CLPA
Crown Lands and Property Agency

ANNUAL REPORT
2009/10

An Agency of the Manitoba Government

www.clp.gov.mb.ca

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CLPA

Crown Lands and Property Agency is a Special Operating Agency of the Manitoba Government

Letter from the Minister

MINISTER OF INFRASTRUCTURE
AND TRANSPORTATION

Room 203
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

June 30, 2010

The Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the privilege of presenting for the information of Your Honour the Annual Report of the Crown Lands and Property Agency (CLPA) for the fiscal year ended March 31, 2010.

In addition to completing more than 21,000 transactions, the Agency met the unexpected challenge of negotiating voluntary buy-outs of all Crown land leases in the Breezy Point area, as part of the government's response to the unprecedented flooding of April 2009.

I congratulate CLPA staff on the success of their achievements.

Respectfully submitted,

Steve Ashton
Minister Responsible for
Crown Lands and Property Agency

Letter from the Associate Deputy Minister

Manitoba

Infrastructure and Transportation
Associate Deputy Minister's office
300 - 215 Garry
Winnipeg MB R3C 3P3
T 204-945-3887 **F** 204-945-1857

June 30, 2010

Honourable Steve Ashton
Minister of Infrastructure and Transportation
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Mr. Minister:

I have the honour of submitting the 2009/2010 Annual Report of the Crown Lands and Property Agency (CLPA). The report details the financial results and operational highlights of the agency's activities in its fourth year of operation.

The dominant story of CLPA's activities during 2009/10 was the successful negotiation of voluntary buyouts of all Crown land leases in the Breezy Point area, as part of the government's response to the unprecedented flooding in this area in April 2009. This major challenge was not foreseeable when the 2009/10 business plan was prepared and required a rapid redeployment of resources in all sections of the Agency. Thanks to the dedicated efforts of its staff, CLPA completed more than forty appraisals and buyout agreements in six months, without needing to utilize the binding arbitration process provided for in the program parameters.

In addition to completing the Breezy Point project, CLPA processed more than 21,000 transactions, generating over $13 million in revenue for its client departments and completed appraisals and land acquisitions for two Provincial Parks and a high school site expansion, as well as numerous infrastructure projects. The agency also continued with initiatives to rebuild its complement of accredited real estate appraisers, provide functional work space for its staff, increase awareness of the Agency's service offerings and convert from paper to electronic records.

On behalf of the senior management of Manitoba Infrastructure and Transportation, I would like to thank the staff of CLPA for their resilience in meeting the unexpected challenges of 2009/10 and their continued commitment to streamlining the Agency's operations and maintaining and enhancing the customer service CLPA provides to client departments and the general public.

Respectfully submitted,

Paul Rochon
Associate Deputy Minister of Infrastructure and Transportation
Chair of the Crown Lands and Property Agency Advisory Board

Manitoba
spirited energy

CLPA
Crown Lands and Property Agency

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Chief Operating Officer's Message

July 6, 2010

To the stakeholders of the Crown Lands and Property Agency:

It is my privilege to present the Annual Report of the Crown Lands and Property Agency (CLPA) for the year ended March 31, 2010, the Agency's fourth year of operation.

Financial results for the year were approximately $427,000 better than budget, with expenditure reductions of $685,000 more than offsetting revenue shortfalls of $258,000. During the year the agency processed more than 21,000 transactions, generating over $13 million in revenue for its client departments.

During 2009/10 the Agency had to adjust the priorities in its Business Plan to accommodate an urgent new mission assigned to it in the first quarter of the year – the negotiation of voluntary lease buyouts with more than forty cottage lot and commercial lease holders in the Breezy Point area as part of the government's response to the ice jams and flooding that devastated this area in April 2009. Thanks to a rapid redeployment of resources and the willingness of staff to take on additional duties, CLPA concluded negotiated agreements with all lease holders by the end of the fiscal year, without using the binding arbitration process provided for in the program parameters.

Notwithstanding the unforeseeable and significant additional workload associated with the Breezy Point project, work on longer term priorities continued. During the 2009/10 fiscal year the Agency:

- integrated new services and processes into its operations, including an expanded application circulation process and the First Come First Serve cottage lot program;
- completed land acquisitions for two Provincial Parks and a high school site expansion, as well as numerous infrastructure projects;
- continued rebuilding its complement of accredited real estate appraisers through the recruitment of additional staff and the implementation of a formal educational assistance program;
- completed office renovations to provide a functional workplace for staff who had been working in makeshift temporary accommodations since September 2007;
- developed a new logo and visual identity and made presentations to several groups to increase awareness of the Agency's service offerings; and,
- secured approval for an accelerated program to convert paper records to electronic form.

On behalf of all the staff of CLPA, thank you to our Advisory Board and clients for your continued support in 2009/10. We look forward to working with you in 2010/11.

Respectfully submitted,

M Kubasiewicz

Michał Kubasiewicz, BES, MBA, MCIP
Chief Operating Officer

Profile of Crown Lands and Property Agency

Mandate

The Crown Lands and Property Agency (CLPA) is responsible for the processing of all Crown land sales, leases and permits, as well as land appraisal, acquisition, expropriation and other related real estate services to government.

Scope of Services

CLPA provides a single point of service to the public for all transactions involving provincial Crown land in Manitoba, and serves as an in-house real estate services provider for all departments of the Manitoba government. The services provided by CLPA include:

- reviewing applications to purchase or lease Crown land;
- processing renewals and assignments of existing leases and permits;
- acquiring land for public purposes through negotiation or expropriation;
- selling or leasing surplus land and buildings; and
- providing real estate appraisal and consulting services for public agencies.

Mission

To ensure that all of the government's land dealings are conducted in a manner that is fair, open and transparent, and consistent with the principles of fiscal responsibility and environmental sustainability.

Statutory Base

The Agency is constituted by regulation under *The Special Operating Agencies Financing Authority Act* and operates in accordance with various statutes affecting its operations, including:

- *The Crown Lands Act*
- *The Expropriation Act*
- *The Highways and Transportation Act*
- *The Land Acquisition Act*
- *The Provincial Parks Act*
- *The Public Works Acts*
- *The Water Resources Administration Act*
- *The Wild Rice Act*

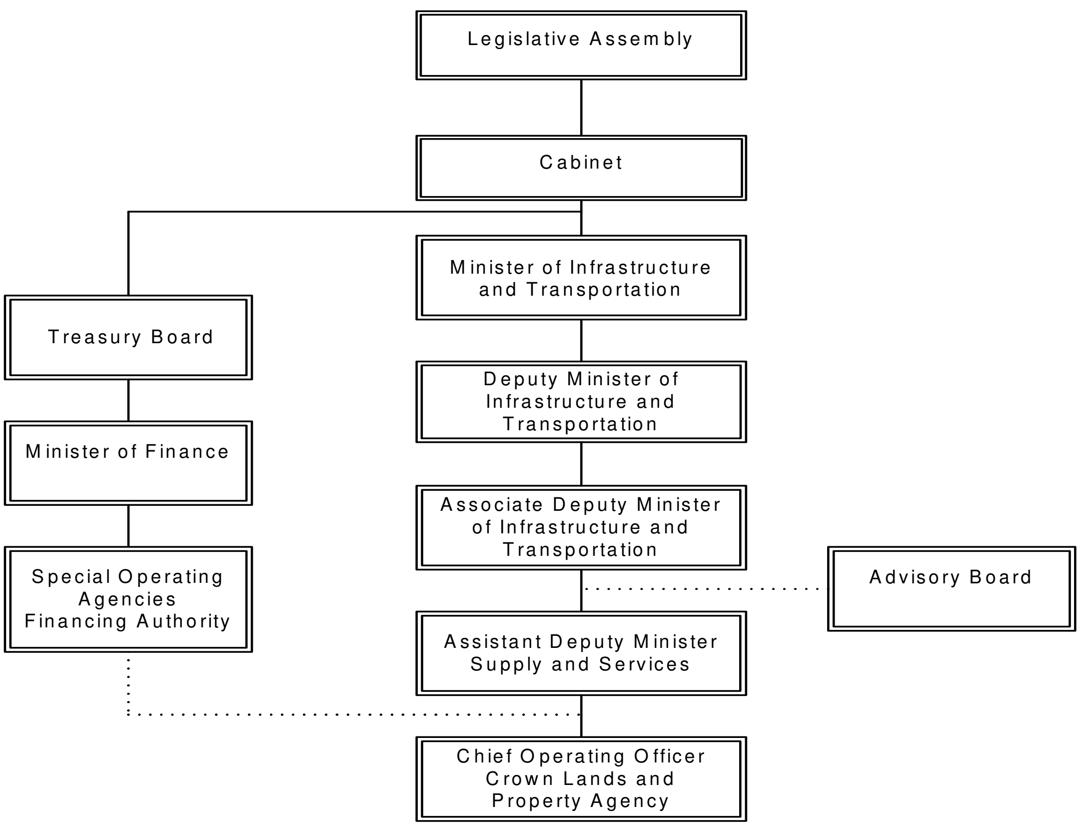
Accountability Framework

CLPA is a Special Operating Agency (SOA) within Manitoba Infrastructure and Transportation (MIT) and is accountable to the Associate Deputy Minister for operational and financial performance through the Assistant Deputy Minister of Supply and Services.

CLPA operates outside the Consolidated Fund, under *The Special Operating Agency Financing Authority Act*. The Special Operating Agency Financing Authority (SOAFA) holds title to assets used by CLPA, provides financing for operations and is responsible for CLPA's liabilities.

CLPA is governed by its Operating Charter, Transfer Agreement, and Management Agreement, as well as policies under the General Manual of Administration, unless exempted under the Charter.

The Accountability Structure Chart presented below outlines the current structure:



Advisory Board

The Board reviews the statutory reporting presented by the Agency and offers advice and direction in areas of strategic planning and operations, structure, business priorities, finances and issues of concern. The composition of the Board may change over time as circumstances warrant. Other external resources or Agency staff may be invited to attend meetings at the request of the Chair.

The Advisory Board currently consists of:

Members of the Advisory Board for Crown Lands and Property Agency

CHAIR	***Paul Rochon*** Associate Deputy Minister Manitoba Infrastructure and Transportation	
MEMBERS *Client Representatives*	***Dori Gingera-Beauchemin*** Assistant Deputy Minister Manitoba Agriculture, Food and Rural Initiatives	***Lynn Zapshala-Kelln*** Assistant Deputy Minister Manitoba Conservation
Ex Officio	***Tracey Danowski*** Assistant Deputy Minister Supply and Services	***Michał Kubasiewicz*** Chief Operating Officer Crown Lands and Property Agency
Staff Representative	***Loretta Hopkins*** Revenue Clerk Crown Lands and Property Agency	

Organizational Structure

CLPA consists of the following six operational units:

- Crown Land Leases and Permits
- Land Acquisition Services
- Property Sales
- Appraisal and Consulting Services
- Finance
- Paralegal and Support Services

Values and Guiding Principles

Values	Guiding Principles
Serving the Public Interest	Crown land services, processes, and controls that are open, fair, transparent and accountable
Serving Our Customers	Customer services that are courteous, equitable, accessible, efficient and effective
Being Accountable	Business operations that: • Operate on a break even basis; provide opportunities for revenue sharing with the Province; and provide value-for-money for client departments • Are socially, environmentally, and fiscally responsible • Reflect our public interest and customer service values • Meet the standards of an employer of choice

Inter-departmental Relationships

CLPA represents all Manitoba government departments in land dealings with the public, but does not have authority over land use or natural resource management issues or pricing policies. The Agency works with and under the direction of the departments responsible for managing Manitoba's land resources, particularly Manitoba Conservation and Manitoba Agriculture, Food and Rural Initiatives.

Historical Background

The Crown Lands and Property Agency was established by the Manitoba Government in response to various internal and external reviews of the management of Crown lands. Alternative methods of providing quality, cost-effective services to the public, government departments and agencies were evaluated, resulting in a recommendation to establish a Crown Lands and Property Agency and a Special Operating Agency (SOA) within Manitoba Infrastructure and Transportation. Following approval in principle by Treasury Board on September 7, 2004, the previous Land Management Services special operating agency (which had been operating since April 1, 1995) was dissolved and amalgamated with other government programs from Manitoba Agriculture, Food and Rural Initiatives (Crown Land Management) and Conservation (Park District Records and Lands Branch) to form the new Crown Lands and Property Agency. CLPA came into legal existence on April 1, 2006 and the physical consolidation of programs and staff in Portage la Prairie was completed in September 2007.

Operational Highlights - 2009/10

2009-10 Activity Levels by Line of Service

Transaction volumes for 2009/10 are summarized in the tables and charts below.

Land Acquisition Services	
	Actual April 1, 2009 to March 31, 2010
Projects Completed	37
Borrow Agreements	1
Agreements	49
Appraisals	221
Acres Acquired	439.41
LVAC Certification	$1,092,380.40

Note: LVAC denotes Land Value Appraisal Commission

Paralegal Services	
	Actual April 1, 2009 to March 31, 2010
Expropriations	41
Current Files:	
Processing	118
Finalizing	13
Backlog Files	0
Other Files	85
Plan Certificates	16
Right-of-Way Plans	0
Easements	0

Summary of Sales, Leases and Permits (details on following page)			
Branch or Program (Client Dept.)	**Transactions #**	**Revenue $000s**	**Notes**
Lands Branch (Conservation)	8,416	4,246.6	Recorded centrally in Consolidated Fund as revenue
Parks Program (Conservation)	7,611	5,346.2	
Subtotal	**16,027**	**$9,592.8**	. . . under Conservation
Agricultural Crown Lands (MAFRI)	5,432	3,115.4	. . . under Agriculture
Subtotal	**21,459**	**$12,708.2**	
Land Acquisition Branch – Sales & Leases	53	326.4	. . . under various depts.
TOTAL	**21,512**	**$13,034.6**	

Note: The revenue shown above is revenue collected by the Agency for client departments and does not represent the Agency's own revenue.

Twelve months from April 1, 2009 to March 31, 2010

Sales, Leases and Permits - Detailed Breakdown	#	$000's
Lands Branch		
Vacation Home Permits and Leases	478	$ 100.3
General Permits, Miscellaneous, Licences of Occupation	3,850	464.7
Administration, Easements & Miscellaneous Receipts	3,516	471.5
Wild Rice Licences	399	14.2
Land Sales (Non-Cottaging)	21	148.8
Land Sales (Cottaging Program)	150	2,649.2
Forestry	2	385.8
Finance – Interest and Fees on Accounts Receivable	N/A	12.2
Subtotal	**8,416**	**$ 4,246.6**
Parks Program		
Vacation Home Leases & Permits	5,961	$ 4,287.9
Commercial Leases & Permits	364	332.5
Private Land Service Fees	72	110.4
General Permits	55	58.5
Non-profit Permits & Leases	417	16.1
Lot Development Fees (Cottaging)	77	501.1
Administration Fees	665	20.6
Finance – Interest and Fees on Accounts Receivable	N/A	19.1
Subtotal	**7,611**	**$ 5,346.2**
Agricultural Crown Lands		
Forage Leases	1,935	$ 1,089.1
Cropping Leases	166	221.0
Special Leases	3	25.9
Renewable Grazing Permits	49	8.0
Casual Grazing Permits	25	7.1
Renewable Hay Permits	300	48.1
Casual Hay Permits	41	7.2
Fees – Administration and Transfers	314	20.2
Improvements	17	10.0
Miscellaneous	N/A	2.0
Interest	N/A	25.8
Municipal Taxes Collected	2,282	1,525.9
Rural Municipality Leases	284	63.6
Federal Leases	16	61.5
Subtotal	**5,432**	**$ 3,115.4**
Land Acquisition Branch – Sales and Leases		
Sales	21	$ 261.5
Leases	32	64.9
Subtotal	**53**	**$ 326.4**
TOTAL	**21,512**	**$ 13,034.6**

Note: The revenue shown above is revenue collected by the Agency for client departments, and does not represent the Agency's own revenue.

Major Projects and Initiatives in 2009/10

Adaptability was the order of the day in 2009/10, as the Agency had to adjust the priorities in its Business Plan to accommodate an urgent new mission assigned to it in the first quarter of the year.

In April 2009 ice jams and flooding devastated the Breezy Point area on the left bank of the Red River between Selkirk and Lake Winnipeg. To prevent a recurrence of this damage, a policy decision was made in May 2009 to decommission the entire Breezy Point cottage lot subdivision and return the area to its natural state. CLPA was charged with the responsibility of preparing appraisals and negotiating voluntary buy-outs of more than forty cottage lot and commercial leases, all of which were concluded by the fiscal year-end without using the binding arbitration process provided for in the program parameters.

The Breezy Point project was a very high profile undertaking that had to be completed under very tight deadlines, using unfamiliar and untested legal forms and processes that were developed specifically for this project. Meeting these challenges stretched the resources of all sections of the Agency and required rapid reallocation of staff to perform additional duties.

The project comprised two phases. In the spring of 2009 the Agency received direction to proceed with the preparation of appraisals and the negotiation of lease buy-outs on 42 leased Crown lots in the Breezy Point cottage lot subdivision. The standard form of buy-out agreement and information package was approved for release to the 42 lot holders in early July and by mid-September CLPA staff had completed negotiated agreements with 40 of the 42 lot holders. The two remaining files, which involved unusual circumstances, were resolved in the weeks that followed. As this phase of the project was winding down, CLPA received direction to negotiate the buy-out of two other leases at the confluence of Netley Creek and the Red River, popularly known as the End of Main. This phase of the project was completed in March 2010.

As part of the Breezy Point project, CLPA also completed the disposition of seven buildings that were fit for relocation and continued occupancy. Five of the seven buildings were sold to private parties, generating proceeds of $127,000 to partially offset the cost of the lease buy-outs, and two were transferred to government departments for use in program delivery.

Notwithstanding the unforeseeable and significant additional workload associated with the Breezy Point project, work on longer term priorities continued. During the 2009/10 fiscal year the Agency:

- integrated new services and processes into its operations, including an expanded application circulation process and the First Come First Serve cottage lot program;
- completed land acquisitions for two Provincial Parks and a high school site expansion, as well as numerous infrastructure projects;
- continued rebuilding its complement of accredited real estate appraisers through the recruitment of additional staff and the implementation of a formal educational assistance program;
- completed office renovations to provide a functional workplace for staff who had been working in makeshift temporary accommodations since September 2007;
- developed a new logo and visual identity and made presentations to several groups to increase awareness of the Agency's service offerings; and,
- secured approval for an accelerated program to convert paper records to electronic form.

Responsibility for Financial Reporting

Crown Lands and Property Agency (CLPA) management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of CLPA's financial position and the results of its operations and its cash flows in accordance with Canadian Generally Accepted Accounting Principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available through June 16, 2010.

Management maintains internal controls to properly safeguard CLPA's assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

CLPA's financial statements have been audited by The Exchange, Chartered Accountants, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of CLPA are presented fairly, in all material respects, in accordance with Canadian Generally Accepted Accounting Principles. The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the *Crown Lands and Property Agency* management,

M Kubasiewicz   N Le Neal

Michal Kubasiewicz
Chief Operating Officer

Normand Le Neal
Manager of Finance

Portage la Prairie, Manitoba
June 16, 2010

Auditor's Report

THE EXCHANGE
chartered accountants LLP

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority of Crown Lands and Property Agency

We have audited the balance sheet of Crown Lands and Property Agency, An Agency of the Special Operating Agencies Financing Authority Province of Manitoba, as at March 31, 2010 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
June 2, 2010

100-123 Bannatyne Ave., Winnipeg, MB R3B 0R3
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Financial Statements

Statement of Earnings and Retained Earnings
Year Ended March 31, 2010

(in thousands)

		2010	2009
Revenue		$ 3,745	$ 3,098
Expenses	Advertising	8	8
	Amortization	80	67
	Bad debts	133	2
	Computer maintenance costs	136	128
	Consulting fees	(45)	98
	Contributed services	482	20
	Desktop operating lease	142	131
	Insurance	2	2
	Interest on working capital advance	33	60
	Meals and accommodations	6	4
	Meetings and conventions	-	2
	Office	180	174
	Professional fees	154	126
	Relocation expense	12	1
	Rental	285	247
	Salaries and wages	2,937	2,763
	Training	21	50
	Travel	32	35
		4,598	3,918
Net Loss		(853)	(820)
Deficit – Beginning of Year		(1,992)	(1,172)
Deficit – End Of Year		$ (2,845)	$ (1,992)

Financial Statements

Balance Sheet
March 31, 2010
(in thousands)

		2010	2009
Assets	Current:		
	Accounts receivable *(Note 5)*	$ 917	$ 666
	Work in progress *(Note 3)*	102	307
	Prepaid expenses	45	56
		1,064	1,029
	Capital Assets *(Notes 3, 6)*	188	196
	Severance Pay Benefits, Vacation Pay and Banked Time Cash in Trust *(Note 7)*	670	670
	Assets held in trust	3	3
		$ 1,925	$ 1,898
Liabilities	Current		
	Working capital advance, net of cash *(Note 8)*	$ 3,362	$ 2,576
	Accounts payable & accrued Liabilities *(Note 9)*	483	467
	Client held funds	580	511
		4,425	3,554
	Severance pay liability *(Note 10)*	342	333
	Trust fund liability	3	3
		4,770	3,890
	Deficit	(2,845)	(1,992)
		$ 1,925	$ 1,898

Lease Commitments *(Note 12)*

Financial Statements

Statement of Cash Flows
March 31, 2010
(in thousands)

	2010	2009
Operating Activities		
Cash receipts from customers	$ 3,361	$ 3,368
Cash paid to suppliers and employees	(4,119)	(3,579)
Interest paid	(34)	(62)
Increase (decrease) in client funds held	69	(3,578)
Increase in severance pay liability	9	42
Cash flow from (used by) operating activities	(714)	(3,809)
Investing Activities		
Purchase of capital assets	(72)	(56)
Decrease in due from Province of Manitoba	-	670
Increase in long term investment	_	(670)
Cash flow used by investing activities	(72)	(56)
Decrease In Cash Flows	(786)	(3,865)
Working Capital Advance, Net of Cash – Beginning of Year	(2,576)	1,289
Working Capital Advance, Net of Cash – End of Year	$ (3,362)	$ (2,576)

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2010
(in thousands)

1. Nature of Organization

Effective April 1, 2006, Crown Lands and Property Agency (the "Agency") was designated as a Special Operating Agency by regulation under The Special Operating Agencies Financing Authority Act made by the Lieutenant Governor in Council.

The Agency has transactional authority for all Crown Lands sales, leases and permits, as well as land appraisal, acquisition, expropriation and other services for the provincial government. The Agency's mission is to provide quality Crown land information and services to the public and government departments that are open, fair and transparent.

The newly designated Agency consolidates the services previously provided by the Lands Acquisition Branch, Lands Branch, Agricultural Crown Land Management and Parks Districts Records departments.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister of Transportation and Government Services assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

The Agency forms part of the Supply and Services Division of Manitoba Infrastructure and Transportation under the general direction of the Chief Operating Officer and the Assistant Deputy Minister of the Supply and Services Division, and ultimately the policy direction of the Associate Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations.

The Agency is economically dependent upon the Province of Manitoba, as it derives a significant portion of its revenue from the Province. The transactions with the Province of Manitoba are recorded at the exchange amount, which is the amount agreed upon by both parties.

2. Change in Accounting Policy

New Accounting Policies

Section 3064, Goodwill and Intangible Assets

Effective April 1, 2009, the Agency adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets, and the updates to CICA Handbook Section 1000, Financial Statement Concepts.

This guidance establishes updated standards for the recognition, measurement, presentation and disclosures of goodwill and intangible assets.

These changes did not have any impact on the Agency's financial statements for the year ended March 31, 2010.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

Effective April 1, 2009, the Agency adopted the Emerging Issues Committee ("EIC") 173 and amendments to Section 3855 – Financial Instruments – Recognition and Measurement and 3862, Financial Instruments – Disclosures:

Section 3855 – Effective Interest Method
Section 3855 – Embedded Derivatives on Reclassification of Financial Assets
Section 3855 – Impairment of Financial Assets
Section 3862 – Fair Value of Liquidity Risk Disclosure

Due to the nature of the Agency's financial instruments, the adoption of these standards and amendments has no material impact on the financial position of the Agency.

Future Accounting Changes

Convergence with Public Sector Accounting Standards as issued by the Public Sector Accounting Board

Effective April 1, 2011, the Agency will be adopting Public Sector Accounting Standards issued by the Public Sector Accounting Board. The Agency is currently in the process of quantifying the impact of these changes on its financial position.

Financial Statements

Notes to Financial Statements
Year ended March 31, 2010

(in thousands)

3. Summary of Significant Accounting Policies

Basis of Reporting

The financial statements of the Agency have been prepared in accordance with Canadian generally accepted accounting principles.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Capital Disclosure

The Agency's capital consists of working capital advances from the Province of Manitoba and deficit.

The Agency's capital management policy is to manage its capital to meet its objectives, to meet short-term capital needs with working capital advances from the Province of Manitoba; and to meet long-term capital needs through long-term debt with the Province of Manitoba. There were no changes in the Agency's approach to capital management during the period.

The Agency is not subject to externally imposed capital requirements.

Work In Progress

Land Acquisition Branch: all costs incurred for a project are initially charged to work in progress and matched to billings using the percentage of completion method. Costs include direct labour at standard rates, direct charges and any reimbursable disbursements incurred on behalf of the client.

Capital Assets

Equipment transferred to the Agency on April 1, 2006, assumed a cost equal to its net book value at March 31, 2006.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	5 years	straight-line method
Computer equipment	5 years	straight-line method
Computer software	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method

Notes to Financial Statements
Year ended March 31, 2010
(in thousands)

3. *Summary of Significant Accounting Policies (continued)*

Revenue Recognition

Land Acquisition Branch: the percentage of completion method of accounting is used, whereby revenue is recognized proportionately with the degree of contracted work completed.

Other branch areas: appropriation funding in Manitoba Agriculture, Food and Rural Affairs (MAFRI) and Manitoba Conservation is continuing in order to pay the Agency the costs it incurs for providing services to the public (on behalf of MAFRI and Manitoba Conservation). The short-term chargeback model provides for the Agency to bill for its costs but not in excess of the approved budgets for MAFRI and Manitoba Conservation. As the Agency costs are expected to exceed MAFRI and Manitoba Conservation's appropriations for the Agency's services, the Agency may not fully recover its costs of delivering the services on behalf of MAFRI and Manitoba Conservation.

4. *Financial Instruments*

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Agency are classified and measured as follows:

Financial Asset/Liability	Category	Subsequent Measurement
Working capital advance, net of cash	Held for Trading	Fair Value
Accounts Receivable	Loans and Receivables	Amortized Cost
Severance pay benefits, vacation pay & banked time, cash in trust	Held for Trading	Fair Value
Assets held in trust	Loans and Receivables	Amortized Cost
Accounts payable & accrued liabilities	Other Financial Liabilities	Amortized Cost
Client held funds	Other Financial Liabilities	Amortized Cost
Severance pay liability	Other Financial Liabilities	Amortized Cost
Trust fund liability	Other Financial Liabilities	Amortized Cost

Amortized cost is determined using the effective interest rate method.

4. Financial Instruments *(continued)*

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of earnings and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of earnings and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they are recorded in the statement of earnings and retained earnings.

Fair Value of Financial Instruments

The fair values of accounts receivable, severance pay benefits, vacation pay and banked time cash in trust, accounts payable and accrued liabilities, assets held in trust, client held funds and trust fund liability approximate their carrying values due to their short-term maturity.

The fair value of the severance pay liability is determined using the effective interest rate method.

Financial Risk Management - Overview

The Agency has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and term deposits and accounts receivable.

The maximum exposure of the Agency to credit risk at March 31, 2010 is:

Accounts receivable	$ 917
Severance pay benefits, vacation pay and banked time cash in trust	670
	$ 1,587

Accounts receivable: The Agency is not exposed to significant credit risk as the customers are mostly government entities and payment in full is typically collected when it is due. The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

4. Financial Instruments *(continued)*

Severance pay benefits, vacation pay and banked time cash in trust: The Agency is not exposed to significant credit risk as the trust account is being held on the Agency's behalf by the Province of Manitoba.

The change in the allowance for doubtful accounts during the year was as follows:

Balance, beginning of the year	$ 58
Provision for receivable impairment	133
Balance, end of the year	$ 191

Liquidity Risk

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they come due.

The Agency manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Agency's income or the fair values of its financial instruments. The significant market risks the Agency is exposed to are interest rate risk and foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to severance pay benefits cash in trust and working capital balances.

The interest rate risk on severance pay benefits, vacation pay and banked time cash in trust and working capital advances is considered to be low because of their short-term nature.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

Notes to Financial Statements
Year ended March 31, 2010
(in thousands)

5. *Accounts Receivable*

The balance is comprised of the following amounts:

		2010		2009
Trade Accounts Receivable	$	1,108	$	724
Allowance for Doubtful Accounts		(191)		(58)
	$	917	$	666

6. *Capital Assets*

	2010				2009			
	Cost		Accumulated Amortization		Cost		Accumulated Amortization	
Equipment	$	52	$	36	$	52	$	25
Computer Equipment		208		128		192		88
Computer Software		127		70		107		47
Furniture and Fixtures		48		13		12		7
	$	435	$	247	$	363	$	167
Net Book Value	$	188			$	196		

7. *Severance Pay Benefits, Vacation Pay and Banked Time Cash in Trust*

The Province has accepted responsibility for the severance benefits, vacation and overtime accumulated by the employees of Lands Branch, Agricultural Crown Land Management and Parks Districts Records departments up to March 31, 2006 was transferred to the Agency on March 31, 2006. Additionally, the Province has accepted responsibility for the severance benefits, vacation and overtime accumulated by the employees of Land Acquisition Branch to March 31, 1998.

Effective March 31, 2010 the Province of Manitoba has paid the receivable balances related to the funding for these liabilities and has placed the amount of $670 into an interest bearing trust account to be held on the Agency's behalf until the cash is required to discharge the related liabilities.

8. *Working Capital Advance*

The Agency has an authorized line of working capital from the Province of Manitoba of $4,000 of which $3,369 was used as at March 31, 2010 (2009 - $2,600).

Financial Statements

Notes to Financial Statements
Year ended March 31, 2010
(in thousands)

9. Accounts Payable And Accrued Liabilities

		2010		2009
The balance is composed of the following amounts:				
Trade Accounts Payable	$	123	$	147
Accrued wages, vacation pay and banked time		357		317
Goods and services tax		3		3
	$	483	$	467

10. Severance Pay Liability

The Agency records accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service by the weekly salary, at date of retirement provided that the employee reaches nine years of service and retires from the Agency. Severance pay for service greater than 15 years to a maximum of 35 years is increased by two weeks for every five years of service. The estimate is based upon the method of calculation set by the Province of Manitoba.

11. Public Sector Compensation Disclosure

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding $50 annually to any officer or employee of the Province of Manitoba. The following employees received compensation in excess of $50:

			2010		2009
Bernat, Leonard	Appraisal and Acquisition Officer	$	59	$	57
Burley, Ronald	Property Appraiser		52		-
Charles, Jack	Administration Officer		52		59
Calder, Dean	Property Appraiser		-		55
Delong, Grace	Administration Officer		50		-
Dyck, Gary W	Property Appraiser		56		53
Dzogan, Ken	Manager, Land Acquisition Services		66		60
Kent, Rodney	Manager, Property Services		60		58
Kopytko, Wanda	Administration Officer		56		50
Krakowka, Larry	Senior Property Sales Administrator		61		59
Kubasiewicz, Michał	Senior Manager		99		97
Le Neal, Normand	Financial Officer		68		63
Lucky, Rob	Property Appraiser		-		57
McMullan, Bernie	Property Appraiser		74		-
Millar, Scott	Property Appraiser		78		76
Penner, Mary Ann	Appraisal and Acquisition Officer		59		57
Pieterse, Debra	Property Appraiser		68		-
Pishak, Calvin	Information Technologist		69		67
Sheridan, Bryan	Administration Officer		-		61
Sonley, Judy	Appraisal and Acquisition Officer		58		57
Wallcraft, Brian	Information Technologist		56		53

Notes to Financial Statements
Year ended March 31, 2010
(in thousands)

12. Lease Commitments

The Agency's approved 2010/11 Business Plan calls for $282, to be paid in quarterly instalments during 2010/11, for the rental of the facilities located at 25 Tupper Street North, Portage La Prairie, Manitoba. There is no premise lease agreement in place. Occupancy charges for each fiscal year are established annually by the Province of Manitoba.

The Agency has entered into various leases for vehicles and office equipment. The expected payments are as follows:

2011	$ 3
2012	3

Agency Management

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