoba Public Insurance Corporation Act*. The CAO is a bilingual advocacy office, completely independent from the Manitoba Public Insurance Corporation and the Automobile Injury Compensation Appeal Commission (*the Appeal Commission*). This office has been created to help people who want to appeal Manitoba Public Insurance decisions about bodily injury claims to the Appeal Commission.

The assistance of the CAO is only available after a bodily injury claim decision has been issued in writing by the Manitoba Public Insurance Corporation's Internal Review Office.

A claimant adviser can:

- explain how the *Manitoba Public Insurance Act* and regulations apply to a bodily injury claim;
- help clients appeal to the Appeal Commission;
- advise about the details of the appeal process and evidence needed;
- carry out investigations and inspections;
- obtain expert opinions; and
- represent clients at an appeal hearing.

The CAO is fully accessible to people with disabilities.

Activities

The director was hired in October 2004 and started planning for the start-up of operations, staff hiring processes, developing staff training, monitoring the office construction and planning for the grand opening of the office anticipated for May 2005. One of the two claimant advisers was hired in January 2005.

The CAO worked with Manitoba Public Insurance to develop an insert to be included with all internal review decisions advising clients of the CAO's services and to send similar information in a mailing to claimants who fell within the 90-day window of the appeal period. Discussions took place with the Automobile Injury Compensation Appeal Commission regarding notifying all appellants on the appeal list of the services available from the CAO.

8 (e) Claimant Advisor Office - Automobile Injury Compensation Appeals

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)		\$ (000s)	\$ (000s)	
Salaries and Employee Benefits	43.4	4.00	116.3	(72.9)	
Other Expenditures	109.1		352.0	(242.9)	
Total Sub-Appropriation	152.5	4.00	468.3	(315.8)	1

1. Under expenditure is due to delays in the establishment of the Claimant Advisor Office – Automobile Injury Compensation Appeals pending legislative changes.

Automobile Injury Compensation Appeal Commission

General

The Automobile Injury Compensation Appeal Commission ('the Commission') is a specialist tribunal, established to deal with appeals arising with respect to claims under the Personal Injury Protection Plan (PIPP) of Manitoba Public Insurance ('MPI'), more commonly known as the 'no-fault insurance program.'

The Commission was established under *The Manitoba Public Insurance Corporation Act* ('the Act'), which, amongst other things, outlines the powers and responsibilities of the Commission regarding the processing of appeals.

2004/2005 was the eleventh full year of operations for the Commission which now has a complement of twenty six persons: three full-time commissioners, seventeen part-time commissioners, a director, two appeals officers, the secretary to the chief commissioner and two administrative assistants. 226 individuals filed appeals with the Commission respecting 250 MPI decisions for the 2004/2005 year. This compares with 189 individuals filing appeals respecting 234 MPI decisions in the 2003/2004 year. Most of the appeals heard during the 2004/2005 fiscal year relate to injuries sustained in prior years - some as early as 1994. As each year passes the resultant files, in many cases, increase in volume and time spent to review. This is due, in part, to the fact that, when injuries are of a comparatively serious nature and the insurer's initial liability is not disputed, a claimant may be in receipt of income replacement, medical treatment or other coverage from MPI for an extended period; in such cases, it is only when MPI decides to terminate benefits that the appeal process is sometimes initiated.

The Appeal Process

Prior to filing an appeal with the Commission, claimants who have sustained a personal injury caused by an automobile accident and who feel themselves aggrieved by a decision of MPI must have that decision reviewed by the Corporation's Internal Review Officer. Claimants have 60 days to ask for a review.

The Internal Review officer gives his or her decision in writing, with the reasons for that decision. A claimant who is still dissatisfied may then file a Notice of Appeal with the Commission within 90 days of the review decision. Rights of appeal are explained to the claimant in writing at each step in the processing of a claim.

The Commission can extend the deadline for filing appeals. Claimants who have furnished persuasive reasons for missing the 90-day deadline have been granted extensions. The Commission will continue to consider reasonable requests.

Once a Notice of Appeal has been filed with the Commission, the appellant's complete file is obtained from MPI. Commission staff review the file and, based on the issue(s) under appeal, create an index of all relevant contents. A copy of the indexed material is provided to both parties. A date is then set for the hearing of that appeal. The Commission makes every effort to hold a hearing with a minimum of delay while, at the same time, attempting to accommodate the appellant and MPI. So as to avoid last minute adjournments, the Commission's practice is to set hearing dates only when both parties can confirm that they do not anticipate producing any further medical or other written reports.

A panel of three commissioners, who comprise the quorum prescribed by the Act, hear the appeals. 176 hearings and 18 pre-hearing meetings were held in the 2004/2005 fiscal year compared with 147 hearings and 19 pre-hearing meetings held in 2003/2004. Hearings are informal, with the majority of appellants acting without legal representation. The Commission is not bound by the rules of evidence followed by the courts. When viable, the Commission travels to hearings outside of Winnipeg. On occasion, where an appellant lives or works some distance out of Winnipeg, the commissioners have, with the approval of the parties, conducted a hearing by teleconference, using a 'speaker-phone' in the hearing room to enable complete communication between all interested persons. This procedure is useful in particular when few, if any, of the relevant facts are in dispute and it is therefore unnecessary for the panel to weigh evidence and determine credibility. The teleconference call has the added virtue of saving the expense of either bringing the appellant in to the city (sometimes from long distances) or having the entire panel travel to the area where the appellant lives. If, in the course of a telephone hearing, it becomes apparent that the Commission needs actually to see one or more witnesses, the matter will be adjourned for that purpose.

Appellants and MPI may bring forward new evidence, either written or in the form of oral testimony, to be used at the hearing, in which event they are required to disclose it to the other side in reasonable time prior to the hearing. The commissioners weigh the evidence and the arguments of both the appellant and MPI in arriving at each decision.

After the hearing, the Commission issues its decision, which, according to the Act may:

- (a) confirm, vary or rescind MPI's review decision; or
- (b) make any decision that MPI could have made.

Decisions, accompanied by the reasons for those decisions, are normally sent to the appellant and to MPI in writing. A delay in issuing decisions may occur when the commissioners find it necessary to seek further, independent, expert evidence, in which case that evidence is promptly shared with both parties, who are given an opportunity to respond to it before the Commission's decision is finalised.

All of the Commission's reasons for its decisions (other than those that merely adopt the reasons of MPI's Internal Review Officer) are available for viewing at the Commission's office. The decisions are also available through QuickLaw, which is a Canadian company that maintains an electronic database of decisions rendered by courts and tribunals across the country. They are available on a commercial basis. This service should be of particular value to claimants, or representatives who appear at the Commission's hearings.

The Commission's decision is binding, subject only to a right of appeal to the Manitoba Court of Appeal on a point of law or a question of jurisdiction, and then only with prior leave from that court. There were six applications for Leave to Appeal in the 2004/2005 year. The Court of Appeal granted leave for three of the applications. In the Commission's eleven years of operation, the Court of Appeal has granted Leave to Appeal on only seven applications.

In 2004/2005 there was one application for Leave to Appeal from the Court of Appeal to the Supreme Court of Canada. That application has not yet been heard.

Approximately 27% of appeals heard by the Commission during the year succeeded in whole or in part.

Performance Targets

The Commission strives to hear and decide appeals fairly, accurately and with reasonable expedition. With this in mind, the Commission has established the following performance targets:

- Preparation of the indexed file of material to be used at the hearing within five weeks after receipt of MPI's file and all other additional material.
- Hearings are scheduled within 6 – 8 weeks from the time the parties notify the Commission of their readiness to proceed.
- Written decisions are rendered within 6 weeks following the hearing and receipt of all required information.

The Commission continues to experience a high volume of appeals being filed. The high volume has resulted in the following average turnaround times for 2004/2005: 18 weeks to prepare the indexed file and 12 weeks from the time the parties are ready to proceed to a hearing and the actual hearing date. The Commission recognizes that this does not meet its performance targets and is making every effort to address this issue. Additional staff are being trained to prepare the indexed files. An additional Deputy Chief Commissioner has allowed for an increase in the number of hearings scheduled. The average turnaround time for rendering hearing decisions is 4.4 weeks.

8 (f) Automobile Injury Compensation Appeal Commission

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$ (000s)	Over/(Under)	
	\$ (000s)			\$ (000s)	
Salaries and Employee Benefits	596.7	9.00	653.7	(57.0)	
Other Expenditures	153.4		425.1	(271.7)	1
Total Sub-Appropriation	750.1	9.00	1,078.8	(328.7)	

1. Under expenditure is due to delays in completing the renovations and relocation of the commission.

Residential Tenancies Commission

The Residential Tenancies Commission is a quasi-judicial, specialist tribunal that hears appeals from decisions and orders of the Director under *The Residential Tenancies Act*.

The Commission consists of:

- (1) The Chief Commissioner - a full-time position; appointed for up to a five-year term, located in Winnipeg.
- (2) Deputy Commissioners – thirteen part-time positions; may exercise the powers and perform the duties of the Chief Commissioner; appointed for a two-year term; from Winnipeg, Brandon and Thompson.
- (3) Panel members - thirty-eight panel members – approximately half representing the views of the landlords, the others the views of the tenants; from Winnipeg, The Pas, Thompson and Brandon.

Hearings are held before a panel of three consisting of one landlord representative, one tenant representative and a neutral commissioner which is either the Chief Commissioner or one of the deputies. Hearings are chaired by the neutral commissioner. The neutral commissioner also casts the deciding vote if there is a tie. Hearings outside of Winnipeg are held at the nearest judicial district.

Commission decisions are appealable to the Court of Appeal, but only on a question of jurisdiction or error in law. A Court of Appeal judge must grant leave or permission to appeal. Section 179 of *The Residential Tenancies Act* states, however, that no appeal lies from a decision or order of the Commission made in a matter arising under Part 9 that is the section dealing with rent regulation. The Commission's decision here is final.

ACTIVITY SUMMARY
April 1, 2004 – March 31, 2005

	Received	Processed
Activity		
Abandonment	0	0
Claims	153	123
Notice	3	3
Mutual Obligation	0	1
Landlord Obligation	3	1
Order of Possession	139	107
Rent Regulation	154	104
Repairs	21	16
Security Deposit	46	46
Tenancy Agreement	2	2
Tenant Obligation	1	1
Utilities	2	2
TOTAL	524	406

Appeals		
Landlord initiated		197
Tenant initiated		322
Dual initiated		5
TOTAL		524

Decisions		
Orders confirmed		151
Orders varied		106
Orders rescinded		26
Orders withdrawn		102
Orders rejected		6
Orders cancelled		1
Orders denied		0
Motion to extend time in process		0
Motion to extend time granted		7
Motion to extend time denied		4
Pending		3
TOTAL		406

Winnipeg Appeal Hearings		364
Other Appeal Hearings		
Beausejour		2
Brandon		8
Dauphin		3
Minnedosa		1
Morden		1
Portage la Prairie		2
Ste. Anne		1
Selkirk		12
Steinbach		1
Thompson		3
Total Winnipeg and Other Appeal Hearings		398

ACTIVITY SUMMARY		
April 1, 2004 – March 31, 2005		
Activity	Received	Processed
Court of Appeal		
Applications for Leave to Appeal	16	
Denied		14
Pending		1
Granted		2
New Commission Hearing to be held		0
Adjourned Sine Die		0
Withdrawn		3
Settled		0
Court of Appeal Hearings		
Pending		0

8 (g) Residential Tenancies Commission

Expenditures by Sub-Appropriation	Actual 2004-2005 \$(000s)	Estimate 2004-2005 FTEs	Estimate 2004-2005 \$(000s)	Variance Over/(Under) \$(000s)	Expl. No.
Salaries and Employee Benefits	484.5	4.50	463.5	21.0	
Other Expenditures	90.5		105.1	(14.6)	
Total Sub-Appropriation	575.0	4.50	568.6	6.4	

Public Utilities Board

The Public Utilities Board is an independent quasi-judicial body operating under the authority of the Manitoba Legislature.

The board is responsible for the regulation of public utilities as defined under *The Public Utilities Board Act*. These public utilities include:

- Centra Gas Manitoba Inc. - natural gas distribution
- Stittco Utilities Man Ltd. - propane distribution
- Swan Valley Gas Corporation - natural gas distribution
- Water and Sewer Utilities - excluding the City of Winnipeg

With respect to The Crown Corporations Public Review and Accountability and Consequential Amendments Act, the board is also responsible for rate regulation of compulsory drivers and vehicle insurance premiums charged by Manitoba Public Insurance and the rates charged by Manitoba Hydro.

In addition to rate regulation of the above noted public utilities, the board, pursuant to The Gas Pipe Line Act, reviews related utilities' operations to ensure that natural gas and propane are distributed to Manitoba consumers in a safe manner.

Several other enactments which assign regulatory or adjudicative responsibilities to the board are:

- *The Greater Winnipeg Gas Distribution Act*
- *The Gas Allocation Act*
- *The Prearranged Funeral Services Act*
- *The Cemeteries Act*
- *The Manitoba Water Services Board Act (Appeals)*
- *The Highways Protection Act (Appeals)*

During the fiscal year, the board convened 20 board meetings, 39 public hearing days and 3 pre-hearing conference days. A total of 160 formal orders were issued which included the following:

- | | |
|-------------------------------------|----|
| • Water and Sewer Utilities | 70 |
| • Natural Gas Utilities and Propane | 13 |
| • Gas Broker Appeals | 1 |
| • Highways Protection Act | 3 |
| • Manitoba Hydro Act | 65 |
| • Manitoba Public Insurance | 6 |
| • The Cemeteries Act | 1 |
| • Disconnection | 1 |

With respect to *The Prearranged Funeral Services Act*, 22 renewal licences and 1 initial licence were licensed to sell for this fiscal year. In addition, there were 12 applications and 1 initial application filed for acknowledgement of revisions in prearranged funeral fees for caskets and services. The board continued to review and monitor the annual reports filed by licensees and their trustees with regard to prearranged funeral plans being sold and contracted funds in trust.

With respect to *The Cemeteries Act*, the board issued the following renewal licences for this fiscal year: 11 cemetery and 1 initial licence, 7 columbariums, 5 mausoleums and 16 crematoria. Also 76 licences were issued to sales personnel on behalf of, and for, owners of cemeteries. In addition, 13 applications and 1 initial application for a revision of fees for spaces, materials and services were authorized.

The board issued 12 renewal registrations to brokers of natural gas. The board dealt with a number of public enquiries and had several discussions with brokers and other members of the industry.

The board supervised the Service Disconnection and Reconnection Policy and Procedures of Centra Gas Manitoba Inc., Gladstone Austin Natural Gas Co-op Ltd., Swan Valley Gas Corporation and Stittco Utilities Man Ltd. In this regard the board received a number of customer enquiries and complaints and 1 appeal hearing was required.

8 (h) Public Utilities Board

Expenditures by Sub-Appropriation	Actual	Estimate 2004-2005		Variance	Expl. No.
	2004-2005	FTEs	\$(000s)	Over/(Under)	
	\$(000s)		\$(000s)	\$(000s)	
Salaries and Employee Benefits	711.5	7.23	505.6	205.9	1
Other Expenditures	534.4		638.0	(103.6)	
Total Sub-Appropriation	1,245.9	7.23	1,143.6	102.3	

1. *Over expenditure is due to severance and vacation pay upon retirement.*

CAPITAL INVESTMENT

Capital investment is provided in the Estimates of Expenditures under Part B. For the year ended March 31, 2005, the department's capital authority provided for the continued development of the Residential Tenancies Branch (RTB) Re-engineering project. Support for internal reform initiatives involving the use of information technology in the delivery of government's services, including the Better Systems Initiative, are reported separately.

Part B Capital Investment

Expenditures by Sub-Appropriation		Actual 2004-2005 \$(000s)	Estimate 2004-2005 FTEs	Estimate 2004-2005 \$(000s)	Variance Over/(Under) \$(000s)	Expl. No.
B.8	Finance	638.0		700.0	(62.0)	
Total Sub-Appropriation		638.0		700.0	(62.0)	

SUSTAINABLE DEVELOPMENT

The department is committed to the Principles and Guidelines set out in *The Sustainable Development Act* and works to incorporate them in department activities, programs and business practices.

The following activities continued throughout 2004/2005:

- A Planning Committee, with department-wide representation, continued its efforts to identify opportunities for the department to contribute to the sustainable development initiative;
- The department maintained its sustainable development homepage on the *Intranet* as a department link to *The Sustainable Development Act* and the Green Procurement page of the Procurement Services Branch, Manitoba Transportation and Government Services;
- "Green" products and recycled materials continue to be purchased where available including the purchase of recycled copy paper;
- The department continued the recycling of various materials; and
- Departmental staff assigned fleet vehicles continue to use ethanol-blended gasoline where available.

**Part A - Operating Expenditure
Department of Finance
Reconciliation Statement
(\$000s)**

Details	2004-2005 Estimate
2004-2005 Main Estimates	\$336,601.9
Main Estimates Authority Transferred from:	
- Enabling Appropriations:	
• Canada-Manitoba Enabling Vote	650.0
• Internal Reform, Workforce Adjustment and General Salary Increases	130.0
2004-2005 Estimate	\$337,381.9

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Estimate 2004-2005	Appropriation	Actual 2004-2005	Actual 2003-2004	Increase (Decrease)	Explanation Number
	07- 1 ADMINISTRATION AND FINANCE				
29.4	(a) Minister's Salary	28.9	28.8	0.1	
	(b) Executive Support				
552.8	Salaries and Employee Benefits	610.5	406.7	203.8	1
90.7	Other Expenditures	112.9	90.8	22.1	
	(c) Financial and Administrative Services				
323.6	Salaries and Employee Benefits	309.7	282.5	27.2	
70.9	Other Expenditures	55.6	66.3	(10.7)	
19.1	(d) Tax Appeals Commission	17.5	18.5	(1.0)	
	(e) French Language Services Secretariat				
557.2	Salaries and Employee Benefits	536.7	533.7	3.0	
520.3	Other Expenditures	332.9	386.7	(53.8)	
	(f) Human Resource Services				
522.8	Salaries and Employee Benefits	505.2	478.9	26.3	
89.3	Other Expenditures	24.3	57.1	(32.8)	2
2,776.1	Subtotal 07- 1	2,534.2	2,350.0	184.2	
	07- 2 TREASURY				
	(a) Administration				
116.2	Salaries and Employee Benefits	114.1	111.1	3.0	
102.2	Other Expenditures	98.7	113.4	(14.7)	
	(b) Capital Markets				
536.6	Salaries and Employee Benefits	545.8	539.5	6.3	
65.4	Other Expenditures	50.5	56.6	(6.1)	
	(c) Treasury and Banking Operations				
774.9	Salaries and Employee Benefits	700.8	774.7	(73.9)	
91.2	Other Expenditures	89.6	82.2	7.4	
1,686.5	Subtotal 07- 2	1,599.5	1,677.5	(78.0)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Estimate 2004-2005	Appropriation	Actual 2004-2005	Actual 2003-2004	Increase (Decrease)	Explanation Number
	07- 3 COMPTROLLER				
	(a) Comptroller's Office				
155.2	Salaries and Employee Benefits	155.1	150.9	4.2	
28.7	Other Expenditures	36.0	28.4	7.6	3
	(b) Information Technology Services				
503.7	Salaries and Employee Benefits	479.1	434.6	44.5	
72.4	Other Expenditures	63.2	58.1	5.1	
	(c) Disbursements and Accounting				
2,185.1	Salaries and Employee Benefits	2,165.9	2,091.5	74.4	
887.1	Other Expenditures	859.5	838.2	21.3	
(503.6)	Less: Recoverable from Other Appropriations	(502.3)	(447.4)	(54.9)	
	(d) Financial Systems Support				
1,023.1	Salaries and Employee Benefits	1,015.0	945.7	69.3	
127.4	Other Expenditures	67.2	88.4	(21.2)	
	(e) Internal Audit and Consulting Services				
1,731.6	Salaries and Employee Benefits	1,705.3	1,644.1	61.2	
209.6	Other Expenditures	184.9	195.1	(10.2)	
6,420.3	Subtotal 07- 3	6,228.9	6,027.6	201.3	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Estimate 2004-2005	Appropriation	Actual 2004-2005	Actual 2003-2004	Increase (Decrease)	Explanation Number
	07- 4 TAXATION				
	(a) Management and Research				
1,254.0	Salaries and Employee Benefits	1,226.7	1,126.3	100.4	
175.9	Other Expenditures	162.4	147.8	14.6	
	(b) Taxation Administration				
3,317.8	Salaries and Employee Benefits	3,146.9	3,228.0	(81.1)	
3,149.0	Other Expenditures	2,910.2	6,120.0	(3,209.8)	4
	(c) Audit				
5,463.0	Salaries and Employee Benefits	5,439.7	5,247.4	192.3	
1,067.8	Other Expenditures	940.3	909.5	30.8	
	(d) Tobacco Interdiction				
650.4	Salaries and Employee Benefits	489.3	500.1	(10.8)	
251.5	Other Expenditures	186.5	226.2	(39.7)	
15,329.4	Subtotal 07- 4	14,502.0	17,505.3	(3,003.3)	
	07- 5 FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a) Economic and Federal-Provincial Research				
1,599.2	Salaries and Employee Benefits	1,522.6	1,512.3	10.3	
597.8	Other Expenditures	943.9	1,166.8	(222.9)	5
	(b) Manitoba Tax Assistance Office				
291.5	Salaries and Employee Benefits	294.7	260.6	34.1	
132.2	Other Expenditures	128.6	90.5	38.1	6
2,620.7	Subtotal 07- 5	2,889.8	3,030.2	(140.4)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Estimate 2004-2005	Appropriation	Actual 2004-2005	Actual 2003-2004	Increase (Decrease)	Explanation Number
	07- 6	INSURANCE AND RISK MANAGEMENT			
326.7	(a) Salaries and Employee Benefits	309.7	349.4	(39.7)	
58.7	(b) Other Expenditures	55.0	47.5	7.5	
3,166.0	(c) Insurance Premiums	2,253.0	2,387.8	(134.8)	
(3,166.0)	(d) Less: Recoverable from Other Appropriations	(2,253.0)	(2,387.8)	134.8	
385.4	Subtotal 07- 6	364.7	396.9	(32.2)	
	07- 7	TREASURY BOARD SECRETARIAT			
4,486.2	(a) Salaries and Employee Benefits	4,412.1	4,130.3	281.8	
809.8	(b) Other Expenditures	846.2	905.7	(59.5)	
5,296.0	Subtotal 07- 7	5,258.3	5,036.0	222.3	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Estimate 2004-2005	Appropriation	Actual 2004-2005	Actual 2003-2004	Increase (Decrease)	Explanation Number
	07- 8 CONSUMER AND CORPORATE AFFAIRS				
	(a) Administration and Research				
954.7	Salaries and Employee Benefits	903.8	901.6	2.2	
273.2	Other Expenditures	246.2	244.2	2.0	
(190.0)	Less: Recoverable from Other Appropriations	(210.0)	(190.0)	(20.0)	
	(b) Consumers' Bureau				
944.7	Salaries and Employee Benefits	949.1	1,002.0	(52.9)	
242.3	Other Expenditures	217.6	208.8	8.8	
88.7	Grants	111.7	88.7	23.0	7
	(c) Residential Tenancies Branch				
2,913.8	Salaries and Employee Benefits	2,908.4	2,776.6	131.8	
731.6	Other Expenditures	719.8	686.4	33.4	
	(d) Financial Institutions Regulation				
752.4	Salaries and Employee Benefits	688.6	594.0	94.6	
262.0	Other Expenditures	161.2	161.6	(0.4)	
	(e) Claimant Adviser Office - Automobile Injury Compensation Appeals				
116.3	Salaries and Employee Benefits	43.4		43.4	8
352.0	Other Expenditures	109.1		109.1	8
	(f) Automobile Injury Compensation Appeal Commission				
653.7	Salaries and Employee Benefits	596.7	477.0	119.7	9
425.1	Other Expenditures	153.4	147.1	6.3	
	(g) Residential Tenancies Commission				
463.5	Salaries and Employee Benefits	484.5	519.8	(35.3)	
105.1	Other Expenditures	90.5	89.7	0.8	
	(h) Public Utilities Board				
505.6	Salaries and Employee Benefits	711.5	479.0	232.5	10
638.0	Other Expenditures	534.5	561.6	(27.1)	
10,232.7	Subtotal 07- 8	9,420.0	8,748.1	671.9	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Estimate 2004-2005	Appropriation	Actual 2004-2005	Actual 2003-2004	Increase (Decrease)	Explanation Number
07- 9 AMORTIZATION AND OTHER COSTS RELATED TO CAPITAL ASSETS					
	(a) Desktop Services				
101.5	Amortization Expense - Transition	101.4	101.5	(0.1)	
201.1	Enterprise Software Licences	201.1	201.1		
2,283.0	(b) Amortization Expense	2,243.9	2,078.0	165.9	
1,634.5	(c) Interest Expense	1,624.8	1,560.5	64.3	
4,220.1	Subtotal 07- 9	4,171.2	3,941.1	230.1	
07-10 NET TAX CREDIT PAYMENTS					
179,400.2	Manitoba Education Property Tax Credit	185,480.7	177,616.8	7,863.9	
48,220.2	Personal Tax Credit	49,618.9	46,913.8	2,705.1	
3,263.9	Pensioners' School Tax Assistance	2,488.5	2,986.0	(497.5)	
538.0	Political Contribution Tax Credit	594.9	1,084.9	(490.0)	
100.0	Environmentally Sensitive Areas Tax Credit	4.0	2.1	1.9	
875.0	Federal Administration Fee	870.6	866.4	4.2	
	Manitoba Learning Tax Credit	125.0	362.0	(237.0)	
	Farmland School Tax Rebate	12,930.6		12,930.6	
	Less: Recoverable from Education, Citizenship and Youth:				
(179,400.2)	Manitoba Education Property Tax Credit	(185,480.7)	(177,616.8)	(7,863.9)	
(3,263.9)	Pensioners' School Tax Assistance	(2,488.5)	(2,986.0)	497.5	
	Farmland School Tax Rebate	(12,930.6)		(12,930.6)	
	Less: Recoverable from Advanced Education and Training				
-	Manitoba Learning Tax Credit	(125.0)	(362.0)	237.0	
49,733.2	Subtotal 07-10	51,088.4	48,867.2	2,221.2	11

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Estimate 2004-2005	Appropriation	Actual 2004-2005	Actual 2003-2004	Increase (Decrease)	Explanation Number
	07-11 PUBLIC DEBT				
	(a) Interest on:				
1,070,584.9	the Public Debt of Manitoba and related expenses	1,055,695.1	1,102,545.6	(46,850.5)	
84,833.6	departments' capital assets	80,469.8	80,579.3	(109.5)	
28,000.0	Trust and Special Funds	27,095.7	29,953.9	(2,858.2)	
	(b) Less: Interest and Other Charges to be received from:				
(216,295.0)	Sinking Fund Investments	(218,877.6)	(231,442.8)	12,565.2	
(523,117.3)	Manitoba Hydro	(502,101.7)	(525,322.2)	23,220.5	
(30,205.6)	Manitoba Housing and Renewal Corporation	(29,687.4)	(30,626.4)	939.0	
(19,566.0)	Manitoba Agricultural Credit Corporation	(20,626.6)	(19,872.5)	(754.1)	
(11,710.4)	Other Government Agencies	(11,881.8)	(11,829.7)	(52.1)	
(59,009.1)	Other Loans and Investments	(59,073.5)	(62,240.6)	3,167.1	
(84,833.6)	Other Appropriations	(80,469.8)	(80,579.3)	109.5	
238,681.5	Subtotal 07-11	240,542.2	251,165.3	(10,623.1)	12
337,381.9	Total Expenditures	338,599.1	348,745.2	(10,146.1)	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2005 as compared to figures for the previous fiscal year

Explanation Number:

1. Increase is primarily due to the costs associated with the retirement of the Deputy Minister in 2004/2005.
2. Decrease is essentially due to higher cost recoveries from SOAs for human resource services.
3. Increase is due to the costs associated with hosting the Comptroller's 2004/2005 conference in Manitoba.
4. Decrease is essentially due to a reduction in the provision for allowance for doubtful accounts on extraordinary and specific accounts receivables in 2003/2004.
5. Decrease is essentially due to the final accrual in 2003/04 for the TONI administration fee reduced in part by the additional costs of producing a 2nd provincial budget and the administration costs associated with the implementation of the Farmland School Tax Rebate program in 2004/2005.
6. Increase is essentially due to the administration costs associated with the Riparian Tax Credit and Farmland School Tax Rebate program.
7. Increase reflects one-time incremental grant payment to the Consumers' Association of Canada (Manitoba).
8. Increase is due to the establishment of the Claimant Adviser Office in 2004/2005.
9. Increase is mainly due to reduced vacancies, general salary increase and increase in the number of appeals in 2004/2005.
10. Increase is primarily due to severance and vacation payout on retirement in 2004/2005.
11. Net increase is due to prior year adjustments based on actual income tax returns processed for the 2003 taxation year.
12. Net decrease is primarily due to decrease in costs attributable to interest rates and capital gains on investment sales.

Manitoba Finance

Revenue Summary

for the fiscal year ended March 31, 2005 with comparative figures for the previous fiscal year (\$000s)

Actual 2003-2004	Actual 2004-2005	Increase (Decrease)	Source	Actual 2004-2005	Estimate 2004-2005	Variance	Expl. No.
TAXATION							
1,720,369.7	1,787,271.8	66,902.1	a Individual Income Tax	1,787,271.8	1,788,250.0	(978.2)	1
289,104.5	374,178.9	85,074.4	b Corporation Income Tax	374,178.9	313,000.0	61,178.9	2
139,049.1	165,850.6	26,801.5	c Corporation Capital Tax	165,850.6	153,500.0	12,350.6	3
161,856.2	154,087.3	(7,768.9)	d Gasoline Tax	154,087.3	157,700.0	(3,612.7)	4
56,564.4	57,813.9	1,249.5	e Insurance Corporations Tax	57,813.9	52,500.0	5,313.9	5
18,304.5	23,428.5	5,124.0	f Land Transfer Tax	23,428.5	21,000.0	2,428.5	6
267,816.7	287,019.6	19,202.9	g Levy for Health and Education	287,019.6	280,800.0	6,219.6	7
7.9	114.5	106.6	Succession Duty and Gift Tax	114.5	0.0	114.5	8
71.3	71.0	(0.3)	h Mining Claim Lease Tax	71.0	72.0	(1.0)	
21,895.0	40,826.2	18,931.2	i Mining Tax	40,826.2	57,230.0	(16,403.8)	9
71,308.0	80,780.8	9,472.8	j Motive Fuel Tax	80,780.8	77,600.0	3,180.8	10
1,064,239.4	1,125,429.0	61,189.6	k Retail Sales Tax	1,125,429.0	1,154,300.0	(28,871.0)	11
71,193.1	74,359.7	3,166.6	l Revenue Act, Part 1	74,359.7	73,400.0	959.7	12
190,289.2	203,465.5	13,176.3	m Tobacco Tax	203,465.5	203,700.0	(234.5)	13
3,237.6	3,247.0	9.4	n Environmental Protection Tax	3,247.0	3,200.0	47.0	
4,075,306.6	4,377,944.3	302,637.7	Subtotal	4,377,944.3	4,336,252.0	41,692.3	
OTHER REVENUE							
720.1	902.9	182.8	a Automobile Injury Appeals Commission Cost Recovery	902.9	1,227.0	(324.1)	14
0.0	152.5	152.5	b Claimant Adviser Office Cost Recovery	152.5	468.3	(315.8)	15
1,503.8	1,675.9	172.1	c Consumer Affairs Fees	1,675.9	1,628.1	47.8	16
807.4	966.7	159.3	d Insurance Act Fees and Cost Recovery	966.7	927.7	39.0	17
1,355.9	1,330.3	(25.6)	e Public Utilities Board Cost Recovery	1,330.3	1,373.0	(42.7)	
19,777.4	18,164.3	(1,613.1)	f Refund of Prior Years' Expenditures	18,164.3	11,000.0	7,164.3	18
244.8	208.1	(36.7)	g Trust and Loan Fees	208.1	265.0	(56.9)	
838.5	1,848.4	1,009.9	h Sundry	1,848.4	1,742.2	106.2	19
25,247.9	25,249.1	1.2	Subtotal	25,249.1	18,631.3	6,617.8	
GOVERNMENT OF CANADA							
1,413,790.0	1,699,483.8	285,693.8	a Equalization	1,699,483.8	1,435,800.0	263,683.8	20
163,882.5	0.0	(163,882.5)	b Canada Health and Social Transfer Supplement	0.0	0.0	0.0	
753,587.0	992,315.2	238,728.2	c Canada Health and Social Transfer (CHST)	992,315.2	804,800.0	187,515.2	21
2,272.1	2,283.6	11.5	d Government of Canada Subsidy	2,283.6	2,200.0	83.6	
2,333,531.6	2,694,082.6	360,551.0	Subtotal	2,694,082.6	2,242,800.0	451,282.6	
6,434,086.1	7,097,276.0	663,189.9	Total	7,097,276.0	6,597,683.3	499,592.7	

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2005

EXPLANATION NUMBER:

1. **Individual Income Tax:** \$66,902.1 over 2003/2004 Actual
 \$978.2 under 2004/2005 Estimate

Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

Increase from 2003/2004 actual reflects an increase to in-year entitlements. Decrease from 2004/2005 estimate is primarily due to a change in the prior year's adjustment consistent with revised data provided by Federal Finance in the Final Determination of Payments.

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2. **Corporation Income Tax:** \$85,074.4 over 2003/2004 Actual
 \$61,178.9 over 2004/2005 Estimate

Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

Increase from 2003/2004 actual and from 2004/2005 estimate reflects adjustments for in-year entitlements (includes national corporate taxable income in 2004) and higher than anticipated Preferred Share Dividend Tax Credit.

3. **Corporation Capital Tax:** \$26,801.5 over 2003/2004 Actual
 \$12,350.6 over 2004/2005 Estimate

Increase from 2003/2004 actual and from 2004/2005 estimate reflects higher levels of taxable capital reported by corporations resulting from increased corporate profits and expansion of the tax base for financial institutions to include subordinated debt.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2005

EXPLANATION NUMBER:

4. **Gasoline Tax:** \$7,768.9 under 2003/2004 Actual
 \$3,612.7 under 2004/2005 Estimate

Decrease from 2003/2004 actual reflects a technical amendment in 2004/2005 to change the recording of tax on aviation jet fuel from Gasoline to Motive Fuel. In addition, the decrease from 2003/2004 actual and the 2004/2005 estimate reflects reduced consumption resulting from the high price of gasoline.

5. **Insurance Corporation Tax:** \$1,249.5 over 2003/2004 Actual
 \$5,313.9 over 2004/2005 Estimate

Increase from 2003/2004 actual and 2004/2005 estimate reflects greater market penetration and higher premiums being charged.

6. **Land Transfer Tax:** \$5,124.0 over 2003/2004 Actual
 \$2,428.5 over 2004/2005 Estimate

Increase from 2003/2004 actual and 2004/2005 estimate is essentially due to large transfer taxes for Manitoba Hydro and TD Centre, general increase in property value and stronger than anticipated Winnipeg real estate market due to continued low interest rates.

7. **Levy for Health and Education:** \$19,202.9 over 2003/2004 Actual
 \$6,219.6 over 2004/2005 Estimate

Increase from 2003/2004 actual and 2004/2005 estimate is due to increased employment in the trucking and construction industries, wage settlements and employment growth.

8. **Succession Duty and Gift Tax:** \$106.6 over 2003/2004 Actual
 \$114.5 over 2004/2005 Estimate

Increase from 2003/2004 actual and 2004/2005 estimate is due to the settlement of a large estate.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2005

EXPLANATION NUMBER:

9. **Mining Tax:** \$18,931.2 over 2003/2004 Actual
\$16,403.8 under 2004/2005 Estimate

Increase from 2003/2004 actual is due to increased world base metal prices resulting in higher taxable profits by Manitoba mining companies. Decrease from 2004/2005 estimate is due to higher than estimated capital expenditures resulting in increased mining deductions and less processing of minerals mined in Manitoba.

10. **Motive Fuel Tax:** \$9,472.8 over 2003/2004 Actual
\$3,180.8 over 2004/2005 Estimate

Increase from 2003/2004 actual and 2004/2005 estimate is due to a technical amendment to change the recording of tax on aviation jet fuel from gasoline to motive fuel, an increase in the diesel tax rate and consumption resulting from increased construction and commercial trucking activity.

11. **Retail Sales Tax:** \$61,189.6 over 2003/2004 Actual
\$28,871.0 under 2004/2005 Estimate

Increase from 2003/2004 actual reflects economic growth, particularly in the construction industry and sales tax on professional services effective July 1, 2004. Decrease from 2004/2005 estimate results from lower than anticipated economic growth resulting from poor weather which impacts hospitality, seasonal and agricultural businesses, the continuing impact of the BSE crisis, reduced revenues from the automobile sector due to lower new car sales and increased percentage of leasing.

12. **Revenue Act, Part 1:** \$3,166.6 over 2003/2004 Actual
\$959.7 over 2004/2005 Estimate

Increase from 2003/2004 actual and from 2004/2005 estimate is due to increased natural gas consumption and a 5% rate increase in hydro electricity, effective August 1, 2004.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2005

EXPLANATION NUMBER:

13. **Tobacco Tax:** \$13,176.3 over 2003/2004 Actual
Increase is due to the tobacco tax rate increase effective April 20, 2004 partially offset by reduced tobacco consumption.
14. **Automobile Injury Appeals Commission Cost Recovery:** \$324.1 under 2004/2005 Estimate
Decrease is due to reduced expenditures resulting from delays in renovations and relocation to new premises.
15. **Claimant Adviser Office Cost Recovery:** \$315.8 under 2004/2005 Estimate
Decrease is due to reduced expenditures resulting from a delay in the establishment of the Claimant Adviser Office.
16. **Consumer Affairs Fees:** \$172.1 over 2003/2004 Actual
Increase from 2003/2004 actual is primarily due to an increase in registrants as well as an increase in registrations of new collectors as a result of out-of-province collection agencies registering in Manitoba.
17. **Insurance Act Fees and Cost Recovery:** \$159.3 over 2003/2004 Actual
Increase from 2003/2004 actual is primarily due to a 15% rate increase in 2004/2005.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 2001 to March 31, 2005 *

Main Appropriation	2000-2001		2001-2002		2002-2003		2003-2004		2004-2005	
	FTEs	\$000s	FTEs	\$000s	FTEs	\$000s	FTEs	\$000s	FTEs	\$000s
07- 1 Administration and Finance	33.00	2,132.6	33.00	2,213.0	33.00	2,178.1	33.00	2,350.0	33.00	2,534.2
07- 2 Treasury	25.00	1,705.4	25.00	1,476.8	25.00	1,563.3	25.00	1,677.5	25.00	1,599.5
07- 3 Comptroller	92.25	5,618.1	92.25	5,905.6	88.35	5,826.3	88.35	6,027.6	85.35	6,228.9
07- 4 Taxation	193.92	14,895.5	195.92	14,975.1	195.92	20,749.5	195.92	17,505.3	194.50	14,502.0
07- 5 Federal-Provincial Relations and Research	27.75	2,218.0	29.25	3,510.0	29.25	3,113.3	29.25	3,030.2	29.25	2,889.8
07- 6 Insurance and Risk Management	5.29	349.6	5.29	358.4	5.20	362.5	5.20	396.9	5.20	364.7
07- 7 Treasury Board Secretariat	65.00	4,663.1	66.00	4,789.8	66.00	4,667.8	66.00	5,036.0	66.60	5,258.3
07- 8 Consumer and Corporate Affairs	121.51	8,188.2	123.51	8,482.2	122.01	8,374.4	125.01	8,748.1	127.01	9,419.9
07- 9 Amortization and Other Costs Related to Capital Assets		1,013.2		1,074.4		2,414.5		3,941.1		4,171.2
Total Departmental Operating Appropriations	563.72	40,783.7	570.22	42,785.3	564.73	49,249.7	567.73	48,712.7	565.91	46,968.5
07-10 Net Tax Credit Payments		56,721.2		51,121.2		50,671.3		48,867.2		51,088.4
07-11 Public Debt (Statutory)		465,322.0		510,722.7		321,419.5		251,165.3		240,542.2
Total Appropriations	563.72	562,826.9	570.22	604,629.2	564.73	421,340.5	567.73	348,745.2	565.91	338,599.1

* Actual expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfer of Consumer and Corporate Affairs to Finance in 2002/2003; and ii) the transfers in 2004/2005 of Legislative Building Information Systems, Enterprise System Management, Office of Information Technology and related Costs Related to Capital Assets to Energy, Science and Technology and the transfer of Human Resource Services from Transportation and Government Services and from Education and Youth. Public Debt actual expenditures from 2002/2003 and onwards have been adjusted for the allocation of interest related to the capitalization of infrastructure assets.

