



OFFICE *of the* FIRE
COMMISSIONER

2015-2016 ANNUAL REPORT



Mission Statement

To safeguard both persons and property from fire and life safety hazards through education, investigations, emergency response and code application.

Our Values

We believe people have the right to live in safe communities.

We believe in providing the best possible programs and services to our clients.

We believe in being responsible for our organization and in our organization being fair, effective and efficient.

We believe in the loyalty of our people and value their continued development.



Énoncé de mission

Protéger les personnes et les biens contre l'incendie et les autres dangers pour la sécurité des personnes grâce à l'éducation, les enquêtes, les interventions d'urgence et à l'application des codes.

Nos valeurs

Nous croyons que la population a le droit de vivre dans des collectivités sécuritaires.

Nous croyons que nous devons offrir les meilleurs programmes et services possible à nos clients.

Nous croyons que nous devons assumer nos responsabilités au nom de notre organisation et que celle-ci est équitable, juste, efficace et efficiente.

Nous croyons dans la loyauté de nos membres et nous apprécions leur développement professionnel continu.



**MINISTER
OF GROWTH, ENTERPRISE AND TRADE**

Room 358
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:

I have the privilege of presenting the twentieth Annual Report of the Office of the Fire Commissioner for the fiscal year ended March 31, 2016.

Respectfully submitted,

Original signed by

Cliff Cullen
Minister





**MINISTRE
DE LA CROISSANCE, DE L'ENTREPRISE ET DU COMMERCE**

Bureau 358
Palais législatif
Winnipeg (Manitoba) Canada
R3C 0V8

Son Honneur l'honorable Janice C. Filmon, C.M., O.M.
Lieutenant-gouverneure du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Votre Honneur,

J'ai le privilège de vous présenter le vingtième rapport annuel du Bureau du commissaire aux incendies pour l'exercice terminé le 31 mars 2016.

Le tout respectueusement soumis.

Le ministre,

Original signé par

Cliff Cullen





**Growth, Enterprise and Trade
Deputy Minister**

Honourable Cliff Cullen
Minister of Growth, Enterprise and Trade
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I am pleased to submit, for your consideration, the twentieth Annual Report of the Office of the Fire Commissioner for the year ended March 31, 2016.

The Board and Management continue to strive to meet the important organizational mission of safeguarding both persons and property through education, investigations, emergency response and code application.

Respectfully submitted,

Original signed by

James Wilson
Deputy Minister of Growth, Enterprise and Trade





Croissance, Entreprise et Commerce Manitoba
Sous-ministre

M. Cliff Cullen
Ministre de la Croissance, de l'Entreprise et du Commerce
Palais législatif, bureau 358
Winnipeg (Manitoba) R3C 0V8

Monsieur le Ministre,

J'ai l'honneur de vous présenter le vingtième rapport annuel du Bureau du commissaire aux incendies pour l'exercice se terminant le 31 mars 2016.

Le conseil d'administration et la direction continuent à s'efforcer de mener à bien l'importante mission du Bureau consistant à protéger les personnes et les biens grâce à l'éducation, les enquêtes, les interventions d'urgence et par l'application des codes.

Le tout respectueusement soumis.

Le sous-ministre de la Croissance, de l'Entreprise et du Commerce,

Original signé par

James Wilson



OFFICE *of the* FIRE COMMISSIONER



James Wilson
Deputy Minister of Growth, Enterprise and Trade
352 Legislative Building
Winnipeg MB R3C 0V8

Dear Mr. Wilson:

I am pleased to submit for your review the 2015/16 Annual Report of the Office of the Fire Commissioner (OFC) for the year ended March 31, 2016.

Highlights from the past year that stand out for the Agency as significant achievements include:

- Enhancing the training and educational opportunities for the Manitoba Fire Service, local authorities, building code officials and design professionals.
- Enacting regulatory amendments to the Manitoba building and fire codes to ensure the safety and well being of vulnerable Manitobans.
- Continued investments in fire prevention, public education and municipal support.
- Development of the modern and responsive regulations under The Technical Safety Act.
- Strengthening the Agency's comptrollership and risk management framework.

The Agency remains committed to strive towards operational excellence in all aspects of our diverse service delivery mandate.

Sincerely,

Original signed by

David Schafer
Fire Commissioner



M. James Wilson
Sous-ministre de la Croissance, de l'Entreprise et du Commerce
Palais législatif, bureau 352
Winnipeg (Manitoba) R3C 0V8

Monsieur,

J'ai l'honneur de vous présenter le rapport annuel 2015-2016 du Bureau du commissaire aux incendies pour l'exercice se terminant le 31 mars 2016.

Les points saillants de l'exercice passé que le Bureau considère comme des réalisations importantes comprennent ce qui suit :

- l'amélioration des possibilités de formation et d'éducation pour le service d'incendie du Manitoba, les autorités locales, les officiels certifiés relativement au Code du bâtiment et les architectes et autres professionnels du design;
- l'adoption de modifications réglementaires du Code du bâtiment du Manitoba et du Code de prévention des incendies du Manitoba qui permettront d'assurer la sécurité et le bien-être des Manitobains et Manitobaines vulnérables;
- la poursuite des investissements dans la prévention des incendies, l'éducation du public et le soutien municipal;
- le développement de règlements sensibles et modernes pris en application de la Loi sur la sécurité technique;
- le renforcement du cadre de contrôle et de gestion des risques du Bureau.

Le Bureau reste engagé à poursuivre l'excellence opérationnelle dans tous les aspects de son divers mandat de prestation de services.

Je vous prie d'agréer, Monsieur, mes salutations distinguées.

Le commissaire aux incendies du Manitoba,

Original signé par

David Schafer

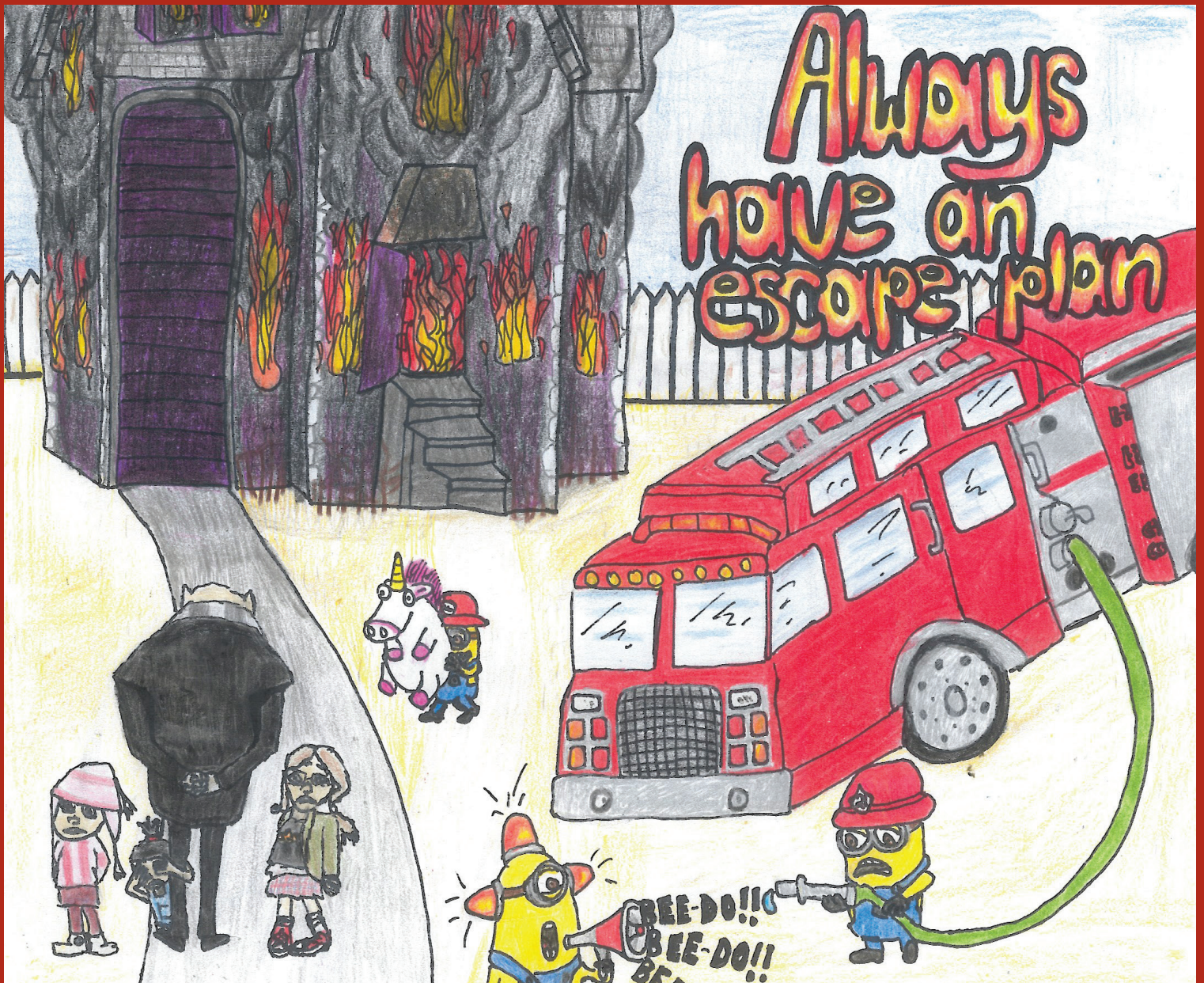
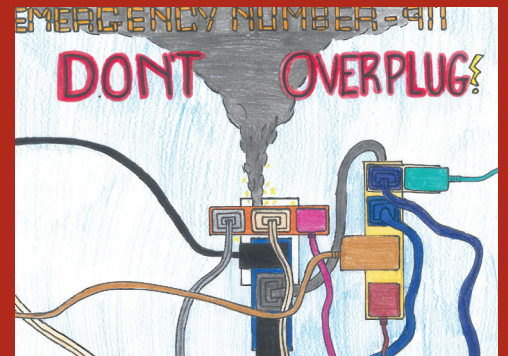


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SPECIAL OPERATING AGENCY ADVISORY BOARD

The role of the Advisory Board is to provide advice on the Office of the Fire Commissioner's (the Agency's) strategic operations and on changes to its mandate, structure, business practices and finances. The Advisory Board reviews and provides comments on the Agency's proposed business plans, quarterly and annual reports.

The Advisory Board consists of the following individuals:

Dave Dyson

Board Chair
Ex Officio
Assistant Deputy Minister
Labour Programs
Manitoba Growth, Enterprise and Trade

David Schafer

Ex Officio
Fire Commissioner
Office of the Fire Commissioner

Cindy Giesbrecht

Ex Officio
Director of Support Services
Office of the Fire Commissioner

MEMBERS

Karl Jaikaransingh

Client Representative
Sovereign General Insurance

Ben Vanderzwaag

Client Representative
Manitoba Association of Fire Chiefs

Brad Mason

Client Representative
Mechanical Contractors Association of Manitoba

Ralph Groening

Client Representative
Association of Manitoba Municipalities

Dick Harvey

Agency Staff Representative
Office of the Fire Commissioner

John A. Lane

Client Representative
Winnipeg Fire Paramedic Service

AUDIT COMMITTEE

The role of the Audit Committee is to oversee the Agency's financial reporting processes, understand financial and business risks, manage internal and external audit relationships, ensure compliance with public sector reporting requirements and internal policies, and to make recommendations regarding policies and procedures related to whistleblower protection in accordance with The Public Interest Disclosure Act, and fraud awareness. The Audit Committee reviews Agency reports and issues in conjunction with the Advisory Board.

The Audit Committee consists of the following individuals:

Dave Dyson

Board Chair
Ex Officio
Assistant Deputy Minister
Labour Programs
Manitoba Growth, Enterprise and Trade

David Schafer

Ex Officio
Fire Commissioner
Office of the Fire Commissioner

Cindy Giesbrecht

Ex Officio
Director Support Services
Office of the Fire Commissioner

MEMBERS

Karl Jaikaransingh

Representative from the Advisory Board
Sovereign General Insurance

Dan McCausland

External Representative
Access Credit Union and Manitoba
Fire Service Member

Craig Halwachs

Assistant Deputy Minister
Finance and Administration Services
Manitoba Growth, Enterprise and Trade





AGENCY PROFILE

HISTORICAL PERSPECTIVE

The Agency's role in public safety has expanded significantly since the first Fire Commissioner was appointed in 1876.

The Fires Prevention Act was originally created in 1872 for the prevention of prairie fires and included the authority to conduct fire investigations. In 1876, the first fire commissioner was appointed to administer and enforce this act. In 1885, the act was amended to include fire protection of wooded lands. In 1940, the act was separated into two parts; Part I dealt with forest fires and Part II outlined the responsibilities of the fire commissioner in the area of fire prevention. In the early 1960s, training of fire fighters was included in this act and in 1997, Part I of the act was replaced with The Wildfires Act.

In addition to the responsibilities for fire prevention and management, the Agency is responsible for ensuring that buildings are constructed with public safety taken into account. The legal responsibility for building construction was first introduced in 1877 through The Manitoba Public Buildings Safe Egress Act and was followed by The Manitoba Public Building Act in 1884. The focus of both these acts was the assurance of safe public assembly buildings and means of egress. The proliferation of building codes and standards resulted in the creation of The Buildings and Mobile Homes Act in 1974.

Effective April 1, 1996, the Agency was designated as a special operating agency (SOA) under The Special Operating Agencies Financing Authority Act. The range of activities undertaken by the Agency continues to expand under the SOA model.

As a result of the tragic events on September 11, 2001, Bill 2, The Security Management (Various Acts Amended) Act was passed in 2002. This resulted in the renaming of The Fires Prevention Act as The Fires Prevention and Emergency Response Act and provided the fire commissioner with the authority to take whatever action is necessary in order to save lives and property, and to ensure that an effective incident management system is in place.

In 2011, the Mechanical and Engineering Branch of the Department of Labour and Immigration was transferred to the Agency, and was renamed Inspection and Technical Services Manitoba (ITSM). This amalgamation expanded the Agency's mandate to include administration responsibilities for various technical safety acts, which include: The Amusements Act, The Electricians' Licence Act, The Elevator Act, The Gas and Oil Burner Act, The Power Engineers Act, and The Steam and Pressure Plants Act. This allowed the Agency to streamline permit application and licensing processes for contractors and trades people by offering single window technical safety services.

ORGANIZATIONAL STRUCTURE AND SECTION RESPONSIBILITIES

Policy and Planning

The Policy and Planning section is responsible for the Agency's business planning, statistical analysis, regulatory and policy development. The policy unit provides support to all sections in achieving the Agency's goals and planned actions. This section also provides support to advisory boards and committees that were established under various statutes which the Agency administers.

Support Services

The Support Services section provides effective comptrollership oversight, financial planning and processing, supports the Agency's information technology systems and upgrades, and provides direct administrative and clerical support to the Agency.

Operations

The Operations section provides a variety of consultative and support services to municipal fire services, councils and First Nations. These services are related to the operation and management of fire departments, oversight of the provincial mutual aid system, public education, fire prevention and fire investigation services. This section also coordinates the FireSmart program, which assists communities across Manitoba by proactively addressing Wildland Urban Interface fire protection.

The Fire Investigation unit provides investigation services across the province. Although investigating fires is a municipal responsibility, the Agency is often called upon to provide expert support for complex fires, or where injuries, deaths, or major property damage has occurred.

Manitoba Emergency Services College (MESC)

The college is located in Brandon and consists of a main campus and an 11.4 acre practical training site. The MESC is also responsible for a satellite training facility in Thompson, and provides regional training across the province at the request of the Manitoba Fire Service. The MESC provides comprehensive emergency services education, training and certification related to fire fighting, rescue, paramedic, critical incident stress management, fire and building code inspections, life safety education, emergency services instruction, fire officer and management training. The MESC holds accreditation in 35 program areas. The traditional clients of the MESC are the Manitoba fire service, the Search and Rescue Manitoba network, and the Manitoba police service.

Inspection and Technical Services Manitoba (ITSM)

The ITSM section administers and enforces six separate pieces of technical safety legislation. As part of its mandate, ITSM issues permits, provides inspections of technical safety equipment, and provides examination and licensing of trades people. The following is an overview of the technical safety services provided by ITSM:

- electrical equipment inspections
- boiler and pressure vessel inspections
- elevators, elevating devices and amusement rides inspections
- gas and oil burning equipment inspections
- pressure weld testing and certification
- pressure vessel and piping registrations
- quality assurance program review and approvals
- trades licensing and examinations
- post-secondary technical training review and approvals



Building and Fire Safety

The Building and Fire Safety section administers and enforces the Manitoba construction codes, including the building, plumbing, farm building and energy codes. This section also administers the Manitoba Fire Code, the Mobile Homes Standards and Permits Regulation, and the Fire Safety Inspection Regulation.

The Fire Safety Inspection unit provides fire inspection services to other departments and government agencies on behalf of the Agency. They also provide inspections on a fee-for-service basis to clients requesting services. Their primary responsibility is to provide education and support to local authorities when implementing their fire inspection programs. This service is provided at no cost.

The Building Code Inspection unit administers the building code on a contract basis to municipalities throughout Manitoba. In exchange for these services, the Agency receives a fee per capita per municipality and a permit fee. In areas of the province where the local authority has not been delegated with the authority to administer Part 3 of the Manitoba Building Code, the unit provides this service and permit fees are collected by the Agency. This unit also provides support to the Building Standards Board, which advises the Minister of Growth, Enterprise and Trade and the Fire Commissioner on matters related to Manitoba's construction codes. As part of this function, the unit provides technical support.

Emergency Response

In support of the Manitoba Emergency Plan administered under the Manitoba Emergency Measures Organization (EMO), the Agency provides emergency response services on behalf of the province to support municipalities, other provincial departments, policing agencies and other local authorities when emergency incidents are too large or complex for local or regional resources.

Under the direction of the fire commissioner, emergency response services are a shared responsibility across all sections of the Agency. This is not a dedicated section of the Agency, but due to the importance of this service within the Agency's mandate, it is important to identify it separately.

The Agency has established a comprehensive response system to respond to any incident that is too large, technical or complex for a local authority to handle. The emergency response services provided by the Agency include, but are not limited to:

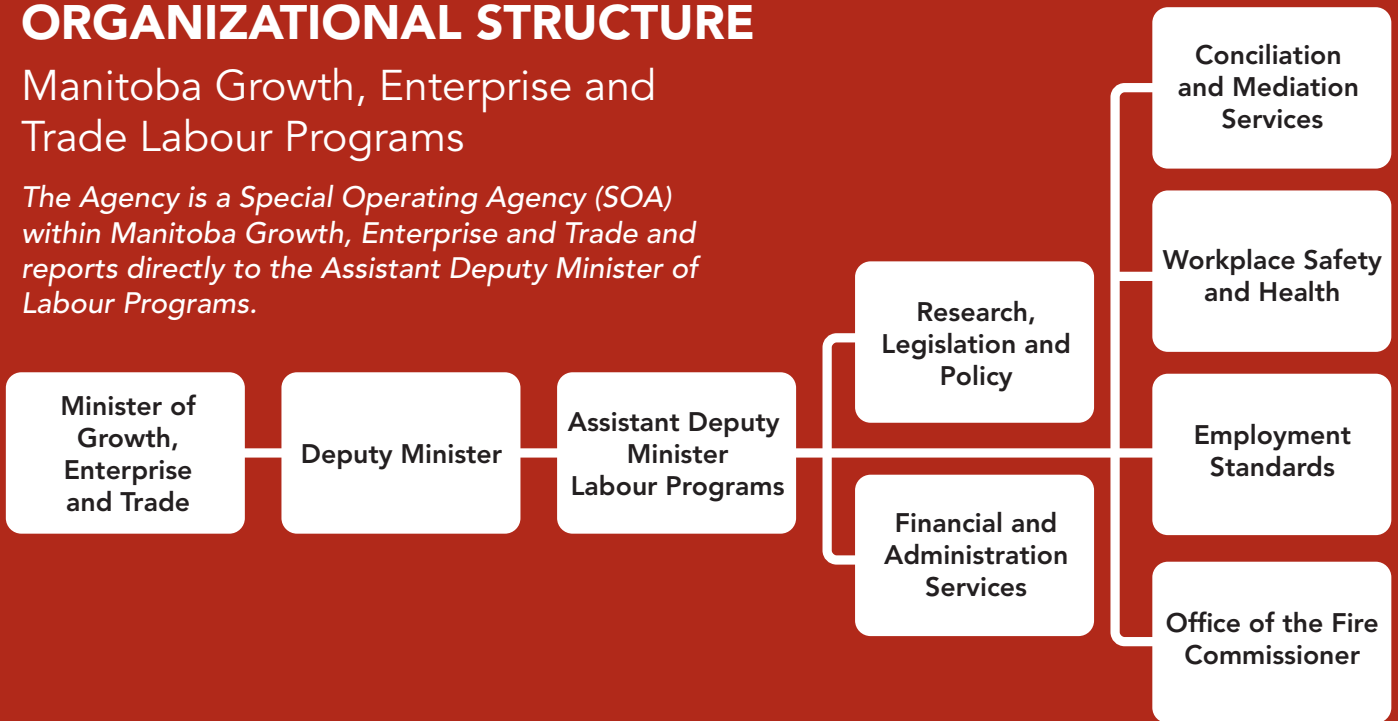
- Ground Search and Rescue (GSAR)
- Urban Search and Rescue (USAR)
- Chemical, Biological, Radiological, Nuclear and Explosive events (CBRNE)
- Hazardous Materials response (technician level)
- Wildland Urban Interface (WUI) fires and community protection
- Implementation of the Incident Command System (ICS) at the scene of major emergencies or disasters



ORGANIZATIONAL STRUCTURE

Manitoba Growth, Enterprise and Trade Labour Programs

The Agency is a Special Operating Agency (SOA) within Manitoba Growth, Enterprise and Trade and reports directly to the Assistant Deputy Minister of Labour Programs.



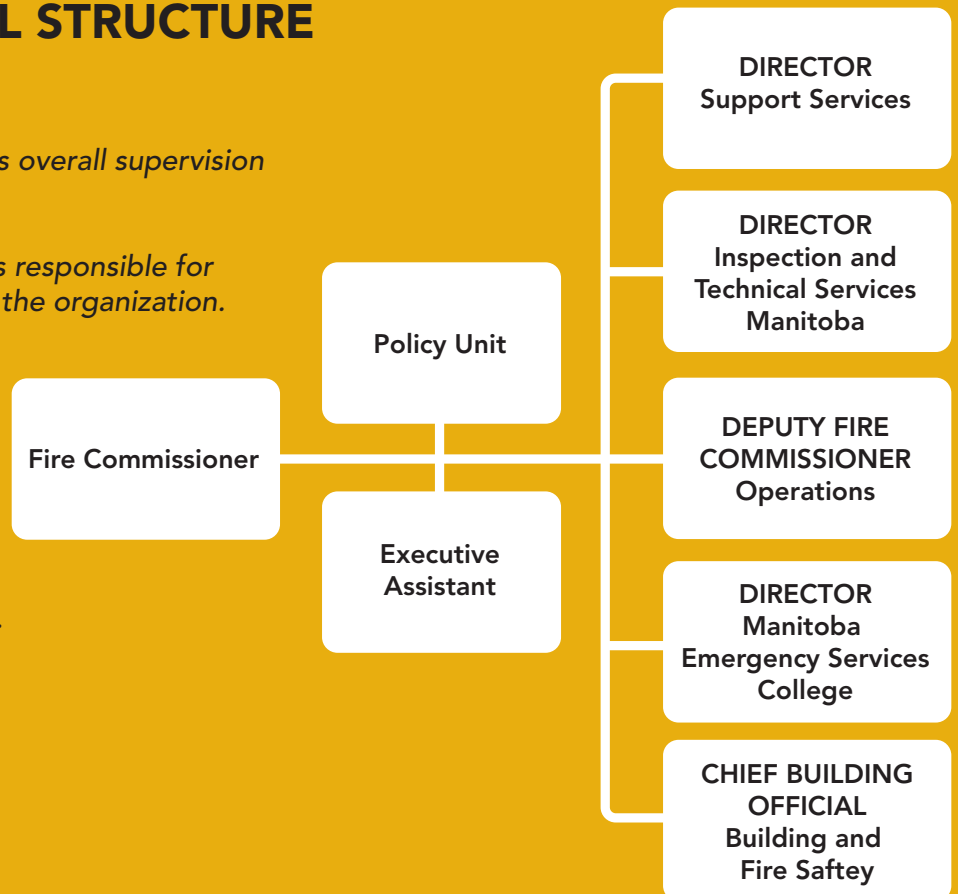
ORGANIZATIONAL STRUCTURE FOR 2015/16

The Fire Commissioner provides overall supervision and guidance to the Agency.

The senior management team is responsible for the day-to-day management of the organization.

The Policy Unit provides policy and planning support to all areas of the organization.

The Agency has offices in Winnipeg, Brandon, Portage la Prairie, and Dauphin. The Agency was approved for 116 regular and 12 term staff in the fiscal year 2015/16.



PROVINCIAL FIRE STATISTICS

Manitoba reported 3,413 fires in 2015. This was a decrease of 172 fires, or 5%, compared to 2014.

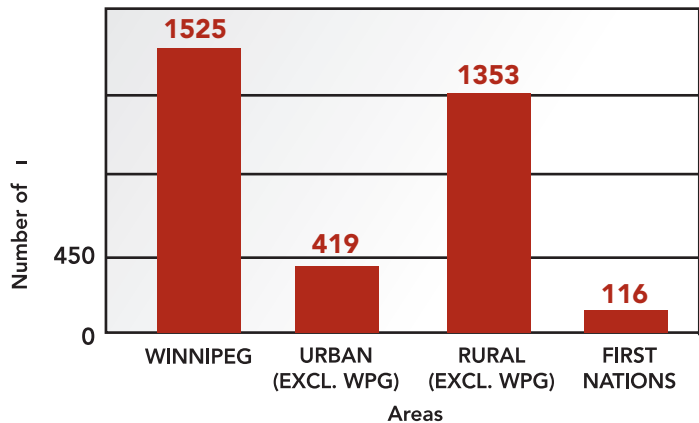
Table 1.1 – Distribution of Fires

	2012	2013	2014	2015
Winnipeg	2,818	1,946	1,612	1,525
Urban (Excluding Winnipeg)	438	452	503	419
Rural (Excluding Winnipeg)	1,745	1,167	1,296	1,353
First Nations	118	91	173	116
Total (per capita)	5,119	3,656	3,585	3,413



The majority of fires reported were in Winnipeg, which accounted for 45% of all reported fires in Manitoba in 2015.

Chart 1.1 – Number of Fires Reported by Area



Property Damage And Loss

Table 1.2 – 2015 Fires and Property Damage by Property Type

	Number of Fires	Est. Value Loss (\$)
Structure	1,481	\$120,467,208
Vehicle	534	\$6,712,299
Outdoor Property	1,398	\$578,901

Table 1.3 – Property Loss as a Result of Fires in Manitoba (\$)

	2012	2013	2014	2015
Total	\$142,332,577	\$125,498,298	\$133,203,935	\$127,758,408

Forty-eight major loss fires (damages of \$500,000 and over) accounted for \$67.4 million (52%) of the total estimated property loss in 2015. In 2014, Manitoba recorded 40 major losses with damages of \$65.5 million.

Table 1.4 – Major loss fires resulting in \$500,000 or more in property value loss in Manitoba

	2012	2013	2014	2015
Number of major loss fires	47	42	40	48
Total Est. Value Loss (\$) per million	\$74.3	\$59	\$65.5	\$67.4
% of major loss from total property loss	40	47	49	52

The City of Winnipeg accounted for 46% of property damages resulting from fires in Manitoba in 2015.

Chart 1.2 – 2015 Manitoba Fires – Property Value Loss by Area (\$ millions)

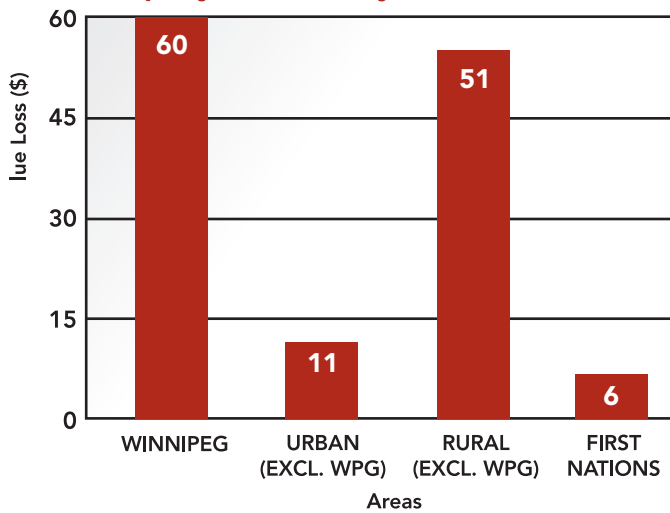


Chart 1.3 – Percentage of Fires by Property Type

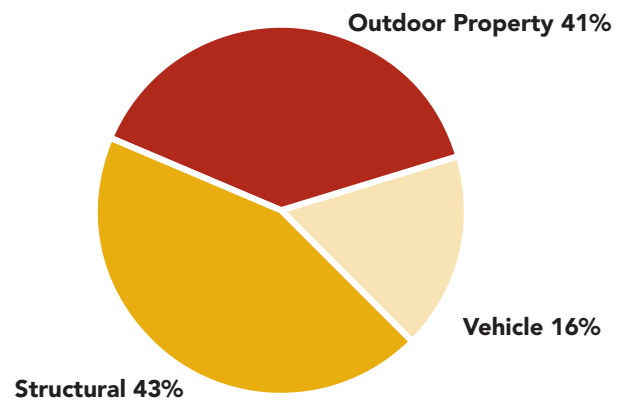


Table 1.5 – Manitoba property value loss by area

	Estimated Property Loss (\$ millions)	% of losses
Winnipeg	\$60	47
Urban (Excluding Winnipeg)	\$11	8
Rural (Excluding Winnipeg)	\$51	40
First Nations	\$6	5
Total	\$128	100

In 2015, an estimated \$5.2 billion in property was saved as a result of the containment and suppression of fires by the Manitoba Fire Service.

Injuries and Fatalities

Nine adults and four children lost their lives as a result of fires in 2015. Each of the fatalities occurred in residential fires. There were 105 fire related injuries reported in 2015, which represents a decrease of 19% compared to 2014. The Manitoba Fire Service assisted in evacuating 313 individuals from fires in 2015.

Table 1.6 – Number of Injuries & Fatalities due to Fire

	2012	2013	2014	2015
Injuries	227	138	130	105
Fatalities	23	13	9	13

Suspicious Fires

In 2015, the City of Winnipeg reported 214 incidents which were determined to be incendiary* or suspicious in nature of these 92 were outdoor property. This was a decrease of 30%, or 65 fires compared to 2014.

In 2015, the City of Winnipeg continued to work with Winnipeg Police Services and community advocates.

The City of Winnipeg by-law officers proactively visited high risk areas of the city, providing residents with fire prevention material and ensuring the removal of all furniture and large outdoor garbage in the area. This venture continues to contribute to the decrease of incendiary incidents in the City of Winnipeg.

The remainder of the province reported 333 incendiary and suspicious fires. This was an increase of 7% or 22 fires compared to 2014. The table below shows the percentages of fires and property damages in 2015 resulting from four major causes: incendiary, suspicious, accidental, and undetermined.

Table 1.7 - Manitoba Incendiary/Suspicious Fires 2011-2015

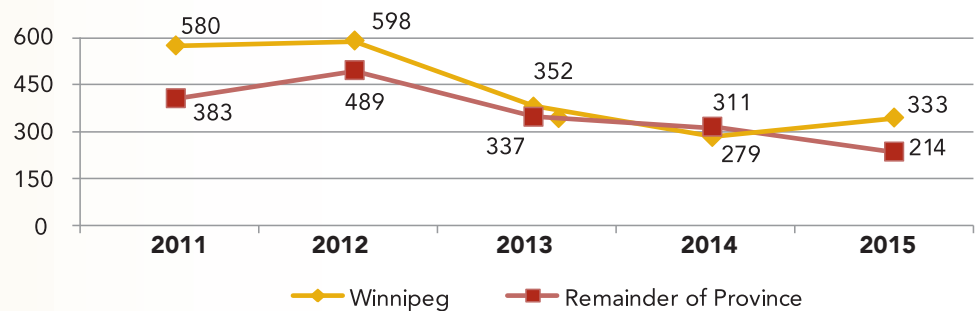


Table 1.8 – 2015 Number of Fires and Property Damage by Cause

	Number of Fires	% of Fires	Est. Property Damage
Incendiary	347	10	\$12,049,761
Suspicious	199	6	\$ 1,058,696
Accidental	1,694	50	\$65,199,765
Undetermined	1,173	34	\$49,450,186

*Incendiary is defined as a fire that has been deliberately ignited under circumstances in which the person knows that the fire should not be ignited.

Note: All statistics presented in this section are based on information provided to the Agency by local authorities, insurance adjusters, Manitoba fire investigators, RCMP/police authorities. Information is based on a calendar year.

KEY CONTINUOUS IMPROVEMENT OBJECTIVES



The Agency identified six key priorities in the 2015/16 business plan. These priorities were in addition to its core year-to-year activities.

Strengthening the Manitoba Building and Fire Code to Enhance Public Safety

As a result of the recommendations of the Fire Safety Task Force, the province implemented changes to the Building Code and Fire Code to strengthen the level of fire and life safety protection in new and existing residential care facilities. To assist stakeholders with consistent and effective implementation of these new regulations, the Agency developed and released an easy to follow user guide and conducted a number of information sessions with stakeholder groups.

The Agency continued to work to improve energy efficiency in Manitoba buildings. The 2011 National Energy Code for Buildings was adopted in Manitoba with amendments in December 2014 as the Manitoba Energy Code for Buildings (MECB). The Agency continued to engage in conversations with stakeholder groups and offer presentations regarding the adoption of the Manitoba Energy Code for Buildings and Section 9.36 of the National Building Code, which deals with energy efficiency for homes and small buildings.

With the increasing complexity of modern technology, and the need to enhance training and education for building officials, designers, local fire inspectors and fire officials, 10 building code training courses were offered by the MESC. In addition, work to develop a training program on the Energy Code for Buildings and on the inspection of high hazard occupancies continued and will be offered next year by the MESC.

Modernizing the Technical Safety Legislation and Developing the Supporting Regulatory Framework

The Agency is responsible for the administration of six technical safety acts that regulate the design, construction, installation, operation and maintenance of technical safety equipment in Manitoba. This includes elevators, amusement rides, boilers and pressure vessels, electrical equipment and gas and oil burning equipment.

Bill 69, The Technical Safety Act, was introduced in the Manitoba legislature in May 2014, and received Royal Assent on June 30, 2015. This act will bring these six pieces of existing safety legislation under one modern statute. This legislation will take effect upon proclamation, which is expected to happen once the development of the new regulations to support the act have been completed.

The regulatory development process continued in 2015/16 with a number of public consultations being held, and public discussion papers being drafted. The Agency continues its close collaboration with industry stakeholders.

Completion of a Formal Comptrollership/Risk Management Plan and Integration of Information Systems

The Agency continued to work to improve its financial reporting by reviewing and updating its financial processes and Comptrollership Plan. Several additional comptrollership activities have been initiated including creating a Revenue Committee to address billing, system, collection and inspection issues. Also, the Agency developed and hosted an educational session for the Agency's delegated officers on the rules and responsibilities of Delegated Financial Signing Authority.

The integration and enhancement of information systems remains a priority for the Agency and the business requirements for a number of the Agency's IT systems have been developed in an effort to reduce red tape and better streamline services offered by the Agency.

Investing in Fire Prevention and Public Education Opportunities

Fire prevention and public education initiatives are core activities of the Agency. The Agency remains committed to investing in staff and resources to enhance both prevention and public education initiatives. The Agency continues to work on securing and developing new materials for public education for specific target groups including children, seniors, vulnerable Manitobans and First Nations communities.

The Fire and Life Safety Team continued to travel throughout the province with the Safety Educational Trailer, discussing the hazards of fire with children and community members and what one should do in case of an emergency.

Work continues on the implementation of the Manitoba Provincial Fire Protection Plan. The Working Group, a partnership between the Agency, the Association of Manitoba Municipalities (AMM), the Winnipeg Fire Paramedic Service (WFPS), Manitoba Municipal Administrators' Association (MMAA) and the Manitoba Association of Fire Chiefs (MAFC) met its goal of creating a central resource library with access to reference documents, plans and legislation. The Working Group has also outlined a workshop designed to introduce elected officials to a variety of fire service related skills such as hazard and risk assessment, bylaw development, mutual aid applications and fire fighting equipment.

The S.A.F.E. (Smoke Alarms for Every Family) program, developed in partnership with the Agency, Red River Mutual, the Manitoba Firefighters Burn Fund, and the MAFC, worked to implement a province-wide smoke alarm installation program. The program saw the distribution of 2,500 smoke alarms to Manitoba fire departments for installation in private dwellings through 2015/2016. Thirty-one fire departments took advantage of the program, each requesting an average of 60 smoke alarms.

The Agency continues to work in partnership with the First Nations Fire Protection Working Group exploring programs such as the S.A.F.E. program, fire and life safety programs and future training opportunities to support development of First Nations fire programming.

The Agency continues to meet with local authorities in communities across Manitoba to assist municipalities with the implementation and development of their FireSmart plans. FireSmart plans help prevent and control interface fires, which can occur wherever residential, industrial, or agricultural developments are located within or near wildlands settings with natural vegetation.



Responding to the Training and Education Needs of the Manitoba Fire Service

As Manitoba's premier leader in firefighter, paramedic and emergency services training, the MESC has received accreditation of 35 programs through the International Fire Service Accreditation Congress and the National Board on Fire Service Professional Qualifications to the current National Fire Protection Association Standards.

Through the MESC, the Agency provides comprehensive emergency services education and certification related to fire fighting, rescue, paramedic, critical incident stress management, fire and building code inspections, life safety education, emergency services instruction, fire officer and management training.

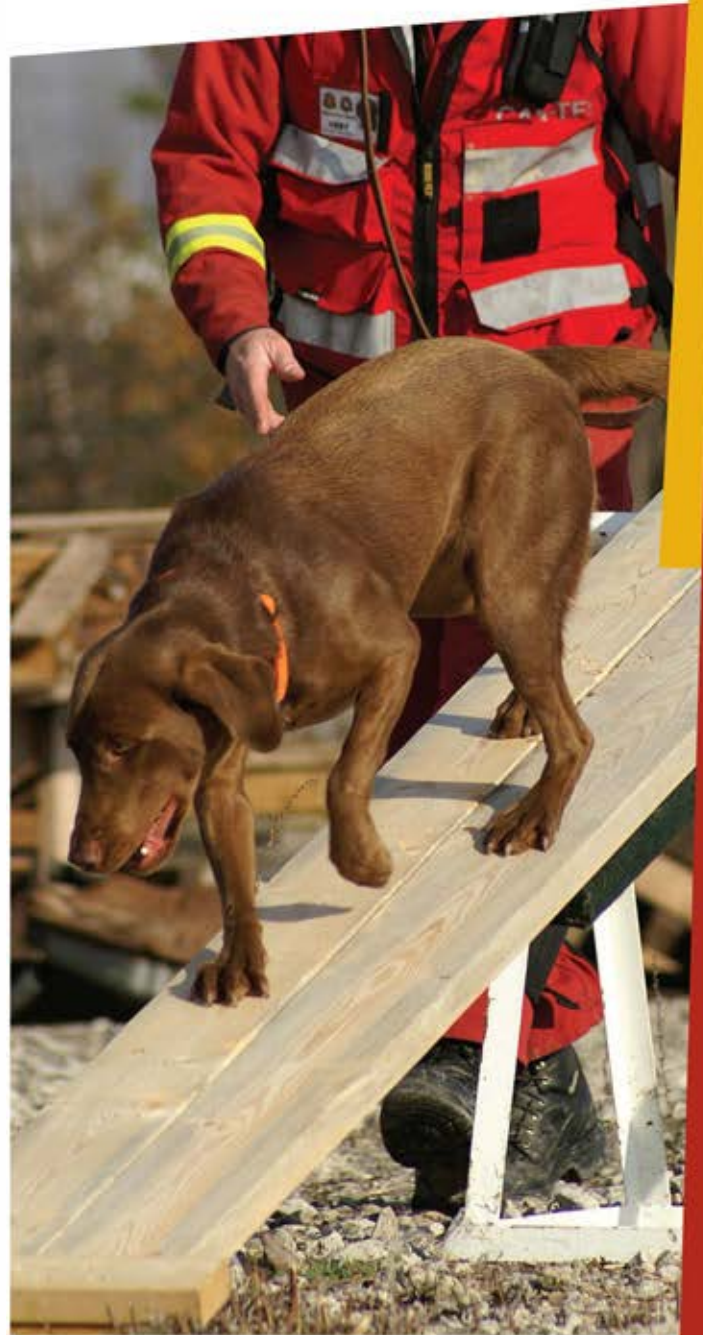
As the needs of the Manitoba Fire Service and other emergency responders evolve, the MESC continues to work to strengthen its programming and resources to ensure its programming will continue to meet the needs of the Manitoba Fire Service and external clients.

Ensuring the Agency is Positioned to Effectively Respond to Emergency Incidents in Support of Municipalities and Other Provincial Agencies

The Agency, on behalf of the province, fulfills a very large and diverse mandate by supporting local authorities and other provincial agencies with a wide variety of emergency response services and provides a critical link in Manitoba's safety infrastructure, through support of the municipal emergency response system. The Emergency Response section provides emergency response to all areas in the province when requested by a local authority or government to assist, or where an incident is too large or complex for the responding agency to handle. This may include:

- Ground Search and Rescue (GSAR)
- Urban Search and Rescue (USAR)
- Chemical, Biological, Radiological, Nuclear and Explosive events (CBRNE)
- Hazardous Materials response (technician level)
- Wildland Urban Interface (WUI) fires and community protection
- Implementation of the Incident Command System (ICS) at the scene of major emergencies or disasters

To ensure the Agency's speciality response teams remain equipped and ready to respond to emergencies and disasters across the province, the Agency reviewed, updated and took inventory of the equipment used by the various response teams ensuring that the Agency continues to be well positioned to effectively respond to emergency incidents in support of local authorities and other provincial agencies.



CORE ACTIVITY INDICATORS

Fire Investigations

Fire investigations are conducted by members of the Manitoba fire service or the Agency in co-operation with policing authorities. Clients request the services of Agency fire investigators for situations involving fire fatalities, serious injuries, explosions, fires resulting in a major loss to the community, or where origin or cause cannot be determined at the local level.

methamphetamine laboratories and marijuana grow operations. In 2015/16, the Agency responded to 44 illegal drug operations.

Municipal Support

In addition to providing advice and training to municipalities on fire fighting, the Agency has been working with municipalities to place greater emphasis on fire prevention and public education in an effort to minimize loss to life and property. This effort was supported through the Provincial Fire Protection Plan working group. This working group is a partnership between the AMM, WFPS, MMAA, MAFC and the Agency.

In support of the Provincial Mutual Aid System, Agency staff representatives regularly attended meetings of the Provincial Mutual Aid and Northern Training Districts, in order to provide consultative support and to promote district training. In 2015/16, Agency staff attended 47% of the Provincial Mutual Aid and Northern Training district meetings.

Education and Training

The MESC provides the following training programs: Public Fire Paramedic, Fire Fighting and Emergency Medical Response, Emergency Services Instructor, Public Safety, Technical Rescue, Canine Search and Rescue, Hazardous Materials, Emergency Vehicle Driver/Operator, Incident Command, Fire Officer, Fire Investigation, Fire Safety Inspection, Institutional Fire Protection and Building Codes and Standards.

The large number of graduates from MESC courses help ensure that the province maintains a network of trained emergency response personnel, building officials and fire prevention officers.

INDICATORS	2013	2014	2015
Fire Investigations	261	381	336
Percentage for which cause was determined	79%	68%	85%

The investigation work done by the Agency may assist local authorities to lay criminal charges, which may lead to possible conviction. No specific targets are set in these areas as the number of charges and convictions fluctuate with the number of arson incidents. Decisions made and actions taken by the police and prosecutors influence both the number of charges and convictions. Investigative work also identifies how a structure performed during a fire. This valuable information provides direct support to the building and fire code development process. The reduction of investigations completed by Agency investigators is a result of the Agency's efforts to strengthen the investigation capabilities of the local authorities, and the overall reduction in fire activity across the province.

In 2015/16, the Winnipeg Police Service laid 140 arson-related charges. Of those charged, 60% were youths under the age of 18. The Agency also provided coordination and support to the provincial Youth Fire Stop program. In 2015/16, 5 youths were referred to the program.

The Agency continues to support police services in responding to illegal drug operations such as



Training Program	Number of Courses Delivered/Registered	Number of Students
September 2015 to June 2016 (Full time 10 month program)		
Public Fire Paramedic*	1	39
April 2015 to March 2016 (Includes MESC Scheduled, Contract, District, and WFPS Courses)		
Emergency Services Instructor	7	103
Public Safety	8	87
Technical Rescue	45	532
Canine Search and Rescue	3	16
Hazardous Materials	10	125
Emergency Vehicle Driver/Operator	4	47
Incident Command and Fire Officer	25	468
Fire Investigation	3	42
Fire Safety Inspection	4	72
Institutional Fire Protection	0	0
Building Codes and Standards	11	151
April 2015 to March 2016 (registered and delivered by the Manitoba fire service)		
Fire Fighting	32	302
Emergency Medical Response	19	216

*This program is a 10 month pre-employment program

Inspection and Technical Services Manitoba

Inspection and Technical Services Manitoba conducts inspections of, and issues permits for, mechanical or electrical equipment, reviews facility and equipment designs, and issues licences to qualified trades people.

The goal is to ensure that Manitobans are not exposed to hazardous situations related to any mechanical or electrical equipment covered by legislation, including boilers, pressure vessels, refrigeration systems, gas and oil burning equipment, amusement rides and elevators.

INDICATORS	2013/14	2014/15	2015/16
Elevator and Handicap Lift Inspections	3,387	3,125	3,385
Amusement Ride Inspections	158	155	174
Rope & Ski Tows & Chair Lift Inspections	n/a*	14	22
Boiler, Pressure Vessel and Refrigeration Plant Inspections	8,739	9,038	7,900
Canadian Registration Number Designs (boilers, pressure vessels, etc.) Reviewed and Accepted	1,027	1,377	1,264
Gas Permits Issued	21,351	21,995	25,776
Special Acceptance approval of Electrical and Gas Equipment	706	575	381
Variance Approvals	n/a*	47	49
Quality Assurance Manuals Reviewed and Approved	81	132	143
Trades Licences issued*	4,200	3,699	3,359
Number of Trade Examinations Written (Electrical, Gas, Power Engineering & Welding)	n/a*	1720	1,140

Subject to annual fluctuations due to various trades requiring four-year renewal

*These indicators were not captured in this year

Building and Fire Safety

The Building and Fire Safety section works to ensure that buildings meet the provincial building, fire and plumbing codes by reviewing building plans, inspecting buildings and providing consultative services to the public. The goal is to reduce injuries, deaths and property losses arising from substandard construction or building maintenance.

INDICATORS	2013/14	2014/15	2015/16
Delivery of Educational Programs for other Government Agencies	2	14	8
Delivery of Contractor Information Sessions	18	7	2
Building Permits Issued	831	799	655
Plumbing Permits Issued	233	237	147
Occupancy Permits Issued	118	64	154
Recreational Vehicle Inspections	76*	427	573
Mobile Home Inspections		60	40
Fire Safety Inspections	117	181	180
Assistance to Local Authorities	n/a**	24	8

* The Recreational Vehicle and Mobile Home Inspections were reported together in previous years.

**These indicators were not captured in this year.

Emergency Response

The Agency engages in a wide variety of emergency response operations including GSAR, WUI and Hazmat incidents. In 2015/16, the Agency responded to 32 emergency situations including 28 GSAR operations, three hazmat incidents and one other emergency situation. The Agency also trains and manages a number of specialized tactical teams. These teams are trained to effectively engage in emergency response, and are supported by various provincial and federal funding arrangements. These teams are nationally recognized and include: CANTF-4 , Heavy Urban Search and Rescue, Hazardous Materials, CBRNE and Search and Rescue Manitoba.



FINANCIAL DISCUSSION AND ANALYSIS

The following is a discussion and analysis for the fiscal year April 1, 2015 to March 31, 2016, comparing the actual operating results to the budget and the Agency's financial position from the previous year. It should be read in conjunction with the Agency's audited financial statements.

Operating Results

Net Income (000's) Net income for the year was \$1,691.

Revenues (000's) Revenues of \$17,905 exceeded budget by \$1,679. The variance in revenues from budget is accounted for as follows:

CATEGORY	\$ (000'S)	RATIONALE
Grants		
Federal Government New Initiatives Fund (NIF)	\$3	Additional funding made available during the fiscal year by the National Search and Rescue Secretariat
Fees and other revenue		
Insurance levy	\$816	Increased value of insurance policies, and number of homes being insured in Manitoba
Construction permit fee	\$855	Increased activity in the construction sector
Term investments	\$18	Slight increase in interest rates
Inspection and Technical Services fees	\$95	Increased inspection demands
MESC tuition	(\$129)	Contract revenue was reduced due to college resources being focused on providing education opportunities to the Manitoba Fire Service
Fire inspections	\$71	Increased inspection demands
Emergency response	(\$72)	Fall Emergency Services Conference was cancelled in favour of a new delivery model to be hosted in the next fiscal year
Other revenue	22	Increased revenue due to disposal of leased vehicles

Expenses (000's) Expenses of \$15,464 were under budget by \$12. The variances in expenses from budget are accounted for as follows:

CATEGORY	\$ (000'S)	RATIONALE
Supplies and Services	\$331	Higher than expected maintenance fees on office space and an increase in professional fees.
Mutual Aid	(\$30)	Mutual Aid Districts not capitalizing on full funds available.
Personnel services	\$197	Negotiated general salary increase.
Transportation	(\$254)	Management of fleet vehicles and travel costs.
Communications	(\$40)	Expenses for marketing and published material were lower than anticipated.
Minor capital	\$20	Higher than budgeted minor capital purchases.
Amortization	(\$172)	Capital expenditures were delayed in the fourth quarter reducing amortization
Other operating expenses	(\$64)	Recovery of outstanding accounts receivable.

Financial Position (000's) The accumulated surplus has increased to \$24,186 as a result of a net income for the year of \$1,691. This change is reflected by an increase in net financial assets of \$1,725, as well as a decrease of non-financial assets of \$34.

**OFFICE OF THE FIRE COMMISSIONER
MANAGEMENT REPORT AND FINANCIAL
STATEMENTS MARCH 31, 2016**



Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of Office of the Fire Commissioner and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared with reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at May 24, 2016.

Management maintains internal control to properly safeguard the assets of the Office of the Fire Commissioner 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 the Office of the Fire Commissioner have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditors is to express an independent opinion on whether the financial statements of the Office of the Fire Commissioner are fairly represented, 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
Office of the Fire Commissioner

David Schafer
Fire Commissioner

Cindy Giesbrecht
Director of Support Services

May 24, 2016

Date

May 24, 2016

Date

May 24, 2016

Office of the Fire Commissioner
508 - 401 York Avenue
Winnipeg Manitoba
R3C 0P8

Dear Management and Audit Committee/Board of Directors:

We have been engaged to audit the financial statements of the Office of the Fire Commissioner for the year ended March 31, 2016. Canadian generally accepted auditing standards require that we communicate the following information with you in relation to the audit.

Internal Control Matters or Deficiencies

Audits include a review and evaluation of the system of internal control relevant to the preparation 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 internal control. However, we will communicate to you any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during our audit.

During the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

(1) Accounts Receivable (A/R) and the Allowance for Doubtful Accounts - While we noted improvements in the overall A/R balance and the aging of A/R, consistent with the prior year, we noted that all amounts outstanding greater than 90 days had been allowed for given the uncertainty of collecting aged balances outstanding at year end.

Recommendation: While allowing for all amounts outstanding greater than 90 days is conservative, we continue to recommend following up on individual A/R balances outstanding greater than 90 days to improve collections and basing the allowance on specific accounts or customers identified as doubtful of collecting.

Management Response: With the new Revenue Collections Clerk hired during the year, management is hopeful that A/R aging and collections will continue to improve within the Agency and agrees to consider basing the allowance on specific identifiable accounts in the future.

Compliance with Laws or Regulations

During the course of our audit, we did not encounter any significant instances of non-compliance with laws or regulations that should be brought to your attention or disclosed in the notes to the financial statements.

Evidence of Fraud or Suspected Fraud

Due to the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. However, we will communicate to you any evidence of fraud or suspected fraud encountered during our audit.

We are pleased to inform you we did not encounter any instances of fraud or suspected fraud during our audit procedures performed for the year ended March 31, 2016.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate, significant to the financial statements or our auditor's report.

Disagreements may arise over:

- Selection or application of the financial reporting framework to be applied and/or specific accounting policies;
- Assumptions and related judgments for preparing accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report, including inclusion of additional paragraphs where considered necessary in the circumstances.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Difficulties Encountered During the Audit

For your reference, significant difficulties encountered while performing the audit could include, but are not limited to:

- Significant delays in management providing information required for the audit;
- An unnecessarily brief time in which to complete the audit; and
- Lack of cooperation by management and/or staff during the performance of our audit procedures.

We encountered no significant difficulties during our audit that should be brought to your attention.

Uncorrected Errors / Misstatements

We are required to request management to correct all errors or misstatements, other than those that are clearly trivial, identified during the course of our audit and then report to you all uncorrected errors or misstatements.

We are pleased to inform you that there are no uncorrected errors or misstatements relating to the audit of the financial statements of Office of the Fire Commissioner for the year ended March 31, 2016.

Financial Reporting Framework and Significant Accounting Policies

Management is responsible for ensuring the financial reporting framework used in the preparation of the financial statements is appropriate and for the appropriate selection and application of accounting policies included in the applicable framework. Our role is to review the appropriateness and application of the financial reporting framework and specific accounting policies as part of our audit.

The financial reporting framework and accounting policies used by Office of the Fire Commissioner are described in the summary of significant accounting policies, as part of the notes to the financial statements. Ensuring that an acceptable financial reporting framework is used in the preparation of the financial statements is one of the pre-conditions for accepting an audit engagement under current auditing standards.

During the course of our audit, we did not encounter any instances where the application of specific accounting policies applicable to the financial reporting framework selected were not appropriate in the circumstances.

Other

We are not aware of any other significant issues or unusual transactions entered into by Office of the Fire Commissioner that you should be informed about.

We did not encounter any instances of illegal acts during the course of our audit.

We did not encounter any significant related party transactions outside the normal course of operations that were not previously disclosed to us during our audit.

We did not encounter any significant concerns or issues relating to Office of the Fire Commissioner's ability to continue as a going concern into the foreseeable future not previously disclosed to us during our audit.

We shall be pleased to discuss with you further any matters mentioned above, at your convenience.

This communication is prepared solely for the information of management and/or those charged with governance and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication. Should you wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours truly,

MAGNUS CHARTERED ACCOUNTANTS LLP

Magnus Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Special Operating Agencies Financing Authority
and Office of the Fire Commissioner

Report on the Financial Statements

We have audited the accompanying financial statements of Office of the Fire Commissioner, an agency of the Government of Manitoba, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Office of the Fire Commissioner as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

May 24, 2016
Winnipeg, Canada



Magnus Chartered Accountants LLP

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Statement of Financial Position

(in thousands)

March 31, 2016

	2016 Actual	2015 Actual
Financial assets		
Cash and cash equivalents	\$ 18,724	\$ 16,631
Accounts receivable (Note 4)	608	943
Portfolio investments	787	787
	20,119	18,361
Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 1,956	\$ 2,043
Deferred revenue	549	537
Employee future benefits (Note 6)	984	876
	3,489	3,456
Net financial assets	16,630	14,905
Non-financial assets		
Tangible capital assets (Note 7)	7,102	7,212
Prepaid expenses	120	110
Inventories of supplies	334	268
	7,556	7,590
Accumulated surplus	\$ 24,186	\$ 22,495

Designated assets (Note 8)

Commitments (Note 9)

See accompanying notes to financial statements.

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Statement of Operations

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue (Schedule 1):			
Government grants/transfers:			
Province of Manitoba	\$ 130	\$ 130	\$ 201
Federal Government	143	146	78
	273	276	279
Fees and other revenue	15,913	17,571	17,260
Investment income	40	58	79
	16,226	17,905	17,618
Expenses:			
Salaries and employee benefits	10,157	10,354	9,242
Mutual Aid expenses	260	230	207
Transportation (Schedule 2)	790	536	589
Communications (Schedule 3)	360	320	256
Supplies and services (Schedule 4)	1,666	1,997	1,539
Minor capital expenses	80	100	183
Amortization of tangible capital assets	903	731	760
Loss on disposal of tangible capital assets	-	-	13
Other operating expenses (Schedule 5)	1,260	1,196	1,177
	15,476	15,464	13,966
Net income before transfer of funds to the Province of Manitoba	750	2,441	3,652
Transfer of funds to the Province of Manitoba (Note 10)	750	750	750
Net income for the year	-	1,691	2,902
Accumulated surplus, beginning of year	20,816	22,495	19,593
Accumulated surplus, end of year	\$ 20,816	\$ 24,186	\$ 22,495

See accompanying notes to financial statements.

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Statement of Change in Net Financial Assets

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Net income for the year	\$ -	\$ 1,691	\$ 2,902
Tangible capital assets:			
Acquisitions of tangible capital assets	(1,403)	(621)	(604)
Disposals of tangible capital assets	-	-	13
Amortization of tangible capital assets	903	731	760
Net acquisition of tangible capital assets	(500)	110	169
Other non-financial assets:			
(Increase) decrease in prepaid expenses	-	(10)	8
(Increase) in inventories of supplies	-	(66)	(268)
Net acquisition of other non-financial assets	-	(76)	(260)
Change in net financial assets	152	1,725	2,811
Net financial assets, beginning of year	12,973	14,905	12,094
Net financial assets, end of year	\$ 13,125	\$ 16,630	\$ 14,905

See accompanying notes to financial statements.

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Statement of Cash Flow

(in thousands)

Year ended March 31, 2016

	2016 Actual	2015 Actual
Cash provided by (applied to)		
Operating activities:		
Net income for the year	\$ 1,691	\$ 2,902
Adjustments for:		
Amortization of tangible capital assets	731	760
Loss on disposal of tangible capital assets	-	13
	2,422	3,675
Changes in the following:		
Accounts receivable	335	(91)
Accounts payable and accrued liabilities	(87)	(901)
Deferred revenue	12	(9)
Employee future benefits	108	104
Prepaid expenses	(10)	8
Inventories of supplies	(66)	(268)
Cash provided by operating activities	2,714	2,518
Capital activities:		
Acquisitions of tangible capital assets	(621)	(604)
Cash (applied to) capital activities	(621)	(604)
Change in cash and cash equivalents	2,093	1,914
Cash and cash equivalents, beginning of year	16,631	14,717
Cash and cash equivalents, end of year	\$ 18,724	\$ 16,631

See accompanying notes to financial statements.

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

1. Nature of organization

Effective April 1, 1996, the Office of the Fire Commissioner (the "Agency") was designated as a Special Operating Agency (SOA) pursuant to *The Special Operating Agencies Financing Authority Act*, Cap. S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 1996, a Transfer Agreement between the Government of Manitoba (Labour) and the Special Operating Agencies Financing Authority (SOAFA), a corporation pursuant to *The Special Operating Agencies Financing Authority Act*, transferred all assets in the Fires Prevention Fund valued at \$11,809 to the Financing Authority. A Management Agreement executed between the Financing Authority and the Government of Manitoba (Labour) assigned responsibility for these assets to the Office of the Fire Commissioner to manage and account for the related assets and operations on behalf of the Financing Authority. The Office of the Fire Commissioner does not hold title to the assets. Effective April 1, 1996, the Financing Authority established a fund referred to as the Fires Prevention Fund to hold these assets.

Effective April 1, 2011, the operations and related net liabilities valued at \$358 of the former Mechanical and Engineering Branch of the Department of Labour and Immigration were transferred to the Financing Authority to be managed and accounted for by the Office of the Fire Commissioner.

The Office of the Fire Commissioner is part of the Department of Labour and Immigration and is ultimately under the policy direction of the Minister of Labour and Immigration. The Agency is bound by relevant legislation and regulations. The Agency is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

During the year ended March 31, 2013, the Agency's operating charter was updated and an Audit Committee established to oversee the financial reporting and overall operations of the Agency.

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

Government grants/transfers

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to a liability.

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

3. Summary of significant accounting policies (continued)

(a) Revenue (continued)

Fees and other revenue

Insurance levy revenue is recognized in accordance with the underlying legislation. *The Fires Prevention and Emergency Response Act* imposes a special assessment on licensed insurers in Manitoba equal to a set percentage of total property insurance premiums. The levy rate is currently set at 1.25% (2015 - 1.25%). The Agency collects this levy based on the value of premiums and assessments relating to property insurance premiums in a calendar year. Levy revenue with respect to the 2015 calendar year is recognized as revenue in the fiscal year ending March 31, 2016 with no amounts recognized in the financial statements for January to March of the current fiscal year due to it not being practicable to determine a reasonable estimate for these amounts.

Inspection technical services revenue including amusement rides, boiler and pressure vessel, gas and oil, electrical, and elevator fees including certificates, design registrations, examinations, inspections, licenses, permits, searches and special acceptances under *The Amusements Act*, *The Electricians' License Act*, *The Elevator Act*, *The Gas and Oil Burner Act*, *The Power Engineers Act* and *The Steam and Pressure Plants Act* are recognized on the accrual basis.

Codes and standards revenue including building, mobile home and plumbing code inspections and permits under *The Buildings and Mobile Homes Act* is recognized on the accrual basis.

Fire inspections, investigations and reports under *The Fires Prevention and Emergency Response Act* are recognized on the accrual basis.

Tuition fees, emergency services and other conferences revenue are recognized on the accrual basis.

Amounts received in advance for tuition fees, conferences and inspection technical services are deferred and recognized as revenue during the period the revenue relates to.

Investment income and all other revenue is recognized on the accrual basis.

(b) Expenses

Expenses

Expenses incurred for goods and services are recorded on the accrual basis when the related goods or services are received.

Government transfers

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

OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

3. Summary of significant accounting policies (continued)

(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.

Portfolio investments

Portfolio investments are investments and 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

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

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:

Building	5% declining balance
Practical training site	10% declining balance
Equipment	20% declining balance
Fire engines	30% declining balance
Other vehicles	30% declining balance
Air compressors	20% declining balance
Furniture	20% declining balance
Computer equipment and software	30% declining balance
Leasehold improvements	10% declining balance

Prepaid expenses

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

Inventories of supplies

Inventories of supplies are recorded at cost and recognized as an expense in the year the supplies are consumed.

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

3. Summary of significant accounting policies (continued)

(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 cost, which include cash and cash equivalents, accounts receivable and portfolio investments. The Agency also records its financial liabilities at cost, which include accounts payable and accrued liabilities.

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. Actual results may differ from these estimates.

4. Accounts receivable

Accounts receivable at March 31 is comprised of the following:

	2016	2015
Financial Institutions Branch of the Department of Finance - Fire Prevention Levy	\$ 102	\$ 227
National Search and Rescue Secretariat - New Search and Rescue Initiative	139	54
Trade accounts receivable	601	1,043
Allowance for doubtful accounts (Note 12)	(234)	(381)
	\$ 608	\$ 943

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities at March 31 is comprised of the following:

	2016	2015
Trade payables and accruals	\$ 388	\$ 913
Vacation and overtime entitlements	866	811
Accrued salaries and benefits	638	258
City of Winnipeg - professional services	53	53
Provincial sales and other taxes payable	11	8
	\$ 1,956	\$ 2,043

**OFFICE OF THE FIRE COMMISSIONER
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

6. Employee future benefits

	2016	2015
Severance benefits	\$ 835	\$ 738
Sick pay benefits	149	138
	\$ 984	\$ 876

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 Government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2011, the Agency was required to pay to the Province an amount equal to the current pension contributions of its employees. The amount paid for 2016 was \$661 (2015 - \$515). Under this agreement, the Agency has no further pension liability.

Severance benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations 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 (EARSL) of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2014. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarially determined net liability for accounting purposes as at March 31, 2016 is \$835 (2015 - \$738), with the net actuarial losses of \$220 (2015 - \$220) based on the completed actuarial reports being amortized over the 15 year EARSL of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2014 valuation, and in the determination of the March 31, 2016 present value of the accrued severance benefit liability, are:

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%

**OFFICE OF THE FIRE COMMISSIONER
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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

6. Employee future benefits (continued)

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

	2016	2015
Accrued benefit liability, beginning of year	\$ 887	\$ 709
Actuarial losses	-	108
Current period service costs	57	53
Interest on accrued severance benefits	53	49
Severance benefits paid	(28)	(32)
Accrued benefit liability, end of year	969	887
Less: unamortized actuarial losses	(134)	(149)
Severance benefit liability, end of year	\$ 835	\$ 738

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

	2016	2015
Current period service costs	\$ 57	\$ 53
Interest on accrued severance benefits	53	49
Amortization of actuarial losses over EARSL	15	15
Total expense related to severance benefits	\$ 125	\$ 117

Sick pay benefits

The Agency provides sick leave benefits for employees that accumulate but do not vest. The accrued benefit obligation 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 5.00% (2015 - 5.00%) annual return and a 3.00% (2015 - 3.00%) annual salary increase. The Agency's sick leave benefit liability as at March 31, 2016 based on the valuation model is \$149 (2015 - \$138). The increase in the sick leave benefit liability of \$11 (2015 - \$19) represents the total sick leave benefit expense for the year.

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(in thousands)

Year ended March 31, 2016

7. Tangible capital assets

	2016			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Buildings	\$ 7,845	\$ 28	\$ -	\$ 7,873
Practical training site	2,726	122	-	2,848
Equipment	3,640	219	-	3,859
Fire engines	1,707	120	-	1,827
Other vehicles	1,450	-	-	1,450
Air compressors	1,151	118	-	1,269
Furniture	331	14	-	345
Computer equipment and software	588	-	-	588
Leasehold improvements	74	-	-	74
	\$ 19,512	\$ 621	\$ -	\$ 20,133
Accumulated amortization				
Buildings	\$ (3,271)	\$ (229)	\$ -	\$ (3,500)
Practical training site	(1,816)	(98)	-	(1,914)
Equipment	(2,985)	(144)	-	(3,129)
Fire engines	(1,528)	(57)	-	(1,585)
Other vehicles	(1,243)	(62)	-	(1,305)
Air compressors	(781)	(75)	-	(856)
Furniture	(191)	(47)	-	(238)
Computer equipment and software	(477)	(13)	-	(490)
Leasehold improvements	(8)	(6)	-	(14)
	\$ (12,300)	\$ (731)	\$ -	\$ (13,031)
Net book value	\$ 7,212	\$ (110)	\$ -	\$ 7,102

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

7. Tangible capital assets (continued)

	2015			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Buildings	\$ 7,819	\$ 26	\$ -	\$ 7,845
Practical training site	2,630	96	-	2,726
Equipment	3,506	134	-	3,640
Fire engines	1,707	-	-	1,707
Other vehicles	1,429	21	-	1,450
Air compressors	992	159	-	1,151
Furniture	237	94	-	331
Computer equipment and software	629	-	(41)	588
Leasehold improvements	-	74	-	74
	\$ 18,949	\$ 604	\$ (41)	\$ 19,512
Accumulated amortization				
Buildings	(3,040)	(231)	-	(3,271)
Practical training site	(1,722)	(94)	-	(1,816)
Equipment	(2,850)	(135)	-	(2,985)
Fire engines	(1,470)	(58)	-	(1,528)
Other vehicles	(1,175)	(68)	-	(1,243)
Air compressors	(699)	(82)	-	(781)
Furniture	(139)	(52)	-	(191)
Computer equipment and software	(473)	(32)	28	(477)
Leasehold improvements	-	(8)	-	(8)
	\$ (11,568)	\$ (760)	\$ 28	\$ (12,300)
Net book value	\$ 7,381	\$ (156)	\$ (13)	\$ 7,212

8. Designated assets

The Agency has allocated \$787 (2015 - \$787) of its portfolio investments as designated assets for cash received from the Province of Manitoba for vacation entitlements earned by employees of the Agency prior to its designation as an SOA and for severance pay benefits for certain of its employees. As at March 31, 2016, \$559 (2015 - \$559) is designated for the vacation entitlements and severance pay benefits accumulated to March 31, 1998 for certain of its employees and \$228 (2015 - \$228) is designated for the severance pay benefits accumulated to April 1, 2011 for employees transferred from the former Mechanical and Engineering Branch, now Inspection Technical Services. These amounts are held in an interest bearing account until the cash is required to discharge the related liabilities. Any unused balance is re-invested annually.

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(in thousands)

Year ended March 31, 2016

9. Commitments

The Agency has entered into a lease agreement with the City of Brandon for the land on which the practical training facility has been constructed. The term of the lease expires May 31, 2017. Minimum annual rent is \$12 due in equal monthly installments, plus all operating costs with respect to the subject land.

Computer and office equipment operating leases exist for 138 machines. The longest lease term expires on December 31, 2017.

The Agency has entered into leases on a fleet of 40 vehicles.

These three categories of leases give rise to lease commitments as follows:

2017	\$	219
2018		167
2019		118
2020		74
2021		50

10. Transfer of funds to the Province of Manitoba

During the year, with Lieutenant-Governor-in-Council approval by Order in Council, the Agency transferred \$750 (2015 - \$750) of its surplus funds to the Province of Manitoba.

11. Professional services - Labour and Immigration

The Agency has a professional services agreement with the Department of Labour and Immigration for the provision of legislation and policy services to the Agency for total fees of \$75 for the year ended March 31, 2016. In the prior year, a similar agreement was in place also for legislation and policy services. The amount paid pursuant to this professional services agreement for the year ended March 31, 2016 was \$75 (2015 - \$75). As at year end, all amounts owing pursuant to this agreement have been paid.

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 (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; interest risk; and foreign currency 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, accounts receivable and portfolio investments.

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(in thousands)

Year ended March 31, 2016

12. Financial instruments and financial risk management (continued)

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

	2016	2015
Cash and cash equivalents	\$ 18,724	\$ 16,631
Accounts receivable	608	943
Portfolio investments	787	787
	<u>\$ 20,119</u>	<u>\$ 18,361</u>

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

Accounts receivable: The Agency is exposed to credit risk on its trade accounts receivable. The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

The balance in the allowance for doubtful accounts at March 31, 2016 is \$234 (2015 - \$381). The change in the allowance for doubtful accounts during the year is as follows:

	2016	2015
Balance, beginning of the year	\$ 381	\$ 395
Reversals of previously recognized impairments	(147)	(14)
Balance, end of the year	<u>\$ 234</u>	<u>\$ 381</u>

Bad debt expense (recovery) for the year also includes \$21 (2015 - \$nil) of adjustments to accounts receivable for a total net (recovery) during the year of (\$126) (2015 - (\$14)).

The aging of accounts receivable and the related allowance for doubtful accounts at March 31, 2016 is as follows:

	Accounts receivable	Allowance	Net
Current	\$ 481	\$ -	\$ 481
30-60 days past the billing date	106	-	106
61-90 days past the billing date	21	-	21
Over 90 days past the billing date	234	(234)	-
Balance, end of the year	<u>\$ 842</u>	<u>\$ (234)</u>	<u>\$ 608</u>

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 the obligations.

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

12. Financial instruments and financial risk management (continued)

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 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 and portfolio investments.

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.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

13. Comparative information

Certain of the amounts for the year ended March 31, 2015 have been reclassified to conform to the financial statement presentation adopted in the current year.

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Schedule 1 - Revenue

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue:			
Government grants/transfers:			
Province of Manitoba:			
Manitoba Local Government - Mutual Aid	\$ 130	\$ 130	\$ 130
Other - Criminal Property Forfeiture	-	-	71
Total Province of Manitoba	130	130	201
Federal Government:			
National Search and Rescue Secretariat - New Search and Rescue Initiative	143	146	78
Total Federal Government	143	146	78
Fees and other revenue:			
Insurance Levy	7,548	8,364	7,868
Inspection technical services	5,100	5,195	5,433
Codes and standards	1,900	2,755	2,797
Tuition fees	1,100	971	999
Fire inspections, investigations and reports	140	211	124
Emergency services and other conferences	75	3	18
Other revenue	50	72	21
Total fees and other revenue	15,913	17,571	17,260
Investment income	40	58	79
	\$ 16,226	\$ 17,905	\$ 17,618

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Schedule 2 - Transportation Expenses

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Transportation expenses:			
Vehicle leases	\$ 550	\$ 385	\$ 456
Travel	210	126	115
Fuel - owned vehicles	25	14	13
Emergency response	-	10	3
Boards and committees	5	1	2
	<hr/>	<hr/>	<hr/>
	\$ 790	\$ 536	\$ 589

**OFFICE OF THE FIRE COMMISSIONER
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Schedule 3 - Communications Expenses

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Communications expenses:			
Communications	\$ 170	\$ 172	\$ 161
Postage and courier	60	81	55
Marketing	65	16	13
Public education material	65	51	27
	<hr/>	<hr/>	<hr/>
	\$ 360	\$ 320	\$ 256

**OFFICE OF THE FIRE COMMISSIONER
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Schedule 4 - Supplies and Services Expenses

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Supplies and services expenses:			
Supplies	\$ 235	\$ 196	\$ 219
Repairs and maintenance	200	330	206
Rent	364	394	338
Professional services - Labour and Immigration (Note 11)	75	75	75
Professional fees - contracted services	245	472	367
Professional fees - legal and audit	75	84	53
Mutual Aid - air compressor maintenance	60	138	83
Fuel - training supplies	30	15	18
Utilities	85	92	88
Other	32	20	10
Emergency response	265	181	82
	\$ 1,666	\$ 1,997	\$ 1,539

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Schedule 5 - Other Operating Expenses

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Other operating expenses:			
Desktop management	\$ 500	\$ 521	\$ 452
Travel	310	316	280
Bad debt expenses (recovery)	20	(126)	(14)
Property taxes	180	165	161
Insurance	134	141	129
Clothing	40	59	70
Publications	20	41	38
Professional development	20	42	37
Boards and committees	6	1	3
Seminar and conference registration	8	8	2
Memberships and subscriptions	9	9	7
Mutual Aid - meetings	5	2	2
Other	8	17	10
	\$ 1,260	\$ 1,196	\$ 1,177



Office of the Fire Commissioner

508 - 401 York Avenue
Winnipeg, MB R3C 0P8
Phone: 204-945-3322
Fax: 204-948-2089
Toll Free: 1-800-282-8069
Email: firecomm@gov.mb.ca

**Office of the Fire Commissioner
Manitoba Emergency
Services College**

1601 Van Horne Avenue East
Brandon, MB R7A 7K2
Phone 204-726-6855
Fax: 204-726-6847
Toll Free: 1-888-253-1488
Email: firecomm@gov.mb.ca