

# ANNUAL REPORT

Vehicle and Equipment Management Agency  
An Agency of the Manitoba Government



2023  
2024



# Indigenous Land Acknowledgment

We recognize that Manitoba is on the Treaty Territories and ancestral lands of the Anishinaabe, Anishinewuk, Dakota Oyate, Denesuline and Nehethowuk peoples.

We acknowledge Manitoba is located on the Homeland of the Red River Métis.

We acknowledge northern Manitoba includes lands that were and are the ancestral lands of the Inuit.

We respect the spirit and intent of Treaties and Treaty Making and remain committed to working in partnership with First Nations, Inuit and Métis people in the spirit of truth, reconciliation and collaboration.

# Reconnaissance du territoire

Nous reconnaissons que le Manitoba se trouve sur les territoires visés par un traité et sur les terres ancestrales des peuples anishinaabe, anishinewuk, dakota oyate, denesuline et nehethowuk.

Nous reconnaissons que le Manitoba se situe sur le territoire des Métis de la Rivière-Rouge.

Nous reconnaissons que le nord du Manitoba comprend des terres qui étaient et sont toujours les terres ancestrales des Inuits.

Nous respectons l'esprit et l'objectif des traités et de la conclusion de ces derniers. Nous restons déterminés à travailler en partenariat avec les Premières Nations, les Inuits et les Métis dans un esprit de vérité, de réconciliation et de collaboration.

## COO Message

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

As a Special Operating Agency (SOA) VEMA's mandate is to recover its costs of operation and break even or attain a modest net income each year. Actual operations will vary from projections and normally produce a relatively small net income or loss annually. VEMA continues to transform, adjusting to assist our customers with their equipment needs while managing the Government's assets to maximize value for money. The 2023/24 fiscal year resulted in a loss of \$9,699 due to several contributing factors, compared to a loss of \$4,146 in 2022/23. Vehicle and equipment utilization revenue increased \$245 in 2023/24 compared to the decrease of \$1,145 in the 2022/23 year. Fuel billings decreased \$ 2,538 in 2023/24 over the increase in 2022/23 of \$5,285. The vehicle and equipment increase is related to new units beginning to arrive after several years of supply-chain constraints. Fuel is a flow through for VEMA with the market price for fuel impacting both VEMA's fuel revenue and fuel expense.

VEMA continues to transform its business practices to embrace a whole of Government approach. This is through more effective fleet management with a continuous improvement vision, while adapting to lessons learned across North America as fleet management is propelled into a rapidly changing environment in response to on-going supply-chain delays and to mitigate the effects of vehicles and equipment on the environment.

As part of VEMA's journey of continuous improvement, there are continued efforts to evaluate the Agency's processes with a focus on a client-centric culture. It is my intention, and management's intention, to continue to scrutinize the way VEMA does business, and continue to seek out efficiency and cost saving opportunities on behalf of the Province. This thought process continues to be adopted by staff agency wide.

VEMA is utilizing a cradle to grave fleet methodology, maximizing return on all Government's assets. VEMA's three main equipment business lines continued with the process of replenishing end of life units with an annual purchase of 394 passenger vehicles, a total of 27 heavy duty plow trucks and 28 ambulances. Due to global supply-chain delays, these continue to be below the number of units due for replacement due to end of life but we are beginning to see an increase in new unit delivery. During this time of delayed delivery of new units and as the backlog is cleared, in order to meet customer requirements for vehicles, VEMA was required to repair units that were past economic life, which caused an increase in our vehicle and equipment repair costs and contributing to the inability to attain a net zero net income.

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



Sean Savage  
Chief Operating Officer

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Consumer Protection and Government Services

Deputy Minister

Room 349, Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8

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Honourable Lisa Naylor  
Minister of Consumer Protection and Government Services  
Room 203, Legislative Building  
Winnipeg MB R3C 0V8

Dear Minister Naylor:

I am pleased to present for your approval the 2023/24 Annual Report for the  
Vehicle and Equipment Management Agency (VEMA).

Respectfully submitted,

A handwritten signature in blue ink, reading "Joe Dunford".

Joseph Dunford  
Deputy Minister of Consumer Protection and Government Services



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MINISTER  
OF CONSUMER PROTECTION AND GOVERNMENT SERVICES

Room 343  
Legislative Building  
Winnipeg, Manitoba R3C 0V8  
CANADA

September 23, 2024

Her Honour the Honourable Anita Neville  
Lieutenant Governor of Manitoba  
Room 235, Legislative Building  
Winnipeg MB R3C 0V8

May it Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the  
Annual Report of the Vehicle and Equipment Management Agency (VEMA)  
for the fiscal year ending March 31, 2024.

Respectfully submitted,



Honourable Lisa Naylor  
Minister of Consumer Protection and Government Services

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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 Consumer Protection and Government Services, its main customers are the departments, agencies and Crown corporations of the provincial government.

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, 2024, the fleet totaled 4,966 units comprised of 2,614 light duty vehicles (53%), 1,963 heavy duty vehicles and equipment (39%), 252 ambulances and primary care buses (5%), and miscellaneous units and attachments of 137 (3%).

Annual distance travelled approximates 46.053 million kilometres and fuel consumption totals more than 16,591 million liters a year for owned and managed fleet by VEMA.

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 used by its provincial and other clients in those areas.

### Mission Statement

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

### Vision Statement

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

## Sustainability Statement

VEMA is incorporating representing both our customer departments and the best interests of the impact of the Government Fleet on the environment. We are committed to operating in a way that is responsible, socially conscious and transparent. This will include relations with our outside vendors to ensure that these values are represented to manage the impact we have on our world.

Electric vehicles (EV) are becoming more common for all types of fleets. Though these concepts are still in infancy for Fleet Management in Manitoba for Light Duty, Heavy Duty and Ambulance Fleets. The industry is producing more viable options, and with the growth of these changes in Manitoba, VEMA will continue to grow in prioritizing these options. As we begin to formulate targets to measure these changes in future years, this begins as a baseline to build on how the Manitoba Government Fleet is doing our part.

Current Fleet as of March 31, 2024 Unit Class	Total Units	Purchased Hybrid 2023/24	Total Number of Hybrid in Class	Total Number of Electric in Class
Passenger Vehicle	2,614	0	14	1
Ambulance & Primary Care Bus	252	0	0	0
Heavy Equipment	1,963	0	0	0
Miscellaneous	137	0	0	0

## Structure for Operations

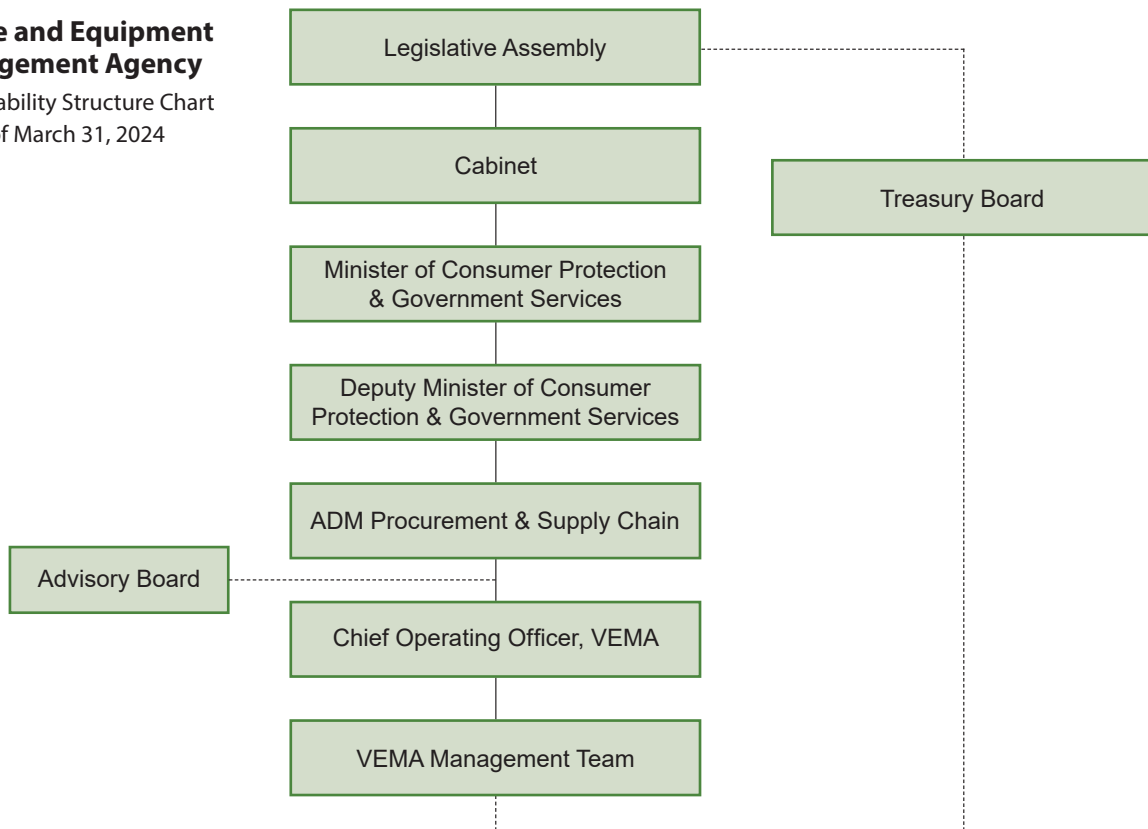
### Accountability Structure

As a Special Operating Agency within Procurement and Supply Chain, Consumer Protection and Government Services, VEMA reports directly to the Assistant Deputy Minister of Procurement and Supply Chain, Consumer Protection and Government Services, and is held accountable to the Secretary of Treasury Board and the Minister of Consumer Protections and Government Services for operational and financial performance. VEMA is a reporting organization that is consolidated annually as part of the Province of Manitoba Public Accounts.

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 Act*. Financial and operational information and requirements are disseminated to and from Treasury Board through the Treasury Board Secretariat.

#### Vehicle and Equipment Management Agency

Accountability Structure Chart  
as of March 31, 2024



### Staff Complement at VEMA

VEMA has a total of 110.00 approved Full Time Employee (FTE) positions for the 2023/24 year. At the end of March 2024, VEMA had approximately 87.00 staff.



## 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 Consumer Protection and Government Services – Vehicle and Equipment Management Agency during the 2023/24 fiscal year.

## Financial Performance

The following financial review and analysis compare the actual results for the year ended March 31, 2024, to the projections for the same period and to the actual results for the year ended March 31, 2023. This review and analysis should be read in conjunction with VEMA's financial statements for the year (pages 10 to 24) and the summarization of key elements from the statement of operations in Table 1 below.

*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 \$9,699 for the year ended March 31, 2024, compared to a projected net loss of \$2,360 for that same period, and to a net loss of \$4,146 for the year ended March 31, 2023.
- 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 normally produce a relatively small net income or loss on an annual basis.

<b>Table 1</b>					
<i>(in thousands of dollars)</i>	<b>Actual</b>	<b>Projected</b>	<b>Actual versus Projected</b>	<b>Actual</b>	<b>Actual versus Actual</b>
	Year ended Mar 31/24	Year ended Mar 31/24	Increase/decrease	Year ended Mar 31/23	Increase/decrease
<b>Revenue:</b>					
Vehicle and equipment utilization	43,716	55,115	(11,399)	43,471	245
Fuel billings	21,318	23,000	(1,682)	23,856	(2,538)
Parts, service and other	12,311	5,000	7,311	10,124	2,187
Insurance billings	5,065	4,900	165	4,823	242
<b>Total revenues</b>	<b>82,410</b>	<b>88,015</b>	<b>5,605</b>	<b>82,274</b>	<b>136</b>
<b>Expenses:</b>					
Administration	4,473	6,800	2,327	4,777	304
Interest expense	2,828	2,800	28	2,012	816
Salaries and benefits	7,541	9,800	2,259	8,093	552
Vehicle and equipment operating expenses	77,267	70,975	6,292	71,538	5,729
<b>Total expenses</b>	<b>92,109</b>	<b>90,375</b>	<b>1,734</b>	<b>86,420</b>	<b>5,689</b>
<b>Net operating (deficit) for the year</b>	<b>(9,699)</b>	<b>(2,360)</b>	<b>(7,339)</b>	<b>(4,146)</b>	<b>(5,553)</b>

- VEMA's Fleet Management continues to evolve to incorporate best practices for fleet optimization, utilizing assets to benefit from a whole of Government perspective from cradle to grave. Over the past few years changes included reductions in the number of units purchased and disposed of in an attempt to cost efficiently utilize existing units longer. With this change the Fleets have remained relatively the same size since the rationalizations.
- 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 year ended March 31, 2024 portrays this picture, with fuel billings at \$21,318 and fuel expense at \$21,073.
- Beginning in the summer of 2020, VEMA switched to using a third-party provider for the Fleet Fuel Credit Card, adopting a MasterCard platform from our own proprietary card.
- The net gain on disposal of tangible capital assets breaks down to \$1,573 for light duty vehicles and equipment, \$176 for Ambulances and \$313 for heavy duty equipment. Statistics relating to the number of vehicle and equipment units disposed during the year are included on page 24 of this Report.

## Financial Position

- Vehicle and equipment units total 4,966 as of March 31, 2024. During the year then ended, VEMA received a total of 573 units and disposed of 320 units. Details are included in the VEMA Statistics on pages 24-26.
- The carrying, or net book value, of VEMA's tangible capital assets at March 31, 2024, of \$95,299 represents an increase of \$35,563 from the position at March 31, 2023.

## Ratio Analysis

- 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 is akin to the debt to equity ratio previously used by VEMA. It continues to portray the highly leveraged position from which the Agency operates.
- The days sales in receivables ratio suggests that at any point in time there is over one month's billings outstanding.

Table 2	Year ended March 31	
	Actual	
Ratio	2024	2023
Return on total revenues	(11.77%)	(5.04%)
Non-financial assets to net debt	1.13 to 1	1.49 to 1
Net debt to accumulated surplus	5.24 to 1	1.56 to 1
Days sales in receivables	35.36 days	41.09 days

## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

(An Agency of the Government of Manitoba)

### Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of Vehicle and Equipment Management Agency and have been prepared in accordance with Canadian Public Sector Accounting Standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at the date of approval of the financial statements.

Management maintains internal controls to properly safeguard the assets of Vehicle and Equipment Management Agency and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of Vehicle and Equipment Management Agency have been audited by Magnus LLP, Chartered Professional Accountants, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Vehicle and Equipment Management Agency are fairly presented, in all material respects, in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of  
Vehicle and Equipment Management Agency

A blue ink signature, appearing to read "Sean Savage", is written over a horizontal line.

Sean Savage  
Chief Operating Officer

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Vehicle and Equipment Management Agency (the "Agency"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

The financial statements of Vehicle and Equipment Management Agency for the year ended March 31, 2023, were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those financial statements in their report dated August 23, 2023.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 31, 2024  
Winnipeg, Canada



Chartered Professional Accountants

## **Vehicle and Equipment Management Agency Financial Statements**

March 31, 2024

## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

### Statement of Financial Position

(in thousands)

March 31, 2024

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	\$ 4,519	\$ 14,106
Accounts receivable (Note 5)	7,983	9,262
Inventory for resale (Note 6)	7,679	7,862
Portfolio investments (Note 7 and 10)	1,603	1,464
	21,784	32,694
<b>Liabilities</b>		
Accounts payable and accrued liabilities	12,027	6,861
Deferred revenue	367	374
Employee future benefits (Note 7)	1,428	1,326
Borrowings from the Province of Manitoba (Note 8)	92,053	64,358
	105,875	72,919
<b>Net financial debt</b>	(84,091)	(40,225)
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	95,299	59,736
Prepaid expenses	4,835	6,231
	100,134	65,967
<b>Accumulated surplus</b>	\$ 16,043	\$ 25,742

Designated assets (Note 10)

Commitments (Note 11)

See accompanying notes to financial statements.



## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

### Statement of Operations

(in thousands)

Year ended March 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Revenue:			
Vehicle and equipment utilization	\$ 55,115	\$ 43,716	\$ 43,471
Fuel billings	23,000	21,318	23,856
Parts, service and other	5,000	12,311	10,124
Insurance billings	4,900	5,065	4,823
	88,015	82,410	82,274
Expenses:			
Administration	6,800	4,473	4,777
Interest expense	2,800	2,828	2,012
Salaries and benefits	9,800	7,541	8,093
Vehicle and equipment operating expenses	70,975	77,267	71,538
	90,375	92,109	86,420
Net operating (deficit) for the year	(2,360)	(9,699)	(4,146)
Accumulated surplus, beginning of year	25,180	25,742	29,888
Accumulated surplus, end of year	\$ 22,820	\$ 16,043	\$ 25,742

See accompanying notes to financial statements.

**VEHICLE AND EQUIPMENT MANAGEMENT AGENCY**

## Statement of Change in Net Financial Debt

(in thousands)

Year ended March 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Net operating (deficit) for the year	\$ (2,360)	\$ (9,699)	\$ (4,146)
Tangible capital assets:			
Acquisition of tangible capital assets	-	(61,333)	(16,858)
Amortization of tangible capital assets	-	25,400	20,001
(Gain) on disposal of tangible capital assets	-	(2,062)	(745)
Proceeds from disposal of tangible capital assets	-	2,432	987
Net change in tangible capital assets	-	(35,563)	3,385
Other non-financial assets:			
Decrease (increase) in prepaid expenses	-	1,396	(2,585)
Net change in other non-financial assets	-	1,396	(2,585)
Change in net financial debt	(2,360)	(43,866)	(3,346)
Net financial debt, beginning of year	-	(40,225)	(36,879)
Net financial debt, end of year	\$ -	\$ (84,091)	\$ (40,225)

See accompanying notes to financial statements.

**VEHICLE AND EQUIPMENT MANAGEMENT AGENCY**

## Statement of Cash Flow

(in thousands)

Year ended March 31, 2024

	2024	2023
<i>Cash provided by (applied to)</i>		
Operating activities:		
Net (deficit) for the year	\$ (9,699)	\$ (4,146)
Adjustments for:		
Amortization	25,400	20,001
(Gain) on disposal of tangible capital assets	(2,062)	(745)
	13,639	15,110
Changes in the following:		
Accounts receivable	1,279	(425)
Inventories for resale	182	(2,367)
Accounts payable and accrued liabilities	5,169	387
Deferred revenue	(7)	3
Employee future benefits	101	114
Prepaid expenses	1,396	(2,585)
Cash provided by operating activities	21,759	10,237
Investing activities:		
Purchase of portfolio investments	(139)	(31)
Cash (applied to) investing activities	(139)	(31)
Capital activities:		
Acquisition of tangible capital assets	(61,333)	(16,858)
Proceeds on disposal of tangible capital assets	2,432	987
Cash (applied to) capital activities	(58,901)	(15,871)
Financing activities:		
Borrowings from the Province of Manitoba	50,771	31,850
Debt repayments to the Province of Manitoba	(23,077)	(28,633)
Cash provided by financing activities	27,694	3,217
Change in cash and cash equivalents	(9,587)	(2,448)
Cash and cash equivalents, beginning of year	14,106	16,554
Cash and cash equivalents, end of year	\$ 4,519	\$ 14,106

See accompanying notes to financial statements.

# VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

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## 1. Nature of organization

In October 2019, the Department of Central Services was created with Vehicle and Equipment Management Agency (the "Agency") under the direction of the Assistant Deputy Minister of the Procurement and Supply Chain, Central Services and ultimately the policy direction of the Minister of Central Services. With departmental transitioning in January 2022, the Agency became a part of the Department of Labour, Consumer Protection and Government Services (LCPGS) under the direction of the Assistant Deputy Minister of Procurement and Supply Chain, LCPGS and ultimately the policy direction of the Minister of LCPGS. With further departmental transitioning in January 2023, the Agency became part of the Department of Consumer Protection and Government Services (CPGS) under the direction of the Assistant Deputy Minister of Procurement and Supply Chain, CPGS and ultimately the policy direction of the Minister of CPGS.

## 2. Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards which are Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

## 3. Summary of significant accounting policies

### (a) Revenue

#### Vehicle and equipment utilization revenue

Fixed rate lease revenue is recognized on a straight-line basis over the term of the lease and when collection is reasonably assured. Variable rate lease revenue is recognized monthly based on equipment usage and when collection is reasonably assured.

#### Fuel billing revenue

Fuel billing revenue is recognized monthly based on fuel usage and when collection is reasonably assured.

#### Parts and service revenue

Parts revenue is recognized when the significant risks and rewards of ownership are transferred and when collection is reasonably assured. Service revenue is recognized when the related services are completed or substantially completed pursuant to the underlying contracts, where applicable, and when collection is reasonably assured.

#### Insurance billing revenue

Insurance billing revenue is recognized on a straight-line basis over the term of the insurance policy and when collection is reasonably assured.

### (b) Expenses

#### Accrual basis of accounting

All expenses incurred for goods and services are recognized on the accrual basis.

#### Government transfers

Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met.

## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

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### 3. Summary of significant accounting policies

#### (c) Financial assets

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments and deposits with original maturities of three months or less.

##### Accounts receivable

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

##### Inventories for resale

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

##### Portfolio investments

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

#### (d) Liabilities

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

#### (e) Non-financial assets

##### Tangible capital assets

Tangible capital assets are recognized at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets, less any residual value, are amortized over their estimated useful lives as follows:

	<u>Rate</u>	<u>Method</u>
Vehicles and equipment	30%	Declining balance
Vehicles and equipment (signed lease agreement)	over lease term	Straight line
Vehicles and equipment (attachments)	11 years	Straight line
Computer equipment	20%	Straight line
Furniture and fixtures	20%	Declining balance
Leasehold improvements	10%	Straight line

##### 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 the goods or services are consumed.



## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

### 3. Summary of significant accounting policies

#### (f) Financial instruments - measurement

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

The Agency records its financial assets at amortized cost, which include cash and cash equivalents, portfolio investments and accounts receivable. The Agency also records its financial liabilities at amortized cost, which include accounts payable and accrued liabilities and borrowings from the Province of Manitoba.

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. Gains and losses on financial instruments measured at fair value, if any, are recorded in accumulated surplus as remeasurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

#### (g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards 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. These estimates are reviewed periodically and adjustments are recognized in the period they become known. Actual results may differ from these estimates.

### 4. Cash and cash equivalents

	2024	2023
Cash	\$ 4,519	\$ 8,578
Short-term investments	-	5,528
	\$ 4,519	\$ 14,106

### 5. Accounts receivable

	2024	2023
Trade accounts receivable	\$ 4,248	\$ 5,768
Accrued receivables	3,110	2,869
Insurance rebate receivable	625	625
	\$ 7,983	\$ 9,262

## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

### 6. Inventories for resale

	2024	2023
Parts	\$ 7,613	\$ 7,795
Bulk fuel	66	67
	\$ 7,679	\$ 7,862

### 7. Employee future benefits

	2024	2023
Severance benefits	\$ 1,253	\$ 1,151
Sick pay benefits	175	175
	\$ 1,428	\$ 1,326

#### Pension benefits

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the *Civil Service Superannuation Act (CSSA)*, administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the provincial government, including the Agency, through the Civil Service Superannuation Fund.

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

The Agency is regularly required to pay to the Province an amount equal to the current pension contributions paid by its employees. The amount paid for 2024 was \$468 (2023 - \$532).

#### Severance benefits

The Agency records accumulated severance pay benefits for its employees. The amount of the severance pay benefit obligation is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life (EARSLS) of the related employee group.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees through specific dates. For the Fleet Vehicles 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, including accumulated interest, until the cash is required to discharge the related liability (see Note 10).

An actuarial valuation report was completed for the severance pay liability as of December 31, 2022. 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.

## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

### 7. Employee future benefits (continued)

#### Severance benefits (continued)

Significant long-term actuarial assumptions used in the December 31, 2022 valuation, and in the determination of the March 31, 2024, present value of the accrued severance benefit obligations are:

Annual rate of return	4.25% (2023 - 6.00%)
Assumed salary increase rates:	
Annual productivity increase	0.50% (2023 - 1.00%)
Annual general salary increase	3.00% (2023 - 2.50%)
	3.50% (2023 - 3.50%)

The severance benefit liability at March 31 includes the following components:

	2024	2023
Accrued benefit liability, beginning of year	\$ 1,226	\$ 1,287
Actuarial (gains) losses	(118)	-
Interest on accrued severance benefits	47	50
Current period service costs	53	55
Severance benefits paid during the year	(50)	(166)
Accrued benefit liability, end of year	1,158	1,226
Less: net unamortized actuarial gains (losses)	95	(75)
Severance benefit liability, end of year	\$ 1,253	\$ 1,151

The total expense related to severance benefits for the year ended March 31 includes the following:

	2024	2023
Interest on accrued severance benefits	\$ 47	\$ 50
Current period service costs	53	55
Amortization of net actuarial losses (gains) over EARSL	15	(5)
Total expense related to severance benefits	\$ 115	\$ 100

#### Sick pay benefits

The Agency provides sick leave benefits for employees that accumulate but do not vest. The accrued benefit liability related to sick leave entitlements earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include a 4.25% (2023 - 3.20%) annual return and a 3.50% (2023 - 3.50%) annual salary increase. The Agency's sick leave benefit liability as at March 31, 2024 based on the valuation model is \$175 (2023 - \$175).



## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

### 8. Borrowings from the Province of Manitoba

By virtue of a 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 the Agency.

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

Interest rate	Semi-annual payments (\$)	Maturity date	2024	2023
4.88%	237	September 30, 2023	\$ -	\$ 231
3.40%	102	September 30, 2023	-	100
2.63%	488	September 30, 2023	-	482
2.75%	246	September 30, 2023	-	242
2.63%	349	March 31, 2024	-	684
2.75%	539	March 31, 2024	-	1,055
5.00%	334	March 31, 2024	-	645
4.88%	192	March 31, 2024	-	370
4.50%	162	September 30, 2024	158	464
2.30%	516	September 30, 2024	510	1,513
2.75%	263	March 31, 2025	515	1,016
4.00%	201	September 30, 2025	580	947
3.90%	158	September 30, 2025	455	744
4.55%	162	March 31, 2026	614	900
3.21%	357	March 31, 2026	1,372	2,026
1.70%	528	March 31, 2026	2,068	3,076
1.25%	113	March 31, 2026	443	661
3.00%	354	March 31, 2027	2,016	2,649
1.45%	633	March 31, 2027	3,704	4,903
2.65%	345	March 31, 2027	1,847	2,431
3.30%	213	September 30, 2027	1,395	1,765
4.28%	605	September 30, 2027	3,898	4,909
2.70%	99	March 31, 2028	684	844
4.15%	782	March 31, 2028	5,713	7,000
4.25%	571	September 30, 2028	4,639	5,556
2.95%	540	March 31, 2030	5,902	6,789
4.28%	149	September 30, 2030	1,675	1,894
4.15%	281	March 31, 2031	3,390	3,800
5.00%	1085	March 30, 2028	8,652	-
5.00%	686	September 30, 2028	5,464	-
4.30%	443	March 31, 2029	3,949	-
4.40%	604	March 31, 2029	5,371	-
5.10%	138	March 30, 2031	1,708	-
4.25%	460	March 31, 2032	6,179	-
4.40%	359	March 31, 2032	4,800	-
4.95%	384	September 30, 2033	5,765	-
4.40%	81	March 31, 2034	1,300	-
4.25%	310	March 31, 2034	5,000	-
			\$ 89,766	\$ 57,696

## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

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

Amount of debt owing in connection with the transfer of Mechanical Equipment Services branch net assets on April 1, 2009:

Interest rate	Semi-annual payments (\$)	Maturity date	2024	2023
3.25%	127	September 30, 2027	\$ 835	\$ 1,057
3.38%	86	March 31, 2028	635	781
5.00%	80	March 31, 2030	817	931
4.88%	2,018	March 31, 2024	-	3,893
			\$ 2,287	\$ 6,662
			\$ 92,053	\$ 64,358

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, 2024, principal repayments in each of the next five years on the combined outstanding balances owing to the Province of Manitoba are as follows:

2025	\$ 19,500
2026	18,700
2027	16,700
2028	13,800
2029	8,900

### 9. Tangible capital assets

	2024			
	Opening Balance	Additions	Disposals	Closing Balance
<b>Cost</b>				
Vehicles and equipment	\$ 266,072	\$ 61,290	\$ (15,727)	\$ 311,635
Computer equipment	81	19	-	100
Furniture and fixtures	1,791	24	-	1,815
Leasehold improvements	1,034	-	-	1,034
	\$ 268,978	\$ 61,333	\$ (15,727)	\$ 314,584
<b>Accumulated amortization</b>				
Vehicles and equipment	\$ (206,689)	\$ (25,336)	\$ 15,357	\$ (216,668)
Computer equipment	(49)	(9)	-	(58)
Furniture and fixtures	(1,575)	(36)	-	(1,611)
Leasehold improvements	(929)	(19)	-	(948)
	\$ (209,242)	\$ (25,400)	\$ 15,357	\$ (219,285)
<b>Net book value</b>	\$ 59,736	\$ 35,933	\$ (370)	\$ 95,299

## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

### 9. Tangible capital assets (continued)

	2023			
	Opening Balance	Additions	Disposals	Closing Balance
<b>Cost</b>				
Vehicles and equipment	\$ 259,640	\$ 16,808	\$ (10,376)	\$ 266,072
Computer equipment	83	-	(2)	81
Furniture and fixtures	1,741	50	-	1,791
Leasehold improvements	1,034	-	-	1,034
	\$ 262,498	\$ 16,858	\$ (10,378)	\$ 268,978
<b>Accumulated amortization</b>				
Vehicles and equipment	\$ (196,887)	\$ (19,935)	\$ 10,133	\$ (206,689)
Computer equipment	(43)	(9)	3	(49)
Furniture and fixtures	(1,537)	(38)	-	(1,575)
Leasehold improvements	(910)	(19)	-	(929)
	\$ (199,377)	\$ (20,001)	\$ 10,136	\$ (209,242)
<b>Net book value</b>	\$ 63,121	\$ (3,143)	\$ (242)	\$ 59,736

### 10. Designated assets

As at March 31, 2024, the Agency has \$1,603 (2023 - \$1,464) of portfolio investments as designated assets for its severance liabilities.

### 11. Commitments

The Agency 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 2024 are established annually based on the approved budget for the Accommodation Services division of Central Services, Finance. Occupancy charges for 2025 are estimated at \$2,412 for the year, to be paid in quarterly instalments during 2025.

### 12. Financial instruments and financial risk management

The Agency does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency, therefore the Agency did not incur any remeasurement gains or losses during the year (2023 - \$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 primarily of cash and cash equivalents, accounts receivable and portfolio investments.



## VEHICLE AND EQUIPMENT MANAGEMENT AGENCY

Notes to Financial Statements

(in thousands)

Year ended March 31, 2024

### 12. Financial instruments and financial risk management (continued)

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

	2024	2023
Cash and cash equivalents	\$ 4,519	\$ 14,106
Accounts receivable	7,983	9,262
Portfolio investments	1,603	1,464
	\$ 14,105	\$ 24,832

Cash and cash equivalents: The Agency is not exposed to significant credit risk as these amounts are primarily held in trust by the Minister of Finance.

Accounts receivable: The Agency is not exposed to significant credit risk as the balance of the accounts receivable 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, 2024 (2023 - \$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 maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet its obligations.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Agency's income 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 and cash equivalents, portfolio investments and borrowings from the Province of Manitoba.

The interest rate risk on cash and cash equivalents 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 borrowings from the Province of Manitoba through the exclusive use of fixed rate terms on each amount borrowed.

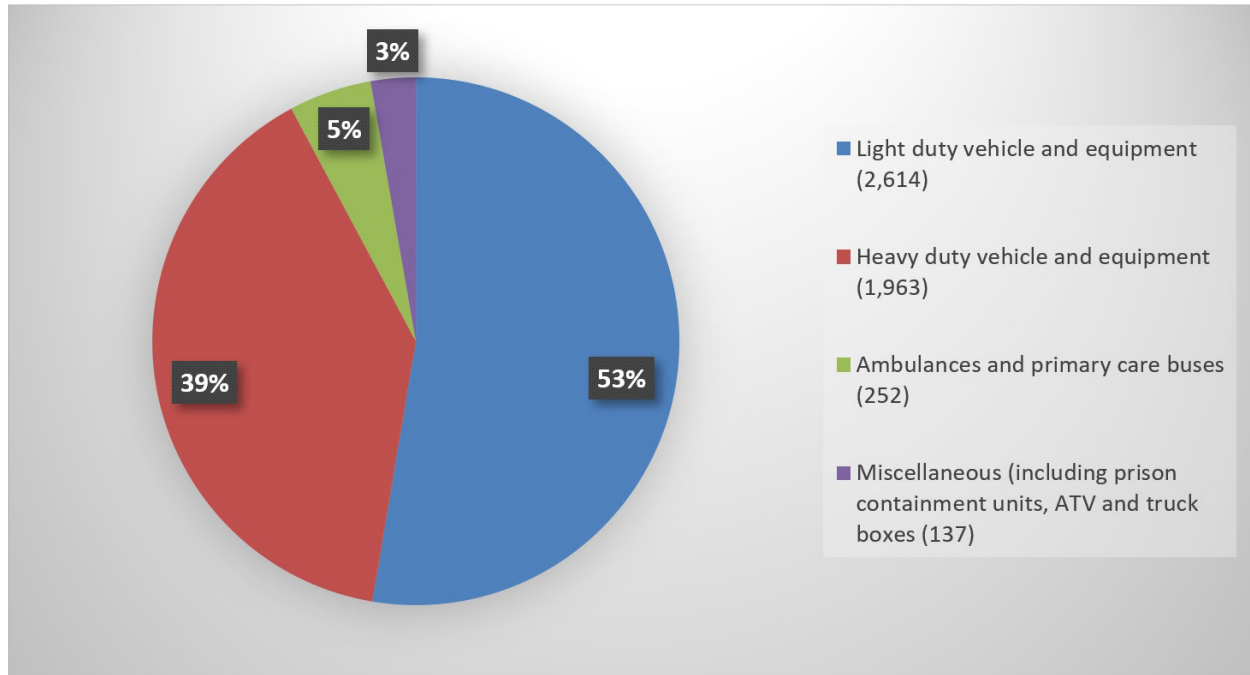
### 13. Comparative information

Certain amounts from the year ended March 31, 2023 have been reclassified to conform to the financial statement presentation adopted for the current year.

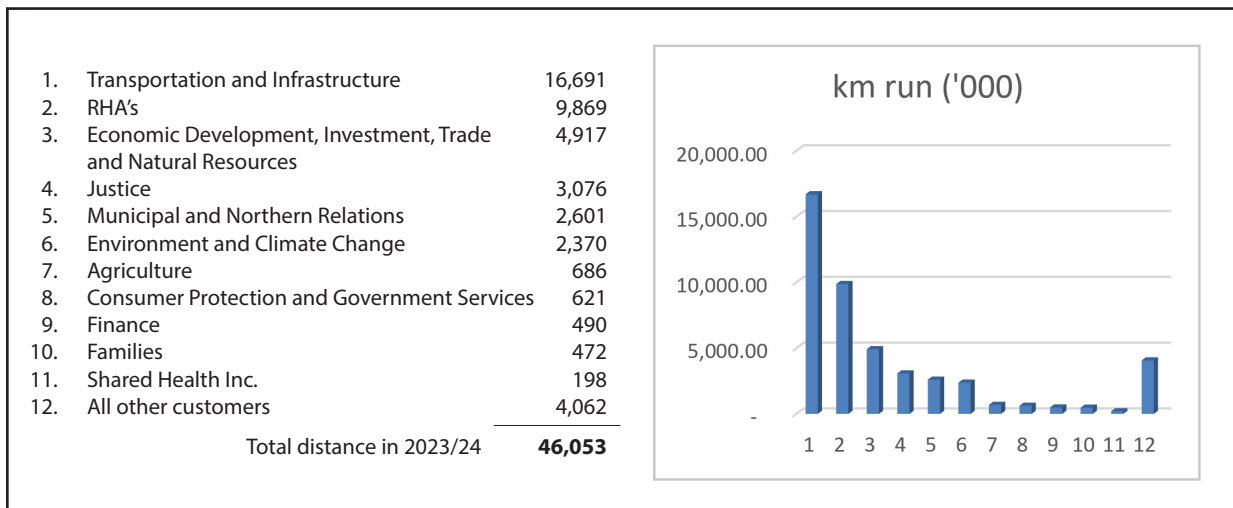
## VEMA Statistics

	For the Year ended March 31	
	2024 Actual	2023 Actual
<b>Vehicles and equipment</b>		
Light duty	2,614	2,435
Heavy duty including attachments	1,963	1,887
Ambulances	249	244
Primary care buses	3	3
Miscellaneous (including prisoner containment units, ATVs and truck boxes)	137	144
Total number of units in the fleet (including replaced units being prepared for disposal and heavy attachments)	4,966	4,713
Acquisitions – light duty	394	154
Acquisitions – heavy duty	151	21
– Number of complete units in above		17
Acquisitions – ambulances	28	32
Acquisitions – miscellaneous units (shop equipment)		7
Average purchase price – light duty	\$ 57	\$ 50
Average purchase price – heavy duty (complete units)	\$ 478	\$ 419.2
Average purchase price – ambulances	\$ 216	\$ 183
Average purchase price – primary care buses		
Average purchase price – miscellaneous units		\$ 27.8
Disposals – light duty	217	73
Disposals – heavy duty	73	74
Disposals – ambulances	23	21
Disposals – miscellaneous units	7	3
Average disposal proceeds – light duty	\$ 7.8	\$ 6.4
Average disposal proceeds – heavy duty	\$ 4.7	\$ 4.4
Average disposal proceeds – ambulances	\$ 11.1	\$ 7.8
<b>Fuel (litres)</b>		
Consumption in litres for owned and managed vehicles and equipment	16,591	16,416
Fuel for light duty vehicles (litres)	7,849	7,692
Fuel for ambulances (litres)	3,015	3,015
Fuel for heavy duty vehicles and equipment (litres)	5,726	5,709
<b>Utilization</b>		
Kilometres driven on owned and managed metered units (000s)	46,053	54,440
Machine hours for owned heavy duty equipment	156,863	159,114
Days utilized for owned heavy duty equipment	384	359
Years utilized for owned heavy duty equipment (# units)	99	106

### Vehicle and Equipment Type as of March 31, 2024 (in units)

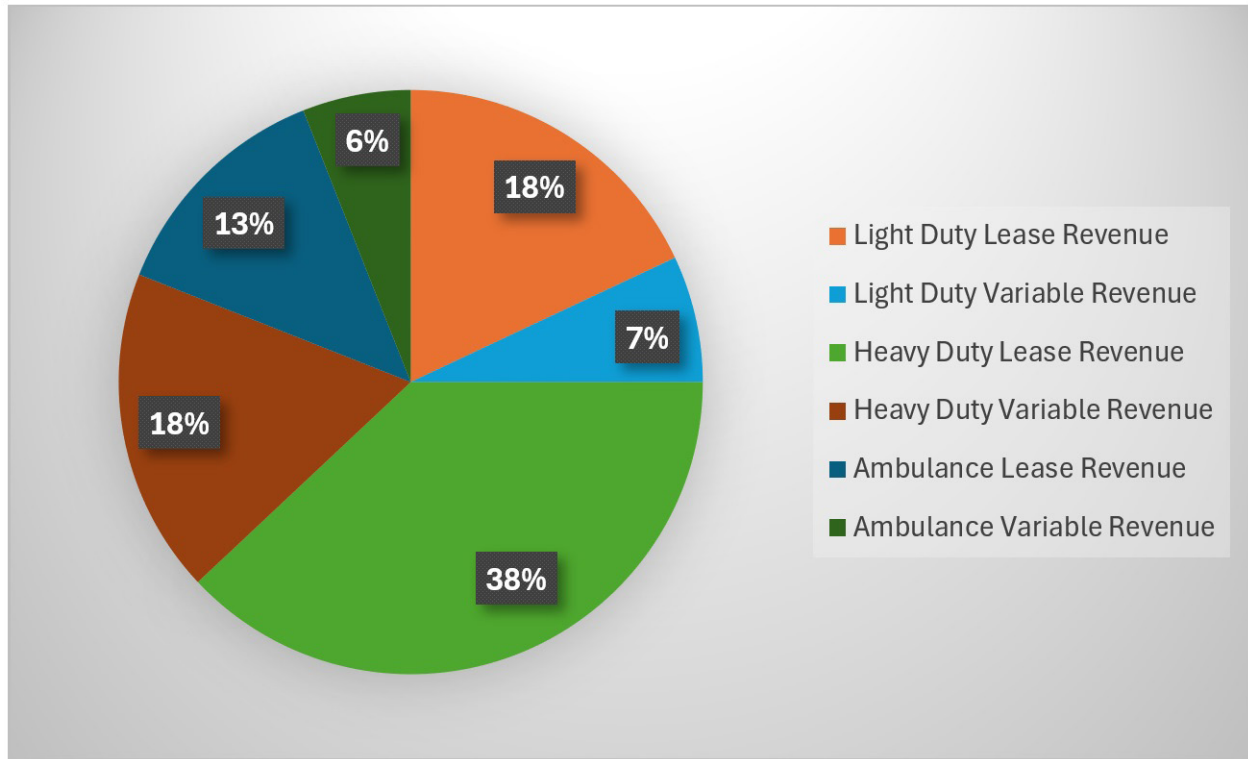


### Vehicle Distance by Department in 2023/24 (in thousands of kilometers)



### Breakdown of \$43,716 in Vehicle and Equipment Utilization Revenues in 2023/24

(in thousands of dollars)



## Vehicle and Equipment Management Agency

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