

MANITOBA FLOODWAY AUTHORITY



2009 ANNUAL REPORT

FOR THE YEAR ENDED
MARCH 31, 2009



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CEO'S MESSAGE

Again this spring, Mother Nature challenged the residents living near the banks of the Red River. From the U.S. border, through Winnipeg, and all the way to Lake Winnipeg, the Red River posed serious flood challenges for residents. A heavy spring melt along with a very wet water table resulted in the second highest Red River flood in 150 years. Making the situation worse was serious ice jamming all along the Red River. Although, many efforts were undertaken by local residents, municipal leaders and provincial officials to deal with the situation, many properties were impacted. Our thoughts go out to all of those affected by this year's flood.



For Winnipeg residents, the spring flood reinforced the importance of the Red River Floodway. On April 8, the floodway was activated to protect Winnipeg from rising flood waters. Over the course of the ensuing weeks, the floodway diverted a peak flow of approximately 1,218 cubic metres (43,000 cubic feet) per second of water into the channel, thereby lowering river levels within Winnipeg by approximately 3.05 metres (10 feet) and preventing an estimated \$10 billion in flood damage.

Due to its importance, the floodway is being expanded to protect against floods larger than the 1997 "flood of the century". Earlier this spring the Red River Floodway Expansion Project achieved a major milestone by providing one-in-700 year flood protection for Winnipeg, East St. Paul and West St. Paul. This milestone was achieved with the completion of excavation of the 48 kilometre (29 mile) long channel, which more than doubled the channel's capacity from 1,700 cubic metres (60,000 cubic feet) of water per second to 4,000 cubic metres (140,000 cubic feet) of water per second. In the process, approximately 21 million cubic metres of earth was moved.

While channel widening has been completed, other work is ongoing and scheduled for completion over the next two years. This includes completion of the Inlet and Outlet Control structures, the Keewatin and Emerson Canadian Pacific Railway Bridge Projects and the West Dike. In addition, work on two new projects, the Provincial Trunk Highway (PTH) #44 and #15 bridges is scheduled to begin later this summer.

While construction proceeds, the Manitoba Floodway Authority is also turning its attention to recreational planning for the expanded floodway. Later this year, work will begin on a pilot project to build a section of recreational trail along the expanded floodway between PTH #59 north and Birds Hill Provincial Park. The trail is part of an overall plan that will include a landscape and recreational legacy on the expanded floodway for all Manitobans.

Sincerely,

A handwritten signature in black ink, appearing to read "Ernie Gilroy", with a long horizontal flourish extending to the right.

Ernie Gilroy

Chief Executive Officer

MANDATE

As stipulated in the Manitoba Floodway Authority Act:

5(1) The Manitoba Floodway Authority mandate is to:

- a) expand the capacity of the floodway;
- b) ensure that the expansion is carried out in a manner that provides increased benefits to the community;
- c) enhance the benefits the floodway will provide to the community; and
- d) maintain the land and structures that make up the floodway.

The Act also outlines the responsibilities of the MFA in fulfilling its mandate:

5(2) In carrying out its mandate, the Manitoba Floodway Authority is to:

- a) obtain all approvals required for floodway expansion;
- b) retain the services of persons to perform work on the floodway expansion and support training for persons working on the floodway expansion;
- c) co-ordinate and supervise work on the floodway expansion; and
- d) establish arrangements with the Department of Water Stewardship to co-ordinate the floodway expansion with the department's ongoing operation of the floodway.

MISSION STATEMENT

- To provide the maximum flood protection to the most people while respecting our neighbours and the environment.
- To provide excellence in project management by demonstrating sound financial management, achieving project guidelines, following an inclusive people management philosophy, encouraging innovation and maximizing economic benefits.

VISION STATEMENT

- A global leader in engineering and project management through people, innovation, integrity and quality.

VALUES

- Trust, respect, ingenuity, integrity and participation are the core values that will guide corporate behaviour to achieve global leadership in engineering and project management.

THE RED RIVER FLOODWAY EXPANSION PROJECT

HISTORY

Over the years, Manitobans, especially residents of the Red River Valley and the City of Winnipeg, have experienced the devastation of spring floods first hand. Significant Red River flooding in 1950, 1956, 1966, 1979, 1996, and, in particular 1997 – when the Floodway came within inches of its limit – reinforced this reality and the need to prepare for larger floods in the future.

Following the 1997 Red River “Flood of the Century”, extensive studies and consultations were conducted to identify and evaluate alternatives to improve flood protection for the Winnipeg area. The International Joint Commission (IJC) reviewed flood protection and concluded that the “risk of failure of Winnipeg’s existing flood protection infrastructure is high under flow condition similar to or greater than those experienced in 1997.” In the IJC’s final report, *Living with the Red*, the IJC called for the highest flood protection that can be economically justified or at least sufficient protection to deal with an event similar to the 1826 flood. At the same time, Canada and Manitoba invested \$110 million to improve flood protection in communities in rural Manitoba.

After reviewing all the facts and options, the federal and provincial governments chose the expansion of the current floodway as the most cost-effective and viable solution. As a result, the Government of Canada has recognized the project as a national priority and has partnered with the Province of Manitoba to expand the floodway to protect against a 1-in-700 year flood.

On April 3, 2003, the governments of Canada and Manitoba announced \$80 million each towards the Red River Floodway expansion project. In August 2003, the Government of Canada declared the expansion of the floodway as a national priority project under the Canada Strategic Infrastructure Fund. At the same time, Canada and Manitoba increased their commitments to the project by \$40 million each. On July 6, 2006, Canada and Manitoba announced an additional \$84 million bringing total project funding to \$324 million. Subsequently, on February 23, 2007, both governments announced \$341 million in funding for the remainder of the project bringing total investments for the project to \$665 million.

Since its inception, the MFA has worked on project design and securing environmental approval for the project. In July, 2005, MFA received environmental approval and federal authorization to allow the project to proceed. Subsequently, in September, construction on the project officially commenced on the project and since that time, the MFA has been managing and coordinating construction on all of the components of the project.

THE PROJECT

The Red River Floodway Expansion Project will increase flood protection for residents of the City of Winnipeg, East St. Paul and West St. Paul. Once completed the project will protect more than 450,000 Manitobans, over 140,000 homes, over 8,000 businesses, and prevent more than \$12 billion in damages to the provincial economy in the event of a 1-in-700 year flood.

The floodway operates by diverting a portion of the Red River floodwaters around Winnipeg through the floodway channel immediately south of Winnipeg back to the Red River near Lockport. Prior to the start of the project, the floodway provided a 1-in-90 year flood protection while an expanded floodway will increase this level of protection to 1-in-700. On April 5, 2007, the governments of Canada and Manitoba announced that the floodway project had already delivered a 1-in-300 year level of flood protection, or equivalent to the greatest flood on record in Manitoba history – the flood

of 1826. Further progress was achieved this spring when excavation of the floodway channel was completed and the project achieved one-in-700 year flood protection. It is estimated that the risk of Winnipeg flooding with the existing floodway is 37 percent over the next fifty years and with an expanded floodway this risk is reduced to 7 percent.

On September 23, 2005, construction of the Red River Floodway Expansion Project was officially kicked off by Manitoba Premier Gary Doer and former Premier Duff Roblin at a historic groundbreaking ceremony along the floodway near Grand Pointe, Manitoba.

PROJECT COMPONENTS

The Floodway Expansion Project involves a major expansion of the existing flood protection system including excavation of the floodway channel, the replacement and upgrading of highway and rail bridges that cross the floodway, modifications to the inlet and outlet structures, utilities and services and improvements to the West Dike. Floodway expansion will more than double the amount of water diverted around Winnipeg by increasing the capacity of the floodway channel from 1,700 cubic metres (60,000 cubic feet) of water per second to 4,000 cubic metres (140,000 cubic feet) per second.

The floodway expansion budget includes the following proposed and approved Project Components that will be undertaken over the life of the project:

- **Project Design and Environmental Assessment (PDEA)** – Preliminary design studies were required to be completed that will be refined to define the project in detail and assess the environmental impacts. This component has included an environmental licensing process including public consultation, establishment of an Environmental Impact Statement (EIS) and financial support for the licensing process including provision for the Clean Environment Commission public hearings, and participant assistance funding.
- **Final Design** – Final design engineering will be undertaken based on the PDEA process to define and identify the detailed design of the project and to incorporate environmental mitigation measures identified during the PDEA stage.
- **Administration** – Ongoing administration costs for the Manitoba Floodway Authority (MFA) including operations, insurance, establishment of site office, etc.
- **Excavation** – The floodway channel will be enlarged by widening in varying amounts along its 48 kilometre (30 mile) length. The total volume of excavation is estimated to be 21 million cubic metres (27 million cubic yards). The outlet channel will be expanded and reshaped to permit the increased floodway flow to re-enter the Red River with minimum impact on the riverbanks. As required and appropriate by the expansion, drainage structures, transmission lines, miscellaneous crossings (including pipelines) and the Aqueduct under the floodway, will be extended, adjusted or replaced.
- **Outlet Structure** – The retaining walls of the existing structure will be demolished, and the Outlet Structure will be widened approximately 52 meters (170 feet) towards the east. Side walls will also be constructed in the channel to prevent erosion and chute and baffle blocks will be constructed on the downstream end of the outlet to further reduce the speed of water re-entering the Red River. These improvements will help to ensure that the speed of water passing through the outlet remains largely unchanged from the pre-expansion condition
- **Inlet Control Structure** – The improvements required include: the selective placement of additional riprap on the downstream slopes and upstream face of embankments adjacent to

the concrete structure to protect them from erosive damage; installation of a fire protection system, addition of redundant emergency backup electrical and mechanical systems, and refurbishment of the Gate Control servo motors.

- **Road and Rail Bridges** – Four highway bridges over the floodway channel will be replaced with new structures configured to minimize hydraulic interference. Four Railway Bridges will be raised and rehabilitated.
- **Expansion of the West Dike** – The freeboard of the existing West Dike, which extends over 45 kilometres (28 miles) from the Floodway Inlet Control Structure and ties into high ground at the west side of the Red River Valley, will be increased and the length of the Dike will be extended. The dike will be increased in height in varying amounts up to 1.5 metres (6 feet), and extended beyond the current location at the west end by between 10 kilometres (6 miles) and 15 kilometres (9 miles) in length. Once completed, the West Dike will be capable of protecting against a one-in-100 year wind storm which could occur concurrently with a one-in-700 year Red River Flood.

To date, progress on the project consists of the following:

Completed Construction Components

- 1) Channel excavation resulting in the widening of the 48 kilometre channel;
- 2) Excavation of the Floodway Embankment Gap East of Grande Pointe;
- 3) Replacement and upgrade of the Trans-Canada Highway #1 East Bridge;
- 4) Replacement and upgrade of the PTH 59 South Bridge;
- 5) Replacement and upgrade of the CN Sprague Railway Bridge;
- 6) Replacement and upgrade of the CN Redditt Railway Bridge;
- 7) Praire Grove Road Culvert Replacement;
- 8) Erosion Protection of the West Bank of the Red River across from Outlet; and
- 9) Relocation of the City of Winnipeg Aqueduct;

Ongoing Construction Components

- 1) Improvements to the Inlet Control Structure;
- 2) Expansion of the Outlet Control Structure;
- 3) Replacement and upgrade of the CP Keewatin Railway Bridge;
- 4) Replacement and upgrade of the CP Emerson Railway Bridge;
- 5) Improvements to the West Dike;

Upcoming Construction Components

- 1) Replacement and upgrade of the PTH 15 Highway Bridge;
- 2) Replacement and Upgrade of the PTH 44 Highway Bridge;
- 3) Seine River Siphon Improvements; and
- 4) Improvements to the West Dike.

With this work underway, over 2500 people and over 120 companies have and continue to work on the floodway project.

THE MANITOBA FLOODWAY AUTHORITY

In October 2003, the Government of Manitoba initially established the Manitoba Floodway Expansion Authority (MFEA) as an incorporated interim agency to prepare for the expansion of the existing Red River Floodway.

In March 2004, the Province of Manitoba introduced the Floodway Authority Act to establish the Manitoba Floodway Authority (MFA). On November 1, 2004, the Floodway Authority Act received Royal Proclamation and the MFA was officially established as a independent crown agency and assumed the operations of the MFEA.

The role of the MFA is to act as a separate, independent, publicly accountable agency to manage the design, construction, and maintenance of the expansion project. Specific responsibilities of the MFA include ongoing project pre-design and engineering, environmental assessment and licensing and identification of potential economic and recreational possibilities that may result from the project.

In the November 2008 Throne Speech, the Government of Manitoba announced its intention to build an all-season road on the east side of Lake Winnipeg. To move forward with this initiative and to build on the success of the floodway's Aboriginal Set-Aside Initiative, the province announced that the MFA's mandate would be expanded to manage the construction of the road. Pending formal legislation to expand its mandate, an interim agency, called the East Side Road Authority, Inc. was established to proceed with East Side Transportation Initiative.

GOVERNANCE

On November 1, 2004, a Board of Directors for the Manitoba Floodway Authority (MFA) was established consisting of senior civil servants including Secretary of the Community Economic Development Committee (CEDC), the Secretary to Treasury Board, the Deputy Minister of Intergovernmental Affairs and Trade, Finance, Infrastructure and Transportation, Competitiveness Training and Trade, and Water Stewardship. The role of the Board is to oversee the operations of the MFA as it manages the floodway expansion project.

PROJECT ACTIVITIES

On an ongoing basis, MFA will continue to focus on the following activities as the project proceeds:

- **Communications** – MFA is committed to ongoing communications throughout the life of the project to promote the project, recognize the partnership and contribution of both levels of government and maximize the level of visibility and importance of the program for all Manitobans.
- **Public Outreach and Consultation** – MFA is committed to ongoing consultation with local municipalities, non-government organizations, Aboriginal and other equity groups, labour and the construction industry as the project proceeds.

2008/09 PRIORITIES

For 2008/09, the MFA identified the following strategic core and emerging priorities:

The Floodway Expansion Project

- **Final Design** – Continue the on-going Final Design engineering in 2008/09.
- **Aboriginal Set-Aside Initiative** – Continue to undertake an Aboriginal Set-Aside Initiative in an effort to help address the future skilled labour shortage and to provide economic development opportunities for the Aboriginal construction industry.
- **Recreation and Economic Development** – Continue to move forward with recreation and economic development opportunities on the expanded floodway.

Construction

- Maintain the construction schedule on work already underway:
 - Channel excavation to the Outlet Control Structure in Lockport;
 - Improvements to the Inlet Control Structure;
 - Expansion of the Outlet Control Structure;
 - Replacement and upgrade of the CNR Redditt Railway Bridge;
 - Replacement and upgrade of the CP Keewatin Railway Bridge;
 - Replacement and upgrade of the CP Emerson Railway Bridge; and
 - Improvements to the West Dike.
- Commence construction on new components included in the preliminary tender plan:
 - Improvements to the Seine River Siphon;
 - The remainder of the West Dike; and
 - Erosion Protection Work on the West Bank of the Red River across from the Outlet.

Environmental Licensing

- **Ongoing Environmental Commitment** – Ensuring ongoing compliance with conditions outlined in the Manitoba Environment Act License and Federal Government authorizations.

Public Consultation

- **Ongoing public consultation** – Continue to raise public awareness regarding the project.

2008/09 MILESTONES AND ACCOMPLISHMENTS

The Floodway Expansion Project

- Achieved one-in 700 year flood protection and completed the excavation of the floodway channel;
- Final Design - Completed the final design engineering on project components to be constructed in 2008/09; and
- Aboriginal Set-Aside Initiative - Tendered the 2008/09 West Dike works as an Aboriginal Set-Aside.
- Consulted with recreational stakeholders, local governments, and other interested parties on potential recreation and economic development opportunities.

Construction

- Maintained the construction schedule of on-going works;
- Ongoing construction of the Outlet Control Structure;
- Ongoing construction of the Inlet Control Structure;
- Ongoing construction of the CP Keewatin Railway Bridge Project;
- Ongoing construction of the CP Emerson Railway Bridge; and
- Completed CN Redditt Railway Bridge Completed replacement of the Prairie Grove Road Culvert Replacement;
- Completed the erosion protection work on the west bank of the Red River across from the Outlet Structure; and
- Completed a 37 km section of the 51 km long West Dike.

Environmental Licensing

- Continue to comply with all environmental requirements outlined in the Environment Act License and Federal Government authorizations.

Public Consultation

- Continue to meet with local governments, special interest groups and other interested parties regarding the project;
- Distributed 7 editions (210,000 copies) of the MFA newsletters on the project to date; and
- Updated the Manitoba Floodway Authority Website (www.floodwayauthority.mb.ca).

2008/09 KEY HIGHLIGHTS

One-in-700 Flood Protection Achieved

On March 31, 2008, the floodway expansion project achieved one-in-700 year flood protection. This level of flood protection was achieved through the combination of three factors – completion of channel excavation, removal of the bridge girders on the CP Keewatin and Emerson Railway Bridges, and significant progress on construction of the Outlet Control Structure.

Channel Excavation Completed

In March, 2008, excavation of the floodway channel was completed resulting in the excavation of approximately 21 million cubic metres of earth over the course of the project. With excavation completed, the floodway's capacity has been increased from 1,700 cubic metres (60,000 cubic feet) per second to 4,000 cubic metres (140,000 cfs) of water per second.

Floodway Recognized As World Engineering Achievement

On July 4, 2008, the Red River Floodway was recognized, along with fifteen other major engineering projects including the Three Gorges Dam, Stonehenge and the Eiffel Tower, as one of the world's great engineering achievements throughout the history of the world.

Two New Bridges Added to Floodway Project

On December 22, 2008, the Governments of Canada and Manitoba announced the re-introduction of the PTH 15 and PTH 44 highway bridges into the floodway expansion project. The decision to re-introduce both bridges into the expansion project was based on the fact that the project was scheduled to come in under budget. Work on both projects is scheduled to begin in the summer of 2009.

Aboriginal Set-Aside Initiative Continues to Improve Floodway Protection

In 2008/09, eight construction contracts on the West Dike were awarded as part of the Aboriginal Set-Aside Initiative. As a result, over three construction seasons, 25 construction tenders, worth approximately \$43 million, were awarded to Aboriginal construction contractors on this initiative. To date, all tenders awarded on the Aboriginal Set-Aside Initiative have been completed on budget. As a result, 37 of the 51 kilometres long West Dike being reconstructed. As construction proceeds, the MFA is planning to advertise additional tenders on the set-aside initiative as the project proceeds.

3rd Year of Public Access to Earth Initiative

In the summer of 2008, the MFA operated two depots for the Access to Earth Initiative. From July 3 to August 1, the St. Mary's Road Bridge site was open and from August 7 to September 28 the Dunning Road Depot was open. This initiative is designed to make excavated earth from the floodway project available to the public for free. In 2008/09 approximately 60,000 cubic meters of earth was hauled by the public from the site and over the course of three summers a total of approximately 120,000 cubic metres of earth was obtained. In addition, approximately 75,000 cubic metres of earth was also obtained by the Rural Municipality of East St. Paul to cap a landfill site adjacent to the floodway and an additional 75,000 cubic metres was obtained by local municipalities for emergency purposes during the 2009 spring flood. It is anticipated that this upcoming year will be the last year that the Access to Earth Initiative will be in operation.

Landscaping and Recreation Planning Underway

Throughout 2008/09, the MFA moved forward with landscaping and recreational planning for the expanded floodway. Major developments related to the initiative were hiring a landscape architectural firm to prepare the Opportunities Concept Plan and hosting two open houses to present the plan to the public.

Rockhounds Provided Opportunity to Seek Crystals on Floodway

In August, the MFA facilitated an opportunity for two rock and mineral organizations to search for selenite crystals on the floodway. Although Gypsum Rosettes, also referred to as selenite crystals, have been found on the floodway for many years, the MFA has limited access to the floodway for safety reasons while construction is underway. As a result, MFA established a process, in cooperation with the organizations to search for crystals for a limited number of days in a specific location and provided a safety orientation to members to allow them to undertake the activity in a controlled and safe manner.

Public Safety Campaign

Throughout 2008/09, as the MFA undertook a significant amount of construction in areas that are close to the public, the MFA continued with a comprehensive public safety campaign warning the public to avoid floodway construction sites. While targeting the general public, components of the campaign also focused on snowmobilers and fishermen. In particular, the campaign warned the public to stay away from Springhill, the Outlet Control Structure and the entire floodway.

DATES OF SIGNIFICANCE

April 14, 2008	2008 Aboriginal Set-Aside Initiative Tender Plan Unveiled
July 3, 2008	Access to Earth Program Opened for 2008 Season
July 4, 2008	International Engineering Association Recognizes The Red River Floodway As One Of The World's Engineering Marvels
August 7, 2008	Floodway Authority Awards Four Aboriginal Set-aside Contracts
August 21, 2008	"Rockhounds" Provided Opportunity to Seek Crystals on the Floodway
September, 2008	Temporary Railway Disruptions Begin Related to CP Keewatin Railway Bridge
October 14, 2008	Presentation on the Mitigation Options related to Artificial Flooding Project
October 28, 2008	Four New Construction Tenders Announced on the Floodway's Aboriginal Set-Aside Initiative
November 20, 2008	Speech from the Throne announces that mandate of the Manitoba Floodway Authority will be expanded to undertake construction of an all-season road on the east side of Lake Winnipeg
December 22, 2008	Governments "Green Light" Two Floodway Bridges For Reconstruction
January 2, 2009	Prairie Grove Road Closure related to Seine River Culvert Replacement Project
January 13, 2009	Floodway Authority Awards Newest Aboriginal Set-Aside Contracts
February 13, 2009	Public Invited to Attend Floodway Recreation Open Houses on February 19 and 24
February 17, 2009	Public Open House on the PTH 44 Highway Bridge

2008/09 COMMUNICATION ACTIVITIES

April 1, 2008	Release of the Groundwater Monitoring Activity Report and Construction Surface Water Monitoring Report
April 14, 2008	2008 Aboriginal Set-Aside Initiative Tender Plan Unveiled
May 12, 2008	SAFE Roads Campaign Targets Road Construction Safety
June 5, 2008	Public Liaison Committee Meeting
June 6, 2008	Floodway Authority unveils "2008 Access to Earth Initiative"
July 4, 2008	International Engineering Association Recognizes The Red River Floodway As One Of The World's Engineering Marvels
August 6, 2008	Transcona Temporary Traffic Disruption- Public Information Bulletin
August 7, 2008	Floodway Authority Awards Four Aboriginal Set-aside Contracts
August 21, 2008	"Rockhounds" Provided Opportunity to Seek Crystals on the Floodway
June 2, 2008	Recreational and Economic Development Planning for the Expanded Floodway Moves Forward – Landscape Architects Chosen
June 26, 2008	Public Safety Advisory - Red River Floodway Off Limits to Off-Road Vehicles
August 15, 2008	Traffic Advisory – Temporary Closure of Courchaine Bridge related to Inlet Control Structure Work
August 22, 2008	Public Safety Notice – Warning – Boaters Advised to Avoid the Red River Floodway Inlet Control Structure
September 19, 2008	Last Two Weekends To Obtain Earth Through The Floodway "Access To Earth" Initiative
October 7, 2008	Release of the Human Health Risk Assessment Final Report
October 14, 2008	Presentation on the Mitigation Options related to Artificial Flooding
October 16, 2009	Public Liaison Committee Meeting
October 28, 2008	Four Newest Construction Tenders Announced on the Floodway's Aboriginal Set-Aside Initiative
November 20, 2008	Speech from the Throne announces that mandate of the Manitoba Floodway Authority will be expanded to undertake construction of an all-season road on the east side of Lake Winnipeg

- December 1, 2008 Traffic Advisory - Praire Grove Road at the Seine River will be closed from as early as Friday, January 2, 2009 until April 1, 2009
- December 12, 2008 Advertisement – Snowmobilers Should Avoid Travel on or Near the Floodway
- December 22, 2008 Governments “Green Light” Two Floodway Bridges For Reconstruction
- January 13, 2009 Floodway Authority Awards Newest Aboriginal Set-Aside Contracts
- February 13, 2009 Public Invited to Attend Floodway Recreation Open Houses on February 19 and 24
- February 17, 2009 Public Open House on the PTH 44 Highway Bridge

THE PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

The Public Interest Disclosure (Whistleblower Protection) Act came into effect in April 2007. The purpose of this Act is to:

- a) facilitate the disclosure and investigation of significant and serious matters (wrongdoings) in or relating to the public service, that are potentially unlawful, dangerous to the public, or injurious to the public interest; and
- b) protect persons who make those disclosures.

The Act builds on protections for employees in the Manitoba public service already in place under other statutes, as well as public service rights, policies, practices and processes.

Wrongdoing under the Act may be an act or omission that constitutes an offence under federal or provincial legislation; an act or omission that endangers public safety, public health or the environment; gross mismanagement, including public funds or assets; 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 under the Act is considered to be a disclosure made by an employee in good faith and with reasonable belief that wrongdoing has been or is about to be committed. Under Section 18 of the Act, any disclosures of wrongdoing must be reported in the annual report.

In accordance with Subsection 18(2) of the Act, the following is a summary of disclosures received by the Manitoba Floodway Authority for the fiscal year 2007/08.

	Information Required Annually	Fiscal Year 2008-2009
(a)	The number of disclosures received. The number of disclosures acted on. The number of disclosures not acted on.	NIL NIL NIL
(b)	The number of investigations commenced as a result of a disclosure.	NIL
(c)	The number investigations that resulted in a finding of wrongdoing, and in the case of an investigation that resulted 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.	NIL

2009/10 PRIORITIES

For 2009/10, the MFA has identified the following strategic core and emerging priorities:

The Floodway Expansion Project

- **Final Design** – Continue the on-going Final Design engineering in 2009/10.
- **Aboriginal Set-Aside Initiative** – Continue to undertake an Aboriginal Set-Aside Initiative in an effort to help address the future skilled labour shortage and to provide economic development opportunities for the Aboriginal construction industry.
- **Recreation and Economic Development** – Continue to move forward with recreation and economic development opportunities on the expanded floodway.

Construction

- Maintain the construction schedule on work already underway:
 - Improvements to the Inlet Control Structure;
 - Expansion of the Outlet Control Structure;
 - Replacement and upgrade of the CP Keewatin Railway Bridge;
 - Replacement and upgrade of the CP Emerson Railway Bridge;
 - Improvements to the West Dike; and
 - Landscaping and Recreational Trail Development.
- Commence construction on new components included in the preliminary tender plan:
 - Replacement and upgrade of the PTH 15 Highway Bridge;
 - Replacement and upgrade of the PTH 44 Highway Bridge;
 - East dike construction along Courchaine Road;
 - Improvements to the Seine River Siphon;
 - The remainder of the West Dike;

Environmental Licensing

- **Ongoing Environmental Commitment** – Ensuring ongoing compliance with conditions outlined in the Manitoba Environment Act License and Federal Government authorizations.

Public Consultation

- **Ongoing public consultation** – Continue to raise public awareness regarding the project.

AUDITOR'S REPORT

To the Minister of Finance of the
Province of Manitoba and the Directors of the
Manitoba Floodway Authority

We have audited the balance sheet of the **Manitoba Floodway Authority** as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Authority. 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 Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada,
May 14, 2009.

Ernst + Young LLP

Chartered Accountants

**Manitoba Floodway Authority
Balance Sheet
As at March 31, 2009**

	2009	2008
ASSETS		
Current Assets		
Funds on deposit with Minister of Finance	\$ 20,460,615	\$ 23,035,695
Due from the Province of Manitoba (Note 3b)	<u>-</u>	<u>4,920,408</u>
Total Assets	<u>\$ 20,460,615</u>	<u>\$ 27,956,103</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 17,833,929	\$ 26,760,828
Interest payable	591,742	1,195,275
Due to the Province of Manitoba (Note 3b)	<u>2,034,944</u>	<u>-</u>
	<u>20,460,615</u>	<u>27,956,103</u>
Total Liabilities	<u>\$ 20,460,615</u>	<u>\$ 27,956,103</u>

Contractual Obligations and Contingencies (Notes 6 and 9)

(see accompanying notes and schedules to the financial statements)

On behalf of the Board:

W. M. M. M.

B. H. H. H.

**Manitoba Floodway Authority
Statement of Operations
Year ended March 31, 2009**

	2009	2008
Expenses		
Salaries and Benefits	<u>\$ 2,663,601</u>	<u>\$ 2,666,554</u>
Other Operating Expenses		
Transportation	266,963	226,138
Communications	284,717	214,462
Supplies and Services	895,798	895,896
Minor Capital	4,468	12,487
Other Operating	<u>310,041</u>	<u>337,543</u>
	<u>1,761,987</u>	<u>1,686,526</u>
Total Expenses	<u>4,425,588</u>	<u>4,353,080</u>
Recoveries		
Capital Assets under Construction on behalf of the Province (Schedule 1)	3,540,393	3,478,215
Operating Grants (Note 5)	<u>885,195</u>	<u>874,865</u>
	<u>4,425,588</u>	<u>4,353,080</u>
Net Operating Results	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Statement of Cash Flows
Year Ended March 31, 2009

	2009	2008
Operating transactions		
Net operating results	\$ -	\$ -
Net changes in non-cash working capital balances related to operations		
Accounts receivable - Province of Manitoba	264,021	(402,104)
Accounts payable and accrued liabilities	424,049	(10,018)
Cash provided by (used in) operating transactions	<u>688,070</u>	<u>(412,122)</u>
 Financing transactions		
Due to the Province of Manitoba	<u>6,276,157</u>	<u>(7,946,215)</u>
 Capital transactions		
Capital assets constructed on behalf of the Province	(113,751,625)	(149,945,209)
Net changes in non-cash working capital balances related to capital		
Accounts payable and accrued liabilities	(8,935,774)	6,631,570
Interest payable	(603,533)	(164,411)
Contributions related to capital assets	<u>113,751,625</u>	<u>149,945,209</u>
Cash provided by (used in) capital transactions	<u>(9,539,307)</u>	<u>6,467,159</u>
 Decrease in funds on deposit with Minister of Finance	\$ (2,575,080)	\$ (1,891,178)
Funds on deposit with Minister of Finance, beginning of year	<u>23,035,695</u>	<u>24,926,873</u>
Funds on deposit with Minister of Finance, end of year	<u><u>\$ 20,460,615</u></u>	<u><u>\$ 23,035,695</u></u>

(see accompanying notes and schedules to the financial statements)

Manitoba Floodway Authority
Notes to the Financial Statements
For the Year ended March 31, 2009

Note 1 - Nature of Operations

The Manitoba Floodway Authority Act was proclaimed into effect on November 1, 2004. The Act established a crown corporation, the Manitoba Floodway Authority (MFA) and dissolved the Manitoba Floodway Expansion Authority Inc. (MFEA) which had been incorporated October 3, 2003. The one outstanding share of the MFEA was redeemed upon dissolution for \$1. The purpose of the Authority is to assume the existing operations of the MFEA and to act as the agent of the Manitoba Government in the construction and maintenance of the Red River Floodway.

The Government of Manitoba has introduced legislation that would enable the MFA to oversee construction of an all-season road on the east side of Lake Winnipeg. The proposed legislation would formally expand the MFA's mandate to assume responsibility for the East Side Transportation Initiative. The initiative includes construction of a 170-kilometre, all-season road from PR 304 near Manigotagan to Bloodvein First Nation and through to Berens River First Nation. The initiative also includes a study to examine potential transportation infrastructure improvements for the remainder of the entire region.

Note 2 - Significant Accounting Policies

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

Capital Assets

Purchased capital assets in excess of \$10,000 are recorded at cost and are amortized on a straight line basis according to their estimated useful life. Purchases under \$10,000 are expensed in the year of purchase. The Authority follows the same capital asset policy as the Province of Manitoba.

Pension Plan

In accordance with the provisions of The Civil Service Superannuation Act (Act), employees of the Authority are eligible for pension benefits in accordance with the Civil Service Superannuation Act. Plan members are required to contribute to the Civil Service Superannuation Fund (Fund) at prescribed rates for defined benefits and will receive benefits based on the lengths of services and on the average of annualized earnings calculated on the best five years prior to retirement, termination or death that provides the highest earnings. The Authority is required to make contributions equal to the amounts contributed to the Fund by the employees. Under this Act, the Authority has no further pension liability. Contributions during the year amounted to \$101,240 (2008 - \$106,520).

Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenditures recorded in the period, and the disclosure of contingencies at the date of the financial statements. Actual results could differ from those estimates.

Manitoba Floodway Authority
Notes to the Financial Statements
For the Year ended March 31, 2009

Financial Instruments

Financial instruments include funds on deposit with the Minister of Finance, amounts due to/from the Province of Manitoba, accounts payable and accrued liabilities. It is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. The book value of the Authority's financial assets and liabilities approximates their fair value.

Note 3 - Working Capital Advance and Due to the Province of Manitoba

a) Working Capital Advance

The Manitoba Floodway Authority is included under the provision of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance. The advances are repayable on demand at the option of the Lieutenant Governor in Council. A maximum line of credit of \$5 million has been established. At March 31, 2009, there were no advances outstanding.

b) Due to/from the Province of Manitoba

In addition, the Authority may receive interest bearing advances of approved funding from the Province of Manitoba at rates established by the Minister of Finance. At March 31, 2009, \$2,034,944 was payable to the Province of Manitoba (2008 - \$4,920,408 receivable from the Province of Manitoba).

Note 4 - Capital Assets Constructed on behalf of the Province of Manitoba

As an agent of the Province of Manitoba, capital expenditures incurred and transferred to the Province of Manitoba during 2009 and 2008 are as follows:

	2009	2008
Administration	\$ 3,540,393	\$ 3,478,215
Aqueduct Modifications	-	95,708
Contract Administration	7,461,983	8,508,403
Environmental Mitigation	1,184,691	2,915,351
Final Design	2,262,962	2,425,720
Floodway Channel	21,040,670	52,360,025
Inlet Structure	3,013,562	6,225,555
Insurance	389,131	134,720
Interest	1,124,082	1,195,275
Land	689,551	333,018
Miscellaneous Drainage Structures	-	818,928
Outlet Structure	25,405,545	10,718,557
Railway Bridges	35,210,982	27,899,018
Roadway Bridges	708,838	9,874,930
Seine River Siphon	34,745	-
Utility Relocations	984,122	4,697,705
West Dike	10,700,368	18,264,081
Total	<u>\$113,751,625</u>	<u>\$149,945,209</u>

Manitoba Floodway Authority
Notes to the Financial Statements
For the Year ended March 31, 2009

Note 5 - Transactions related to Operations and Capital

The Province of Manitoba has a shared cost agreement with the Government of Canada for both capital and operating expenditures related to the Red River floodway expansion project. All eligible costs are shared equally. The Authority receives its funding from the Province of Manitoba. Claims under the shared cost agreement are submitted by the Authority on behalf of the Province of Manitoba with funds received from the Government of Canada recorded in the Operating Fund of the Province of Manitoba.

Government transfers from the Government of Canada under this shared cost agreement in the amount of \$55,084,547 (2008 - \$73,850,682) are recorded as revenue in the Operating Fund of the Province of Manitoba.

Grants from the Province of Manitoba of \$462,226 (2008 - \$475,337) related to operating expenses were reflected in the operations of the Authority. In addition, \$422,969 (2008 - \$399,528) of operating grants were received as government transfers under the shared cost agreement and were recorded as revenue of the Authority.

Note 6 – Contractual Obligations

As an agent of the Province of Manitoba, the Authority has entered into various contracts in the stages of the Floodway expansion project. Contractual obligations relating to the project total \$45,855,971 at March 31, 2009 (2008 - \$83,429,659).

Contractual obligations for the lease of office space to the Province of Manitoba Department of Transportation and Government Services for the next year is as follows:

2010	\$ 152,930
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Note 7 - Economic Dependence

The Authority is economically dependent on funding received from the Province of Manitoba.

Note 8 – Public Sector Compensation Disclosure

For the purpose of the Public Sector Compensation Disclosure Act, all compensation for employees is disclosed in a separate audited statement available on request.

Note 9 - Contingencies

Two individual accident claims are pending filing against the Authority. As the outcome of these matters are not determinable and amounts cannot be reasonably estimated at this time, liabilities have not been recorded in the financial statements.

Manitoba Floodway Authority
Schedule of Capital Assets Constructed on Behalf of the Province of Manitoba
Year ended March 31, 2009

	2009	2008
Funding from the Province of Manitoba (Note 4)	<u>\$ 113,751,625</u>	<u>\$ 149,945,209</u>
Capital Expenditures by Component (Note 4):		
Administration	3,540,393	3,478,215
Aqueduct Modifications	-	95,708
Contract Administration	7,461,983	8,508,403
Environmental Mitigation	1,184,691	2,915,351
Final Design	2,262,962	2,425,720
Floodway Channel	21,040,670	52,360,025
Inlet Structure	3,013,562	6,225,555
Insurance	389,131	134,720
Interest	1,124,082	1,195,275
Land	689,551	333,018
Miscellaneous Drainage Structures	-	818,928
Outlet Structure	25,405,545	10,718,557
Railway Bridges	35,210,982	27,899,018
Roadway Bridges	708,838	9,874,930
Seine River Siphon	34,745	-
Utility Relocations	984,122	4,697,705
West Dike	<u>10,700,368</u>	<u>18,264,081</u>
	<u>113,751,625</u>	<u>149,945,209</u>
Net Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(see accompanying notes and schedules to the financial statements)

**Manitoba Floodway Authority
Schedule of Capital Assets
As at March 31, 2009**

Schedule 2

	Cost	Federal Contributions	Cost net of Federal Contributions	Accumulated Amortization	2009 Net Book Value
Land	\$ 6,975,528	\$ -	\$ 6,975,528	\$ -	\$ 6,975,528
Floodway Infrastructure - 1969	49,905,100	28,804,900	21,100,200	18,990,180	2,110,020
Floodway Infrastructure -					
Improvements - 2001	1,943,000	-	1,943,000	97,150	1,845,850
Improvements - 2000	3,348,116	2,338,951	1,009,165	75,687	933,478
Improvements - 1997	1,830,607	915,304	915,303	137,295	778,008
Assets Under Construction - 2004	64,002,351	32,059,155	31,943,196	19,300,312	12,642,884
Assets Transferred from the Province March 31, 2004	850,424	-	850,424	-	850,424
Manitoba Floodway Authority - Assets Under Construction - 2004	64,852,775	32,059,155	32,793,620	19,300,312	13,493,308
Capital Assets at March 31, 2004	4,248,615	2,105,742	2,142,873	-	2,142,873
Assets Transferred to the Province April 1, 2004	69,101,390	34,164,897	34,936,493	19,300,312	15,636,181
Capital Assets at March 31, 2005	69,101,390	34,164,897	34,936,493	19,300,312	15,636,181
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2005	9,854,899	4,658,228	5,196,671	-	5,196,671
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2006	58,274,527	28,842,008	29,432,519	-	29,432,519

Schedule 2
(cont'd)

Manitoba Floodway Authority
Schedule of Capital Assets
As at March 31, 2009

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2009 Net Book Value</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2007	<u>\$ 145,664,474</u>	<u>\$ -</u>	<u>\$ 145,664,474</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2008	<u>\$ 149,945,209</u>	<u>\$ -</u>	<u>\$ 149,945,209</u>
Manitoba Floodway Authority - Capital Assets Constructed on behalf of the Province - 2009	<u>\$ 113,751,625</u>	<u>\$ -</u>	<u>\$ 113,751,625</u>

Note: Due to changes in public sector accounting standards in 2007, applied on a prospective basis, Federal contributions are no longer netted against the cost of the assets.