

Annual Report 2012/13



CLPA
Crown Lands and Property Agency

An Agency of the Manitoba Government

www.clp.gov.mb.ca

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Letter from the Minister



**MINISTER OF INFRASTRUCTURE
AND TRANSPORTATION**

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

June 28, 2013

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:

It is my privilege and pleasure to present for the information of Your Honour the Annual Report of Crown Lands and Property Agency (CLPA) for the fiscal year ended March 31, 2013.

The Agency continued initiatives to modernize its information technology systems, and streamline processes. This includes its recent efforts in developing and implementing Change Management program that strives to achieve defined goals and objectives to improving quality service within the Agency and customer service to the client departments and the general public. CLPA continued its active involvement in many of the flood compensation and transportation programs in partnership with client department programs.

I commend the staff and management of CLPA for their steadfast dedication, commitment and professionalism that they demonstrate as representatives of the Manitoba government.

Respectfully submitted,

Steve Ashton
Minister Responsible for
Crown Lands and Property Agency



Letter from the Deputy Minister

**Infrastructure and Transportation**

Deputy Minister of Infrastructure and Transportation
Room 209, Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8
T 204 945-3768 F 204 945-4766
dmmit@leg.gov.mb.ca

June 28, 2013

Honourable Steve Ashton
Department of Infrastructure and Transportation
Minister responsible for Crown Lands and Property Agency
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Ashton:

It is my pleasure to submit for your review and consideration the Annual Report of Crown Lands and Property Agency (CLPA) for the fiscal year ended March 31, 2013. The report details the financial results and operational highlights of the Agency's activities in its seventh year of operation.

The Agency continues with its major initiatives to enhance the delivering on its regular program activities for the disposition of property through permits, leases and sales on behalf of client departments and the acquisition of property for Infrastructure and Transportation, Conservation and Water Stewardship. One of these major initiatives includes developing and implementing the Change Management program that strives to achieve proactive and empowering goals that enhance quality service and performance amongst the Agency's staff and to the general public.

The Agency continues to be involved in very significant projects/ programs such as CentrePort Canada Way, Shoal Lake Agriculture Voluntary Buy-Out program, and the Assiniboine River Dike and Portage Diversion Compensation program.

CLPA met its financial expectations for the year and also collected approximately \$12 million in revenue and fees on behalf of client departments.

On behalf of senior management of Manitoba Infrastructure and Transportation, I would like to thank the staff of CLPA for their continued resilience in delivering the highest standards of public service and their continued dedication and commitment to streamlining the Agency's operations and customer services to client departments and the general public.

Respectfully submitted,

Doug McNeil, M. Eng., P. Eng.

Manitoba
spirited energy

Chief Operating Officer's Message

June 28, 2013

To the stakeholders of the Crown Lands and Property Agency:

We are pleased to present you the Annual Report of the Crown Lands and Property Agency (CLPA) for the year ended March 31, 2013. The report highlights the financial and operational results of the Agency's activities in its seventh year of operation.

Thanks to the CLPA employees' hard work and dedication, net financial position for the 2012/13 fiscal year was 4% better than budgeted.

CLPA's current priorities include:

- Continuing to implement our Change Management initiative which including incorporating kaizen processes in all areas with a view to containing costs to our client departments; this initiative also incorporates cross-training and succession planning;
- Maintaining and improving our client and public services; and
- Continual review, validation and updating the output-based unit rate cost recovery system for Crown lands administration services.

Finally, we thank the Advisory Board for its support and guidance. We are steadfast in our commitment to delivering efficient, sustainable, and dependable performance in the future.

Respectfully submitted,



Grace DeLong
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*

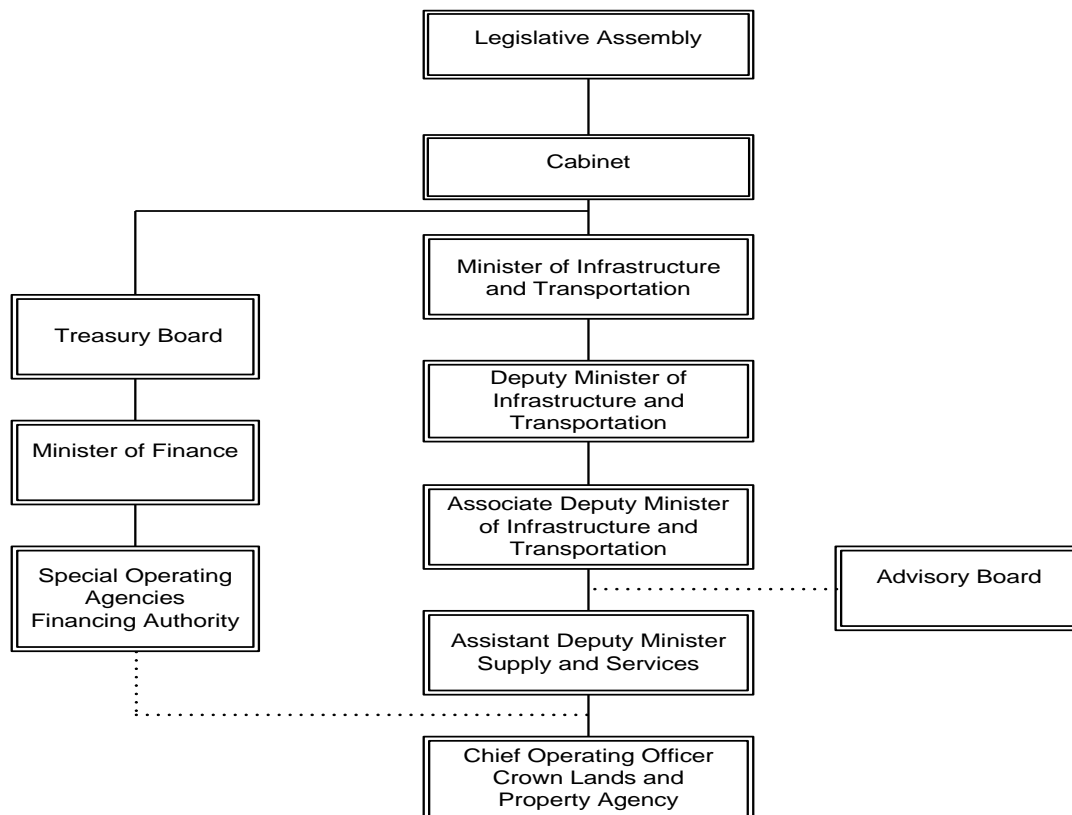
Accountability Framework

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.

Members of the Crown Lands and Property Agency Advisory Board as of March 31, 2013, are listed below.

Members of the Advisory Board for Crown Lands and Property Agency		
CHAIR	<i>Paul Rochon</i> <i>Associate Deputy Minister</i> Manitoba Infrastructure and Transportation	
MEMBERS		
<i>Client Representatives</i>	<i>Dori Gingera-Beauchemin</i> <i>Assistant Deputy Minister</i> Manitoba Agriculture, Food and Rural Initiatives	<i>Bruce Gray</i> <i>Assistant Deputy Minister</i> Manitoba Conservation
<i>Ex Officio</i>	<i>Tracey Danowski</i> <i>Assistant Deputy Minister</i> Manitoba Infrastructure and Transportation	<i>Grace DeLong</i> <i>Chief Operating Officer</i> Crown Lands and Property Agency
<i>Staff Representative</i>	<i>Tannis Dejaeger</i> <i>Lease & Permit Administrator</i> Crown Lands and Property Agency	

Organizational Structure

CLPA consists of the following six operational units:

- Crown Land Leases and Permits
- Property Sales
- Appraisal and Acquisition 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: <ul style="list-style-type: none"> • 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 as 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 SOA (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.

The Public Interest Disclosure (Whistleblower Protection) Act

The Public Interest Disclosure (Whistleblower Protection) Act came into effect in April 2007. This law gives employees a clear process for disclosing concerns about significant and serious matters (wrongdoing) in the Manitoba public service, and strengthens protection from reprisal. *The Act* builds on protections already in place under other statutes, as well as collective bargaining rights, policies, practices and processes in the Manitoba public service.

Wrongdoing under *the Act* may be: contravention of federal or provincial legislation; an act or omission that endangers public safety, public health or the environment; gross mismanagement; or, knowingly directing or counseling a person to commit a wrongdoing. *The Act* is not intended to deal with routine operational or administrative matters.

A disclosure made by an employee in good faith, in accordance with *the Act*, and with a reasonable belief that wrongdoing has been or is about to be committed is considered to be a disclosure under *the Act*, whether or not the subject matter constitutes wrongdoing. All disclosures receive careful and thorough review to determine if action is required under *the Act*, and must be reported in a department's annual report in accordance with Section 18 of *the Act*.

There were no disclosures of wrongdoing that were made to a supervisor or designated officer of the Department of Infrastructure and Transportation – Crown Lands and Property Agency during the 2012/13 fiscal year. In connection with the information required annually, CLPA confirms the following:

Information Required Annually (by Section 18 of <i>the Act</i>)	2012/13 Fiscal Year
The number of disclosures received, and the number acted on and not acted on. <i>Subsection 18(2)(a)</i>	NIL
The number of investigations commenced as a result of a disclosure. <i>Subsection 18(2)(b)</i>	NIL
In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations or corrective actions taken in relation to the wrongdoing, or the reasons why no corrective action was taken. <i>Subsection 18(2)(c)</i>	NIL

Public Sector Compensation Disclosure

Pursuant to Section 2(1) of *The Public Sector Compensation Disclosure Act*, employees of CLPA who have received compensation of \$50,000 or more, directly or indirectly, including benefits and severance payments, in the year ended March 31, 2013, are disclosed in Volume 2 of the Public Accounts of the Province of Manitoba.

Operational Highlights – 2012/13

2012-13 Activity Levels by Line of Service

Transaction volumes for 2012/13 are summarized in the tables and charts below.

Land Acquisition Services	
	Actual April 1, 2012 to March 31, 2013
Projects Completed	11
Borrow Agreements	0
Agreements Taken	108
Appraisals Completed	224
Acres Acquired	34,332.10
LVAC Certification	\$14,438,304.46

Note: LVAC denotes Land Value Appraisal Commission

Paralegal Services	
	Actual April 1, 2012 to March 31, 2013
Expropriations	2
Current Files:	
Processing	122
Finalizing	5
Backlog Files:	
Finalizing	1
Right-of-Way Plans	0
Plan Certificates	2
Easements	10
Others	90

Summary of Sales, Leases and Permits (details on following page)			
Branch or Program (Client Dept.)	# Charges Invoiced	Revenue \$000s	Notes
Lands Branch (Conservation)	8,687	\$3100.4	Recorded centrally in Consolidated Fund as revenue ... under Conservation
Parks Program (Conservation)	20,000	\$4,871.3	
Subtotal	28,687	\$7,971.7	
Agricultural Crown Lands (MAFRI)	4,955	3,355.7	... under Agriculture
Subtotal	33,642	\$11,327.4	
Land Acquisition Branch – Sales & Leases	64	594.8	... under various depts.
TOTAL	33,706	\$11,922.2	

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

Revenue Collected for Client Departments

For Twelve Months Ending March 31, 2013

Sales, Leases and Permits - Detailed Breakdown	# Charges Invoiced	\$000's
Lands Branch		
Vacation Home Permits and Leases	813	84.9
General Permits, Miscellaneous, Licences of Occupation	5,699	559.3
Administration, Easements & Miscellaneous Receipts	1,762	614.8
Wild Rice Licences	328	12.4
Land Sales (Non-Cottaging)	22	521.0
Land Sales (Cottaging Program)	60	1,103.0
Forestry	3	197.9
Finance	N/A	7.1
Subtotal	8,687	3,100.4
Parks Program		
Vacation Home Leases & Permits	11,999	4,021.0
Commercial Leases & Permits	354	319.7
Chief Place of Residence	627	313.5
General Permits	6,138	136.6
Non-profit Permits & Leases	34	13.2
Lot Development Fees (Cottaging)	9	10.2
Administration Fees	839	34.7
Finance	N/A	22.4
Subtotal	20,000	4,871.3
Agricultural Crown Lands		
Forage Leases	1,733	1,189.7
Cropping Leases	79	198.4
Special Leases	2	24.9
Renewable Grazing Permits	42	5.9
Casual Grazing Permits	66	24.4
Renewable Hay Permits	243	43.4
Casual Hay Permits	62	13.3
Fees – Administration and Transfers	286	17.8
Improvements	N/A	14.8
Municipal Taxes Collected	2,167	1,692.3
Rural Municipality Leases	258	70.0
Federal Leases	17	15.0
Miscellaneous	N/A	22.2
Interest	N/A	23.6
Subtotal	4,955	3,355.70
Other		
Sales	21	488.0
Leases	43	106.8
Subtotal	64	594.8
TOTAL	33,706	11,922.2

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 2012/13

The Agency was actively engaged in 2012/13, beyond the regular activities and services regularly provided to our client departments and to the public on their behalf; CLPA was also involved in:

- Continuation of the acquisition and expropriation of land for CentrePort Canada Way;
- The Manitoba Bipole project for easement, permit and sale of property;
- Several flood related projects consisting of:
 - Manitoba Agriculture, Food and Rural Initiatives voluntary buyout program for the Shoal Lake Flooding Assistance program. This includes the valuation and purchase of in excess of 70 agreements for flooded agriculture property on behalf of MAFRI;
 - The Assiniboine River Dike Compensation program which addresses claims to property for damages as a result of construction and maintenance of the dikes along the Assiniboine River during the 2011 flood. The project extends from Portage la Prairie to St. Francois Xavier and is approximately 100 files;
 - The Portage Diversion Compensation program which addresses claims to property for damages as a result of construction activity required to raise the Portage Diversion Dykes during the 2011 flood.
- Change Management Program: The Agency's Management Team had initiated a Change Management program which developed a map of defined goals and objectives of Intended Outcomes that the Agency strives to achieve within the next thirty-six months. Amongst its defined intended outcomes include becoming more proactive, empowering and promoting its employees and leaders in agency-wide learning and development, and to deliver quality and timely real estate services to its clients and customers. An Employee Committee was also formed to "Kaizen" the Agency's processes, and documenting an analysis is currently underway.
 - Process Improvements: The Agency uses an ongoing continuous improvement approach to streamline processes with a view to reducing turnaround times and achieving greater consistency in the processing of similar transactions. Treasury Board has directed the Agency to work collaboratively with Manitoba Conservation and MAFRI to realize

efficiencies, productivity gains and synergies by streamlining procedures and applying information technology.

- Continuation of the Legacy Systems Project, a joint initiative with the Information Technology Systems Branch of Manitoba Infrastructure and Transportation and the Business Transformation and Technology Division of Manitoba Innovation, Energy and Mines to upgrade or replace the outdated and largely unsupported information technology (IT) systems that the Agency inherited from its predecessors.
- Records Scanning: Building on the Agency's success in digitizing Parks' vacation home lot records, all hardcopy records in the Agency's custody are being transitioned to electronic format, to safeguard the records and facilitate easy access and sharing by multiple authorized record users. The digitization of paper records is ongoing for CLPA's Agriculture and Crown Lands Registry business sections and is nearing completion.

Auditor's Report

CROWN LANDS AND PROPERTY AGENCY
*(An Agency of the Special Operating Agencies
Financing Authority Province of Manitoba)*

(In thousands)

Financial Statements

Year Ended March 31, 2013

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)
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Year Ended March 31, 2013

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Management's Responsibility for Financial Reporting

The Crown Lands and Property Agency's (the Agency) 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 the Agency's financial position and results of operations and its cash flows in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB). In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available through June, 2013.

Management maintains internal controls to properly safeguard the Agency'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.

The Agency's financial statements have been audited by The Exchange chartered accountants LLP, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of the Agency are presented fairly, in all material respects, in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB). The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the Agency's management,


Mr. Normand Le Néal, Financial Officer


Ms Grace DeLong, Chief Operating Officer

Portage la Prairie, MB
June 20, 2013



THE EXCHANGE

chartered accountants LLP

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Crown Lands and Property Agency, An Agency of the Special Operating Agencies Financing Authority Province of Manitoba, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crown Lands and Property Agency, An Agency of the Special Operating Agencies Financing Authority Province of Manitoba, as at March 31, 2013, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The Exchange

chartered accountants, LLP
Winnipeg, Manitoba
June 20, 2013

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CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Statement of Financial Position

March 31, 2013

(In thousands)

	2013	2012
FINANCIAL ASSETS		
Accounts receivable <i>(Notes 3, 5)</i>	\$ 545	\$ 646
Severance pay benefits, vacation pay and banked time cash in trust <i>(Note 7)</i>	670	670
Assets held in trust <i>(Notes 4, 8)</i>	3	3
	<u>1,218</u>	<u>1,319</u>
LIABILITIES		
Working capital advance, net of cash <i>(Note 9)</i>	\$ 3,439	\$ 3,766
Accounts payable and accrued liabilities <i>(Note 10)</i>	768	704
Client held funds	823	686
Trust fund liability <i>(Note 8)</i>	3	3
Severance pay liability <i>(Note 11)</i>	369	396
	<u>5,402</u>	<u>5,555</u>
NET DEBT	<u>(4,184)</u>	<u>(4,236)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses <i>(Note 3)</i>	41	63
Tangible capital assets <i>(Note 3)</i>	218	212
	<u>259</u>	<u>275</u>
ACCUMULATED DEFICIT	<u>\$ (3,925)</u>	<u>\$ (3,961)</u>
 LEASE COMMITMENTS <i>(Note 13)</i>		

ON BEHALF OF CROWN LANDS AND PROPERTY AGENCY

_____ Signed _____ *Chief Operating Officer*

_____ Signed _____ *Finance Officer*

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Statement of Operations
Year Ended March 31, 2013

	Budget 2013	2013	2012
REVENUE	\$ 5,639	\$ 4,648	\$ 4,608
EXPENSES			
Advertising	14	7	13
Amortization	123	75	67
Bad debt recovery	-	-	(26)
Computer maintenance costs	449	305	129
Contributed services	105	31	649
Desktop operating lease	201	190	192
Employee training	62	40	33
Insurance	3	3	3
Interest on working capital advance	106	94	81
Meals and accommodations	7	4	7
Miscellaneous	1	-	-
Office	33	71	44
Postage	45	49	56
Printing	38	35	36
Professional fees	254	172	235
Publications	17	14	17
Relocation expense	2	2	1
Rental	262	258	251
Repairs and maintenance	8	5	8
Salaries and benefits	3,732	3,148	3,089
Telephone	40	40	41
Travel	42	68	35
	5,544	4,611	4,961
ANNUAL SURPLUS (DEFICIT)	95	37	(353)
ACCUMULATED DEFICIT - BEGINNING OF YEAR	(4,186)	(3,961)	(3,608)
ACCUMULATED DEFICIT - END OF YEAR	\$ (4,091)	\$ (3,924)	\$ (3,961)

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Statement of Change in Net Debt

Year Ended March 31, 2013

	Budget 2013	2013	2012
ANNUAL SURPLUS (DEFICIT)	\$ 95	\$ 37	\$ (353)
Purchase of tangible capital assets	(92)	(81)	(132)
Amortization of tangible capital assets	-	75	67
Decrease in prepaid expenses	(375)	21	(16)
INCREASE IN NET DEBT	(372)	52	(434)
NET DEBT - BEGINNING OF YEAR	(4,607)	(4,236)	(3,802)
NET DEBT - END OF YEAR	\$ (4,979)	\$ (4,184)	\$ (4,236)

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Statement of Cash Flow
Year Ended March 31, 2013
(In thousands)

	2013	2012
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 4,748	\$ 4,506
Cash paid to suppliers and employees	(4,357)	(5,070)
Interest paid	(94)	(80)
Increase in client funds held	137	136
Increase (decrease) in severance pay liability	(27)	73
Cash flow from (used by) operating activities	<u>407</u>	<u>(435)</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(80)</u>	<u>(132)</u>
INCREASE (DECREASE) IN CASH	327	(567)
WORKING CAPITAL ADVANCE, NET OF CASH - BEGINNING OF YEAR	<u>(3,766)</u>	<u>(3,199)</u>
WORKING CAPITAL ADVANCE, NET OF CASH - END OF YEAR	\$ (3,439)	\$ (3,766)

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)
Notes to Financial Statements

Year Ended March 31, 2013

(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 land sales, leases and permits, as well as land appraisal, acquisition, expropriation and other services for the provincial government. The Agency represents the Manitoba government in its land dealings with the public, striving to ensure that the government's real estate business is conducted in a manner that is fair, open and transparent, timely and professional, and fiscally and environmentally responsible.

The 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 for continued financing and 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. BASIS OF ACCOUNTING

The financial statements of the Agency have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(continues)

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Notes to Financial Statements

Year Ended March 31, 2013

(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 Initiatives (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.

Financial Assets

1. **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks. Bank overdrafts and bank borrowings are considered to be financing activities.

2. **Accounts receivable**

Receivables are recorded at the lower of cost and net realizable value. Amounts doubtful of collection are recorded when there is uncertainty that the amounts will be realized.

Liabilities

Liabilities present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded in the financial statements when there is an appropriate basis of measurement and a reasonable estimate can be made of the amounts involved.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-financial assets

Non-financial assets do not normally provide resources to discharge liabilities of the Agency. These assets are normally employed to provide future services.

1. Prepaid expenses

Prepaid expenses are payments for goods or services that will provide economic benefit in future periods. The prepaid amount is recognized as an expense in the year that the goods or services are consumed.

2. Tangible capital assets

Tangible capital assets are recognized at cost. Cost includes the purchase price as well as other acquisition costs such as freight charges, transportation, insurance costs and duties. Modifications or additions to the original asset are capitalized and recognized at cost.

The values of tangible capital assets are written down when conditions indicate that the values of the future economic benefits associated with the tangible capital assets are less than their book values.

The costs of tangible capital assets, less their estimated residual values, are amortized over their useful lives in the following manner:

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

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4. FINANCIAL INSTRUMENTS

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Agency records its financial assets at cost or amortized cost. Financial assets include cash and cash equivalents, accounts receivable and portfolio investments. The Agency also records its financial liabilities at cost. Financial liabilities include working capital advances, accounts payable and accrued liabilities, and borrowings.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as remeasurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The Agency did not incur any re-measurement gains and losses during the year ended March 31, 2013 (2012 - \$nil).

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.

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, 2013 is:

	<u>2013</u>	<u>2012</u>
Accounts receivable	<u>\$ 545</u>	<u>\$ 646</u>

Cash and cash equivalents, and portfolio investments: The Agency is not exposed to significant credit risk as these amounts are primarily held by the Province of Manitoba.

Receivables: The Agency is not exposed to significant credit risk since the receivables are from a large client base. An allowance for doubtful accounts of \$239 was recorded as of March 31, 2013 (2012 - \$239).

(continues)

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4. FINANCIAL INSTRUMENTS *(continued)*

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 balancing its cash flow requirements with draw downs from its available working capital advances and its other borrowings from the Province of Manitoba. Regular determinations of the Agency's working capital advances limit and its other debt requirements are reviewed by the Province of Manitoba to ensure that adequate funding is available as required to enable the Agency to meet its obligations as they come due.

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 from operations or the fair values of its financial instruments.

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 cash, cash equivalents, portfolio investments, working capital advances, and to other borrowings.

The interest rate risk on cash, cash equivalents and working capital advances is considered to be low because of their short term nature. The interest rate risk on portfolio investments is considered low as the original deposits are reinvested at rates for investments with similar terms and conditions.

The Agency manages its interest rate risk on long term borrowings through the exclusive use of fixed rate terms on each amount borrowed.

5. ACCOUNTS RECEIVABLE

	2013	2012
Accounts receivable	\$ 784	\$ 885
Allowance for doubtful accounts	(239)	(239)
	\$ 545	\$ 646

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6. TANGIBLE CAPITAL ASSETS

	<u>2013</u>			
	Opening balance	Additions	Disposals	Closing balance
<u>Cost</u>				
Equipment	\$ 84	\$ 54	\$ -	\$ 138
Computer equipment	258	1	-	259
Computer software	134	-	-	134
Furniture and fixtures	144	26	-	170
	<u>\$ 620</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 701</u>
<u>Accumulated amortization</u>				
Equipment	\$ 56	\$ 12	\$ -	\$ 68
Computer equipment	190	24	-	214
Computer software	112	10	-	122
Furniture's and fixtures	50	29	-	79
	<u>408</u>	<u>75</u>	<u>-</u>	<u>483</u>
	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218</u>
<u>2012</u>				
<u>Cost</u>				
Equipment	\$ 57	\$ 27	\$ -	\$ 84
Computer equipment	208	50	-	258
Computer software	127	7	-	134
Furniture's and fixtures	97	47	-	144
	<u>\$ 489</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 620</u>
<u>Accumulated amortization</u>				
Equipment	\$ 46	\$ 10	\$ -	\$ 56
Computer equipment	170	20	-	190
Computer software	96	16	-	112
Furniture's and fixtures	28	22	-	50
	<u>340</u>	<u>68</u>	<u>-</u>	<u>408</u>
	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212</u>

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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, transferred to the Agency March 31, 2006, to 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. ASSETS HELD IN TRUST

The assets held in trust were pledged to the Agency to complete outstanding projects transferred from the Province of Manitoba. The trust fund liability offsets the assets held in trust until work performed on outstanding projects have been completed.

9. WORKING CAPITAL ADVANCE

The Agency has an authorized line of working capital from the Province of Manitoba of \$8,000 of which \$3,795 was used as at March 31, 2013 (2012 - \$3,981). The advance is unsecured, and interest is charged at Prime less 1% on the daily balance.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Trade accounts payable	\$ 370	\$ 241
Accrued wages, vacation pay and banked time	341	406
Sick pay leave obligation	57	57
	\$ 768	\$ 704

11. 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.

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12. 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:

		2013	2012
Bannerman, Gillian	Administration Officer	\$ 52	\$ 50
Bernat, Leonard	Property Appraiser	71	59
Burley, Ronald	Property Appraiser	-	59
Charles, Jack	Administration Officer	-	52
Chevalier, Melanie	Property Appraiser	58	-
Delong, Grace	Administration Officer	77	54
Diachun, Dan	Property Appraiser	73	-
Dyck, Garry	Acquisition Officer	101	61
Dzogan, Ken	Acquisition Manager	84	71
Kent, Rodney	Administration Officer	65	62
Kirkwood, Lori-Ann	Administration Officer	52	-
Kopytko, Wanda	Administration Officer	64	61
Kubasiewicz, Michael	Senior Manager	-	99
Le Neal, Normand	Financial Officer	81	72
Little, Karen	Clerk	51	-
McMullan, Bernie	Property Appraiser	-	76
Millar, Scott	Property Appraiser	-	78
Moroz, Jared	Property Appraiser	83	-
Penner, Mary Ann	Appraisal and Acquisition Officer	70	59
Pieterse, Debra	Property Appraiser	75	67
Pishak, Calvin	Information Technologist	71	69
Wallcraft, Brian	Information Technologist	66	60

13. LEASE COMMITMENTS

The Agency's approved 2012/13 Business Plan calls for \$258, to be paid in quarterly instalments during 2012/13, 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 for the remaining four years of the lease agreements are as follows:

2014	\$	25
2015		25
2016		24
2017		2

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14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

15. PENSION BENEFITS

Employees of Crown Lands and Property Agency (the "Agency") are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service Superannuation Fund.

The pension liability related to the CSSA's defined benefit plan is included in the Province of Manitoba's financial statements. Accordingly, no provision is required in the Agency's financial statements relating to the effects of participation in the plan by the Agency and its employees.

The Agency is regularly required to pay to the Province an amount equal to the current pension contributions paid by its employees.
