

ANNUAL REPORT 2017-2018



CLPA

Crown Lands and Property Agency

An Agency of the Manitoba Government

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**MINISTER
OF INFRASTRUCTURE**

Room 203
Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

June 28, 2018

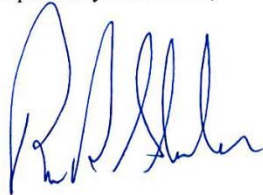
The Honourable Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

May It Please Your Honour:

It is my 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, 2018.

CLPA continues to be actively involved on a variety of departmental programs provided to the public. The Agency delivers the services that relate to the real estate transactions for flood compensation, roads, drains and various infrastructure projects.

Respectfully submitted,



Ron R. Schuler
Minister

**Infrastructure**

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

July 19, 2018

Honourable Ron R. Schuler
Minister of Manitoba Infrastructure
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Schuler:

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, 2018. The report details the financial results and operational highlights of the Agency's activities in its twelfth year of operation.

The Agency is an integral part of several departmental programs by providing property related and real estate services. CLPA has implemented a continuous improvement process implementing internal projects designed to improve the delivery of its regular program activities.

The Agency continues to be involved with significant multi-year projects/programs, such as CentrePort Canada Way, and Pembina/Emerson Point of Entry. More recent projects included Manitoba Infrastructure's Provincial Trunk Highway (PTH) 59 & 101 Interchange Project, acquisition of land for several drain and road projects such as PTH 5 in the City of Dauphin, and the recent Lake Manitoba/Lake St. Martin Channel projects. CLPA collected approximately \$16.9 million in revenue and fees for property related transactions on behalf of client departments.

On behalf of senior management of Manitoba Infrastructure, I would like to thank the staff of CLPA for their continued resilience to adapting to an ever changing environment, and delivering public service with their continued dedication and commitment to the advancement of Agency's operations and customer services to client departments and the general public.

Sincerely,



Scott Sinclair
A/Deputy Minister

Chief Operating Officer's Message

June 28, 2018

To the stakeholders of the Crown Lands and Property Agency:

We present herein the Annual Report of the Crown Lands and Property Agency (CLPA) for the year ended March 31st, 2018. Highlighted are the financial and operational results of the Agency's activities.

CLPA continues to be active in many high profile programs in the acquisition and compensation of property for departmental programs in conjunction with providing service to the public on behalf of client departments.

CLPA continues to strategically focus on:

- Recruitment and retention of technical staff;
- Containing costs;
- Maintaining services levels within existing staffing levels and limited financial resources;
- Continual review of rates schedules to reflect changing processes;
- Review of processes to better service our clients and the public;
- To further the development of the agency both technologically and in service delivery

We thank our Advisory Board for its continued support and guidance and remain committed to delivering dependable performance going forward.

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

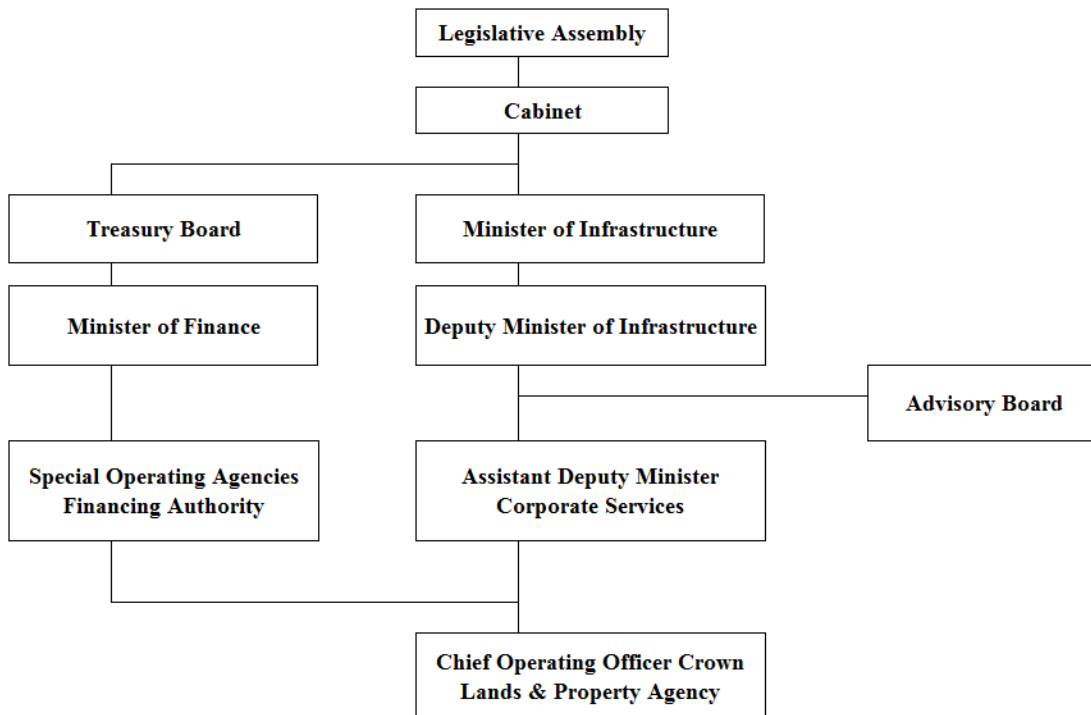
Accountability Framework

CLPA is a Special Operating Agency (SOA) within Manitoba Infrastructure (MI) and is accountable to the Deputy Minister for operational and financial performance through the Assistant Deputy Minister of Corporate 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, 2018, are listed below.

Members of the Advisory Board for Crown Lands and Property Agency		
CHAIR	<i>Scott Sinclair</i> <i>Acting Deputy Minister</i> Manitoba Infrastructure	
MEMBERS		
<i>Client Representatives</i>	<i>Leloni Scott</i> <i>Assistant Deputy Minister</i> Manitoba Agriculture	<i>Matthew Wiebe</i> <i>Assistant Deputy Minister</i> Manitoba Sustainable Development Finance and Crown Lands Divisions
<i>Ex Officio</i>	<i>Leigh Anne Lumbard</i> <i>Assistant Deputy Minister</i> Corporate Services Division	<i>Grace DeLong</i> <i>Chief Operating Officer</i> Crown Lands and Property Agency
<i>Staff Representative</i>	<i>Carolyn MacKendrick</i> <i>Land Administrator</i> Crown Lands and Property Agency	

Organizational Structure

CLPA consists of the following four operational units:

- Crown Lands Act Dispositions
- Appraisal and Acquisition Services
- Finance and Information Technology
- Paralegal, Sales, 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">• Provide value-for-money for client departments• Are socially, environmentally, and fiscally responsible• Manage risk and continually search for process improvements• 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 Sustainable Development and Manitoba Agriculture.

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 – Crown Lands and Property Agency during the fiscal year. In connection with the information required annually, CLPA confirms the following:

Information Required Annually (by Section 18 of the Act)	2017/18 Fiscal Year
The number of disclosures received, and the number acted on and not acted on. Subsection 18(2)(a)	Nil
The number of investigations commenced as a result of a disclosure. Subsection 18(2)(b)	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. Subsection 18(2)(c)	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, 2018, are disclosed in Volume 2 of the Public Accounts of the Province of Manitoba.

Operational Highlights – 2017/18

2017-18 Activity Levels by Line of Service

Transaction volumes for 2017/18 are summarized in the tables and charts below.

Land Acquisition Services	
	Actual April 1, 2017 to March 31, 2018
Projects Completed	14
Projects Opened	27
Agreements Taken	57
Appraisals Completed	18
Acres Acquired	132
LVAC Certification	\$5,163,753

Note: LVAC denotes Land Value Appraisal Commission

Paralegal Services	
	Actual April 1, 2017 to March 31, 2018
Expropriations	4
Current Files:	
Processing	92
Backlog Files:	
Backlog Files	10
Plan Certificates	11
Easements	0
Others	40

Crown Land Act Dispositions	
	Actual April 1, 2017 to March 31, 2018
Crown Land Sales completed	71
Lease assignments processed	390
New dispositions	274
Lease renewals concluded	178
Security interests registered	188
Adding parcels to existing Agriculture leases	55
New leases secured	89

Summary of Sales, Leases and Permits			
Branch or Program (Client Dept.)	# Charges Invoiced	Revenue \$000s	Notes
Lands Branch (Sustainable Development)	7,819	\$2,002.4	Recorded centrally in Consolidated Fund as revenue . . . under Sustainable Development
Parks Program (Sustainable Development)	32,723	\$8,015.8	
Subtotal	40,542	\$10,018.20	
Agricultural Crown Lands (Agriculture)	4,448	\$3,437.9	. . . under Agriculture
Subtotal	44,990	\$13,456.1	
Land Acquisition Branch – Sales & Leases	71	\$2,848.8	. . . under various depts.
Subtotal	45,061	\$16,304.9	
INR – Northern Affairs Levies	2,944	\$613.4	. . . under Indigenous and Northern Relations
TOTAL	48,005	\$16,918.30	

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, 2018

Sales, Leases and Permits - Detailed Breakdown	# Charges Invoiced	\$000's
Lands Branch		
Vacation Home Permits and Leases	907	85.3
General Permits, Miscellaneous, Licences of Occupation	2,673	524.3
Administration, Easements & Miscellaneous Receipts	3,833	716.5
Wild Rice Licences	193	12.3
Land Sales (Non-Cottaging)	9	93.6
Land Sales (Cottaging Program)	199	552.2
Forestry	5	0
Finance	0	18.3
Write Offs	0	Pending
Subtotal	7,819	2,002.4
Parks Program		
Vacation Home Leases & Permits	12,060	16,065.2
Vacation Home Rebates	11,999	(8,931.8)
Commercial Leases & Permits	384	246.0
Chief Place of Residence	636	316.5
General Permits	6,627	173.5
Non-profit Permits & Leases	43	18.8
Lot Development Fees (Cottage)	7	56.5
Administration Fees	967	41.2
Finance	0	29.9
Write Offs	0	Pending
Subtotal	32,723	8,015.8
Agricultural Crown Lands		
Forage Leases	1,681	1,155.3
Cropping Leases	57	177.5
Special Leases	3	17.5
Renewable Grazing Permits	38	5.2
Casual Grazing Permits	17	9.4
Renewable Hay Permits	234	41.9
Casual Hay Permits	18	3.3
Fees – Administration and Transfers	240	15.6
Improvements	0	141.9
Municipal Taxes Collected	1929	1,763.9
Rural Municipality Leases	220	52.1
Federal Leases	11	9.5
Miscellaneous	0	13.5
Interest	0	31.3
Subtotal	4,448	3,437.9

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

Sales, Leases and Permits - Detailed Breakdown	# Charges Invoiced	\$000's
INR – Northern Affairs Levies		
NALY*	1,158	360.9
Chief Place of Residence	259	129.5
Lagoon Levy	307	31.8
Whitefish Lake Hydro Levy	29	43.2
Business & Utilities*	10	5.7
Business & Utilities Lagoon	4	1.6
Admin Fees Revenue	1,168	28.3
Tax Certificate Fees**	9	0.2
Finance Charges	0	12.2
Subtotal	2,944	613.4
* Indicates Gross Revenues for each area. Admin Fees are taken out of those totals and held back as revenue for INR.		
** Tax Certificate Fees is manually counted beginning September 1, 2017, when CLPA took that duty on. Nothing is recorded in GP.		
Other		
Sales	22	2,748.8
Leases	49	100.0
Subtotal	71	2,848.8
TOTAL	48,005	16,918.3

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

Revenue by Client Fiscal Year 2017-2018



Major Projects and Initiatives in 2017/18

2017/2018 Major Accomplishments & Highlights

The 2017/2018 fiscal year was CLPA's twelfth year of operation. Highlights for the year include:

- Successful attraction of appraisal staff to meet intended succession planning goals;
- Reduction of Agency deficit by \$799.5 or 20 per cent from 2012;
- Continuation of the issuance of easements, permits and sale of property for the Manitoba Hydro Bipole and Keeyask Projects;
- Completion of sale of the last remaining Crocus Building condominium unit as well as a commercial building on Main Street, Winnipeg;
- Continuation of negotiating settlements on expropriation of land for CentrePort Canada Way;
- Successful settlement of 18 long-outstanding expropriations from 2005, 2006 and 2010;
- Near completion of the Assiniboine River Dike and Portage Diversion Compensation programs for flooding events of 2011 and 2014;
- Continuation of the acquisition and expropriation of property for the PTH 59 and PTH 101 Interchange Project commenced in 2015;
- Defence of high profile contested hearing at the Land Value Appraisal Commission in conjunction with Civil Legal Services;
- Several projects for acquisition of land for road and drain works on behalf of Manitoba Infrastructure;
- Continuation of the acquisition of land for the Emerson Port of Entry project on behalf of the department;
- Preliminary ground work for acquisition for PTH 5 in the City of Dauphin;
- Continuation of the Management Team initiated Change Management program which developed a map of defined goals and objectives of Intended Outcomes that the Agency strives to achieve;
- Continuation of the Legacy Systems Project initiated jointly with the Information Technology Services Branch of Manitoba Infrastructure and the Business Transformation and Technology Division of Manitoba Finance, to upgrade or replace the outdated and largely unsupported information technology (IT) systems that the Agency inherited from its predecessors; and
- Continuation of digitizing hardcopy records in the agency's custody to safeguard the records and facilitate easy access by authorized users. The digitization process is currently focusing on CLPA's Crown Lands Records and Appraisal/Acquisition/Paralegal business sections.

Auditor's Report

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)
Financial Statements
Year Ended March 31, 2018

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)
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Year Ended March 31, 2018

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Management's Responsibility for Financial Reporting

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of Crown Lands and Property Agency (the Agency) and have been prepared in accordance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Management met with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

Exchange Chartered Professional Accountants, LLP as the Agency's appointed external auditors, have audited the financial statements. The Auditors' report is addressed to the financing authority and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Agency in accordance with Canadian Public Sector Accounting Standards.

On behalf of the Agency's management,


Mr. Normand Le Neal, Financial Officer


Ms Grace DeLong, Chief Operating Officer

Portage la Prairie, MB



INDEPENDENT AUDITORS' REPORT

To the Special Operating Agencies Financing Authority of Crown Lands and Property Agency (An Agency of the Government of Manitoba)

We have audited the accompanying financial statements of Crown Lands and Property Agency, (An Agency of the Government of Manitoba), which comprise the statement of financial position as at March 31, 2018 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 public sector accounting standards, 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 Government of Manitoba), as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Exchange

Chartered Professional Accountants LLP
Winnipeg, Manitoba
June 8, 2018

1-554 St. Mary's Road, Winnipeg, MB R2M 3L5
Telephone: (204) 943-4584 Fax: (204) 957-5195
E-mail: info@exg.ca Website: www.exg.ca

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)

Statement of Financial Position

March 31, 2018

(In thousands)

	2018	2017
FINANCIAL ASSETS		
Accounts receivable <i>(Note 3)</i>	\$ 463	\$ 543
Restricted cash <i>(Note 12)</i>	271	582
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>\$ 1,407</u>	<u>\$ 1,798</u>
LIABILITIES		
Working capital advance <i>(Note 9)</i>	\$ 1,855	\$ 3,020
Accounts payable and accrued liabilities <i>(Note 10)</i>	675	476
Deferred income	1	14
Trust fund liability <i>(Note 8)</i>	3	3
Severance pay liability <i>(Note 11)</i>	311	322
Client held funds <i>(Note 12)</i>	271	582
Deferred leases <i>(Note 13)</i>	209	46
Surplus land sales <i>(Note 5)</i>	1,506	863
Long term debt <i>(Note 14)</i>	95	-
	<u>4,926</u>	<u>5,326</u>
NET DEBT	<u>\$ (3,519)</u>	<u>\$ (3,528)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses <i>(Note 3)</i>	\$ 55	\$ 99
Tangible capital assets <i>(Notes 3, 6)</i>	302	86
	<u>357</u>	<u>185</u>
ACCUMULATED DEFICIT	<u>\$ (3,162)</u>	<u>\$ (3,343)</u>

COMMITMENTS *(Note 15)*

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

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CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)

Statement of Operations
Year Ended March 31, 2018
(In thousands)

	Budget 2018	2018	2017
REVENUE			
Sales	\$ 6,543	\$ 4,446	\$ 4,542
Interest income	-	4	4
	<u>6,543</u>	<u>4,450</u>	<u>4,546</u>
EXPENSES			
Advertising	20	2	4
Amortization	147	40	51
Computer maintenance costs	261	168	162
Contributed services	76	22	56
Desktop operating lease	201	187	185
Employee training	59	12	10
Insurance	4	2	4
Interest on working capital advance	102	64	51
Meals and accommodations	7	2	3
Office	28	18	17
Postage	53	54	60
Printing	38	30	28
Professional fees	323	319	283
Publications	21	15	12
Relocation expense	4	-	2
Rental	286	287	286
Repairs and maintenance	30	10	20
Salaries and benefits	4,161	2,952	3,102
Telephone	42	48	44
Travel	76	37	22
	<u>5,939</u>	<u>4,269</u>	<u>4,402</u>
ANNUAL SURPLUS	604	181	144
ACCUMULATED DEFICIT - BEGINNING OF YEAR	<u>(3,670)</u>	<u>(3,343)</u>	<u>(3,487)</u>
ACCUMULATED DEFICIT - END OF YEAR	<u>\$ (3,066)</u>	<u>\$ (3,162)</u>	<u>\$ (3,343)</u>

See notes to financial statements

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CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)

Statement of Change in Net Debt

Year Ended March 31, 2018

(In thousands)

	Budget 2018	2018	2017
ANNUAL SURPLUS	\$ 604	\$ 181	\$ 144
Purchase of tangible capital assets	(2,130)	(255)	(43)
Amortization of tangible capital assets	147	40	50
Decrease (increase) in prepaid expenses	(195)	43	(56)
DECREASE (INCREASE) IN NET DEBT	<u>(1,574)</u>	<u>9</u>	<u>95</u>
NET DEBT - BEGINNING OF YEAR	<u>(3,983)</u>	<u>(3,528)</u>	<u>(3,623)</u>
NET DEBT - END OF YEAR	<u>\$ (5,557)</u>	<u>\$ (3,519)</u>	<u>\$ (3,528)</u>

See notes to financial statements

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CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)

Statement of Cash Flow
Year Ended March 31, 2018
(In thousands)

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 4,516	\$ 4,556
Cash paid to suppliers and employees	(3,923)	(4,536)
Interest paid	(63)	(51)
Increase (decrease) in deferred leases	163	(49)
Decrease in severance pay liability	(11)	(8)
Increase (decrease) in surplus land sales	643	(1,434)
Cash flow from (used by) operating activities	1,325	(1,522)
INVESTING ACTIVITY		
Purchase of tangible capital assets	(255)	(43)
FINANCING ACTIVITY		
Proceeds from long term debt	95	-
INCREASE (DECREASE) IN CASH	1,165	(1,565)
WORKING CAPITAL ADVANCE - BEGINNING OF YEAR	(3,020)	(1,455)
WORKING CAPITAL ADVANCE - END OF YEAR	\$ (1,855)	\$ (3,020)

See notes to financial statements

CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)

Notes to Financial Statements

Year Ended March 31, 2018

(In thousands)

1. NATURE OF ORGANIZATION

The Crown Lands and Property Agency fits within two service sectors:

- Direct Public Services where the Agency provides mandated land administration services directly to external customers (individuals) on behalf of SD and MA.
- Internal Services to Government where the Agency provides mandated real estate related services to other government departments and agencies to support efficient management of government

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 processes all Crown Lands sales, leases and permits, and provides 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 Agency consolidates the services previously provided by Land 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 Infrastructure 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 Corporate Services Division of Manitoba Infrastructure under the general direction of the Chief Operating Officer and the Assistant Deputy Minister of Corporate Services Division, and ultimately the policy direction of the 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. BASIS OF ACCOUNTING

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

See notes to financial statements

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CROWN LANDS AND PROPERTY AGENCY
(An Agency of the Government of Manitoba)

Notes to Financial Statements

Year Ended March 31, 2018

(In thousands)

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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

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 and Sustainable Development is continuing in order to pay the Agency the costs it incurs for providing services to the public (on behalf of Manitoba Agriculture and Sustainable Development).

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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CROWN LANDS AND PROPERTY AGENCY
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(In thousands)

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
Computer - Major applications	15 years	straight-line method

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CROWN LANDS AND PROPERTY AGENCY
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(In thousands)

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 accounts receivable. 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, 2018 (2017 - \$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, 2018 is:

	<u>2018</u>	<u>2017</u>
Accounts receivable	<u>\$ 463</u>	<u>\$ 543</u>

Cash: 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 concentration of credit risk, since the receivables are from a large client base. An allowance for doubtful accounts of \$NIL was recorded as of March 31, 2018 (2017 - \$NIL).

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CROWN LANDS AND PROPERTY AGENCY
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(In thousands)

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 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. SURPLUS LAND SALES

Surplus land sales consist of properties which are not under the Crown Lands Act but are under the departmental jurisdiction. These properties are being sold on behalf of clients with the net proceeds issued to the consolidated fund or charged back to the client if the sale is not finalized.

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CROWN LANDS AND PROPERTY AGENCY
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(In thousands)

6. TANGIBLE CAPITAL ASSETS

	<u>2018</u>			Closing balance
	Opening balance	Additions	Disposals	
<u>Cost</u>				
Equipment	\$ 120	\$ -	\$ -	\$ 120
Computer equipment	150	38	-	188
Computer software	111	-	-	111
Furniture and fixtures	195	30	-	225
Computer - Major applications	-	187	-	187
	<u>\$ 576</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 831</u>
<u>Accumulated amortization</u>				
Equipment	\$ 104	\$ 8	\$ -	\$ 112
Computer equipment	131	12	-	142
Computer software	84	12	-	96
Furniture and fixtures	171	8	-	179
	<u>490</u>	<u>40</u>	<u>-</u>	<u>529</u>
	<u>\$ 86</u>	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 302</u>
<u>2017</u>				
<u>Cost</u>				
Equipment	\$ 109	\$ 11	\$ -	\$ 120
Computer equipment	150	-	-	150
Computer software	98	13	-	111
Furniture and fixtures	176	19	-	195
	<u>\$ 533</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 576</u>
<u>Accumulated amortization</u>				
Equipment	\$ 90	\$ 14	\$ -	\$ 104
Computer equipment	117	14	-	131
Computer software	74	10	-	84
Furniture and fixtures	159	12	-	171
	<u>440</u>	<u>50</u>	<u>-</u>	<u>490</u>
	<u>\$ 93</u>	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ 86</u>

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CROWN LANDS AND PROPERTY AGENCY
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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, up 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 up 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 \$6,000 of which \$1,855 was used as at March 31, 2018 (2017 - \$3,020). The advance is unsecured, and interest is charged at Prime less 1% on the daily balance.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018		2017
Trade accounts payable	\$ 333	\$	124
Accrued wages, vacation pay and banked time	284		294
Sick pay leave obligation	57		57
Goods and services tax	1		1
	\$ 675	\$	476

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(In thousands)

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.

The severance benefit at March 31 included the following components:

	2018		2017
Balance, beginning of year	\$ 249	\$	247
Actuarial loss (gain)	47		-
Benefits accrued	21		19
Interest on accrued benefits	11		15
Severance paid	(34)		(32)
Accrued benefit liability	294		249
Add: unamortized actuarial gains	17		73
Severance benefit liability	\$ 311	\$	322

12. CLIENT HELD FUNDS

The Agency invoices and collects funds on behalf of other departments. All amounts received for these departments are recorded as a liability and are held in a separate bank account.

13. DEFERRED LEASES

The Agency manages leases on behalf of clients. The Agency remits to the consolidated fund the difference of revenue generated and the costs to manage the leases.

14. LONG TERM DEBT

Loan owed to the Province of Manitoba with a floating interest rate of prime less 0.75%. No set repayment plan until all loan installments have been advanced.

15. COMMITMENTS

During the year ended March 31, 2018, the Agency incurred costs of \$287 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 signed a service agreement for the design and implementation of computer software. The total cost of the agreement is \$308. As at March 31, 2018, \$88 of the agreement has been capitalized as part of the computer - major applications additions.

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16. 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.

17. RELATED PARTY TRANSACTIONS

The Agency provides services to various other government departments. These departments make up approximately 96% of the revenue for the Agency. The Agency's ability to continue as a viable operation is dependent upon these transactions.

18. CONTINGENT LIABILITY

As at March 31, 2018, there were four outstanding claims. The claims do not clearly articulate the Agency's involvement, outside of its role in administering compensation. It is unknown at this time if there are any future liabilities related to these claims.

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