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Vehicle and Equipment Management Agency is an Agency of the Manitoba Government

Letter from the Minister

Minister of Finance

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Her Honour 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 privilege to present for the information of Your Honour the Annual Report of the Vehicle and Equipment Management Agency for the year ended March 31, 2016.

This Report outlines the activities, achievements and operating results of the Agency during 2015/16, its seventh year of operations following the amalgamation of Fleet Vehicles Agency (light duty vehicles and equipment) and the Mechanical Equipment Services Branch of Infrastructure and Transportation (heavy duty vehicles and equipment).

Respectfully submitted,

Original signed by
Cameron Friesen

Cameron Friesen
Minister Responsible for the
Vehicle and Equipment Management Agency

Letter from the Associate Deputy Minister

Finance
Central Services Division
Suite 300 – 215 Garry Street
Winnipeg, Manitoba R3C 3Z1
T 204 945-7427 F 204 948-3442

Honourable Cameron Friesen
Minister Responsible for the Vehicle and Equipment Management Agency
Room 103, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Friesen:

It is my pleasure to submit for your review and consideration the Annual Report of the Vehicle and Equipment Management Agency (VEMA) for the year ended March 31, 2016.

This Report marks VEMA's first year of reporting as a part of the Department of Finance. Although the Agency's transition date from Infrastructure and Transportation to Finance is stated as April 1, 2015, the actual Central Services reporting structure evolved over several months into the 2015/16 year and the transfer of VEMA's reporting functions evolved with it. I am pleased to say that VEMA's reporting structure to Finance is now completed and is functioning smoothly.

On behalf of the senior management in the Department of Finance, I would like to thank VEMA's management and staff for their understanding during the transition period, and for the continued dedication and commitment to public service that they have demonstrated over the seven years that VEMA has been in existence.

Respectfully submitted,

Original signed by
Scott Sinclair

Scott Sinclair
Associate Deputy Minister
Central Services, Finance

Chief Operating Officer's Message

June 24, 2016

To the Many Stakeholders of Vehicle and Equipment Management Agency (VEMA):

VEMA is reporting a net loss for the 2015/16 year of $612,000. Although I was at first disappointed with this result, once I had a chance to reflect on it further, I realized that the reported loss is less than one percent of VEMA's more than $88 million in revenues and, as such, is really within acceptable parameters of VEMA's breakeven mandate.

VEMA consistently advocates that a regular replacement program is an important component to lowering the overall cost of managing any fleet of vehicles and equipment. I'm therefore encouraged that new and replacement acquisitions during the year amounted to $43.6 million, although original projections for 2015/16, made in October 2014, were for only $36.1 million. In analyzing the $7.5 million difference, all categories of vehicles and equipment contributed to it, with heavy duty vehicles and equipment leading the way at $5.3 million. Further analysis shows that approximately $3.0 million of the $5.3 million variance relates to equipment ordered as a part of the 2016/17 year's purchases.

2015/16 was a transition year for VEMA as a result of the move to the Department of Finance. The transition has been positive and has further enhanced VEMA's ability to make decisions in the best interests of the Province.

Once again, I would like to thank VEMA's management and staff for their dedication and hard work, and I would like to acknowledge the support received from our numerous stakeholders, clients and partners. Everyone's combined efforts over the years have contributed to making VEMA the Agency it is today.

This is my final message as Chief Operating Officer of VEMA. My last day in the office will be at the end of this month. Although I have certainly enjoyed my nine and one-half years with the Agency, it's time for me to move on to my next career—spending more time with my wife, children and grandchildren, especially if a good chunk of that time can be spent at the lake.

Original signed by
Al Franchuk

Al Franchuk
Chief Operating Officer

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Profile of Vehicle and Equipment Management Agency

Vehicle and Equipment Management Agency (VEMA, or the Agency) provides acquisition, management and disposal services for both heavy duty and light duty vehicles and equipment. It has one of the larger fleets of vehicles and equipment in Manitoba and, as an Agency within the Department of Finance, its main customers are the departments, agencies and Crown corporations of the provincial government.

Mission Statement

To provide clients with superior vehicles, equipment, products and services that offer sustainable solutions that are financially and socially responsible.

VEMA's full service shop and stores facilities are located in Beausejour, Brandon, Dauphin, The Pas, Thompson and Winnipeg, with satellite shops in several other locations in the province. In addition, VEMA also provides services as required to Northern Airports and to Marine Operations locations throughout the province.

On March 31, 2016, the fleet totaled 5,462 units comprised of light duty vehicles (53%), heavy duty vehicles and equipment (41%), ambulances (4%), and miscellaneous units and attachments (2%).

Annual distance travelled by the owned and managed fleet currently approximates 77 million kilometres and fuel consumption for both heavy and light duty vehicles and equipment owned and managed by VEMA totals more than 20 million litres a year.

Radio Services is a division that rounds out the services offered by the Agency. The division's technicians are responsible for the servicing of existing radio base stations in areas where cellular phone service is not currently available, and for the evaluation, installation, repair and maintenance of two-way radios and Automatic Vehicle Locator (AVL) equipment used by its provincial and other clients in those areas.

Vision Statement

To be the recognized leading provider of asset management services to the broader public sector.

Products and Services

A wide range of products and services has been developed over the past several years to meet the needs of the Agency's provincial government clients, with those services falling into three main groups: Vehicle and Equipment Services, Fleet Management Services, and Radio Services.

Vehicle and Equipment Services for light duty vehicles and equipment include leases, long-term rentals, short-term (daily) rentals, and vehicle insurance and registration. For heavy duty vehicles and equipment, services are primarily to the Department of Infrastructure and Transportation, with those services designed to provide reliable equipment that is right for the job on a timely basis.

Fleet Management Services cover a whole range of services including a credit card for fuel purchases, repair authorizations, preventive maintenance programs, an invoice payment service, a taxable benefit program, and information on the cost, maintenance and distance driven or utilization for each vehicle or piece of equipment.

Radio Services plays a significant role in maintaining communications in remote areas, especially during the periods of time each year when Conservation works to suppress forest fires.

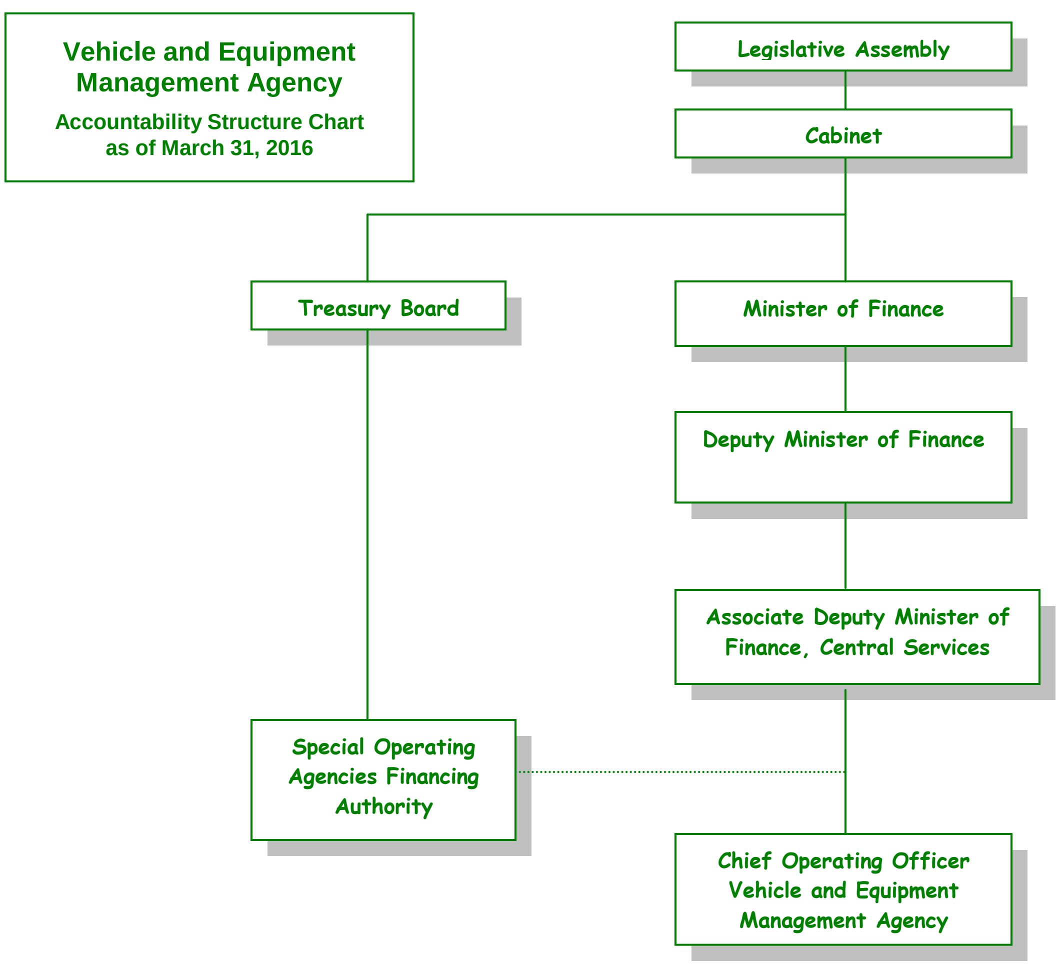
Stores facilities are located within each full service shop to arrange for, and stock, parts for the maintenance and repair of vehicles and equipment owned or managed by the Agency.

Structure for Operations

Accountability Structure

As a Special Operating Agency within Manitoba Finance, VEMA reports directly to the Associate Deputy Minister of Finance, Central Services, and is held accountable to the Minister of Finance for operational and financial performance.

The Agency operates outside of the Consolidated Fund under the Special Operating Agencies Financing Authority (SOAFA), which holds title to the Agency's assets, provides financing for operations, and is responsible for its liabilities. Governance and accountability are substantiated by VEMA's compliance with its Operating Charter, Transfer Agreement, Management Agreement, applicable General Manual of Administration policies, and by *The Special Operating Agencies Financing Authority Act*. Financial and operational information and requirements are disseminated to and from Treasury Board through a SOA Coordinator at Treasury Board Secretariat.



Staff Complement at VEMA

VEMA has a total of 205 approved Full Time Employee (FTE) positions. The Agency continues to operate with several vacancies amongst its 205 FTEs, some by design, some that it is currently working on filling, and some that were projected to be filled during 2015/16 but have once again been deferred.

The Agency is currently attempting to fill a number of the vacancies, but is having difficulty in getting suitable candidates to even respond to advertisements for some of the positions. This problem has been evident for several years in the north and other outlying areas, but it is now also present in Winnipeg for both heavy duty and light duty mechanics, and for some office staff positions. The major reason is that the salary scale for the Province is considerably lower than it is for the City of Winnipeg and for the private sector, especially in the north.

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 Finance – Vehicle and Equipment Management Agency during the 2015/16 fiscal year. In connection with the information required annually, VEMA confirms the following:

Information Required Annually (by Section 18 of the Act)	**2015/16 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**

Information Required Annually (by Section 18 of the Act)	2015/16 Fiscal Year
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**

Promoting Energy-Related Opportunities

VEMA's management and staff formally and informally meet with customers during each year, providing consultation and expertise on the specifics of their intended vehicle and equipment purchases. In all meetings, VEMA's primary intention is to ensure that its customers are ordering the right vehicles and equipment to meet the requirements of the job for which they are intended. Where environmentally friendly vehicles and equipment are available at competitive prices, they are recommended.

VEMA's fleet included 73 hybrid-electric vehicles as of March 31, 2016, with those models ranging in age from 2008 to 2015. In addition, the fleet includes three all electric vehicles, with those units purchased primarily for testing purposes. Hybrid-electric vehicles currently are only produced as passenger vehicles. The majority of VEMA's fleet, however, is composed of work vehicles—trucks and vans. For those units, VEMA's management has recommended, and will continue to recommend wherever possible, vehicles that have lower fuel emission levels.

For the past several years, the Province has had a committee, or committees, dealing with various facets of the development of policies and procedures to promote practices that are instrumental in furthering the tenets of their Sustainable Development Procurement Guidelines. VEMA's Chief Operating Officer and certain staff members have had input into the drafting of those policies and procedures. More recently, the Department of Conservation and Water Stewardship has been developing climate change adaptation priorities through its *Tomorrow Now: Manitoba's Green Plan.* Where possible, it is VEMA's intention to attempt to meet the requirements of that Plan in recommending vehicle and equipment replacements.

Financial Performance

The following financial review and analysis compare the actual results for the year ended March 31, 2016, to the projections for the same period and to the actual results for the year ended March 31, 2015. This review and analysis should be read in conjunction with VEMA's financial statements for the year (pages 15 to 29) and the summarization of key elements from the statement of operations in Table 1 on page 9.

All dollar amounts in the review and analysis are in thousands of dollars.

Operating Results

- As indicated in Table 1, VEMA is reporting a net loss of $612 for the year ended March 31, 2016, compared to a projected net income of $40 for that same period, and to a net income of $18 for the year ended March 31, 2015.

- VEMA is mandated to be a break even or modest net income operation, and quarterly and annual projections are generally made with that mandate in mind. Actual operations will, of course, vary from projections, but should produce a relatively small net income or loss on an annual basis.

- The reported loss for the year includes $347 that results from an accrual for retroactive pay relating to Years One and Two of the new five year contract between the Province and the MGEU union. The contract was finalized during the fourth quarter of 2015/16, but the retroactive pay for the two years was not paid until April 2016. As instructed during the preparation of the Agency's 2015/16 Business Plan numbers, no increase was considered in the projected numbers presented for the 2015/16 year.

Table 1 *(in thousands of dollars)*	**Actual** **Year ended Mar 31/16**	**Projected** Year ended Mar 31/16	**Actual versus Projected** Increase/ decrease	**Actual** Year ended Mar 31/15	**Actual versus Actual** Increase/ decrease
Vehicle and equipment utilization	**$ 55,758**	$ 55,680	$ 78	$ 52,814	$ 2,944
Fuel billings	**18,228**	23,485	(5,257)	22,510	(4,282)
Insurance and other billings	**4,845**	4,700	145	4,589	256
Other revenue	**9,742**	8,915	827	10,438	(696)
Total revenues	**88,573**	**92,780**	**(4,207)**	**90,351**	**(1,778)**
Salaries and wages	**9,651**	9,750	(99)	9,212	439
Vehicle and equipment operating expenses	**66,636**	70,090	(3,454)	68,744	(2,108)
Administrative expenses	**6,504**	6,210	294	5,938	566
Community service	**27**	40	(13)	27	0
Interest expense	**3,867**	4,150	(283)	3,912	(45)
Total expenses	**86,685**	**90,240**	**(3,555)**	**87,833**	**(1,148)**
Income from operations	**1,888**	**2,540**	**(652)**	**2,518**	**(630)**
Transfers during the year to the Province of Manitoba	**2,500**	2,500	0	2,500	0
Net income (loss)	**$ (612)**	**$ 40**	**$ (652)**	**$ 18**	**$ (630)**

- Under the flow through concept used by VEMA for invoicing fuel to customers, fuel expense essentially follows the pattern of fuel revenues quite closely. The result for the 2015/16 year portrays this picture, with fuel billings at $18,228 and fuel expense at $18,222.

- Fuel billings are $5,257 less than projected for the year ended March 31, 2016, and fuel expenses for that same period are $5,778 less than projected. VEMA's projected price for gasoline per litre at the pumps for the 2015/16 year was $1.12. Considering VEMA's negotiated discounts with suppliers, the price at the pumps for the 2015/16 year was significantly less than the $1.12. Fuel billings and fuel expense were also affected by the lower than projected number of kilometres driven during the year. The lower than projected fuel billings therefore result from a combination of both price and volume variances, with the price variance being the more significant of the two.

- The gain on disposal of tangible capital assets at $966 is higher than both the projected gain and the gain reported last year. The gain breaks down to $995 for light duty vehicles and equipment, $24 for heavy duty vehicles and equipment, with ambulance disposals showing a loss of $53. Statistics relating to the number of vehicle and equipment units disposed during the year are included on page 30 of this Report.

- Garage regular service for the year ended March 31, 2016, shows an $853 positive variance compared to projections, and a $285 positive variance compared to last year's number. Garage regular service primarily represents chargeback revenues billed to customers. Regular repairs and maintenance costs and expenses are generally billed as a part of the variable and utilization billings. As a result, negative or positive variances in garage regular service revenue are not necessarily indicative of how busy the garages are; they merely reflect an increase or decrease in amounts charged to customers that are not considered to be regular repairs and maintenance.

- Like garage regular service, the revenue numbers for Radio Services do not tell a complete story without analysis. As usual, the Radio Services staff was very busy during the 2015/16 year, providing tower and electronics inspections and maintenance as required throughout the province. They were also assigned the task of providing the installation and repair of AVL and GPS tracking systems in many of VEMA's vehicles and equipment, including all of the ambulances in the fleet, with the revenues for those services not reflected in the their numbers.

- Without the $347 in retroactive pay increase referred to in a preceding bullet, salaries and wages for the year would amount to only $9,304, a number that is $446 less than projected. VEMA's head count is currently lower than it has been since the amalgamation of Fleet Vehicles Agency and the Mechanical Equipment Services branch in 2009. Management is currently working on filling several key positions that will bring the staff complement and salary costs more in line with projections.

- Repairs and maintenance decreased in 2015/16 by $854 compared to the number from the preceding year. The projections at $14,800 anticipated an even greater decrease. Hopefully the anticipated decrease will continue to materialize, especially as the average age of the fleet of heavy duty vehicles and equipment continues to decrease.

- Amortization of tangible capital assets is $2,613 more than it was a year ago. The year over year numbers break down to an increase of $628 for light duty vehicles and equipment, $241 for ambulances, $1,754 for heavy duty vehicles and equipment, with Radio Services leased equipment showing a decrease of $10. Acquisitions of heavy duty vehicles and equipment of $20,303 during the year with no heavy duty auction of replaced units during the year accounts for much of $1,754 increase.

Financial Position

- Vehicle and equipment units total 5,462 as of March 31, 2016. During the year then ended, VEMA received 698 units and disposed of 510 units. Details are included in the VEMA Statistics on page 30.

- Unit acquisitions of $43,563 during the year ended March 31, 2016, far outstripped the projected $36,120 for vehicle and equipment acquisitions during the year. Heavy duty vehicles and equipment came in at $20,303 compared to a projected $15,000, with light duty vehicles and equipment in second place at an actual $16,356 compared to a projected $14,080. Statistics by category are included on page 30 of this Report.

- As a generalization, a unit's disposition occurs following the acquisition of a replacement unit. Sometimes, however, there's a lag in time between acquisition and disposition. In effect, that's what VEMA experienced during 2015/16. Although the fleet of both light duty and heavy duty vehicles and equipment continues to increase, the actual required fleet is probably 200 to 300 units less than its reported 5,462 units as of March 31, 2016. It is management's intention at VEMA to take action to correct this disposition situation during the 2016/17 year, especially for heavy duty units.

- Paying for all of the light duty, heavy duty and ambulance purchases that arrived in 2015/16 has required a significant amount of cash. VEMA's 2015/16 Business Plan projected draw downs from Loan Act authority during the year of $24,000. Actual draw downs amounted to $29,000. The draw downs have pushed VEMA's borrowings from Loan Act authority to a record $112,521, and its Net Debt position to $114,692.

- The carrying, or net book value, of VEMA's tangible capital assets at March 31, 2016, of $137,773 represents an increase of $14,331 from the position at March 31, 2015. The amount in borrowings from the Province of Manitoba at $112,521 has increased by $11,821 over the position at March 31, 2015. The general trend over the past several years is for each to increase commensurate with the other. The picture this year therefore is a little better than the general trend. As of April 1, 2009 (the date of the amalgamation), the carrying value of the combined tangible capital assets amounted to $99,976 and the amount of the borrowings from the Province amounted to $73,828.

- Virtually all of the increase in net book value of VEMA's tangible capital assets has come from borrowed funds. In the seven years since amalgamation, tangible capital assets have increased $37,797. During that same period, borrowings from the Province have increased $38,693. As an Agency mandated to break even on an annual basis, there's really no other place from which an increase in the carrying value of tangible capital assets can be derived.

Ratio Analysis

- The three rate of return ratios reflect the relative breakeven position of VEMA's net income (loss) position each year.
- The non-financial assets to net debt ratio indicates the net book value of the assets available to pay out the net debt, primarily the borrowings from the Province of Manitoba.
- The net debt to accumulated surplus ratio portrays the highly leveraged position from which the Agency operates. As VEMA's debt continues to increase, with net income at roughly a breakeven position, this ratio will continue to increase.
- The days sales in receivables ratio suggests that at any point in time there is less than one month's billings outstanding. Although commendable, that's probably not as good as it sounds. The majority of VEMA's rent billings are rendered and paid on an annual basis at the beginning of the year. Rental revenue numbers are matched with expense numbers and are therefore recorded each month as the year progresses, but the collection of the receivables to which they relate actually took place months before.

Table 2		For the year ended March 31	
	Projected	**Actual**	
Ratio	2015/16 Year	**2016**	2015
Return on total revenues	0.04%	**(0.69)%**	0.02%
Return on average non-financial assets	0.03%	**(0.46)%**	0.01%
Return on average accumulated surplus	1.50%	**(2.33)%**	0.07%
Non-financial assets to net debt	1.25 to 1	**1.23 to 1**	1.27 to 1
Net debt to accumulated surplus	4.01 to 1	**4.42 to 1**	3.74 to 1
Days sales in receivables	30.2 days	**20.9 days**	21.5 days

Public Sector Compensation Disclosure

Pursuant to Section 2(1) of *The Public Sector Compensation Disclosure Act*, employees of VEMA who have received compensation of $50,000 or more, directly or indirectly, including benefits and severance payments, in the year ended March 31, 2016, are disclosed in Volume 2 of the Public Accounts of the Province of Manitoba.

Management's Responsibility for Financial Reporting

Management's Responsibility for Financial Reporting

The Vehicle and Equipment Management Agency's (the Agency) management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position, results of operations, change in net debt, and cash flows, in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. In management's opinion, the financial statements have been properly prepared, within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available through June 24, 2016.

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

The Agency's financial statements have been audited by MNP LLP, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of the Agency are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards. The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the Agency's management,

Original signed by
Al Franchuk

Al Franchuk
Chief Operating Officer

Original signed by
Kyle Giesbrecht

Kyle Giesbrecht
Manager, Finance and Administration

Winnipeg, Manitoba
June 24, 2016

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Independent Auditors' Report

Independent Auditors' Report

To the Special Operating Agencies Financing Authority of Vehicle and Equipment Management Agency:

We have audited the accompanying financial statements of Vehicle and Equipment Management Agency (an Agency of the Special Operating Agencies Financing Authority Province of Manitoba), which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net debt and cash flows 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 in our audits 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 Vehicle and Equipment Management Agency (an Agency of the Special Operating Agencies Financing Authority Province of Manitoba), as at March 31, 2016, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original signed by
MNP LLP

Winnipeg, Manitoba

June 24, 2016

Chartered Professional Accountants

Financial Statements

Statement of Financial Position
March 31, 2016
(In thousands of dollars)

	March 31 2016	March 31 2015
Financial assets		
Cash and cash equivalents	$ 1,345	$ 275
Receivables *(Note 5)*	5,670	5,891
Portfolio investments *(Notes 6 and 10)*	1,433	1,433
Inventory for resale	4,666	3,790
	13,114	11,389
Liabilities		
Working capital advances *(Note 7)*	-	2,283
Accounts payable and accrued liabilities	9,788	4,002
Unearned revenue	3,966	2,541
Severance pay liability *(Note 6)*	1,531	1,541
Borrowings from the Province of Manitoba *(Note 8)*	112,521	100,700
	127,806	111,067
Net debt	(114,692)	(99,678)
Non-financial assets		
Prepaid expenses	2,867	2,796
Tangible capital assets *(Note 9)*		
Vehicles and equipment	137,179	122,854
Office and shop equipment	432	418
Computer hardware and software	1	4
Leasehold improvements	161	166
	137,773	123,442
	140,640	126,238
Accumulated surplus	$ 25,948	$ 26,560

Designated assets *(Note 10)*
Commitments *(Note 11)*

See accompanying notes to financial statements.

Financial Statements

Statement of Operations
Year Ended March 31, 2016
(In thousands of dollars)

	2016 Projected	2016 Actual	2015 Actual
Revenues			
Vehicle and equipment utilization	$ 55,680	**$ 55,758**	$ 52,814
Fuel billings	23,485	**18,228**	22,510
Insurance and other billings	4,700	**4,845**	4,589
Other revenue (Page 29)	8,915	**9,742**	10,438
	92,780	**88,573**	90,351
Expenses			
Salaries and wages	9,750	**9,651**	9,212
Vehicle and equipment operating expenses (Page 29)	70,090	**66,636**	68,744
Administrative expenses (Page 29)	6,210	**6,504**	5,938
Community service	40	**27**	27
Interest expense	4,150	**3,867**	3,912
	90,240	**86,685**	87,833
Income from operations	2,540	**1,888**	2,518
Transfers during the year to the Province of Manitoba	2,500	**2,500**	2,500
Net income (loss)	40	**(612)**	18
Accumulated surplus, beginning of year	26,563	**26,560**	26,542
Accumulated surplus, end of year	$ 26,603	**$ 25,948**	$ 26,560

See accompanying notes to financial statements.

Financial Statements

Statement of Change in Net Debt
Year Ended March 31, 2016
(In thousands of dollars)

	2016 Projected	2016 Actual	2015 Actual
Net income (loss)	$ 40	**$ (612)**	$ 18
Tangible capital assets			
Acquisition of tangible capital assets	(36,780)	**(43,686)**	(30,778)
Amortization of tangible capital assets	26,500	**26,437**	23,820
Gain on disposal of tangible capital assets, net	(750)	**(966)**	(838)
Proceeds from disposal of tangible capital assets	4,639	**3,884**	4,015
Net acquisition of tangible capital assets	(6,391)	**(14,331)**	(3,781)
Decrease (increase) in prepaid expenses during the year	-	**(71)**	68
Increase in net debt	(6,351)	**(15,014)**	(3,695)
Net debt, beginning of year	(100,394)	**(99,678)**	(95,983)
Net debt, end of year	$ (106,745)	**$ (114,692)**	$ (99,678)

See accompanying notes to financial statements.

Financial Statements

Statement of Cash Flows
Year Ended March 31, 2016
(In thousands of dollars)

Cash provided by (applied to):

	2016	2015
Operating activities		
Net income (loss)	$ (612)	$ 18
Amortization of tangible capital assets	26,437	23,820
Gain on disposal of tangible capital assets, net	(966)	(838)
Increase in severance pay liability	126	116
Payment of severance pay benefits	(136)	(102)
	24,849	23,014
Change in:		
Receivables	221	1,482
Inventory for resale	(876)	(13)
Accounts payable and accrued liabilities	5,786	(1,573)
Unearned revenue	1,425	237
Prepaid expenses	(71)	68
Cash provided by operating activities	31,334	23,215
Capital activities		
Proceeds from disposal of tangible capital assets	3,884	4,015
Acquisition of vehicles and equipment	(43,563)	(30,643)
Acquisition of office and shop equipment	(98)	(102)
Acquisition of leasehold improvements	(25)	(33)
Cash applied to capital activities	(39,802)	(26,763)
Financing activities		
Borrowings from the Province of Manitoba	29,000	20,000
Debt repayments to the Province of Manitoba	(17,179)	(15,138)
Cash provided by financing activities	11,821	4,862
Increase in cash	3,353	1,314
Working capital advances, net of cash and cash equivalents, beginning of year	(2,008)	(3,322)
Cash and cash equivalents, net of working capital advances (working capital advances, net of cash and cash equivalents), end of year	$ 1,345	$ (2,008)

See accompanying notes to financial statements.

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

1. Nature of organization

In 1934, Fleet Vehicles was created as a branch of the Manitoba provincial government to provide a centralized fleet management program. On April 1, 1992, the branch was approved as a special operating agency, the first such agency at the provincial level in Canada. Since inception, Fleet Vehicles Agency primarily provided light duty vehicles and equipment services, with ambulances becoming a part of the fleet starting in 2001/02. On April 1, 2003, the Agency assumed responsibility for Radio Services, a division that evaluates and supplies the fixed and mobile radio requirements of its provincial and other clients.

Following the advent of engineering-based highway management in the 1960s, the Province established a highways department. The Mechanical Equipment Services branch emerged as an integral and important part of the department, primarily providing heavy duty vehicles and equipment, as well as warehousing services. The provided services support the safe and efficient delivery of the department's construction, maintenance and preservation programs, and its remote airport programs, in a manner that incorporates the principles of sustainable development and environmental awareness.

Effective April 1, 2009, Fleet Vehicles Agency and the Mechanical Equipment Services branch were amalgamated into a new special operating agency named Vehicle and Equipment Management Agency ("VEMA", or the "Agency"). VEMA combines the acquisition, management and disposal of both light duty and heavy duty vehicles and equipment under common management.

VEMA was a part of the Department of Infrastructure and Transportation through March 31, 2015, under the general direction of the Assistant Deputy Minister, Supply and Services Division, and ultimately the policy direction of the Deputy Minister and the Minister. As of April 1, 2015, the Agency was transitioned from Infrastructure and Transportation to the Department of Finance, and is now under the general direction of the Associate Deputy Minister of Finance, Central Services, and ultimately the policy direction of the Secretary to Treasury Board and the Minister of Finance.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA 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. This financial framework enables VEMA to operate in a business-like manner according to public policy expectations.

A Management Agreement assigns responsibility to VEMA to manage and account for the Agency-related assets and operations on behalf of SOAFA.

The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

2. Basis of accounting

The Agency's financial statements are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board.

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

3. Summary of significant accounting policies

Revenues

Fixed rate lease revenue is recognized on a straight-line basis over the term of the lease. Variable rate lease revenue is recognized monthly based on equipment usage. Service revenue is recognized when the services have been performed. All revenues are recorded on an accrual basis.

Expenses

All expenses incurred for goods and services are recognized at the gross amount on an accrual basis. Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met.

Financial assets

(i) 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.

(ii) Receivables

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.

(iii) Portfolio investments

Portfolio investments are short-term deposits with original maturities of more than three months. These investments are recognized at cost.

(iv) Inventory for resale

Inventories for resale are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

Liabilities

Liabilities are 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.

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.

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

3. *Summary of significant accounting policies* (continued)

(i) 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.

(ii) 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:

Vehicles and equipment	30%, declining balance method
Vehicles and equipment (signed lease agreement)	Straight-line over term of lease
Office and shop equipment	20%, declining balance method
Computer hardware and software	20%, straight-line method
Leasehold improvements	10%, straight-line method

Measurement uncertainty

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 amount of revenues and expenses during the reporting period. Judgment is required in determining the future economic benefit of all non-financial assets, especially in the estimation of the useful lives of tangible capital assets. Actual results could differ from these estimates.

4. *Financial instruments and financial risk management*

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. Financial assets include cash and cash equivalents, receivables and portfolio investments. The Agency also records its financial liabilities at cost. Financial liabilities include working capital advances, accounts payable and accrued liabilities, and borrowings from the Province of Manitoba.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

4. *Financial instruments and financial risk management* (continued)

re-measurement 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.

As the Agency has no financial instruments measured at fair value, it did not incur any re-measurement gains and losses during the year ended March 31, 2016 (2015 - $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; and interest rate 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 cash equivalents, receivables and portfolio investments.

The maximum exposure of the Agency to credit risk as of March 31, 2016, is:

	2016	2015
Cash and cash equivalents	$ 1,345	$ 275
Receivables	5,670	5,891
Portfolio investments	1,433	1,433
	$ 8,448	$ 7,599

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

Receivables: The Agency is not exposed to significant credit risk since the receivables are with departments, agencies and Crown corporations with the Manitoba provincial government, or are with organizations within the broader public sector that are funded in part by the provincial or federal governments. The receivable balances are from a large client base, and payment in full is typically collected when it is due. An allowance for doubtful accounts was not recorded as of March 31, 2016 (2015 - $nil).

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. The

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

4. *Financial instruments and financial risk management* (continued)

contractual maturities of the Agency's borrowings from the Province of Manitoba are included in note 8. Working capital advances are due on demand.

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

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

5. *Receivables*

	March 31 2016	March 31 2015
Trade	**$ 2,386**	$ 2,551
Accrued trade	**2,534**	2,590
Insurance rebate receivable	**750**	750
	$ 5,670	$ 5,891

6. *Severance pay liability*

The Agency records accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of 15 years, by the weekly salary at date of retirement, provided the employee has reached nine years of service and retires from the Province. There is also additional severance pay for employees with 20 or more years of accumulated service. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees through specific dates. For the Fleet Vehicles Agency employees, that responsibility is reflected through the payment by the Province of $270 on March 31, 2009. For the Mechanical Equipment Services employees, that responsibility is reflected through the payment by the Province of $1,163 on July 31, 2010. The $1,433 in combined payments is held in an interest bearing trust account until the cash is required to discharge the related liability.

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

6. Severance pay liability (continued)

An actuarial valuation report was completed for the severance pay liability as of December 31, 2013. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's liability is recalculated annually, with payments to retiring employees no longer with the Agency or the Province charged against the liability.

Significant long-term actuarial assumptions used in the December 31, 2013, valuation were:

Annual rate of return	
Inflation component	2.00%
Real rate of return	4.00%
	6.00%
Assumed salary increase rates	
Annual productivity increase	1.00%
Annual general salary increase	2.75%
	3.75%

Actuarial valuation report updates are prepared every three years. Actuarial adjustments that result from the updates are absorbed by VEMA as a part of the benefits and interest accrued during the year in which the adjustment amounts are known.

The severance pay liability as of March 31 included the following components:

	2016	2015
Severance pay liability, beginning of year	**$ 1,541**	$ 1,527
Benefits and interest accrued during the year	**126**	116
Severance benefits paid during the year	**(136)**	(102)
	$ 1,531	$ 1,541

7. Working capital advances

The Agency has an authorized line of working capital advances of $10,000, none of which was used as of March 31, 2016 (2015 - $2,283). Advances bear interest at prime less 1% and are unsecured.

8. Borrowings from the Province of Manitoba

By virtue of the Management Agreement, the Agency is responsible for the repayment of debts assumed by the Special Operating Agencies Financing Authority (SOAFA) on its behalf. SOAFA holds the debt instruments listed in this Note on behalf of Vehicle and Equipment Management Agency.

Borrowings obtained through the use of available Loan Act Authority are repayable in semi-annual instalments of principal and interest, as follows:

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

8. Borrowings from the Province of Manitoba (continued)

Interest rate	Semi-annual payment ($)	Maturity date	2016	2015
4.125%	117	September 30, 2015	$ -	$ 115
2.5%	482	September 30, 2015	-	476
2.563%	271	September 30, 2016	268	793
2.05%	581	September 30, 2016	576	1,709
3.45%	186	March 31, 2017	362	713
2.375%	213	March 31, 2017	419	828
2.25%	269	September 30, 2017	788	1,299
2.125%	530	September 30, 2017	1,556	2,566
2.125%	212	March 31, 2018	825	1,225
2.2%	232	September 30, 2018	1,125	1,558
2.75%	754	September 30, 2018	3,619	4,999
2.5%	535	September 30, 2019	3,565	4,527
2.5%	482	September 30, 2019	3,208	4,075
2.625%	272	March 31, 2020	2,052	2,532
1.875%	631	September 30, 2020	5,425	-
1.8125%	265	March 31, 2021	2,522	3,000
2.125%	530	March 31, 2021	5,000	-
2%	267	September 30, 2021	2,763	-
2.3125%	269	September 30, 2021	2,766	-
2.8%	526	September 30, 2022	6,218	7,079
4.875%	237	September 30, 2023	2,947	3,265
3.4%	102	September 30, 2023	1,343	1,498
2.625%	488	September 30, 2023	6,604	-
5%	334	March 31, 2024	4,366	4,800
4.875%	192	March 31, 2024	2,519	2,770
2.625%	349	March 31, 2024	5,000	-
4.5%	162	September 30, 2024	2,263	2,478
4%	201	September 30, 2025	3,150	3,418
3.9%	158	September 30, 2025	2,484	2,697
4.55%	162	March 31, 2026	2,584	2,784
3.3%	213	September 30, 2027	4,043	4,327
3.25%	127	September 30, 2027	2,424	2,595
3.375%	86	March 31, 2028	1,676	1,788
5%	80	March 31, 2030	1,591	1,668
			86,051	71,582
Amount of debt owing in connection with the transfer of Mechanical Equipment Services branch net assets on April 1, 2009				
4.875%	2,018	March 31, 2024	26,470	29,118
Amount of borrowings owing to the Province of Manitoba at year-end			$ 112,521	$ 100,700

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

8. *Borrowings from the Province of Manitoba* (continued)

Unused loan authority of $9,000 was available as of March 31, 2015, with that amount drawn down on September 30, 2015. An additional $26,000 of loan authority availability was approved during November 2015 in The Loan Act, 2015, with $10,000 of that availability drawn down on December 29, 2015, and a further $10,000 of that availability drawn down on March 31, 2016. Unused loan authority available as of March 31, 2016, was $6,000.

All borrowings from the Province of Manitoba are payable in instalments of principal and interest on March 31 and September 30 each year. Interest cost is measured using the effective interest method.

As of March 31, 2016, principal repayments in each of the next five years on the combined outstanding balances owing to the Province of Manitoba are as follows:

2017	$ 19,241
2018	17,361
2019	15,687
2020	14,184
2021	12,455

9. *Tangible capital assets*

	2016			
Cost	Opening balance	Additions	Disposals	**Closing balance**
Vehicles and equipment	$ 243,928	$ 43,563	$ (16,984)	**$ 270,507**
Office and shop equipment	1,626	98	-	**1,724**
Computer hardware and software	399	-	-	**399**
Leasehold improvements	894	25	-	**919**
	246,847	43,686	(16,984)	**273,549**
Accumulated amortization				
Vehicles and equipment	121,074	26,320	(14,066)	**133,328**
Office and shop equipment	1,208	84	-	**1,292**
Computer hardware and software	395	3	-	**398**
Leasehold improvements	728	30	-	**758**
	123,405	26,437	(14,066)	**135,776**
Net book value	$ 123,442	$ 17,249	$ (2,918)	**$ 137,773**

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

9. *Tangible capital assets* (continued)

	2015			
Cost	Opening balance	Additions	Disposals	Closing balance
Vehicles and equipment	$ 233,602	$ 30,643	$ (20,317)	$ 243,928
Office and shop equipment	1,524	102	-	1,626
Computer hardware and software	410	-	(11)	399
Leasehold improvements	861	33	-	894
	236,397	30,778	(20,328)	246,847
Accumulated amortization				
Vehicles and equipment	114,507	23,707	(17,140)	121,074
Office and shop equipment	1,121	87	-	1,208
Computer hardware and software	403	3	(11)	395
Leasehold improvements	705	23	-	728
	116,736	23,820	(17,151)	123,405
Net book value	$ 119,661	$ 6,958	$ (3,177)	$ 123,442

10. *Designated assets*

The Agency has allocated $1,433 (2015 - $1,433) of its portfolio investments as designated assets for its severance pay liability.

11. *Commitments*

(a) VEMA has arrangements with the Government of Manitoba for the rental of facilities in Beausejour, Brandon, Dauphin, The Pas, Thompson and Winnipeg, Manitoba. Occupancy charges for each fiscal year including 2016/17 are established annually based on the approved budget for the Accommodation Services division of Central Services, Finance. Occupancy charges for 2016/17 are estimated at $2,500 for the year, to be paid in quarterly instalments during 2016/17.

(b) VEMA's approved 2016/17 Business Plan calls for $2,500 to be paid to the Consolidated Fund of the Province of Manitoba for the year in quarterly instalments of $625.

12. *Pension benefits*

Employees of VEMA 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 and to participating agencies of the provincial government, including the Agency, through the Civil Service Superannuation Fund.

Financial Statements

Notes to Financial Statements
Year Ended March 31, 2016
(In thousands of dollars)

12. *Pension benefits* (continued)

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. The amount paid for 2016 was $730 (2015 - $675).

Financial Statements

Schedule of Other Revenue and Expenses
Year Ended March 31, 2016
(In thousands of dollars)

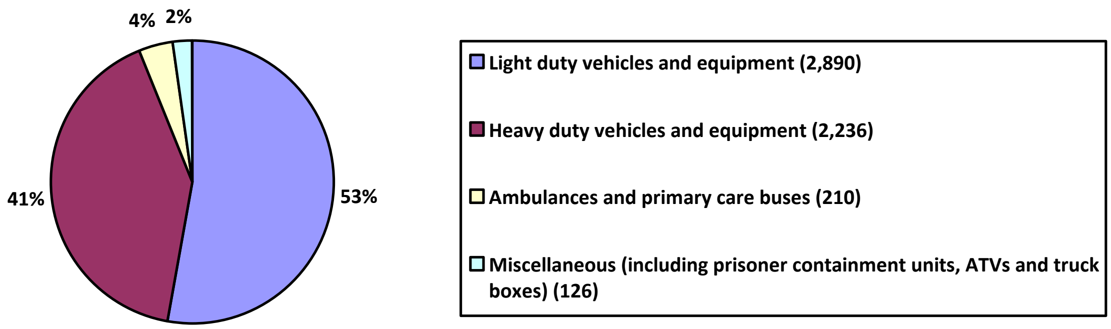
	2016 Projected	2016 Actual	2015 Actual
Other revenue			
Autopac service	$ 550	**$ 640**	$ 810
Gain on disposal of tangible capital assets, net	750	**966**	838
Garage regular service	4,500	**5,353**	5,068
Insurance premium rebates	1,400	**1,575**	2,125
Interest income	15	**9**	14
Other service revenue	150	**106**	155
Radio Services	1,550	**1,093**	1,428
	$ 8,915	**$ 9,742**	$ 10,438
Vehicle and equipment operating expenses			
Amortization of tangible capital assets	$ 26,400	**$ 26,320**	$ 23,707
Fuel	24,000	**18,222**	22,487
Insurance premiums	4,730	**5,279**	4,878
Licenses	160	**151**	154
Repairs and maintenance	14,800	**16,664**	17,518
	$ 70,090	**$ 66,636**	$ 68,744
Administrative expenses			
Amortization of tangible capital assets	$ 100	**$ 117**	$ 113
Fleet management information system	450	**466**	440
Human resource overhead	2,360	**2,306**	2,226
Occupancy costs	2,400	**2,498**	2,329
Other costs	400	**412**	361
Professional fees	20	**20**	12
SOAFA charges	6	**6**	6
Supplies and materials	300	**453**	274
Telephone and communication	174	**226**	177
	$ 6,210	**$ 6,504**	$ 5,938

VEMA Statistics

	Year ended March 31 2016 Projected	For the year ended March 31 2016 Actual	2015 Actual
Vehicles and equipment			
Light duty	2,942	**2,890**	2,857
Heavy duty	1,953	**2,236**	2,091
Ambulances	183	**207**	192
Primary care buses	3	**3**	2
Miscellaneous (including prisoner containment units, ATVs and truck boxes)	147	**126**	132
Number of units in the fleet (including replaced units being prepared for disposal)	5,228	**5,462**	5,274
Acquisitions – light duty	440	**484**	390
Acquisitions – heavy duty	100	**151**	137
Acquisitions – ambulances	52	**52**	31
Acquisitions – primary care buses	1	**1**	1
Acquisitions – miscellaneous units	15	**10**	15
Average purchase price – light duty	$ 32.0	**$ 32.7**	$ 32.3
Average purchase price – heavy duty	$ 150.0	**$ 134.5**	$ 100.5
Average purchase price – ambulances	$ 120.0	**$ 129.6**	$ 115.9
Average purchase price – primary care buses	$ 500.0	**524.1**	419.0
Average purchase price – miscellaneous units	$ 20.0	**$ 16.5**	$ 16.6
Disposals – light duty	420	**451**	434
Disposals – heavy duty	200	**6**	134
Disposals – ambulances	52	**37**	22
Disposals – miscellaneous units	0	**16**	1
Average disposal proceeds – light duty	$ 6.5	**$ 7.5**	$ 6.0
Average disposal proceeds – heavy duty	$ 8.0	**$ 45.0**	$ 8.1
Average disposal proceeds – ambulances	$ 6.0	**$ 4.8**	$ 9.2
Average disposal proceeds – miscellaneous units	$ 0.0	**$ 0.5**	$ 0.0
Fuel			
Consumption in litres for owned and managed vehicles and equipment (000s)	21,500	**20,427**	20,809
Fuel cost for light duty vehicles ($000s)	$ 18,000	**$ 14,416**	$ 17,431
Fuel cost for heavy duty vehicles and equipment ($000s)	$ 6,000	**$ 3,806**	$ 5,056
Utilization			
Kilometres driven on owned and managed metered units (000s)	80,000	**77,119**	79,576
Machine hours for owned heavy duty equipment	285,000	**265,564**	262,927
Days utilized for owned heavy duty equipment	4,000	**2,651**	3,167
Years utilized for owned heavy duty equipment	150	**126**	140

VEMA Statistics (continued)

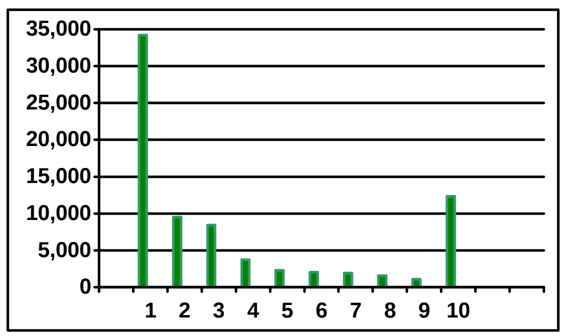
Vehicle and Equipment Type as of March 31, 2016 (*in units*)



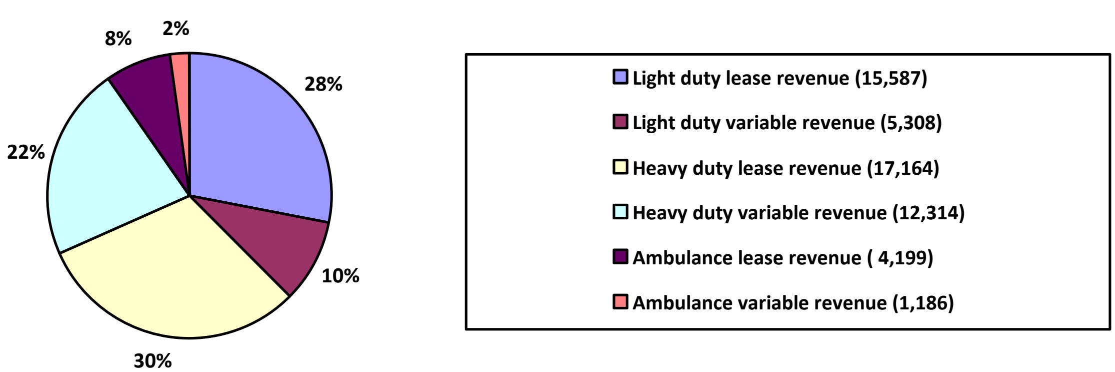
Vehicle Distance by Department in 2015/16
(in thousands of kilometres)

Distance by Department Legend
(*in thousands of kilometres*)

1.	Infrastructure and Transportation	34,204
2.	Conservation and Water Stewardship	9,530
3.	Health – Emergency Services	8,403
4.	Justice	3,746
5.	Manitoba Housing and Renewal Corporation	2,296
6.	Interlake Eastern Regional Health Authority	2,023
7.	Family Services	1,928
8.	Agriculture, Food and Rural Development	1,564
9.	Office of the Fire Commissioner	1,086
10.	All other customers	12,339
	Total distance in 2015/16	77,119



Breakdown of $55,758 in Vehicle and Equipment Utilization Revenues in 2015/16
(in thousands of dollars)



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Vehicle and Equipment Management Agency

With full shop facilities in
Beausejour, Brandon, Dauphin, The Pas, Thompson and Winnipeg
Satellite shop locations in
Ashern, Birtle, Boissevain, Gimli, Morden, Portage la Prairie, Steinbach and Swan River
And services to Northern Airports and Marine Operations locations throughout Manitoba

VEMA's vision is to be the recognized leading provider of asset management services to the broader public sector.