

Visamax First Report on the Provincial Nominee Program for
Business

LOST OPPORTUNITY

Current State of the Manitoba Business
Immigration Program

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2012

INTRODUCTION

The Province of Manitoba has established an annual quota of 400 spaces for its business immigration program, yet last year in 2011, only approved a total of 156 applications (185 approvals less 29 revocations of approvals). Over the life of the program, the average business immigrant has invested approximately \$406,000. This shortfall of 244 approvals is leading to a substantially reduced level of investment and job creation in our province.

Is the short fall in approvals a result of a shortage of applications? Currently there are about 2,000 Preliminary Applications (called Requests for Letters of Invitation) sitting with the Province and an additional 300 full applications– so no, it is not a shortage of interest. Is there a shortage of money to fund the program? The Program is fully self-funded, with \$5 million in revenue being generated per year – so NO it is not a shortage of available funding. Is the program short of resources? With 17 full time staff, the program is the second largest business immigration program in Canada – second only to Quebec, who approve over 2,000 cases a year. In fact, the number of cases approved per staff equals only 9 cases per year. We do recognize that given the backlog – which represents about 3-5 years of cases at the current level of processing - that there may be a shortage of staff – but surely, the Province cannot be happy with the fact that despite the quota of 400, the number of approvals is so low – with such a high staffing level. If we were to extrapolate this rate of processing, it would take 43 staff in the business immigration branch to process their quota.

Is this reasonable, or has something gone wrong with the program? As the former Program Manager who started the program and ran it until February of 2006, and now a Licensed Immigration Consultant, I am troubled by the performance of my former branch, and have undertaken an analysis and investigation into the problems facing the program, and why performance levels are so low.

LOST OPPORTUNITIES

Given the shortfall of 244 approvals, there is a huge potential in lost investment to the Province. The program was started in 2000, as a response to the low levels of private sector investment in Manitoba. Historically, Manitoba receives less private sector investment per capita than any province west of the Maritimes (this is largely due to the fact that we have fewer natural resources and no large cities like Toronto or Montreal). Although a modest step in trying to improve this record, the program was set up specifically to bring in private sector investment, along with management skills associated with running successful businesses in other parts of the world. With the huge undershooting of the annual quota, and the low percentage of clients actually investing (around 20% of those approved) - the Province misses out on tens of millions of dollars in Private sector investment per year – maybe up to \$100 million shortfall per year in potential private sector investments.

WHAT ARE THE OPPORTUNITIES

In 2006, when I left the Province, there were several competing programs. Both PEI and Nova Scotia had large business immigration programs, which paid substantial amounts of commissions to immigration consultants (\$18,000 for PEI), and did not require an active investment in these Provinces. Manitoba has NEVER paid a commission and has always required an active management role for the applicant. More importantly, the Quebec and Federal Investor Programs, only required a loan to the Government of \$400,000 for five years, and paid commissions of \$28,000 per case to banks (who generally passed these on to consultants). When this loan was financed by a bank, the actual cost to the applicant was between \$60 – 120,000 (and these costs fell as interest rates fell). In the last 2 years, the Quebec and Federal Investor Programs have doubled their investment (loan) requirements, and have recently stopped paying commission (which had risen to \$40,000 per case) . The Federal Government has set a cap of only 700 places per year for their investor program – which were fully subscribed in a matter of two hours when the program was opened on July 3rd, 2011 (there were over 1000 cases standing in line in Sydney NS where applications were to be submitted, when the program opened up last year – of which 99% were from China. By noon, that day, no new applications were accepted). New national regulations meant that both Nova Scotia and PEI had to stop their programs, and now PEI has a much smaller program of 200 places a year and does not pay a commission (this is substantially down from the last year of the old program in 2008, where 1,800 files were approved). Nova Scotia has yet to launch a new business program. Finally, last year the Federal Government cancelled its own Entrepreneur Program, and no longer accepts any new cases under this category.

This has meant that since 2008 the Manitoba’s program has received an explosion of interest in the business immigration program, leading to over 1000 Preliminary Applications per year (in fact, in 2011, the actual number was 1,428). The demand by business immigrants for the Manitoba program has never been higher and continues to rise with more and more business people looking to move to Canada, and with fewer and fewer options being available.

Approvals: Manitoba Provincial Nominee Program for Business¹

Year	Applications Processed	Approvals	% Approved	% Declined
2001	90	66	73	27

¹ The Manitoba Department of Entrepreneurship, Training and Trade Innovation Energy and Mines indicated there were 185 MPNP-B applications approved in 2011 but 29 were consequently revoked.

2002	171	132	77	27
2003	258	173	67	33
2004	159	119	75	25
2005	165	135	82	18
2006	201	121	60	40
2007	326	209	64	36
2008	367	235	64	36
2009	531	388	73	27
2010	494	371	75	25
2011	370	156	42	58
TOTALS	3,152	2,105	66.8	33.2

As this table shows there has been some progress towards meeting the target of approving 400 Business Immigrants per year but the numbers lack consistency, and appear to be falling back in the last year.

NOTE: The spike in approvals in 2009 and 2010 were in fact, largely based on false documentation, due to changes in the Pre-screening process, which I will discuss later.

VISAMAX has learned that in the last 6 months only 69 business immigrants have been approved (on a net basis – approvals less revocations) by the Province and hopes this is not an indication of long-term trend (with only 20 net approvals in the first 2 months of this calendar year). There seems to be little improvements being made to meet the gap between the quota of 400 Business Immigrant spots allocated to the program and the number of immigrants that are approved. The interest in the Business Immigrant Program remains high. For example, at the end of 2011, the total inventory of Preliminary Applications (requests for Letters of Invitation) to Manitoba was 1,960 and yet only a fraction of these requests were processed and a far fewer number will be approved.

RESPONSE BY MANITOBA

Most of the applicants come from China, but we are seeing increasing interest from the Middle East, India and Vietnam. In order to pre-screen the applicants from China, the program used to ask the clients for Preliminary Applications and then undertake physical interviews of applicants in China, and review **original documentation** before inviting them for an Exploratory Visit.

This had the affect of ensuring a reasonable level of document integrity prior to an invitation letter being issued. In 2008, the program dropped the review of original documents and the interviews in China, and simply undertook a paper screening of photo copied documents – there were NO review of any original documents at any stage of the process. This led to a rapid rise of falsified documents, as the Province no longer reviewed original documents or met the clients before they were invited on their Exploratory Visit. In 2010, when the Province discovered that most of its Chinese applicants were now providing falsified documents, they did not revert back to pre-screening original documents prior to issuing letters of invitation– instead they hired a private investigator in China, to review files AFTER the full application was submitted. This meant that clients came on Exploratory Visits, were interviewed by officers, business plans were prepared, full applications submitted – AND reviewed- BEFORE they actually verified whether a document was in fact true or falsified. This has resulted in upwards of 80% of Chinese files being refused (due to false documentation) after the full application process has been undertaken. I continue to be perplexed by this approach, as surely it would be better to take steps to weed out falsified cases at the front end of the process, rather than having literally thousands of falsified cases clogging up your system – only to be refused at the end of the process. Surprisingly, the current program manager refers to this approach as “lean processing” (which is not meant to be ironic – despite the fact that it now takes up to 4- 6 years for a client to get a Permanent Resident Visa).

LEGAL ISSUES

We note that the province has never asked any client to sign a consent form to obtain information outside of the Province of Manitoba (copy of consent form attached), but yet they contract with third parties in foreign countries to obtain information about their clients. The original intent of the Nominee Program was for the Province to undertake its analysis in the Province, and for the Visa Posts to undertake any investigations in the applicant’s home country. The Province has now decided to begin its own investigations in the clients’ home country, but yet have not notified any clients of this, and have not received any consent from them to do this.

In China, they have contracted out with a third party investigative firm – PSA Group (Pacific Strategy Assessment), who surprisingly, has an affiliate who has their own business immigration company – with which they share six of their seven offices. This affiliate markets their US business immigration programs to the same client base and to many of the same immigration consultants that submit cases to the Province (we have found seven Chinese agents who market both programs). We are surprised at this and wonder how this is not a serious conflict of interest. We have brought this to the Minister’s attention, but so far, the Minister has remained silent on this matter

In addition, the Province is seeking information from the State Administration of Industry and Trade (SAIC) in China, comprised of Financial Reports. These Financial reports are available for a cost of \$16 to the client - yet in our investigation, we have found out that these reports are

available **without the clients consent** for a price of around \$400. (We have asked for a copy of the contract with PSA, but so far, the Province has refused our request – so we do not know the exact terms and costs of these reports to the Province – but we believe that they are much closer to \$400 than \$16). We have checked with the SAIC in China, and if the client consents to releasing this information (by way of a Power of Attorney), then the cost for this information is \$16, plus the cost to the legal representative to undertake the search. If the Province had sought the client’s consent first, we believe that the cost of these searches would be a fraction of the cost they are currently paying.

In addition, if they do not have the client’s consent – then we are not aware of what legal basis they have in obtaining this information. We acknowledge that this information is readily available in China - for a price – but wonder why the legal price for this search is \$16 – and cost of these searches without the clients consent is upwards of \$400. We have asked the Province for receipts from the SAIC for these searches to verify that they have been legally obtained – but again, they have refused to provide us with these receipts for our client. If they were obtained legally, then why not provide us with the receipts from the SAIC? It is the client’s right to see information in their file, but so far the province is refusing to provide this information to allow the client to verify the authenticity of the documents, or that they have been obtained legally by providing us with receipts.

In addition, we understand that even without the client’s consent, the Province (or its investigative firm) is contacting clients’ banks – and requesting personal information from the bank. Again, we know of no legal basis for obtaining this information without the client’s consent. Even in China it is against the law for banks to provide client’s information without consent.

We have asked the Minister and the Deputy Minister to investigate the legal basis for the department to obtain both SAIC reports and banking information in China, without the client’s consent, but so far, we have not received a reply. We believe this whole situation is a substantial breach of the Freedom of Information and Protection of Privacy Act, and will be asking the Provincial Ombudsman to investigate.

LEGAL AND TRANSPARENT ALTERNATIVES

We are confused as to why the Province has decided not to obtain the client’s consent when they undertake their overseas investigations, but we have informed them of legal ways to do this work, often to much higher standards and at lower costs. For instance, when the Province (or their investigative firm) contacts a client’s bank, there are occasions when errors have been made – such as a new bank card being issued to the client would change the bank account number, and as such, the information reported back to the Province has been incorrect, leading to a refusal. We also believe that most banks would decline to provide this information to the Province – particularly as no consent was asked for or granted. We have told the Province on several

occasions, that all bank statements in China are now available on line (as they are almost everywhere in the world), so that the Manitoba Immigration Officer can easily check these bank accounts directly (without the need to hire an expensive third party investigative firm). This bank confirmation can either be undertaken when they are interviewing the client (they can simply ask the client to print out their bank statements right in front of them) or alternatively, through screen sharing through Skype (we do this regularly to check our client's banking information, and it is foolproof). This screen sharing process can be done even before a Letter of Invitation has been sent out, in order to verify that the information is true – even before the client submits a full application, and without having to use a third party. And no consent form is required, as the client is giving the Province this information directly. This can be done with the officer in Manitoba, and the client anywhere in China (or almost anywhere else in the world). We are not sure why the Province has not adopted this free and tamper proof method, rather than contracting out this service with an expensive investigative firm in China, without the client's consent. Is this legal in China to do so – it certainly would not be in Canada? If it is not legal in China, is the Program breaking any Canadian laws as well?

With regards to the Financial Statements, we know of two legal ways to obtain these industry reports (there may be other legal ways, but we do not know of them). The first and most obvious is simply to ask the client for these statements (surprisingly, the Province does not do this – only asking vaguely for Financial Statements – which the clients assume to either be their own management accounts or the accounts provided to the tax authorities. There is no mention anywhere that the SAIC reports are the preferred statements). The second way is to seek the client's consent, and then have a legal representative obtain this information from the SAIC. We are confused as to why the Province hires a Private Instigative Firm – paying large amounts of money – without the client's consent, rather than simply asking the client for this information, or at least obtaining their consent before hand. Again, we have asked the Minister to investigate - but we are still awaiting a reply.

WHY SO MANY FALSIFIED APPLICATIONS

Up until 2007, the Province did some physical pre-screening of original documents in China, which had the affect of keeping out most of the very false applications. When this process was stopped in 2007, this opened the door to agents completing entirely false applications for their clients and getting them to the interview. Even when the Province is doing a great deal of investigations on the file after the full applications, the majority of applications continue to be false. Why is this still happening?

The Federal and Quebec investor programs have been much larger and more significant to agents than the Manitoba program, and as mentioned, until recently paid large commissions. In addition, they both relied heavily on interviews in their process, where clients' financial information would be reviewed in detail and the interviewer would often pass or fail the applicant on the spot. These are often referred to as Selection Interviews.

This process means that the contracts with many local firms are written so that the payment and refund is based on whether the client passes or fails the interview. In Manitoba, the interview is more of a meet and greet interview, where for the most parts, the officer has not reviewed the file in any detail (in fact, they have not received nearly the same amount of information that their Quebec and Federal counterpart has received at that stage). The Manitoba interview is focused on answering a series of questions, rather than going into detailed analysis of the documentation and source of funds. At the end of the interview, the client is given a declaration to sign, saying they will reside in Manitoba. The local consultant often tells their clients that only those who pass the interview are given this form (even though all clients are given this form). There is NO pass or fail of the interview in Manitoba, so the client returns to home assuming that they have passed the interview.

After the interview, the local consultant collects 70-100% of the remaining fee – of which most of it is non-refundable. They then submit the file, knowing that it has a very high chance of being refused. As they have very little financial interest in whether it is approved or not – they simply follow through with the completion of falsified documents – leading a high percentage of files being refused.

Unfortunately, doing all the investigations in the world after the interview process will NOT change the amount of falsified documents that are submitted. Only if the consultant and their client know ahead of time that the Province will investigate them before the Letter of Invitation is sent - will the false applications stop. The Program may believe that with improvements in due diligence at the end of the process, this will eventually improve the quality of applications, but this will NOT happen, as long as false applications are allowed to make it to the interview stage.

NOTE: It would be a huge step forward if all the necessary financial information was collected before the interview, and the officers were given the opportunity of reviewing this information before the interview, and asking detailed questions about the source of funds during the interview.

FINANCIAL RESOURCES AVAILABLE

The \$75,000 Deposit that is taken by the Province for each business applicant is held in Manitoba Development Corporation (MDC). We are attaching both the Balance Sheet and Income Statement as at March 31st, 2011 for MDC. As at that date, there were total assets allocated for the PNP-B of \$94,974,253. Of these, 75,528,506 were client's deposit, with the balance of nearly \$17.5 million left for program development. Revenue for the Program totalled \$4,836,966 – and the expenses to run the program were only \$1,294,545 – leaving an extra \$3.5 million to be used for other purposes or to be retained in surpluses.

In 2003 Manitoba agreed to participate in the Immigrant Investor Program for the purpose of using the funds generated by this Program to establish a Business Settlement Office. The

Settlement Office was created to attract business investors to Manitoba and help them establish their business when they land. The Manitoba Opportunities Fund was established in 2003 “to function as an approved fund under the Immigrant Investor Program”². The Fund has proven to be extremely successful. It has grown steadily and as of March 31, 2011, had assets of \$277.6 million. The funds are held in government bonds and repaid to the Federal Government five years after the Federal Government distributes these funds to the Manitoba Opportunities Fund. The Federal Government does not charge interest on these funds. Any income generated accrues to the Manitoba Opportunities Fund for the purposes of operating a Business Settlement Office, with surpluses being used for other immigration activities.

The income continues to grow each year, and for year ending March 31, 2001 the fund generated \$4.4 million in revenue. With annual income now over \$4 million per year this should be adequate funding to operate an efficient well-functioning Business Settlement Office as was envisioned when Manitoba agreed to participate in the Immigrant Investor Program back in 2003.

In total, funding that is raised for the program, now amounts \$9 million per year – yet the program only costs \$1.3 million to operate.

WHAT IS THE LOST OPPORTUNITY

If the Province improved its processing to the level of 400 per year, this would raise an additional \$18,750,000 per year in deposits. It generally takes one year for the Federal Government to approve a client, and then another year for the client to establish their business. This would increase deposits by a total of \$37,500,000. Assuming an interest rate of 2.5%, this would increase revenue by \$1 million per year. Assuming that around 30% of these clients would default on their deposits; this would increase revenue by an additional \$5.6 million a year. If the province would simply met its quota, revenue generated by the program would likely increase by \$6.6 million per year to over \$12 million.

Currently, only around 20% of approved clients actually invest in Manitoba (as at March 2011, there were a total of 404 completed investments through the life of the program, and as at the end of 2010, there were 1,949 approvals, for an investment rate of 20.9%). This rate has been disappointing for the program, and not what was expected. Canada’s first and only Business Settlement Office was set up to try to improve retention, but even this did not help much. This means that the actual investment being achieved by the program has totaled only \$164 million (average 16.4 million per year), with 62 investments in fiscal 2011, and \$13 million invested in the same year. This is a very disappointing level and efforts should be made to improve upon this.

Given that the program has become much more attractive, due to the other business programs falling away, or changing, there is an opportunity for Manitoba to change the program to

² Manitoba Opportunities Fund Annual Report 2009.

dramatically improve retention. One of the hardest things to judge about an immigrant is whether they have a real intent to invest or not. In Canada, the Constitution assures that all Citizens and Permanent Residence have full mobility rights and can live wherever they wish. Given that there are many thousands of business immigrants to chose from, Manitoba can impose tougher rules – provided they can deliver the program in a timely manner – and develop a transparent process whereby the applicant can be reasonably assured that they will be approved if they follow the application process (which is definitely not the case at the moment).

WORK PERMIT OPTION SHOULD BE CONSIDERED

There are two potential options to improve retention. The first option is simply to increase the deposit from \$75,000 to \$150,000 or higher. The problem with doing this is that it would squeeze out the smaller business immigrants, who are often the most likely ones to invest in the Province. This method is unlikely to see a significant increase in retention – but rather allow richer and richer clients to simply walk away from their deposit. This would not be the preferred approach. Instead, it is likely that dramatic improvements to retention and investment could only be made if the program required the client to come to Manitoba on a work permit first – complete their investment – and then be nominated. In this way, the level of investment could rise from 20% to 90% or higher. This is the way the BC program works, and their retention rate is much higher than we see in Manitoba.

When the program was developed, this approach was not favored due to the substantial competition of other business programs. With the rapid wealth creation in the developing world, and the demise of other business immigration programs, it is time to revisit this option.

If the program was able to fulfill its quota, and used the work permit option – then the investment could rise from an average investment of \$16 million per year – to perhaps \$120 million (I am assuming that the average investment would be around \$300,000 – falling from the current level of \$400,000).

This level of investment is not inconceivable for the program, and I would encourage the Minister and his staff to look at this option seriously (certainly a goal of \$100 million per year should be easily attainable). If the Work Permit Option can be combined with a clear, transparent and efficient program, that would approve clients within 3-6 months, then this level of investment is achievable. If the clients have to wait 4 to 5 years, as is currently the case, then it will be difficult to believe that good clients would wait this long (Bad clients drive out good ones).Keep in mind that over and above the business investment, almost all business immigrants buy homes (most of them like new homes), furniture and cars. The total investment by most business immigrants in the province would be closer to \$600,000 when you add in their personal investment as well.

Such achievements cannot be made by simply changing the program to a work permit option. This can only be done with dramatic improvements to the operations, particularly to providing clear direction to the applicants and their advisors. In addition, the processing time must be much faster. If the program can accomplish this, then we can see the 400 spots filled, and the level of investment rise substantially.

NEED FOR CLEAR AND TRANSPARENT PROGRAM CRITERIA

If you look at the program website and department literature, you can read about the need for financial statements and the requirement for clients to prepare a source of funds to show how they obtained their wealth. What you will not find is any reference to the requirement for Chinese applicants to provide SAIC Financial Statements (most clients would not think this is required – and to be honest, these statements are not even that accurate). Perhaps more importantly, there are no instructions or guides of any kind on how to prepare source of funds statements.

Currently, the majority of Preliminary Applications are from China, and the vast majority of them contain large amounts of falsified documentation. In 2009 and 2010, these files were regularly approved, after the elimination of the previous pre-screening process. Up until 2007, these false files were largely weeded out BEFORE any Letters of Invitation were issued. Now, the entire file has to be processed before false information is determined. Yes, there are rejections of preliminary files, but in our experience, the vast majority of rejections of the Preliminary Applications are for rather trivial things, such as an address on an appraisal being different from the address listed on the form, or an appraisers license has expired or cannot be found on line, or the Province has been unable to verify a bank account due to a change in bank cards. Virtually NONE of the refusals at the Preliminary stage are for fundamental reasons and in 80% of our cases, these initially refused cases end up receiving a Letter of Invitation (at least for our files), and once these minor discrepancies have been amended.

If the Province is to weed out these fraudulent cases at the Preliminary Stage, then they must obtain a valid information release form with the Preliminary Application. With this release form, they can then begin to undertake some due diligence at an early stage – the sooner the better. This initial investigation should, as a minimum – verify that the bank records are correct. As indicated, this can be done easily and for no cost, through screen sharing letting the officer watch the client log into the bank account, and troll through the transactions. There is not even the need to leave the office. NOTE: The passwords for these accounts are never shared with the officer, and for most accounts, a Key Fob is also required – so the accounts are not in any way under risk of being compromised.

WAY FORWARD

It is likely that the majority of the 2,000 files waiting for Preliminary Review contain substantial fraudulent documentation (as they are only photo copies and no pre-screening of original

information has been undertaken). In addition, of those remaining files, I believe that the majority are expecting to walk away from their deposit. In order to weed out both the fraudulent documents and those files who are not intending to invest in Manitoba, I suggest the following:

1. **INFORMATION RELEASE FORM** - Issue an Information Release form and ask the client to sign and return it. This form **MUST** be in English and the client's mother tongue in order that they understand what they are signing. The client's must then return the signed original document in 60 or 90 days. Failure to do so would cause the application to be stopped.

2. **CLEAR AND TRANSPARENT PROCESS** -The Province must also outline the kinds of investigations that can and will be carried out in reviewing the file. This must be clear to the client, and again, in the client's mother tongue, and ideally, should be country specific – particularly for China – which represents the vast majority of preliminary applications. If clients know what information is being gathered, only those clients who qualify will wish to submit the file.

NOTE: I believe that simply sending out an information release form and notification of documentation requirements will lead to the vast majority of fraudulent cases being abandoned, allowing the province to avoid the costly and time consuming process of reviewing these files. This would see the 2,000 files waiting for Preliminary Assessment fall to a very manageable number, likely of no more than 600 or 700 files.

3. **CHANGES TO THE INTERVIEW** – Currently, the interviewing officer is not given the opportunity of reviewing the client's financial information before the interview. With the Program now looking at Source of Funds in detail (a requirement imposed by the Federal Government in 2009), the officers should be given the tools to do this job easier and to a higher standard. If they were given the financial documentation for the client before the interview (including a Source of Funds Statement), this would go a long way to improving the interview, and making the process faster and easier for the officer to make better decisions.

4. **WORK PERMIT OPTION** - If this could be done, in conjunction with changing the program to a work permit option, then this would also weed out the majority of clients

who are really not interested in investing in Manitoba. If this could be approved, then a simple notification sent to the client's and their representatives, would mean that only those clients who believed they were submitting true information, and were willing to invest in Manitoba BEFORE they were nominated, would be prepared to carry forward with their applications.

These simple steps would dramatically improve the program, and I encourage the Minister and his staff to consider these simple amendments to the program as soon as possible.

ATTCHMENTS

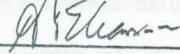
1. Information Release Form
2. Financial statements for Manitoba Development Corporation
3. Financial Statements for Manitoba Opportunities Fund

MANITOBA DEVELOPMENT CORPORATION
 Statement of Operations and Balance Sheet

For the year ended March 31 2011 2010

	PNP-B	MDC Part I	MDC Part II	Total	Total
ASSETS					
Current Assets					
Cash	\$ 416,856	\$ 725,176	\$ -	\$ 1,142,032	\$ 1,034,565
Cash held in trust	-	-	380,452	380,452	78,290
Short-term investments (Note 2)	18,077,077	4,337,900	-	22,414,977	19,754,087
Accounts receivable (Note 3)	951,814	54,405	-	1,006,219	960,682
	19,445,747	5,117,481	380,452	24,943,680	21,827,624
Assets Managed for the Province of Manitoba					
Loans receivable (Note 4)	-	-	81,973,571	81,973,571	88,447,357
Equity investments (Note 5)	-	-	4,405,219	4,405,219	5,685,135
Trust Funds (Note 6)	75,528,506	-	-	75,528,506	57,856,704
	\$ 94,974,253	\$ 5,117,481	\$ 86,759,242	\$ 186,850,976	\$ 173,816,820
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current Liabilities					
Accounts payable	\$ 1,987,078	\$ 365,996	\$ -	\$ 2,353,074	\$ 1,364,489
Funds provided by the Province of Manitoba	-	-	86,754,677	86,754,677	94,200,217
Trust liabilities (Note 6)	75,528,506	-	-	75,528,506	57,856,704
	77,515,584	365,996	86,754,677	164,636,257	153,421,410
Commitments (Note 8)					
Shareholder's Equity					
Share capital - authorized and issued 100 shares at \$10 per share	-	1,000	-	1,000	1,000
Restricted surplus (Note 1)	4,689,932	-	-	4,689,932	4,921,259
Retained earnings	12,768,737	4,750,485	4,565	17,523,787	15,473,151
	17,458,669	4,751,485	4,565	22,214,719	20,395,410
	\$ 94,974,253	\$ 5,117,481	\$ 86,759,242	\$ 186,850,976	\$ 173,816,820

Approved on behalf of the Board:

 Director

 Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION
Statement of Operations and Retained Earnings


For the year ended March 31	2011				2010
	PNP-B	MDC Part I	MDC Part II	Total	Total
Income					
Interest	\$ 2,003,022	\$ 268,753	\$ 4,368,597	\$ 6,640,372	\$ 5,798,032
Deposit Retentions (Note 6)	2,800,215	-	-	2,800,215	4,464,172
Recovery of Program Administration Expenses (Note 7)	33,729	-	-	33,729	32,915
Recovery (reimbursement) of Part II expenses from (to) the Province of Manitoba					
Provision for doubtful accounts	-	-	3,696,526	3,696,526	6,245,525
Provision for decline in value of investments (recovery)	-	-	(130,857)	(130,857)	1,613,487
Pro-rata share of partnership income	-	-	(427,609)	(427,609)	(493,930)
Foreign currency translation loss	-	-	1,382,008	1,382,008	1,739,156
	4,836,966	268,753	8,888,665	13,994,384	19,399,357
Expenses					
Program administration	1,294,545	98,866	-	1,393,411	1,333,872
Payment of Part II interest on loan receivable to the Province of Manitoba	-	-	4,374,597	4,374,597	4,399,143
Provision for doubtful accounts	-	-	3,696,526	3,696,526	6,245,525
Provision for decline in value of investments (recovery)	-	-	(130,857)	(130,857)	1,613,487
Pro-rata share of partnership income	-	-	(427,609)	(427,609)	(493,930)
Foreign currency translation loss	-	-	1,382,008	1,382,008	1,739,156
	1,294,545	98,866	8,894,665	10,288,076	14,837,253
Transfers to the Department of Labour & Immigration (Note 9)	1,293,000	-	-	1,293,000	524,200
Transfers to the Department of Entrepreneurship, Training and Trade (Note 9)	594,000	-	-	594,000	551,029
	3,181,545	98,866	8,894,665	12,175,076	15,912,482
Net income (loss) and comprehensive income for the year	1,655,421	169,887	(6,000)	1,819,308	3,486,875
Retained earnings, beginning of year	10,881,988	4,580,598	10,565	15,473,151	12,401,458
Transfer from (to) Restricted Surplus	231,328	-	-	231,328	(415,182)
Retained earnings, end of year	\$ 12,768,737	\$ 4,750,485	\$ 4,565	\$ 17,523,787	\$ 15,473,151

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
 Statement of Income, Comprehensive Income **Balance Sheet**

March 31	2011	2010
Assets		
Current Assets		
Temporary investments (Note 2)	\$ 4,809,470	\$ 14,041,287
Accrued interest receivable	110,800	86,416
	<u>4,920,270</u>	<u>14,127,703</u>
Portfolio investments (Note 3)	262,054,455	220,098,109
Deferred charges	10,592,120	9,557,116
	<u>\$277,566,845</u>	<u>\$243,782,928</u>
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,938,590	\$ 2,961,408
Current portion of borrowings (Note 4)	22,753,284	33,914,963
	<u>24,691,874</u>	<u>36,876,371</u>
Borrowings (Note 4)	244,483,231	200,949,891
Shareholder's Equity		
Share capital, (authorized - an unlimited number of class A common shares; issued - 1 class A common share)	-	-
Retained earnings	8,391,740	5,956,666
	<u>\$277,566,845</u>	<u>\$243,782,928</u>

Approved on behalf of the Board:


 _____ Director


 _____ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

